

STEFANIE WEIL

LOBBYING AND
FOREIGN INTERESTS
IN CHINESE POLITICS

POLITICS AND DEVELOPMENT
OF CONTEMPORARY CHINA



Politics and Development of Contemporary China

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Stefanie Weil

Lobbying and Foreign Interests in Chinese Politics

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LIST OF ABBREVIATIONS

ACFIC	All China Federation of Industry and Commerce
AmCham China	American Chamber of Commerce of the People's Republic of China in Beijing
AmCham Shanghai	American Chamber of Commerce in Shanghai
ANSI	American National Standards Institute
AQSIQ	General Administration of Quality Supervision Inspection and Quarantine
BIMT	Beijing Institute of Medical Device Testing
BL	China Bidding Law
CAMDI	China Association for Medical Devices Industry
CAS	China Association for Standardisation
CC	Compulsory Certification
CCC	China Compulsory Certification
CCCi	China Compulsory Certification for Information Security Products
CCOIC	Chinese Chamber of International Commerce
CCPIE	China Centre for Pharmaceutical International Exchange
CCPIT	China Council for the Promotion of International Trade
CEN	European Committee for Standardisation
CENELEC	European Committee for Electrotechnical Standardisation
Circular 618	Circular on Promoting the Accreditation of New Indigenous Products in 2009
CMDE	Centre for Medical Device Evaluation
CMMB	China Multimedia Mobile Broadcasting
CNCA	Chinese National Certification and Accreditation Administration

Council	Council of Ministers
CPC/CCP	China's Communist Party
CPPCC	China's People's Consultative Conference
CQC	China Quality Certification Centre
DRC	Development Research Centre of the State Council
EC	European Commission
EP	European Parliament
EPO	European Patent Office
ETSI	European Technical Standards Institute
EUCBA	EU-China Business Association
EUCCC	European Union Chamber of Commerce in China/European Union China Chamber of Commerce
EUCTP	EU-China Trade Project
EVD	Enhanced Versatile Disc
FIC	Federation of Industry and Commerce
FIEs	Foreign-Invested Enterprises
GDP	Gross Domestic Product
GPA	Government Procurement Agreement
GPL	Government Procurement Law
IPR	Intellectual Property Rights
JCCT	U.S.-China Joint Commission on Commerce and Trade
JV	Joint Venture
LAO	State Council Legislative Office
MDER	China-EU Medical Device Expert Roundtable
MIIT	Ministry of Industry and Information Technology
MLP	The National Medium- and Long-Term Plan for the Development of Science and Technology 2006–2020
MLPS	Multi-Level Protection Scheme
MOF	Ministry of Finance
MOFCOM	Ministry of Commerce of the People's Republic of China
MOST	Ministry of Science and Technology
MPS	Ministry of Public Security
NDRC	National Development and Reform Commission
NFTC	National Foreign Trade Council
NPC	The National People's Congress
OHIM	Office for the Harmonisation of the Internal Market
PL	Procurement Law
PP WG	Public Procurement Working Group
PPP	Public Private Partnership
QMS	Quality Management System
RDPAC	R&D-Board Pharmaceutical Association Committee
RoHS	Restriction of Hazardous Substances

RTDI	Research, Technology Development and Innovation
S&T	Science and Technology
SAC	Standardisation Administration Committee of the People's Republic of China
SAIC	State Administration for Industry and Commerce
SCA WG	Standard & Conformity Assessment Working Group
SCITO	China's State Council Information Office
SCLAO	State Council Legislative Affairs Office
SEMB	State Encryption Management Bureau
SESEC	The Seconded European Standardisation Expert for China
SFDA	State Food and Drug Administration
SIPO	State Intellectual Property Office
SOE	State Owned Enterprise
SPAC	State Pharmaceutical Administration of China
SSB	State Secrets Bureau
TBT	Technical Barriers of Trade Agreement
USITO	United States Information Technology Office
USTDA	US Trade Development Agency
USTR	United States Trade Representative
WAPI	WLAN Authentication and Privacy Infrastructure Working Group
WOFE	Wholly Owned Foreign Enterprise
WTO	World Trade Organization

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Introducing Western Lobbying to China

1.1 INTRODUCTION: THE PUZZLE OF FOREIGN INTEREST GROUPS LOBBYING IN CHINA'S TOP-DOWN SYSTEM

The Chinese government's decision to absorb foreign capital in 1978 had drastic consequences. China's economic opening enticed numerous European and US companies, referred to collectively as Western, to enter the market and become important players in China's evolving capitalist system. As more and more Western companies invested in China and began to grow together with this vast economy, so did their ambition to actively influence and shape the policies of China's authoritarian party state. One of the key challenges China's rulers face is keeping societal actors under control. Of course, China's government is no stranger to imposing its power and to controlling opposition voices. However, the mechanisms established to monitor the activities of Chinese actors soon moved to be ill suited to exert a similar degree of control over the foreign actors. The 1978 reform was carefully designed so as to protect the rulers' grip on the economy and society at large. In fact, the government proclaimed quite openly at the time that one of the main goals of the reform effort was to reinvigorate its power and reinforce its authority (Shue, 1994, p. 73). In hindsight, the Chinese government may have underestimated the power of Western business coming into the country. While the Chinese government welcomed foreign direct investments to fuel its economic growth, mul-

tinational corporations and other economic actors did not readily make concessions regarding their investments and commitments to the Chinese government. As a result, the Chinese government had to engage with its new partners, meet certain demands, and at times even give up control. Compared to the centralised market economy under communist rule, a new environment began to emerge.

The power of Western companies to influence policy should not be underestimated. European and US companies have always aimed to create the best possible market conditions in China. Soon enough, European and US interest groups started to lobby in China on behalf of Western companies, and they were motivated to join forces across sectors to create a strong voice for European and US companies. This development is remarkable when considering that foreign industry associations are actually illegal in China (Kennedy, 2009).

China's political system involves repressing potential threats to political power (Dickson, 2008, p. 2). Government officials can restrict or control business on many levels; for example, by enforcing certain laws and regulations more strictly on some companies rather than others (Sanyal & Guvenli, 2001). Western companies are, of course, aware of this power. In order to avoid such unfavourable treatment, Western companies turned to European and US interest groups to lobby on their behalf. Collectively confronting the Chinese government has strategic advantages. Instead of a single company lobbying, Western interest groups represent one collective opinion vis-à-vis the Chinese government, which prevents it from singling out one company in an attempt to repress oppositional voices. Although China's economic pluralisation has resulted in growing efforts by Chinese companies to influence policy-making, many Chinese interest groups operate under the government's strict control (Hsu & Hasmath, 2013a; Oksenberg, 2002; Unger, 2008b) in a political system that requires them to relinquish autonomy in exchange for access to government institutions (Kennedy, 2009). It is still common practice for government-appointed officials to be placed in Chinese interest groups to exert control. Therefore, Chinese groups struggle to actively influence China's policy-making process. As a result, lobbying in China is a delicate issue for domestic and foreign actors alike. The government finds it difficult to publicly admit that interest groups play a vital role in the policy-making process (Kennedy, p. 196). Chinese companies do not expect interest groups to actively confront the government on issues they would like to address.

Chinese entrepreneurs are generally not accustomed to engaging openly in conflict and confrontation, and are not taught to do so (Dickson, 2008, p. 2). Moreover, for Chinese business people it is unusual to take part in bottom up ‘interest groups’ because they avoid association with activities that hinge on social pressure or inherent conflict with the state. This shows that Chinese and Western actors have different perceptions of lobbying (Kennedy, 2005, p. 51).

Interest groups that lobby in Europe or in the United States are far more transparent than Chinese interest groups. They confront their governments and openly articulate concerns on behalf of their members. Lobbying in Europe and the US is an integral part of national democracies, with multiple stakeholders playing a vital role in the policy-making process. Western interest groups emerge from the bottom up with the purpose of influencing policy-making on behalf of their members. Chinese interest groups function very differently.

What can be observed is that the more confrontational Western lobbying culture is colliding with China’s attempt to monitor and control the activities of interest groups. This raises an important question: to what extent do Western interest groups submit to China’s authoritarian regime and refrain from exercising rights that are so crucial to Western democracies? By taking into account the distinct political environments in which lobbying occurs, this book describes how Western lobbying is conducted in China. Understanding the conditions that enable Western business interests to shape China’s economic conditions is a highly salient topic in public and political discourse. Finding explanations for how Western businesses can penetrate China’s party-state prompted this research. It has been guided by the idea that Western interest groups can utilise their experience and apply well-proven lobbying strategies. As such, this book seeks to answer the following question: What lobbying techniques do Western interest groups apply in order to change China’s policies to their own advantage?

1.2 MAPPING WESTERN INTEREST GROUPS IN CHINA’S STATE–SOCIETY RELATIONS

Throughout Chinese history, the relationship between the state and societal actors has been a recurring issue in understanding China’s policies. State–society relations in China are becoming increasingly complex as the processes involved in opening to integration with the

global economy. Of particular interest is how the Chinese state exercises power vis-à-vis members of multiple social strata. How does the state obtain compliance for its policies from different groups in society? Similarly, how does society respond to state demands, and how do groups convey their demands to the state? Can groups resist state power? These answers will be completely different, depending on whether they relate to Chinese interest groups or foreign groups in China. Some scholars argue that most Chinese groups are established to monitor societal uprisings (Hsu & Hasmath, 2013b; Unger, 2008b; Unger & Chan, 1995). In contrast, groups in the West are created from the bottom up to engage in societal conflict. Consequently, Western groups introduce conflict into China's system, for which stability is a policy-making prerequisite (Jinping, 2014). This leads to the question of how pluralist Western lobbying can best be employed within the confines of China's top-down state apparatus.

This book provides insight into Western lobbying or advocacy and state power to monitor societal conflict. It embeds lobbying as a type of conflict with which to make sense of state–society relations. Lobbying is only understandable when taking into account China's system of interest representation, or its state–society relations, which will be used interchangeably. A concept of state–society relations addresses the idea that the state controls society in the attempt to shape public affairs. Every society, regardless of the political system, is composed of a multitude of actors (Unger & Chan, 1995). These actors hold different positions in society, which leads to societal conflict.

Theories of state–society relations distinguish inter alia between pluralist and state corporatist systems. Both theories explain how a state manages this conflict, and how it engages with interest groups. In pluralism, conflict is a much-needed tool for shaping public affairs. In state corporatism, conflict is perceived as a threat to society.

Pluralist theories describe state relations with interest groups as a bottom-up, membership-driven process in which interest groups aim to influence political representatives (Dahl, 1967; Schattschneider, 1957; Truman, 1993), who should not make any demands on the group in return (Cawson, 1986). In the pluralist literature, the state is the arena where independently organised groups freely engage in conflict (Derbyshire & Derbyshire, 1990).

In contrast to pluralism, the defining characteristic of a state-corporatist system is the role of the state in organising interest groups from above

(Cawson, 1986; Schmitter, 1974). In his 1974 essay ‘Still the Century of Corporatism’, Philippe Schmitter defines corporatism:

as a system of interest representation in which the constituent units are organized into a limited number of singular, compulsory, non-competitive, hierarchically ordered and functionally differentiated categories, recognized or licensed (if not created) by the state and granted a deliberate representational monopoly with their respective categories in exchange for observing certain controls on their selection of leaders and articulation of demands and supports. (Schmitter, 1974, pp. 93–94)

In other words, in a state-corporatist system, the state organises interest groups from above. As such, these groups operate as bridges (Unger, 2008a, 2008b) between the state and society. The government relies on interest groups to establish policies and to articulate state interests from the top down to society. Consequently, the organisational structure of state-corporatist groups does not envisage contributions from bottom-up membership-driven interests. State subsidies are traded for freedom, allowing the state to impose constraints upon the group (Collier & Collier, 1979). This reliance leads to high state dependency rather than relying on membership funds. Moreover, interest groups do not have to compete with each other, and thus enjoy monopolies in their areas of interest. As a result, groups do not have to compete for members and thus depend upon the state instead.

The distinction between pluralist and state-corporatist systems shows the crucial role of the state in enabling political bargaining, and has a decisive influence on lobbying.

Despite China’s economic liberalisation, the state has not retreated from society (Hsu & Hasmath, 2013b; McNally, 2013). Rather, it has developed strong ties with business associations and economic elites in an attempt to make them conform to Party lines (Dickson, 2000–2001; Unger & Chan, 1995). Referring to Schmitter’s categories, China’s system of interest representation is corporatist, or a variant of it (Blecher & Shue, 2001; Heilmann, 2004; Holbig & Gilley, 2010; Hsu & Hasmath, 2013b; Lehbruch & Schmitter, 1982; Pearson, 2005; Saich, 2000; Unger, 2008b). In some sectors, the traditional state-corporatist relationships have eroded (Kennedy, 2005), leaving Chinese interest groups more room to influence policy-making (Holbig & Reichenbach, 2005). However, Chinese interest groups are allowed autonomy only within

corporatist arrangements (Hsu & Hasmath, 2013a). China's corporatism remains in place to reaffirm the state's control over society (Chung, 2007). As a result, Chinese interest groups take on the role of mediators between the political centre and society at large, attempting to establish or implement policies on behalf of the state rather than their own members.

A salient example of China's powerful party-state is the relationship between economic elites and the state. China's growing economy brought great wealth to economic elites. However, this economic well-being does not correlate with their attempt to proactively influence public affairs (Chu, Chang, & Huang, 2004). Rather, China's new economic elites are closely intertwined with party structures and share similar views (Dickson, 2008). Hence, the Chinese state is successfully expanding mechanisms of controlling the economy and aligning society (Dickson, 2008; Howell, 1994; McNally, 2013; McNally, Lüthje, & Ten Brink, 2013). However, state power goes beyond alignment because China's government relies on capitalists to keep the economy and system running (Yang, 2013). China's economic elites show little interest in opposing the government, which is reflected in China's business associations or interest groups. Contrary to Western interest groups, members of Chinese interest groups do not collectively bargain for their rights with members who, in turn, do not expect the group to actively fight for their rights. Rather, they join the group in an attempt to network with Chinese government officials. As a result, a great number of interest groups in China are weak and inexperienced in defending the rights of their members or shaping public policies.

Through a state-corporatist lens, the close relationship between capitalists and the Party is only one indicator of China's state-society relations (Heilmann, 2004; Holbig & Gilley, 2010; Hsu & Hasmath, 2013b; Pearson, 2005; Saich, 2000; Unger, 2008b). Chinese interest groups lack autonomy, depending on state funds in return for duties imposed on the groups (Unger, 1996). Moreover, the Chinese state has established a number of additional instruments to streamline the interest articulation. To give an example, interest groups in China need to be affiliated to a government institution. China's party-state has the power to declare any group illegal if it threatens social harmony. China's interventionist state also assists in the organisation and establishment of sectoral associations, and implements Party cells within these groups (Saich, 2000).

While China's entrepreneurs have a strong interest in maintaining the status quo and do not oppose their government, (Dickson, 2000–2001), Western businesses actively articulate their concerns to the government. China's state-led capitalism cannot afford to retreat from Western business, which results in great bargaining power for Western interest groups in China. China's interest groups respond to policy changes rather than actively shaping them (Lieberthal & Oksenberg, 1988). In contrast, Western interest groups, which are used to policy battles in democratic-pluralist systems, fight for better economic conditions (Ernst, 2011).

Contrary to state corporatism, groups in democratic pluralism are established by bottom-up interests. Autonomous interest groups are able to place constraints on the policy-making process. In such systems, interest groups shape public policy without fearing repercussions, since conflict is seen as a much-needed tool for shaping public policies.

In the effort to shape China's system, Western business is well organised. In contrast to Chinese interest groups, Western interest groups are constituted according to Western standards with members who expect to lobby actively for their rights. This might result in China's state loosening its grip due to opposing voices from Western groups.

1.3 STRUCTURE AND METHODOLOGY OF THE RESEARCH

This book presents a comparative study of the most active European Union (EU) and US lobbying groups in China against the backdrop of advocacy groups in the EU and the US. The American Chamber of Commerce in China (AmCham China in Beijing), the American Chamber of Commerce in Shanghai (AmCham Shanghai), and the European Union Chamber of Commerce in China (EUCCC) serve as case studies. This research aims to draw a broad picture of lobbying power alongside an analysis of how Chinese and Western groups are organised within China's political system. Data was collected on 735 lobbying actions related to indigenous innovation policies between 2006 and 2011. Of those, the EUCCC accounted for 385 actions, AmCham China engaged in 254 actions, and AmCham Shanghai had a total of 96 actions.

To systematically test theories of interest representation and lobbying strategies, this research combines quantitative and qualitative methods. This triangulates results and counterbalances the potential weaknesses in each method (Bryman, 1984). The quantitative analysis employs basic

statistical methods to interpret the data. Within the qualitative case studies, a variable-oriented design is applied and data on lobbying actions are then selected. This data are analysed with basic statistics in order to sort through the large data set, following Della Porta and Keating's advice to shift to variable-oriented research (Della Porta & Keating, 2008, p. 212). Furthermore, by virtue of statistical comparisons, data is coded for attempts to abstract and test explanatory variables. In contrast, qualitative methods allow a deeper analysis of Western lobbying, delivering a complete picture. Using deductive research methods like explorative interviews and document studies allowed the retrieval of new information in an attempt to place Western lobbying in China in the framework of interest representation. As the number of Western interest groups that lobby in the open remains small, only qualitative research methods are able to give insights into the selected case studies.

Information was collected on the date of the initiative, the type of action (such as a meeting or briefing), target entity of the action, and country in which the lobbying action occurred. The lobbying action could target US or EU policymakers, US or EU policymakers and members, Chinese policymakers and members, Chinese policymakers, Chinese and US policymakers, Chinese and US policymakers and members, and lastly just their own members. For example, the lobbying action 'Working Group invites Members of the Directorate General for Trade of the European Commission to discuss indigenous innovation policy' targets EU policymakers and members, because both are invited to the event. In contrast, the lobbying action 'EUCCC meets with Vice Premier WU Yi' targets only Chinese policymakers rather than 'Chinese policymakers and members' because the main aim of this meeting is to articulate concerns directly to officials.

In a first step, the data are simply documented without any attempt to draw conclusions or interpret the action. In a second step, the documented lobbying actions are coded into established categories in order to compare and analyse the lobbying actions of all three chambers, a process for which it is crucial to use the same criteria. A debriefing meeting, for example, falls in the category of briefing, while a lobby letter falls into the category of letter. After the lobbying actions are sorted and clustered into groups, it is determined whether the actions fall into the outside or inside lobbying category. The actions are ranked by frequency across the entire time period with the aim of analysing the distribution. Accordingly, some actions are applied more frequently than others. In order to sum-

marise changes in frequency over time, the lobbying actions are listed and categorised by year.

1.4 ARGUMENTS OF THE BOOK AND DEFINING TERMS

In this book, the terms ‘advocacy’, ‘political bargaining’, and ‘lobbying’ are applied interchangeably to describe efforts to influence public policy (Mahoney, 2008) when interest groups interact either directly or indirectly with policymakers or other government officials. The definition of interest groups is not straightforward; as Baumgartner and Beyers argue, to define the term ‘interest groups’ is one of the most challenging tasks of interest group studies (Baumgartner & Leech, 1998; Beyers, Eising, & Maloney, 2010). In the US, the term is narrowed to groups that are required to register by law. However, China’s political system is not guided by the rule of law and Western interest groups are not always registered under China’s law. Therefore the term ‘interest groups’ needs to be broadened to embrace groups such as business associations, interest groups, and chambers of commerce that navigate China’s political system.

This book develops a series of arguments on the relationship Western interest groups have with the Chinese state, their leverage in policy-making, as well as information on Western groups’ lobbying strategies, all from a comparative perspective. Moreover, it has a wide scope, offering in-depth analysis of non-Chinese actors. The analyses are structured with a comparative perspective, which not only benefits regional China scholarship, but also the literature on EU and US lobbying.

Chapter 2 provides a comparative overview of the political systems and the policy processes of China, the EU, and the US. The main assumption in this chapter is that political systems and policy-making processes affect the lobbying strategy of interest groups, explaining the underlying forces and mechanisms of lobbying in all three political systems. The scholarly literature does not contrast the policy-making process in the US, the EU, and China, and this chapter bridges this gap by providing insights into policy making and political bargaining by Western interest groups in their countries of origin, as well as in China. The political systems of the EU and the US are comparable to a certain degree in their function and the roles they play in the policy process. Thus, the lobbying environment of groups in Europe and the US share a great number of similarities. In contrast, China’s political institutions are less open to political bargaining. As a result, Western

interest groups in China have to search for other ways to shape economic policies.

Chapter 3 on trade barriers provides an analysis of China's indigenous innovation policy campaign—a set of policies aimed at moving China's economy up the production chain. It argues that the Chinese government have adjusted some indigenous innovation policies due to pressure by Western interest groups. The lobbying success of Western interest groups shows that they have greater leverage to exert influence than their Chinese counterparts. This chapter not only provides in-depth information on China's strategies for how to stimulate high-end exports, but it also shows how policy is being established and the reaction of international business. China's indigenous innovation campaign has drawn a great deal of attention from political scientists, business people, politicians, and other practitioners in the EU, the US, and China.

Chapter 4 on China's corporatist state puts lobbying into a theoretical context while providing insights into different practices for managing state–society relations in the EU, the US, and China. The guiding theme is that lobbying in Western societies takes place in a democratic-pluralist setting, whereas lobbying in China is constrained by state-corporatist mechanisms. The central argument is that Chinese interest groups engage with the Chinese state in a corporatist environment whereas Western interest groups are able to discover pluralist avenues of cooperation in China. This argument also supports the hypothesis that Western and Chinese interest groups are very different entities whose lobbying tools are not equivalent. However, this chapter provides a detailed analysis of China's state–society relations in comparison to the EU and US systems, demonstrating how, in China, conflict is viewed as a threat to societal harmony. This, in turn, means that Chinese and Western groups alike need to ensure that the Chinese government does not perceive lobbying actions as a threat to society.

Chapter 5 provides empirical data on Western interest representation in China, including a detailed comparative analysis on EU, US, and Chinese interest groups. It suggests that while the corporatist model influences the organisational structure of Chinese interest groups, Western groups are organised along pluralist lines even within China's state-corporatist system. This leads to the assumption that they are less constrained in their lobbying actions.

Chapter 6 provides a comprehensive overview of different kinds of lobbying strategies and techniques. The main argument is that Chinese

lobbying strategies are not a suitable yardstick for assessing Western lobbying in China. As a result, EU and US lobbying strategies serve as reference points. This chapter serves two purposes. First, it draws out the implications of data analysis and, second, it provides insights into lobbying tools in the EU and the US in comparison with Western groups in China.

Chapter 7 applies the previously developed framework by providing an analysis of Western lobbying techniques. Thus, explanatory variables on lobbying strategies of Western interest groups are developed and hypotheses on lobbying strategies are formulated. It provides information on how numerous independent variables influence the lobbying strategies of Western interest groups in China.

Chapter 8 provides detailed information regarding Western lobbying power and shows how and why Western interest groups apply a multitude of lobbying strategies. Moreover, it provides insights on Western pluralist elements in China's state-corporatist system and thus maps Western lobbying power with China's political environment.

The concluding chapter 9 brings together the partial results provided in each chapter on the lobbying strategies of Western interest groups in China. It shows that (i) Western interest groups use American and European lobbying practices in China; (ii) they are truly bottom-up driven organisations (iii), they do not apply confronting strategies, (iv) they shift the policy interest from Chinese- to Western policy-makers and (V) they introduce pluralist avenues into China's state-corporatist system.

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Policy-Making Compared: China, the EU, and the US

2.1 INTRODUCTION

This chapter describes aspects of the political systems in China, the EU, and the US, exploring how the political environment impacts lobbying behaviour. The structure of political influence over the policy process gives momentum to lobbying (Yadav, 2008). This chapter illustrates differences in the policy-making procedures and shows access points for interest groups in each system. Revealing the underlying forces and mechanisms in political systems is crucial because the structure of political institutions impacts on which lobbying tactics interest groups might utilise (Mahoney, 2007). Successfully lobbying the Chinese government requires different measures than those used in the EU and the US. Western interest groups have more autonomy compared to the Chinese system where access is somewhat constrained. China does provide structured access, but the institutional set-up for lobbying is not yet mature.

Policy-making is complex, not only in China but also in the US and the EU. This chapter does not provide a complete overview of policy-making procedures in all three countries; rather, it introduces each system with respect to lobbying and access points for Western business interests. Which actors can engage in the policy process and how much autonomy interest groups have varies considerably between the political systems. In contrast to the Chinese system, the US political system is non-hierarchical with policy initiatives coming from multiple directions. The EU has vertical and horizontal divisions of power, which also creates various access

points. Even within a system, the policy issue determines the extent to which groups are able to influence the process.

This chapter also highlights the different institutional and non-institutional access points for Western interest groups in China. It outlines how the government is organised at a local level, reviewing centre–local relationships and how these affect interest groups’ lobbying work. Before turning to the policy process, all three political systems are explained. The EU and the US political systems are included, because Western interest groups can opt for an international lobbying route (Greenwood, 1997). This means that they can turn to their home governments in an attempt to shape China’s business environment.

This chapter starts by describing the policy process before the political systems and policy-making access points in China, the EU, and the US are explained. The final part briefly compares interest group access in all three systems.

2.1.1 *Defining Policy-Making*

The policy-making process is commonly illustrated heuristically as a policy cycle, which is a simplified description of a complex process (Coen & Richardson, 2009; McCormick, Nugent, Paterson, & Wright, 2005; Wallace, Pollack, & Young, 2010). This section does not provide a comprehensive explanation of the policy process; rather, it highlights the analytical steps involved. The policy process is simplified here as a single policy cycle. In reality, there are multiple, asynchronous policy cycles at different levels of governance (Wallace et al.).

Policy-making is the process of deciding what kind of laws, regulations, and standards should be created (Birkland, 2005). A wide range of interactions with different players must take place to move important policy changes forward. This process can be divided into five stages:

- Agenda setting
- Policy formulation
- Policy decision-making
- Policy implementation
- Policy evaluation (Wallace et al., 2010)

In any political system, the number of issues vying for the government’s attention is endless. Yet, government resources for addressing all of the

issues are limited. The demands on policy-makers therefore exceed their ability to address all possible agenda items (Wang, 2008). Issues must be prioritised according to their importance. As such, policy problems are defined and policy agendas are laid out during the agenda-setting stage. This often takes place in an environment of uncertainty, with the media, political mobilisation, and other policy actors aiming to shape the policy agenda. In the first stage, the agenda is set, leaving a significant degree of agency for multiple interest groups who seek to push a policy or frame it to their advantage (Wallace et al., 2010). Before decisions are made, the range of alternatives must be limited. During the policy formulation stage established policy options are to resolve or work on public problems, and will depend on the number of policy-makers, their constituencies, and their competence. Policy formulation is a relatively open process in the EU, although the European Commission primarily handles policy formulation for areas where it has the single right of initiative (Kassim, 1994). In the next step, policy options are selected. The way policies are adopted in the policy decision phase differs widely depending on both the political system and the particular policy issue. This process is explained in detail in this chapter. Once agreement is reached, further steps are necessary to put the policy into effect. The policy implementation phase happens after the bill becomes law (Barrett, 2004). A policy can either be implemented through a top-down policy design, if the policies have clearly defined goals, or through a bottom-up approach (Birkland, 2005). In a bottom-up approach, implementation is achieved through further debate, conflict, and compromise (Birkland). Especially in the EU where it is difficult to reach an agreement, policy implementation is important as decisions are often reached through compromise, or may contain vague language, which gives room to negotiate how the policy will be implemented (Trieb, 2008). Most EU policies seek to influence the behaviour of individuals and firms within member states. Governments and key societal actors impact on whether and how a policy is ultimately implemented in member states. The European Commission and the European Court of Justice supervise the implementation of EU law. In the case of non-compliance, the European Commission can launch legal proceedings against a state that does not comply, which leads to a judgement by the European Court of Justice. However, there is no European police force that can constrain member states and force implementation (Trieb). In China, implementation is decentralised, meaning that policies are scrutinised at different levels of government. China's Communist Party has lost

some control over policy implementation through the process of opening the economy (Göbel, 2011). In the US federalist system, there are many distinct and autonomous venues for policy action. Sub-national government levels often experiment with new ideas that can later be more widely adopted or abandoned. States are specialised in certain kinds of policies; in fact, this distinct policy specialisation of different government levels is one of the crucial features of the US political system (Baumgartner & Jones, 2009).

Policy evaluation shows whether the policy was successful in achieving its intended goals, or if the policy led to unintended consequences (Birkland, 2005; Chou, 2009). In democratic political systems, the policy-making process is transparent. In China's political environment, however, it is not straightforward to link the evolution of policy to a certain stage in the process. To be more precise, society is rarely informed when a policy is being formulated. The Chinese government prefers to debate behind closed doors, meaning that society often gets involved when policy decisions have already been made. The society can still bargain but it is constrained from engaging in the process at an early stage. Furthermore, non-transparent practices make it difficult to link lobbying efforts with policy changes.

In reality, the policy cycle is complex, with stages that cannot be clearly distinguished. As such, the difference between policy-making and law-making is not straightforward. A law can be part of the policy or vice versa. A policy can be formulated and subsequently implemented as law. In order to become law, a policy must be translated into a package that can be implemented in the system. This involves formulating a clear set of guidelines that need to be communicated to lower levels (Tanner, 1995).

Policies can be converted into laws to finalise policy changes, to draw greater attention to a policy debate, or to show domestic and foreign audiences the seriousness of a policy (Tanner). However, a policy that becomes law often leads to great defensiveness among ministry bureaucrats. They tend to block a law's adoption if it constrains their ministry's powers. Moreover, a law's official adoption does not automatically end the policy-making process. Instead, there is often a second round of negotiations to determine how the law will be interpreted and carried out (Tanner).

Wherever policy-making occurs, whether in the EU, the US, or China, it involves the interaction of multiple actors who bring diverse perspectives to the process (Chou, 2009; Dittmer & Liu, 2006; Greenwood &

Aspinwall, 1998; Wang, 2008). Whether these actors are in a position to alter policies depends upon the political system, because it can either constrain or give momentum to lobbying.

2.2 CHINA'S POLITICAL SYSTEM

Ever since the People's Republic of China was established, the Chinese Communist Party (CCP) has been the uncontested ruling party. The CCP is the ultimate source of political power. China's political system is organised along CCP hierarchies with the CCP being the top ruler of the country, government, and army (Li, 2014). It is clear that China's Party leaders are not interested in ceding their political monopoly, or in moving towards a Western-style democracy (Weil & Jing, 2012). However, China's system is based on internal Party democracy, a system in which Party factions compete for power, influence, and control over policy initiatives. The CCP has the final decision making power to make all of the state's crucial personnel and policy decisions. However the Party allocates some power to other governmental levels, and some societal participation is possible. Party organisations exist at every governmental level, including national, provincial, prefectural, county, and township (C. Li). The Party's power centre is the Standing Committee of the Politburo. Standing committee members are not accountable to any other agency or jurisdiction (Oksenberg, 2001), which gives the central Party great power. As mentioned, given the shift from a traditional top-down to a bottom-up perspective, the Party centre is not the most important actor for influencing China's policy-making process (Guosheng & Kennedy, 2010). Instead, government institutions below the centre hold policy-making power. Thus, it is important to understand China's party and government system outside of the centre. Actors at all governmental levels, who also hold posts in multiple CCP institutions, can shape China's policy-making system. While ministries primarily initiate a policy proposal, the procedure also allows other actors, such as NPC delegates, experts, and interest groups to engage. Every proposal must be sent to the Legislative Affairs Organization (LAO), which is constituted within the State Council (Tanner, 1995). The LAO evaluates the proposal before the State Council and, if the decision is positive, places it on a legislative plan (Yadav, 2008). The draft is circulated among the government and, in some cases, it is even open to public opinion (Paler, 2005).

Although the Party exercises tight control over the government's work, they are two distinct organisations. Such relationships are often referred

to as principal–agent relationships, for example, in the economic context. Here, the Party is the principal and the government is the agent. The Party assigns much of the government work to different political levels (Kesselman, Krieger, & Joseph, 2010). The authority of China’s government is formally manifested in a system of people’s congresses. The National People’s Congress (NPC), which can be considered as China’s parliament, officially stands at the top of China’s law-making. At the national level, it is the supreme organ of state power. The NPC is a unicameral legislature with deputies representing 35 electoral units from the people’s congresses of provinces, autonomous regions, municipalities under direct control of the central government, the People’s Liberation Army, the Deputy Election Council of the Hong Kong Special Administrative Region, and the Taiwan Compatriots’ Consultation Election Council (National People’s Congress, 2006).

The NPC holds some decision-making power because, in addition to what was described above, a policy proposal can be placed on a legislative plan via the People’s Congress (Yadav, 2008). When a bill follows this procedure, the Council of Chairmen, a group of chairs composed of special committees in the NPC, decides on the procedural path each bill takes through NPC committees. A bill must pass through and be evaluated by NPC committees which, therefore, have considerable influence on a bill. After a bill has been read three times, the committee gives a recommendation to the Standing Committee of the National People’s Congress. At each reading, the committee may ask for outside feedback, which gives lobbying groups a great opportunity to engage in the process (Xia, 2000). The standing committee can approve, reject, or ask for a re-drafting. If the bill is approved, the bill is set on the annual NPC agenda for a full vote. Theoretically, the NPC can reject a bill, but no bills have been rejected so far, even though some amendments did not pass the NPC (Yadav). Notwithstanding the process of law-making, different governmental levels implement the law.

China’s economic reforms have altered state power and the principles under which the state apparatus is organised. China’s Party centre has allocated great fiscal and administrative power to local governments, enabling sub-national governments to play a crucial role in implementing and promoting China’s reforms. Local governments can rule relatively autonomously, which in turn makes it difficult for the central government to enforce policies (Kroeber, 2011). This is not to suggest that local governments lack control from the centre. The Party centre engages and rules

in a dialectic relationship with lower level government officials. The relationship is dialectic because, even with a degree of freedom from the centre, lower-level governments still depend on higher-level governments, such as for promotion. However, this relationship goes in two directions because the centre depends on the lower levels to obtain information on policy issues and, most importantly, to implement plans and policies. This dependency is a result of China's fragmented authority (Lieberthal & Lampton, 1992) whereby the central Party only has weak tools with which to monitor policy implementation (Saich, 2004). This leaves lower levels with leverage to interpret rules from the centre according to their specific needs. As such, central and local actors are both involved in policy-making, and they are in an interactive relationship, with distinct roles in the decision-making process (L.C. Li, 2006).

The relationships between lower and higher levels of government are not straightforward. The power of local government officials correlates with the economic strength of their provinces, cities, or districts (Huang, 2013). To gain power, they sometimes put their own interests of accumulating money ahead of the central government's interests. For example, to attract investments, local government officials give tax-cuts or only allow Chinese companies to participate in submitting bids, even though the central government changed the public procurement policy. This means that they only support a central initiative if it meets their objectives, for example, of attracting foreign investments. At times, local governments even initiate policies that are in conflict with Party centre' regulations. In such cases, the central government endorses the local initiative after the fact (Huang).

2.2.1 Actors in China's Policy-Making Process

Rather than being a unified top-down centre-driven process, multiple decisions and discussions influence China's policy-making process. This is not to say that China's decision-making system allows uncontrolled conflict. To the contrary, China's Communist Party's first priority is to maintain societal stability and harmony. However, China has become more open to interest articulation as a tool for maintaining stability and Party authority. China allows foreign interests to be involved in policy discussions. If perspectives are shared, Chinese economic reformers use foreign lobbying power to push for their reform ideas (Kroeber, 2011).

On political issues, however, the Party is still not open to opposing views. The Party has opened up to opinions in the realms of reporting on environmental affairs and consumer rights, as long as the debate remains controllable (Saich, 2004). As such, citizens can express their opinions in Internet chatrooms and blogs. Such a dialogue with the Party and the government, however, remains constrained as the Party closely monitors Internet posts and deletes opposing ones. On top of this, China's governmentally guided media landscape limits state–society dialogues. These constraints make it difficult for the Party to receive feedback on how policies are perceived and implemented (Saich), which in turn inhibits realistic policy evaluations.

The Party reaches out to Chinese think tanks or agencies and requests them to prepare reports on certain policy issues. These reports are prepared from institutions that navigate China's state-corporatist system, which influences the feedback's quality. Various actors participate in the policy-making process, including industrial agencies, ministries, and agencies that are involved in a particular policy, such as the taxation authority, planning agencies of the Party committees, and mass organisations like trade unions and business associations. While some of these institutions enjoy greater freedom from governmental control, they are still constrained from freely articulating interests (Hsu & Hasmath, 2013). The Party allows trade organisations and business associations to organise their own activities and to support their members' rights as long as there is no conflict with the Party's long-term objectives. In return for this freedom, the Party asks for unconditional support for its overall political programmes. As a result, actors who operate within the system rarely oppose the Party's policies publicly. To the contrary, they officially associate themselves with China's political programmes and support their implementation. This shows that, even though a multitude of actors at every governmental level can articulate their interests, policy-making remains a top-down process of constant argument between political institutions rather than bargaining between civil society and the government. Nonetheless, power fragmentation enables non-institutionalised interference (Heilmann, 2004), such as Internet discourse that cannot be entirely monitored. Many young people closely follow and comment on official Party statements (Saich, 2004). However, oppositional voices in China from outside the system remain weak.

Since the beginning of China's 1978 market opening, the Party has opposed the market's influence on political ideas (Saich, 2004). After all,

economic development is seen as underpinning political stability. Despite economic decentralisation, China remains politically centralised (Xu, 2011). To tame political opposition, China is co-opting its rising business elite into the Party. This strategy seems to be working, because China's economic elite mostly refrain from openly opposing government policies (Dickson, 2003). Before further attention is drawn to Western political actors outside of China's system of interest representation, it is crucial to focus on Chinese actors. In the following, China's ministries and agencies who are involved in indigenous innovation are described. The results in this book derive from data on lobbying efforts to alter China's focus on home-grown technologies. As such, the institutions described below are important for Western business interests which seek to influence related policies. Since China's lines of authority are strictly defined, numerous institutions claim authority over indigenous innovation policies. Thus, foreign businesses cannot easily identify and gain access to the policy-defining actor.

Propagating China's institutional reform in 2008 with the phrase 'super-ministry reform', the Party sought to expand central political authority and tackle corruption. Consequently, Beijing merged ministries and government agencies that had overlapping functions and created super-ministries to ensure efficient policy-making and implementation (Yeo, 2009). The former regulator, the Ministry of Information Industry, was converted into a super-ministry as a department under the State Council. It holds great policy-making power under its new name, the Ministry of Industry and Information Technology (MIIT). Beijing aims to push indigenous industrial and information technology development with the help of the MIIT, which in turn constrains market opportunities for foreign business (The State Council of the People's Republic of China, 2015). Thus, the MIIT is an important institution for foreign businesses to target with lobbying activities.

The National Leading Groups of National Science, Technology, and Education (National Leading Group) approves policies and strategies on science and technology, and is directly involved with implementing indigenous innovation policies. As part of the State Council, the National Leading Group holds authority over policies on research, technology, development, and innovation (RTDI). The National Leading Group is headed by the premier and consists of delegates from ministries and government offices, such as the Ministry of Finance (MOF), National Development and Reform Commission (NDRC), Ministry of Science

and Technology (MOST), MIIT, Ministry of Commerce, and Chinese Academy of Social Sciences, among others.

The Ministry of Science and Technology (MOST) is responsible for implementing policies on research, technology, development, and innovation and reforming China's science and technology (S&T) system, including planning strategies, laws, and regulations. Circular 618, a crucial policy paper on indigenous innovation, was launched by MOST, the Ministry of Finance, and the NDRC. Along with its provincial and local branches, MOST is responsible for accrediting foreign products that are included in the indigenous innovation product catalogues, a system that was initially implemented to monitor government procurement. However, it created significant obstacles for foreign businesses which wished to participate in procurement. MOST is a key policy-making player and an important partner for changing this business environment.

The National Development and Reform Commission (NDRC) is the main ministry-level macroeconomic planning institution. As the most important coordination body, it is often labelled as the 'small State Council'. It is responsible for China's long-term national economic development agenda which the ministries use to develop and implement their policies. The NDRC oversees policies on government procurement and establishes general procurement criteria for products (The US-China Business Council, 2011b).

The State Intellectual Property Office (SIPO) is responsible for amending Chinese patent law. In conjunction with the National People's Congress (NPC), societal actors can submit comments on drafts of the law, and SIPO can amend the law in response to comments received (European Union Chamber of Commerce in China, 2008). As part of the indigenous innovation initiative, SIPO is an important lobbying target for foreign businesses concerned with China's patent law.

The State Encryption Management Bureau is China's encryption-related governing body. It oversees China's compulsory certification requirement for 13 categories of information security products, which came into effect in May 2010 (China Brief, 2012).

The Party maintains ultimate authority over reforms, including the indigenous innovation initiative. Another mechanism of Party control is the 'leading small groups', which are cooperative Party-state organisations comprising leading officials from a particular sector. Established by the State Council, the State Information Leading Small Group (SILSG) is responsible for the national information strategy. The sector's senior offi-

cials lead the SILSG, which consolidates significant policy-making power. A total of 24 commissions, ministries, and other agencies participate in the SILSG (Pearson, 2005).

The following section describes how China's decentralised policy-making process empowers various actors to influence Beijing's politics. To give an example, the Chinese government decentralised fiscal politics, meaning that all below-centre sub-national levels of government can manage their own finances. Challenging Beijing's authority correlates with economic power, which is closely related to the ability to collect high taxes, meaning that multiple government levels are in a position to challenge China's tax authority.

2.2.2 Policy-Making at Different Levels (Local, Provincial, Prefectural, and County)

China's political governance system is a conglomerate of formal authority structures, networks of individuals, and negotiations among actors who seek to influence policy-making (Lieberthal & Oksenberg, 1988). It can be useful to distinguish between individual actors, such as citizens, and government actors. Various institutionalised government actors, such as ministries and officials from different political levels, engage in policy-making. Their influence varies, depending on multiple factors such as the policy issue, personal network, and economic power. By their nature, most Chinese interest groups can be categorised as institutionalised actors navigating the corporatist system (Hsu & Hasmath, 2013).

China's policy-making system reflects political centralisation and economic regional decentralisation (Xu, 2011). This means that China's national government delegates economic policy-making to sub-national governments. Thus, economies below the centre (provinces, municipalities, and counties) can make and enforce laws concerning economic issues (Xu). As a result, policies can vary depending on a sub-national government's defined goals.

The national government's goals are not always in line with sub-national interests. The central government's defined goals are to achieve sustainable economic growth, lead in technology, and be perceived as globally responsible. Lower-level policy actors aim to influence centre policies in order to meet economic targets. Chinese government officials are, in part, promoted for economic strength (Tsai & Kao, 2012). Thus, sub-national government policies aim to support private companies and attract foreign

investments (Xu, 2011). In contrast, the national government seeks less dependence on foreign direct investments in their attempt to become a global technological power. In order to create a stable investment environment, sub-national governments occasionally implement different policies from the national government, which turns sub-national officials into policymakers. Their policies aim to improve overall local development, maximise their autonomy to manage local affairs, and reduce their fiscal and regulatory dependence on Beijing. Additionally, regional and local authorities also compete with each other for special attention from top-ranked leaders through their economic performance.

This leads to competition and conflict among different levels of government (Chen, 2004). Rather than openly opposing the national government, negotiations take place behind closed doors. The Party is aware that it must provide more transparency to ensure its political power. Thus, it has initiated various programmes to reform the public sector, such as budget and treasury reform for below-centre levels (Wong, 2009).

The powerful position of China's sub-national policymakers is inherent in the political governance structure. China's federalist system with "Chinese characteristics" has decentralised governmental structures with below-central-level governments that are administered through 22 provinces, five autonomous regions, four municipalities, and two Special Administrative Regions. There are four levels of government below the centre: province, prefecture, county, and township. Province, county, and township levels are administratively organised like the centre with people's congresses. Various cities and autonomous prefectures designed for ethnic minorities belong to the prefecture level. Political power is organised differently on this level. People's congresses and people's governments cannot be established on the prefecture level. Instead, as the next higher level, the province sets up administrative agencies with administrative commissioners whose deputies are appointed by higher levels rather than being elected (Saich, 2004). While administrative commissioners and their deputies officially have limited political power, it is doubtful whether the centre can monitor every step by local agents (Clarke, 2007, p. 557).

In contrast, the provincial level holds greater power because, administratively, it holds the same rank as a ministry in Beijing. This greatly empowers provincial party secretaries and governors. Indeed, many Chinese provincial government officials hold strong ties to the centre. This creates direct channels of communication that can be exploited. As provincial officials are responsible for significant budgets, and allocating funds

is a key performance indicator, they are motivated by monetary aspects rather than keeping the centre's overall goals in mind.

In sum, China's policy-making process is driven by the centre's top-down approach, but numerous institutionalised actors, such as ministries and sub-centre-level governments, actively influence or even devise policies. Aside from these government actors, non-institutionalised bargaining groups, such as those acting through Internet forums or with foreign capital, can exploit China's fragmented power relations to shape policies.

2.3 ACCESS POINTS FOR LOBBYING THE EUROPEAN UNION

The EU's political system consists of a defined set of institutions that enables collective decision-making based on rules determining the relationship of these institutions (Hix, 2005). In contrast to the Chinese system of policy-making, stakeholder involvement is a sought-after consensus-building tool in the EU. Various stakeholders, including interest groups, lobbyists, and other forms of civil society, engage in a constant dialogue with policymakers and aim to influence each other's perspectives on EU politics (Susskind, 2008). Officials from the European Commission (EC) debate policies with interest groups as frequently as with members of the European Council or the European Parliament (EP) (Hooghe, 2001).

Whereas the Chinese national government aims to monitor and steer conflict, in the EU, conflicting business interests are perceived as a source of information; they facilitate policy, advocate positions, provide expertise, and at times scrutinise the EU's authority (Coen & Richardson, 2009). Members of the EP in Brussels struggle to obtain direct feedback from their home country voters. As such, they are often not well informed about their voters' views on topics. To bridge this gap, interest groups provide information on numerous topics (Beyers, 2004). This gives them a crucial role in the EU's policy-making process. Western business interests in China also reach out to the EU. In order to make well-informed policy decisions on China, EU policymakers need to maintain a network of groups, policy-makers, and other influencers located in China. This relationship is reciprocal as groups and other influencers who are interested in the Chinese business environment also seek access to EU policymakers.

The EU's openness originates from various institutions which hold particular roles in the legislative process. The Council, the EP, and the EC offer access points for interest groups (Beyers, 2004), and each insti-

tution has specific criteria for gaining access. Interest groups also have access through institutionalised advisory bodies, such as the Committee of the Regions (CoR) and the European Economic and Social Committee (EESC). These bodies assist the EU, the EP, and the Council in managing interest group input and remaining open to outside actors (Lehmann, Tušar, & Bosche, 2003). The EESC supports economic and social interest groups by providing them with an institutional platform to express their views on decisions made by the European Council, the EP, and the Commission (Tanasescu, 2009).

Interests that aim to shape the Chinese market on the European level engage in EU policy-making through high-level diplomacy. In the beginning of the 1990s, the EU and China established two types of institutionalised dialogue: political and sectoral. Political dialogues include high-level summit meetings, ministerial troika meetings, as well as more specialised expert meetings, which address issues related to political power and authority. On the EU side, political dialogues fall within the jurisdiction of the European Commission's Directorate-General for External Relations (DG Relex) and the High Representative for the Common Foreign and Security Policy. On the Chinese side, the Ministry of Foreign Affairs is responsible for political dialogues (Snyder, 2009).

To give an example of high-level negotiations, the EU and China started negotiating a comprehensive investment agreement during the 16th EU–China summit held in Beijing in November 2013. This agreement will greatly benefit European business in China, because it supports investment flows in both directions (European Commission, 2015). It also aims to lower potential trade barriers for European business in China, thereby increasing opportunities. The EC is the institution involved in negotiating this agreement.

The European Commission, as part of the European executive body, comprises the Commission President and 27 Commissioners, who are nominated by the European Council from those appointed by the governments of EU member states. The European Council itself is made up of the national ministers of EU countries who meet to define general political directions and to coordinate policies (Nugent, 2010). The Commissioners are appointed by their national governments, but they do not represent national interests. Although the EC is not a decision-making body, it remains a crucial target for interest groups (McCormick et al., 2005) because it determines which proposals for new laws and policies are dispatched for approval. Whereas the EC introduces policy proposals, the

Council of Ministers and the European Parliament hold the final decision-making power. As such, Members of the European Parliament (MEPs) are frequently targeted by interest groups attempting to shape policy. It is difficult for interest groups to approach the Council of Ministers because it is inter-governmentally and internationally organised. Interest groups must lobby their home governments to influence this council. Furthermore, they must ensure that their objectives are supported by a sufficient number of states.

Sectoral EU–China dialogues were established to deepen the relationship between China and the EU, and are actively promoted by the EC. They address economic issues from specific sectors or sub-sectors, as well as economic questions directly related to them. The 1985 Agreement on Trade and Economic Cooperation laid the legal foundations for the dialogues (Snyder, 2009). Sectoral dialogues fall under the jurisdiction of the more specialised Directorates-General of the European Commission, such as the DG Trade or Internal Market. On the Chinese side, sectoral dialogues are dealt with by the Ministry of Commerce and various line ministries or similar organisations such as the Chinese General Administration of Quality Supervision, Inspection and Quarantine (AQSIQ), which is directly connected to the State Council (Snyder). Meetings have also taken place between lower-level official experts concerned with the economic and social regulation of multiple sectors and social policy areas. The dialogues vary in subject and structure; some are very structured with defined objectives and others have rather loose set-ups. The dialogues have five main functions, although one specific dialogue can cover multiple functions. A specific dialogue's functions might also change over time. First, the dialogues have the purpose of mutual learning and thus the transfer of knowledge. Second, the dialogues are used to establish cooperation in specific sectors and may be a prelude to more structured cooperation. Third, the dialogues aim to stimulate and enhance policy development in Chinese sectors where, for example, EU regulatory regimes are advanced. China could also benefit from new policies developed to meet WTO requirements, such as the Agreement of Public Procurement. Fourth, dialogues can be used to support discussion on sensitive issues. Dialogues are often used for this purpose, usually in the framework of broader discussions. This was the case after the 10th Summit when China and the EU installed the EU–China High Level Economic and Trade Mechanism (HLM) dialogue to support discussions and coordinate policy practice in a broad range of economic areas, such as strategic bilateral trade and trade-related issues,

innovation including IPR and technology (Snyder). Fifth, sectoral dialogues aim to support business and other operators by eliminating potential regulatory obstacles, creating awareness of trade issues, and facilitating contacts (European Union External Action Service, 2015).

The EU's delegation in Beijing is another China-based contact for European interest groups. The delegation holds full diplomatic privileges and works in close cooperation with the diplomatic missions of EU member states. It is a point of contact between European and Chinese authorities and keeps close ties with the EC in Brussels. It informs the EC about political and economic developments in China and supports negotiations related to bilateral cooperation agreements.

2.3.1 *Market Access Strategy (MAS)*

Under the EU's Market Access Strategy framework, the Market Access Partnership seeks to collectively lobby against market access barriers. The EC, national governments, and business interests have established multiple channels for exchanging information to favourably shape Chinese market conditions. The MAS is based on three pillars: the Market Access Advisory Committee, the Market Access Working Groups, and local Market Access Teams (MAT). The first two are active in Europe whereas the third pillar is located in China. The following section focuses on the MAT (European Commission, 2011).

The MAT mirrors the Market Access Advisory Committee in Brussels. It provides a general coordinating framework for the EC, member state embassies, and business interests. In China, the teams consist of representatives of the embassies from member states, the EU delegation in China, and the private sector, which is represented by the European Union Chamber of Commerce in China. The MAT plays a crucial role in collecting information about developments in China and implementing strategies to remove market access barriers (Reichwein & Smakman, 2012).

In 2007, the Chinese Minister Counsellor and Head of Trade and Investment Section from the EU's delegation in Beijing jointly established the local MAT as part of the EC Market Access Partnership. In China, the MATs are organised around specific barrier issues and sectors such as intellectual property rights, public procurement or medical devices, one for each key barrier topic. Each MAT is jointly chaired by the EU delegation in China, a representative from the management of the EUCCC, the chair or vice-chair of the working group of the EUCCC, and representatives of

the embassies from member states. The MAT is also open to participants who are not EUCCC members (European Commission, 2011).

The MAT was only established in 2007, because the working groups of the European Chamber of Commerce in China were already coordinating with the EU delegation to eliminate access barriers. As such, European business interests were already represented by the EUCCC. However, member-state embassies felt excluded from communications with Chinese authorities regarding market access barriers. The MAT also enabled structural communication with the EU. Trade counsellors of the embassies from member states and the head of the Trade and Investment Section of the EU delegation in China agreed to meet on a monthly basis. The embassies of the member states are represented in Beijing by trade or economic departments, or they assign employees to handle market access topics. The embassies maintain strong ties with the EU delegation in China and the EUCCC. Market access topics are usually debated with representatives from member-state embassies during trade counsellors' meetings with the EU delegation. The meetings take place every month or ad hoc if necessary.

In sum, Western business interests can influence the Chinese economy through various high-diplomatic channels, such as political and sectoral dialogues and the MAT. The EUCCC plays a crucial role in the MAT because it represents Western business interests in China. As such, the line of communication between business in China and the EU is institutionalised.

2.4 ACCESS POINTS FOR THE US POLITICAL SYSTEM

The US federalist system divides powers (Kettl, 2010) between the national level, also called the federal government, and the states. Responsibilities between the federal and state governments may overlap in some policy areas. The national government is involved with most major policies (Kernell, Jacobson, & Kousser, 2009). As in the EU, interest groups provide information to help members of Congress make decisions. Interest groups dedicate much time to lobbying the executive branch of the US Congress, through direct contact with this bureaucracy and by pursuing court litigation. Furthermore, some interest groups convey their demands to the federal bureaucracy, the administrative department of the executive branch, which is tasked with implementing laws and presidential directives (Hrebener, 1997). Institutional

events, such as committee hearings, provide an arena for interest groups to present their perspective. Only members of Congress may submit legislation to the House or Senate. Interest groups must find a sponsor to push their proposal onto Congress' agenda. After a bill is introduced in the House or Senate, a committee is assigned to deal with the issue. Committees decide whether bills move to the next level. Generally, committees reject most bills. When a subcommittee or the full committee decides to advance a bill, it holds hearings and invites people from interest groups, academia, or other areas of expertise to present information about the topic. Information can be conveyed in the form of a written or a personal statement. If the subcommittee settles on an issue, it marks up the bill. Marking up involves editing the bill line by line to provide a detailed report to the full committee. The full committee can accept, reject, or amend the bill. Except for controversial or very important bills, the committee usually affirms the subcommittee's decision. The written report contains crucial information not only for the committee but also for other branches and actors involved in the process. When a committee decides to move a bill to the floor, the bill is scheduled on the House or the Senate's calendar.

China-related issues could be addressed through multiple channels, such as the US International Trade Commission, the US-China Strategic Economic Dialogue, and the US-China Joint Commission on Commerce and Trade. In 2009, President Barack Obama and former Chinese President Hu Jintao established the US-China Strategic and Economic Dialogue to allow ministerial-level officials from the two nations to discuss important economic, political, and geostrategic issues. The US-China Strategic Economic Dialogue aims to reduce trade and investment barriers between the two nations. It also addresses Western business concerns in China, such as indigenous innovation policies, government procurement, and intellectual property rights. The annual meeting alternates between Washington and Beijing. The meetings have a 'Strategic Track', led by the Secretary of State from the US side and the State Counsellor from the Chinese side, and an 'Economic Track', headed by the Treasury Secretary from the US side and the Vice Premier from the Chinese side. A high-level delegation of cabinet members, ministers, heads of agencies, and senior officials also join the meetings (U.S. Department of State, 2014).

The US-China Joint Commission on Commerce and Trade (JCCT) has tackled bilateral trade issues since 1983. The JCCT is a forum

for high-level dialogues to address problems affecting US companies in China. It serves as an umbrella for trade events and WTO technical assistance programmes. Until 2004, the meeting was chaired by the US Secretary of Commerce, on the US side, and the Minister of Commerce, on the Chinese side. Since then, the meetings have been co-chaired by two US cabinet officials, such as the Secretary of Commerce and the US Trade Representative and by the Chinese Vice Premier responsible for foreign trade. In addition to the meetings, the JCCT holds working groups on multiple trade related issues such as investment, business development, and industrial cooperation, as well as a dialogue on export controls. Cabinet-level plenary sessions are held annually, whereas sub-cabinet sessions and subgroup meetings occur more frequently. In preparation for these meetings and dialogues, the US Department of Commerce invites the US private sector to discuss current trade issues with China (Department of Commerce United States of America, 2013). For example, the US-China Business Council, a private non-profit organisation for US companies doing business in China, collects and submits private industry recommendations on Chinese trade issues to the US government (The US-China Business Council, 2011a).

As an independent, quasi-judicial federal agency, the US International Trade Commission is concerned with repercussions arising from international trade issues. It investigates the effects of dumped and subsidised imports on domestic industries and the infringement of intellectual property rights. The commission also gathers and analyses information on trade data and other trade-related policy. It provides information to the President, the Office of the United States Trade Representative (USTR), and Congress to support US trade policies (U.S. International Trade Commission, 2015). Thus it conveys information from US businesses in China on how Chinese policies affect trade with the US, which in turn is used by the US Congress to ensure well-informed decisions on China-related trade issues.

In sum, interest group lobbying is a common tool in the US policy-making system. Multiple institutionalised channels are addressing the access barriers that US businesses face in China. US business interests can attempt to shape the Chinese business environment through the US International Trade Commission, the US-China Strategic Economic Dialogue, and the US-China Joint Commission on Commerce and Trade.

2.5 COMPARING INTEREST GROUPS IN THE THREE SYSTEMS

In the EU, joint decision-making between European institutions means that interest groups have to deal with a more complex decision-making process than that faced by interest groups in the US. The US Congress acts as an independent actor in the legislative process, and interest groups aim to influence its executive branch through committees and direct contacts with congressmen (Coen, 1999). In contrast, the EP has less power than the legislature in the US. Therefore, interest groups do not primarily target MEPs. Rather, the EC is the prime target of interest groups (Mazey & Richardson, 2006). The Commission is responsible for identifying, promoting, and defending European interests and must gather a great deal of background research to draw up a legislative proposal. In order to influence the Council of Ministers, interest groups invest much time in establishing every government's most likely position and classifying each nation's most weighted argument (McGrath, 1968).

Interest groups in the US gain access to the political system because members of Congress fulfil multiple tasks and hold committee positions which are open to interest group influence. As the driving force behind legislation, committees provide a platform for interest groups through hearings. In the US, lobbyists frequently cooperate closely with their legislative allies and foster immediate contact with their own membership (Baumgartner, Berry, Hojnacki, Kimball, & Leech, 2009). Contacting committee members and other government allies is the most common lobbying tactic (Baumgartner et al.).

Differences between EU and US lobbying arise because professional lobbying in the US has a longer tradition and is better regulated than in Europe. The lobbying sector in the US is about twice as big as in the EU. In the US, legal and financial instruments, such as campaign financing, are available. These instruments do not exist to the same extent in the EU (Woll, 2006).

Despite differences between the political systems of the EU and the US, interest groups interact with political institutions that share certain similarities. They are somewhat comparable in their functions and roles in the policy process. In contrast, interest groups in China have to lobby a different set of institutions. Although the political centre remains the most crucial player, China's policy-making process is not purely centre-driven.

Multiple actors are able to engage and negotiate their positions. The centre still holds much power, but with inadequate rules of law and a fragmentation of power, interest groups can take advantage of opaque rules and lobby through non-institutionalised channels. As the Party plays a subordinate role in most economic policy-making, government ministries and agencies have become the focus of national public policy issues for several reasons (Kennedy, 2005).

The National People's Congress is not the primary target of Chinese business interests, since government ministries oversee many regulations that are of interest of industry. It is common practice for government institutions, such as ministries, to invite Chinese industry representatives, either specific firms or associations, to discuss a policy issue, or conversely for industry interests to invite the government (Kennedy, 2005). Most interest groups in China are highly influenced by the government, and the lobbying power of China's industry is limited.

Alongside non-institutionalised channels, the Chinese system provides institutionalised access for Western and Chinese interest groups through public hearings. Interest groups can gain access through China's ministries, as they are fairly open to external opinions (Interview VIII, 2011).

The main institutions of China's political centre are far more closed to interest groups than in the US and the EU. US interest groups often engage in the policy-making process at a later stage than in the EU. Interest groups in the US frequently get involved in the process after a bill has been publicised and debated (McGrath, 1968).

To sum up, policy-making can be divided into five different stages. This model is a simplification of a very complex process. Policy-making in China is fragmented, which allows interest groups to take advantage of undefined responsibilities. The political systems of China, the EU, and the US are distinct, with the EU and the US sharing many similarities. The core difference between the Western and Chinese systems is the institutionalised access points. The EU has established institutionalised access for Western business actors in China. In the framework of the MAT, the EU receives first-hand information on the business climate that European companies face in China. By providing feedback, business groups can influence the EU's politics in relation to China. Similarly, the US system enables US business interests in China to provide first-hand information through dialogues and government agencies.

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Trade Barriers for Foreign Business in China

3.1 INTRODUCTION

The golden age for foreign business in China is coming to an end, as Chinese companies are gaining greater capacities to invent and produce high-end products. As such, China's economy is gradually shifting from low-end manufacturing to high-end production. As a result of China's growing competence, Western businesses are facing stronger competition from domestic Chinese companies. The Chinese government has supported this shift through multiple initiatives that are actively fostering China's international competitiveness. China's openness to foreign direct investment (FDI) was a strategic pillar of Deng's economic miracle (Kamath, 1990; Kroeber, 2011; Lieberthal, 2003). Foreign investment played an enormous role in building China's capitalist system, and they are a dramatic manifestation of its 1978 open door policy. However, China has altered its approach to FDI as it is striving to be the world's innovator. It is aiming to decrease dependence on foreign capital to generate economic growth. The foreign business community is arguing that China has now placed significant restrictions on foreign investment (European Commission, 2015).

In many ways, China has matured from a developing-country approach to an industrialised-country attitude (Li, 2012). This shift is reflected in one initiative that aims to invest in the European Union (EU) and the US in order to reduce dependency on FDI, meaning that China is specifically fostering outward investments (Brown, 2014; Potter, 1995). China's

new model of domestic growth is based on services, value-added production, and innovation. Heavy and energy-intensive industries are being de-emphasised. The twelfth Five-Year Plan does not consider industries such as real estate, steel, and automotive as crucial. Instead, the Chinese government defined high-tech, green, and energy-efficient industries as the main strategic pillars (McNally, 2013). Chinese companies are becoming more competitive in offering services and high-end production rather than offering low-level goods. The time of Chinese companies relying on Western innovation and technology advances is coming to an end. Chinese companies are closing the gap by becoming innovators themselves. For example, China is supporting indigenous innovation through policies that are moving its economy up the production chain. Instead of relying on foreign investment in order to acquire technological know-how, the Chinese government is focusing on producing and exporting high-end technology products (Mac Ghothaigh, 2009). The Western business community has argued that China's goal of promoting innovation and economic development is problematic for the competitiveness of foreign businesses. China's economic and indigenous innovation policies give Chinese companies a competitive advantage because they encourage discriminatory practices in the field of government procurement, access to subsidiaries, and tax incentives (The US-China Business Council, 2011). Furthermore, innovation should be led by the industry rather than implemented from the top down by the Chinese government (European Chamber of Commerce in China, 2014). To stimulate innovation, capital and subsidies are widely available to Chinese companies, decreasing reliance on Western funding. This leaves Western companies with higher investment costs to distribute their products on the Chinese market.

China's telecommunication company Huawei, for example, gained a competitive advantage over Western companies when it received a generous line of credit from the state-owned China Development Bank (Kroeber, 2011). To generate surplus in China, Western businesses must compete with Chinese companies that are highly supported by the Chinese government. The Western business community is not willing to accept China's attempt to limit business opportunities for foreign capital. The fighting spirit of Western businesses has awakened to collectively bargain against government policies and shape public affairs. As a result, they have joined interest groups that lobby for favourable Chinese economic policies on behalf of their Western member companies.

In particular, these interest groups are publicly opposing indigenous innovation policies. China's elaborate web of indigenous innovation policies is complex and interacts with many sectors and topics. This chapter outlines the most salient issues for foreign business, but does not provide a comprehensive overview. The most salient topics are those that drew the most attention among the foreign business community in publications, newspaper articles, forums, conferences, and personal interviews.

This chapter first outlines China's indigenous innovation policies in connection with state-led capitalism, then discusses the resulting market barriers in more detail.

3.2 INDIGENOUS INNOVATION POLICIES AS A SIGN OF CHINA'S STATE-LED ECONOMY

Indigenous innovation policies are China's attempt to move away from labour-intensive production to a modern technology- and service-oriented market. As the economy is modernising, indigenous innovation policies are proof that China's government is not willing to lose its grip on the state-led economy. The government is actively promoting key industries such as automotive, information technology, telecommunications, healthcare equipment, and electro-technical (European Union Chamber of Commerce in China, 2010) with the help of state-led innovation. Western businesses are arguing that China's state-led institutions actively invest in and advocate for the development of certain sectors. Instead of allowing China's economy to develop gradually, a state-guided approach is pushing innovation (McNally, 2013). Indigenous innovation policies have been a core tool for supporting Chinese companies. Indeed, Chinese-owned intellectual property is perceived as the key to further developing the Chinese economy (The US-China Business Council, 2011).

The issue of China's state-led economy is widely discussed not only among the Western business community in China but also on the international stage. The EU, the WTO, and the US government have addressed this issue, because state-interference often results in competitive advantages for domestic businesses. Even the European Commission has highlighted that China still had substantial market access barriers in 2015 (European Commission, 2015) and urged more access for foreign investments in China. The WTO has considered market restrictions for foreign

businesses such as China's government procurement practices or its postal law, which prevents foreign operators from delivering letters domestically (Reichwein & Smakman, 2012). All of these arguments support the Western business perspective. Thus, the Western business community in China can rely on support from multiple international institutions while attempting to shape China's business environment. The following laws and initiatives associated with China's indigenous innovation drew significant attention from both the Western business community in China and the international institutional system:

- The Government Procurement Law (2002)
- Component in China's 11th Five-Year Plan (2006–10)
- The National Medium and Long-Term Plan for the Development of Science and Technology (2006–2020) and a follow up document on its supporting policies in 2006
- Selected Supporting Policies for the 2006–20 Medium and Long-Term Science and Technology Development Plan (2006)
- Trial Measures for the Administration of the Accreditation of National Indigenous Innovation Products (2006)
- Administrative Measures on Government Procurement of Imported Products (2007)
- Evaluation Measures on Indigenous Innovative Products for Government Procurement (2007)
- Administrative Measures on Budgeting for Government Procurement of Indigenous Innovation Products (2007)
- Administrative Measures on Government Procurement Contracts for Indigenous Innovation Products (2007)
- In August of 2007, the Chinese National Certification and Accreditation Administration (CNCA) initiated a regulatory push to test and certify 13 types of information security products (CCCi)
- Notice on the Launch of National Indigenous Innovation Product Accreditation Work for 2009
- Catalogue Guiding Domestic Innovation in Major Technology Equipment (2009)
- Draft PRC Government Procurement Law Implementing Regulations (2010)
- Notice on the Launch of National Indigenous Innovation Product Accreditation Work for 2010 (Draft)
- Draft Administrative Measures for the Government Procurement of Domestic Products (2010)

- Circular 618 (2009)
- Draft Circular (2010)
- Component in China's 12th Five-Year Plan (2011–2015)

Source: (The US-China Business Council, 2011)

China's new approach to re-balancing its economy has drawn broad attention from foreign capital interests. Aside from supporting indigenous innovation, China's re-balancing strategy is also boosting domestic consumption and implementing a social safety and employment net. Industrial upgrading will eventually lead to higher wages. Western businesses are arguing that China's aim of re-balancing the economy must correlate with a liberation of the domestic economy (European Chamber of Commerce in China, 2014). As such, China should introduce reforms to the fiscal and financial system and further liberalise the banking and telecommunication sectors. To avoid risking reforms from getting out of hand and leading to social instability, the CCP will not lose its grip on the economy. Instead, the existing institutional and top-down decision-making patterns will remain (McNally, Lüthje, & Ten Brink, 2013). Rather than industry, it is the state that remains the crucial agent in China's economy. This state support of domestic industries and capital means that Western businesses in China must face multiple barriers.

3.3 CHINA'S ACTIVE HIGH-TECHNOLOGY APPROACH

Launched in 2006, the Medium and Long-Term National Plan for Science and Technology Development (MLP) is another sign that business conditions had become more competitive for foreign companies. As China's economy matured so did China's self-perception as a high-end economy with strong high-end production capabilities. The MLP set the target of China being among the world's top five countries for innovation and patents. To reach this goal, the Chinese government is providing institutional and financial support. It aims to invest more than 2.5 per cent of China's gross domestic product (GDP) in research and development of domestic science and technology (S&T). These measures are consistent with China's attempt to depend less on foreign technologies. The goal is to limit foreign technologies from accounting for more than 30 per cent of China's economic growth (Ernst, 2011). Western businesses fear missing opportunities and regard the MLP as a threat to their business success.

Western businesses are not entirely mistaken in seeing their competitiveness jeopardised. The plan also directs the Chinese government to only purchase domestic Chinese national security technologies: such as next-generation Internet technologies; high-end, numerically controlled machine tools; and high-resolution earth observation systems (Ernst, 2011). The implementation of this rule puts Western software and computer security companies under pressure and makes it almost impossible to gain market access.

Most importantly, the Western business community remains concerned over intellectual property protection. In the case of the MLP, the Chinese government distinguishes between ‘original innovation, integrated innovation and re-innovation’, meaning that learning-type innovation is partly being embraced (State Council of the People’s Republic of China, 2006). The Chinese government defined three innovation goals: to produce original, innovative products and services; to develop products that are based on integrated innovation, a process by which multiple technological innovations are integrated and then lead to a new product; and third, to promote re-innovated products, namely products that are based on external technologies (Ernst, 2011; State Council of the People’s Republic of China). These innovative approaches could open the door to intellectual property theft as altered products based on external technologies still count as innovation.

Various intellectual property rights issues are also strongly debated. First, Western businesses are concerned about registering patents and lengthy registration procedures, including a cumbersome process to legalise foreign documents (European Commission, 2015). Second, China’s current rules for enforcing intellectual property infringements are weak and do not sufficiently protect foreign capital. This is partly because patent enforcement is not in the jurisdiction of courts but in the realm of administrative authorities (European Chamber of Commerce in China, 2014). Third, foreign companies face great administrative burdens to file for a patent (Reichwein & Smakman, 2012). Procedures are vague and overlapping ministerial remits lead to undefined responsibilities and long delays.

Foreign actors are also excluded from participating in China’s standard-setting procedures. Accordingly, China is underrepresented in international standard bodies (European Chamber of Commerce in China, 2014). The Chinese government has implemented several unique standards, such as the China Multimedia Mobile Broadcasting (CMMB)

standard for Mobile TV, the WLAN Authentication and Privacy Infrastructure (WAPI) standard for wireless Internet access, the Audio Video Standard (AVS) for audio/video encoding, and the Enhanced Versatile Disc (EVD) standard for future 4G consumer electronics (The American Chamber of Commerce in the People's Republic of China, 2011b). Instead of supporting the worldwide third-generation (3G) technology standard for mobiles, the Chinese government has implemented the home-grown Time Division Synchronous Code Division Multiple Access (TD-SCDMA) standard. To market their products in China, Western companies must adjust their technology to China's TD-SCDMA standard or pursue burdensome licensing procedures of 3G technologies (European Union Chamber of Commerce in China, 2009, 2010b; The American Chamber of Commerce in the People's Republic of China, 2011a).

3.4 BUY CHINESE POLICIES: CHINA'S GOVERNMENT PROCUREMENT

The Government Procurement Law (GPL), adopted in 2007 and revised in July 2010, is another key issue, because only domestic Chinese companies are able to engage in the full scope of public tenders. This means that all parts of the state purchase goods or services in a system where Chinese companies have the opportunity to submit contract bids. Government procurement is defined as the buying of goods and services by a government with the intent of either consumption or investment and not resale (OECD Council on public Procurement, 2015).

Despite pronouncements from high-level Chinese government institutions that they will open up the government procurement market to foreign business, Western capital is still excluded from bidding. Accordingly, Western business interests are calling for equal treatment between companies established in China and Chinese companies. In other words, Western companies that are established in China should be treated the same as a Chinese company (European Chamber of Commerce in China, 2014). The GPL is widely discussed among the foreign business community. Being excluded from China's procurement market is a major disadvantage because it includes purchases by local and central government agencies, schools, hospitals, museums, think tanks, state-owned enterprises, and other public institutions, making it one of the largest state sectors in the world (Xinquan, 2011).

Two laws are crucial for public procurement. The GPL regulates government contracts in goods and services and the Bidding Law (BL) defines all calls for State-Owned Enterprises (SOEs) tenders. Moreover, the BL allows every Chinese ministry to autonomously decide on the requirements of a domestic product (European Union Chamber of Commerce in China, 2011a, p. 9). Under the BL, foreign companies can be completely excluded from the public procurement procedure. The GPL covers central and sub-central government purchases and the BL regulates all calls for SOEs tenders (European Commission, 2015; European Union Chamber of Commerce in China, 2011a).

In an attempt to push China into implementing fair government procurement regulations, Western businesses, the EU, and the US government have urged China to join the WTO's Government Procurement Agreement (GPA). The GPA aims to open up government procurement markets to WTO member states (World Trade Organization, 2015). China submitted a revised GPA offer in January 2015 in which it addressed the sub-central level issue. According to the EU, the offer needed major improvements, in particular with regard to covering SOEs (European Commission, 2015).

Another barrier for Western business in China is the Foreign Investment Catalogue, which has been published since 1995. The catalogue is important for Western business, because it guides the entrance of FDI. Although China updated the catalogue in 2014 and eliminated some restrictions, numerous impediments remain. As such, there are still a number of sectors closed to foreign business. The Chinese government announced reforms for the Shanghai Pilot Free Trade Zone (SFTZ), but concrete actions are being taken slowly. While the Chinese government has relaxed a few restrictions on foreign investment in certain sectors, foreign companies still face multiple barriers to foreign investment in the zone (European Commission, 2015).

3.4.1 Information Security Policies Hinder Western Business

The indigenous innovation framework has resulted in additional barriers for foreign business in China in the field of software information systems. The Chinese government categorises computer systems into five security levels according to their relative impact on national security, social order, and economic interests (Wolff, 2011). Bidding on software products for the top three security levels is closed to foreign companies. Accordingly, only domestic companies that own Chinese intellectual property on key

technology components are able to participate in the bidding process (United States International Trade Commission, 2011).

Traditional information technology systems from level three upwards must be tested and certified under the ‘China Compulsory Certification for Information Security Products’ (CCCi) (The American Chamber of Commerce in the People’s Republic of China, 2011b). This certification process does not comply with international standards. Thus, foreign companies face additional administrative and monetary challenges. Obtaining a certificate to sell products on the Chinese market is burdensome. In the information technology field, for example, this process requires testing and certification for a number of products, such as anti-spam software, operating systems, and firewalls. Foreign businesses fear that their source codes, product designs, and other forms of sensitive IPR could be revealed to the Chinese government (The American Chamber of Commerce in the People’s Republic of China).

Registration practices are also a challenge for foreign capital in other sectors. A broad range of products from cosmetics to medical equipment to car components is required to hold a ‘China Compulsory Certificate’ (CCC). Rather than complying with the European CE certification system, the Chinese government requires products to hold the indigenous CCC certificate. Overlapping ministerial responsibilities lead to inefficient and unnecessary repetition of procedures. Thus, foreign companies face delays and high costs before they are able to market their products (European Union Chamber of Commerce in China, 2009). Western businesses suggest consolidating the CCC process and introducing transparent certification and testing requirements.

Another concern is the Chinese government’s intention of increasing the number of patents by granting subsidies to Chinese companies. Thus, Chinese companies can invest in research and development and innovate or re-innovate products for which they are able to file patents in the high-tech sector. As such, there are high incentives to flood the market with low-quality patents due to subsidies and preferential treatment in government bids (European Union Chamber of Commerce in China, 2011/2012).

Companies in information telecommunication systems, broadcasting and TV networks, and Internet information services (Wolff, 2011) experience the most drastic repercussions. However, the Chinese government argues that it must protect its security and safety infrastructure (Ernst, 2011). Thus, Chinese companies must be supported to meet these goals.

In short, the Chinese government aims to become a global innovator. It has launched numerous policies to help Chinese companies move up the production chain. Thus, Chinese companies are becoming strong competitors for Western businesses. Moreover, Western businesses are facing a number of market barriers for their products.

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China's Corporatist State

4.1 INTRODUCTION

During the Mao era, state–society relations were mainly monist (Kennedy, 2005) in that one authoritarian party organised interest groups (Schmitter, 1974). Mao eliminated industry guilds and chambers of commerce to repress political conflict. With changing leaders and Deng's 1978 market reform, China has evolved from being a system with top-down Party control to allowing market forces to influence policy. Nowadays, multiple outside players, from foreign interest groups to non-governmental organisations (NGOs), are key actors in the policy-making process. Actors who were previously excluded from the policy-making process are now able to influence policy outcomes (Mertha, 2011). However, China's one-party system is not willing to lose its grip on society and continues to actively define societal rules.

Post-Mao state–society relations allow more political participation, which has increased political conflict in China's policy-making. This is important, because conflict in the political sphere impacts policy results. As Schattschneider and Key argue, policy outcomes can be influenced by the scope of conflict surrounding a policy issue (Key, 1949; Schattschneider, 1975). Societal conflict is a crucial variable in regard to lobbying because interest groups or other antagonist factions provoke conflict within society. Societal conflict is such a powerful instrument that every regime must govern such disputes (Schattschneider, 1957). This is true for both authoritarian and democratic political systems. However, conflict is a

desired tool in democratic systems whereas it is suppressed in authoritarian systems. If the scope of the conflict has influence on policy outcomes, it is crucial to address the issue within China's society. Evidently, Western interest groups in China increase the level of conflict. The question of which system of interest representation best describes the relationships between the Chinese state and interest groups is analysed below. A system of interest representation illuminates how a state governs societal conflict, and how it engages with interest groups to monitor policy battles. This interest representation is defined along the lines of state power and emerges from the idea that every society is composed of multiple actors, regardless of the political system. These actors hold different positions, resulting in opposing parties with antagonistic perspectives in a society. The different positions can arise from multiple circumstances such as class divisions rooted in capitalism, socially constructed estates, or poor/rich segmentations.

Pluralist theories, like the liberal system of interest representation, perceive state-interest group relations as a bottom-up membership-driven process in which interest groups attempt to influence political representatives. The representatives, however, do not place any demands on the group (Cawson, 1986). In pluralist systems, the state creates an arena in which independently organised groups freely engage in conflict (Derbyshire & Derbyshire, 1990). In contrast, the state is the main actor for establishing and monitoring interest groups in state corporatist systems. To apply corporatist language, 'the presence of the state is a defining characteristic of corporatism' (Cawson, 1986, p. 36). Thus, China's system of interest representation has a significant impact on how much leverage an interest group has to influence policy.

First, the relationship between the Chinese state and society is state-corporatist (Wang, Ye, & Franco, 2014), with a state that is by no means retreating from society (Hsu & Hasmath, 2013b; McNally, 2013). However, the mere fact that Western interest groups are engaging in China's state-corporatist system is leading to a greater pluralisation of the process. China's corporatist system remains clearly visible, however, in both the compulsory nature of establishing associations and close links between organisational and interest groups (Blecher & Shue, 2001; Heilmann, 2004; Holbig & Gilley, 2010; Hsu & Hasmath, 2013b; Lehbruch & Schmitter, 1982; Pearson, 2005; Saich, 2000; Unger, 2008).

Another sign of China's corporatist style of conflict monitoring can be seen in its relationship to Chinese business elites. Instead of opposing state

politics, their increasing level of Party inclusivity has led to little resistance in public affairs (Chu, Chang, & Huang, 2004). As Chinese business elites are closely intertwined within Party structures, they share similar perspectives on the domestic economy (Dickson, 2008). Therefore, the Chinese state is successfully expanding mechanisms to control the economy and align society (Dickson; Howell, 1994; McNally, 2013; McNally, Lüthje, & Ten Brink, 2013). State power even goes beyond alignment as China's government relies on its capitalists to keep the economy and the system running (Yang, 2013). China's economic elites are mostly apathetic about opposing the government, and this attitude is also reflected by China's business associations and interest groups. Contrary to Western interest groups, Chinese interest groups avoid openly opposing the Chinese government.

Understanding the relationship between the state and Chinese and Western interest groups is important. In contrast to China, lobbying in Western societies takes place in a democratic setting which also reflects the relationship between the state and society. In liberal systems, interest groups apply different lobbying tools from those they use in repressive societies. As such, the system of interest representation influences lobbying behaviour (Binderkrantz, 2004; Gais & Walker, 1991). This makes it important to understand the extent to which Western interest groups are part of China's corporatist system. This chapter first considers China's state-society relations with reference to Western liberal systems. Second, Western interest group behaviour in China is discussed.

4.2 INTEREST REPRESENTATION: THEORY AND PRACTICE

China's economic reforms changed how the state interacted with society, but China's state corporatist structures still persist (Baum & Shevchenko, 1999; Dickson, 2000–2001; Holbig & Reichenbach, 2005; Hsu & Hasmath, 2013a; Pearson, 1994, 1997, 2005; Saich, 2000; Unger & Chan, 1995). On the sub-national level, for example, foreign actors are far less regulated than they were in the mid- to late-1980s (Mertha, 2005b, p. 167). As a result of China's reforms, the monetary power of government officials correlates with their degree of bargaining power. As such, government officials who reign over an economically prosperous area have greater leeway to exert influence over economic policies. It is suggested that, rather than being a sign of declining state-corporatist structures, the CCP can turn local government officials into important players in

the policy-making process by giving legitimacy to certain forms of economic activism (Lieberthal & Lampton, 1992a). Furthermore, this shows that power battles within China's corporatist system are shifting towards capital.

China's interest groups are a conglomerate of various actors, with some being closely monitored and others being permitted greater freedom (Holbig, 2010). Most of China's business associations are primarily conceived in economic rather than political terms. This means that these associations advise and assist the government in regulating the economy rather than conveying a political message. As such, members take positions on economic policies that are in line with the state (Dickson, 2003a; Kennedy, 2005). This is not to say that Chinese business people all agree on economic policies. Instead, contradicting opinions are addressed in private settings and not expressed openly (Kennedy). This is consistent with state-corporatist structures; a system that is based on loyalty to the state's positions. It shows that there is some degree of autonomy within the corporatist mode, such as allowing Chinese interest groups to convey messages behind closed doors (Hsu & Hasmath, 2013a). Crucially, only actors who do not threaten the legitimacy of the CCP and the government are able to participate in the policy-making process (Mertha, 2011).

Another sign of corporatist structures is the Chinese government's attempt to redefine regulations for social organisations. As such, interest groups must identify an official sponsoring agency, which enables the government to maintain oversight of the group. Whereas foreign interest groups have always been obliged to register with Chinese authorities, this law implies that NGOs and foreign interest groups will be punished if they violate the law (Xinhua News Agency, 2014).

The transformation of the state and its relationship with society has been anything but straightforward, and post-Mao-era reforms have led to blurred distinctions between the state and society (Baum & Shevchenko, 1999). To explain China's state-society relations, various authors (Dickson, 2003a; Holbig & Reichenbach, 2005; Pearson, 1994, 1997, 2005) have redefined corporatist theories. Corporatism is an ambiguous term due to the concept's wide range of meanings (Lehmbruch & Schmitter, 1982; Schmitter, 1974). First, societal corporatism (or neo-corporatism, the terms are often used interchangeably) and state corporatism are two distinct concepts and should not be confused.

In neo-corporatist forms of interest representation, collective bargaining is institutionalised to establish mutual trust between the state, labour,

and management. The neo-corporatist system is concerned with solutions for wages, prices, social policy, and investment (Almond, 1990). In such a system, the state organises associational groups, such as labour unions, to have a strong and legitimate voice in the bargaining process. This means that, rather than suppressing conflict in society, neo-corporatist systems ensure that weaker forces such as labour have access to the government. It is crucial to note that the government does not select the interest group's leadership. As such, neo-corporatism is associated with political systems that hold competitive elections and feature relatively autonomous and multi-layered territorial units. Cooperation between the state and society evolve naturally, meaning that the interest group can choose whether or not to cooperate with the state (Cox, 1988). Post-liberal, advanced capitalist welfare states in Europe mainly exhibit neo-corporatism, which is seen as an alternative for pluralism rather than an alternative approach to corporatism (Schmitter, 1974). European or US interest groups in China are familiar with liberal forms of state–society relations such as pluralism and neo-corporatism. As such, they are accustomed to actively shaping public policy while maintaining a voluntary relationship with state institutions.

Interest groups in a neo-corporatist system carry out four main functions. First, they lobby on behalf of their group's interests and act as intermediaries between the group and government agencies. Second, they have a deliberative task, because the leadership and members often hold posts in government agencies. Third, groups execute regulative functions, such as defining and policing professional standards for their own members. Fourth, these groups perform implementation functions, such as executing programmes and policies (Wiarda, 1997). In contrast to corporatism, the state does not force interest groups to execute these tasks. They can choose pluralist over corporatist arrangements or vice versa. The differences between liberal interest groups and neo-corporatist groups are that the latter are officially recognised, play a legally binding role in political decision making, and that membership is regulated and compulsory (Wildenmann, 1987).

In contrast to societal/neo-corporatism, state corporatism tends to be associated with top-down political systems in which lower political levels or other sub-units are steered by a centralised one-party government. Elections are either non-existent or non-democratic (Schmitter, 1974). Such an authoritarian government can easily establish a top-down associational system with little or no space for bottom-up societal interest articulation (Schmitter). Hence, state corporatism has the following sys-

temic features. First, the state structure groups by creating officially sanctioned, non-competitive, compulsory interest associations (Schmitter). Second, interest groups receive state subsidies, which enables the state to impose rules regarding policy implementation, leadership selection, and internal governance, for example. Third, the state supports the establishment of a limited number of officially recognised, non-competing, state-supervised groups (Collier & Collier, 1979).

Neo-corporatism and pluralism share some similarities, but state corporatism and pluralism are distinct concepts. The main characteristics of democratic pluralism are:

1. interest groups are established by means of bottom-up interests;
2. autonomous interest groups are able to advocate for their interests in the policy-making process;
3. membership is not necessarily compulsory;
4. interest groups are independent from government funding;
5. interest groups can shape public policy without having to fear repercussions from the government;
6. conflict is a desired tool for shaping public policies in a pluralist system.

The implications of state corporatist arrangements for interest groups are:

1. the state structures interest groups (top-down approach);
2. interest groups lack autonomy;
3. membership of interest groups is compulsory
4. interest groups receive state subsidies;
5. the state imposes constraints (Kennedy, 2005);
6. societal interests or conflicts are repressed in a state-corporatist system.

In short, China has a corporatist style of government that controls and monitors societal conflict. Actors who do not threaten the government's legitimacy can lobby within the system's framework. Defining corporatism is not straightforward because the concept has numerous variants. The most pronounced distinction lies between neo-corporatism and state corporatism, the former being a product of a liberal political system, the latter of an authoritarian system.

4.3 MULTIPLE ACTORS IN CHINA'S CORPORATIST SYSTEM DOES NOT EQUAL DEMOCRATIC PLURALISM

Some pluralist features are emerging in China's corporatist system (Kennedy, 2005; Mertha, 2011). However this should not be mistaken for democratic pluralism because China's party state still actively controls societal conflicts. The pluralist characteristics are as follows. First, the Chinese state is by no means a unitary actor because there are multiple interests within the party system. Second, the post-Mao authoritarian system has been opening up and it cannot be compared with the strict top-down repression of political conflicts that existed in the Mao era. Third, China's hitherto authoritarian system has limits in controlling political conflict (Lieberthal & Lampton, 1992b).

The type of outside activities that are possible depends on the policy area and sector. State actors in the oil sector, such as state-owned companies and government officials, are the predominant drivers in shaping policies (Downs, 2008), whereas business associations and foreign interest groups in the software sector successfully altered a political policy (Kennedy, 2005). Furthermore, the Chinese government has opened the political arena for environmental protection activities (Mertha, 2011), although this should not be mistaken for the type of lobbying that engages independent interest groups within liberal-Western pluralist systems. The difference mainly hinges on whether the government's legitimacy is threatened. Chinese authorities only allow environmental protection activities within defined political perimeters. Actors can participate in environmental policy-making as long as they support policies or serve as proof that China is tackling its environmental problems. In other words, actors are allowed to address political concerns as long as the Chinese government has a solution to them.

China's policy-making process has become more pluralised since the economic opening. Entry barriers for peripheral officials, NGOs, and the media have been lowered (Mertha, 2005a, 2009, 2011). Still, the emphasis lies on actors that are part of the state apparatus, or at least do not threaten the system. Accordingly, politically active people or organisations that build coalitions and rally broad-based support (Mertha, 2005a, 2009, 2011), can influence policy by framing a policy issue. For this reason, they are often called policy entrepreneurs. Framing is interpreted as organising information so that it conforms to the structure of a good story (Mertha, 2011). Thus, groups can shape policy in China because they are able to manoeuvre

vre within the general rules of the fragmented authoritarian framework (Lieberthal, 2003; Lieberthal & Oksenberg, 1988; Mertha, 2009). The central premise of the authoritarian framework is that China's institutional power structure is fragmented among numerous and powerful bureaucratic and territorial actors (Lieberthal & Lampton, 1992b; Lieberthal & Oksenberg, 1988). To be more precise, a certain policy X may be the result of bargaining between ministries A, B, and C and a Province D. There are three scenarios to explain how the bargaining process could be negotiated. First, one or more top political leaders brokered the policy result. Second, it was coordinated by staff who were representing one or more top leaders. Third, it was negotiated by the supra-ministry coordinating agency and ratified by top leaders through routine procedures. Suppose ministries A, B, and C win the policy battle and ministries E and F become losers in the deal. In this case, they would apply strategies to corrupt the agreement (Lieberthal & Oksenberg, 1988) and an arrangement must be found that serves all involved actors. Policy outcomes happen when actors accommodate one another. Moreover, access is provided to institutions that are not able to adapt fast enough to socio-economic changes.

China's modernisation process resulted in an erosion of Communist Party structures, which led to a loss of control in some areas. Fragmented authoritarianism is a model that asserts that policy that is formulated at the centre are not at falsely implemented at lower levels (Holbig & Reichenbach, 2005). It is not the same as democratic pluralism in which a multitude of societal participants can articulate interests (Beyers, Eising, & Maloney, 2010).

The resultant actors remain closely associated with the Party. Rather than building a confrontational block, as bottom-up membership-driven interest groups would do, actors who engage in the policy process have little in common with bottom-up interest articulation because of Party fragmentation. Policy actors, such as peripheral officials, NGOs, and the media, are clearly not independent actors in China (Dickson, 2000–2001, 2003b). Thus, pluralist voices are heard along the same lines of state corporatism.

4.3.1 *Socialist Pluralism in China*

The concept of socialist pluralism derives from Soviet scholars who applied American and British pluralism to the Leninist state (Gross Solomon, 1983; Skilling, 1983). In contrast to fragmented authoritarianism, socialist pluralism describes power struggles between different camps within a

party. In socialist pluralism, the state or party apparatus remains a strong force behind policy formation to ensure that conflict does not result in societal fractions (Gross Solomon). In fragmented authoritarianism, the party loses some of its power over the policy process.

Gordon Skilling (1965, 1966, 1983) and Susan Gross Solomon (1983) with her edited book, *Pluralism in the Soviet Union*, fuelled the discourse on Soviet pluralism. In Western pluralism, the question of autonomy is a crucial factor, but it is underrepresented in Soviet pluralism. Instead, scholars interpret different factions the Soviet Party in the 1970s and resulting divisions in the state leadership as a sign of pluralism (Archie Brown in Gross Solomon, 1983). Socialist pluralism is a useful remedy against monism, a concept that dominated Soviet scholarship. Monism is a system in which one authoritarian party organises interest groups. As part of the single-party system, interest groups in monism are expected to mobilise support for the party (Schmitter, 1974). Scholars strongly distinguish between fragmentation and pluralism. The underlying assumption that differentiates fragmentation from pluralism is societal unity. If diversity undermines a sense of unity in the society, the outcome is fragmentation. If diversity does not destroy societal unity, this can be characterised as pluralism (Barnard, 1991).

Skilling argues that communist systems are not pluralist in a traditional Western view. The engagement of informal interest groups introduces a pluralist element into communist politics while the political system's authoritarian character remains (Skilling, 1983, p. 8). This raises the question of how informal interest groups are defined in communist politics. The term 'interest groups' remains ambiguous and has multiple meanings in both approaches. In communist politics, 'interest groups' sometimes refers to state institutions, such as ministries or government departments and agencies. At times, the term is applied to the Party as a whole or to parts of the Party or even to non-official bodies such as the Academy of Science or to mass organisations such as trade unions (Skilling). The term 'interest group' in Western pluralism does not encompass the state or ministries, and is used interchangeably for political interest groups, interest associations, organised interests, pressure groups, specific interests, special interest groups, citizen groups, public interest groups, NGOs, social movement organisations, and civil society organisations (Beyers et al., 2010).

When Skilling applies terms used by the Western pluralists Truman and Almond, he explains the difference between associational and non-

associational groups. Groups can be associational, with specialised structures for articulating interests, or non-associational, with interests articulated informally and intermittently through individuals and cliques (Skilling, 1966). Political groups are further described by borrowing from Djordjevic and Truman. Three categories of organised political groups are defined by referring to former Yugoslavia. First, some political groups, such as economic organisations and social institutions, directly participate in the governing process. Second, some political groups, such as the League of Communists (borrowed from Truman), hold a strategic position in the political system. Third, some political groups, such as unions or churches, represent the specialised interests of citizens.

All of these groups have their own special interests yet operate under tight control within an authoritarian system. The three categories demonstrate a variety of organised political groups, but in socialist pluralism, they are all strongly controlled by the government. Hence, they have a very limited scope of influence on the policy-making process. In socialist pluralism, contrasting opinions cannot compete freely for legislative influence because the government exerts control over all of the groups and the arena for fighting out conflicts is also controlled if not completely repressed.

To better reflect Soviet reality, the term ‘institutional pluralism’ was introduced to describe a hybrid system positioned between authoritarianism and democratic pluralism. The Soviet political process took place within an official framework of institutions and was characterised by a multiplicity of interests. In other words, ‘a conflict among a complex set of crosscutting and shifting alliances of persons with divergent interests, [with political leaders serving as] mediators or brokers (Hough, 1977, p. 23). During the 1970s and 1980s, scholars warned that the Soviet Union was moving towards an institutional pluralist model, which did not have much in common with the Western pluralist model (Hough, 1976, 1977; Skilling, 1983).

From a socialist pluralist perspective, power struggles within the party are interpreted as pluralism. This has little in common with democratic pluralism, in which multiple actors outside of the party compete and participate in the bargaining process. Because socialist pluralism places great emphasis on pluralist views within the party, the following section will respond to this perspective. Contradicting views and a constant battle for power are evident within China’s Communist Party (CCP). The Party is by

no means a monolithic group of elite people with the same views, values, and visions. This form of factionalism –informal groups based on personal ties competing for power within the Party – led to policy outcomes that swung between ‘Left-adventurism’ and ‘Right-conservatism’ in Mao’s era, and between ‘emancipation of mind’ and ‘socialist spiritual civilization’ in the Deng era (Huang, 2000; Huang, 2008). This is not just a historical phenomenon. Diversity within China’s leadership and the dynamic interdependence among competing factions are particularly evident in the fifth generation (2012-present) of China’s political elite. There are two powerful camps in the Party, namely the ‘tuanpai’ and the ‘princelings’, who compete with each other. This behind-the-scenes lobbying will further diversify outlooks and stances on major issues (Cheng, 2007, 2008). Applying socialist pluralism standards, these struggles can be interpreted as pluralism. Pluralist elements of communist politics, namely the different kind of groups, do not reflect interest groups from the West within an authoritarian system. In contrast to the former Soviet Union, China’s political system has become more open to various stakeholders. In comparison to Soviet politics, the Chinese government displays a greater willingness to listen to business stakeholder opinions on public policy issues. One piece of evidence is the ‘Law of the People’s Republic of China on Legislation’, which resulted in numerous legislative hearings in Shanghai where various stakeholders, organisations, and individuals presented their views (Liu & Rudolf, 2011).

Conventional wisdom suggests that socialist pluralism is a suitable model for explaining interest representation in China, especially considering China’s emphasis on societal harmony. Aside from China’s fear of a fractionalised society, socialist pluralism does not exhaust the possibilities for China. The opening reforms show that China does not fear the diversity that outside actors bring. The Chinese government even allows Chinese interest groups to build coalitions with non-Chinese interest groups, or to open branches in the West. This is another indicator that the Chinese system is not completely closed to outsiders. Specifically, China’s system of interest representation allows outside actors to participate in the system. As such, China’s inner-Party power struggles do not need to be re-classified as (socialist) pluralism. Studies on the All China Federation of Industry and Commerce showed that this mass organisation’s operational scope has changed (Holbig & Reichenbach, 2005). Instead of simply receiving orders from the government, there is room, even if very little, to articulate interests.

4.3.2 *Tools to Control China's Corporatist System*

As part of China's corporatist arrangement, the government established close ties between governmentally organised interest groups to prevent bottom-up interest articulation. Essentially, the Chinese state created tools to control these groups. Interest groups must be affiliated with a government institution in order to operate. Another instrument of governmental control is that groups are declared illegal if they threaten social harmony. Moreover, the government places Party cells within non-governmental groups (Saich, 2000). In theory, China's state-corporatist system is organised along corporatist lines: the state structures interest groups and grants monopolies, meaning that it only recognises one organisation per sector (Saich; Unger, 1996; Watson, 2008). The Chinese government initiates the establishment of interest groups. These groups are vulnerable to governmental interference and lack autonomy. They depend upon state funds and the state imposes duties on interest groups (Unger) if conflict threatens societal harmony.

While these state corporatist categories apply to China in theory, the reality is more complex. For example, compulsory membership is not enforced everywhere in China's complex associational system. The All China Federation of Industry and Commerce (ACFIC) does not have compulsory membership, which makes it competitive with other groups (The All China Federation of Industry & Commerce, 2011). Naturally, not every category of theoretical corporatist arrangements can be fulfilled in reality. Societal interests are not completely suppressed. The reality is best described as a 'hybrid form of state-societal interdependence' (Baum & Shevchenko, 1999) in which state domination depends on multiple factors, such as economic dominance of the regions and the state's capacity to control an interest group. The state is not always able to exert control because China's economic reforms resulted in an erosion of top-down Party control (Dickson, 2000–2001). This, in turn, has led to geographic and administrative erosion of corporatist structures in some niches of China's system (Unger, 2008).

The CCP and the government are suspicious of interest groups that operate outside of the system (Watson, 2008), which is another indicator of state corporatism. On the national level, interest representation can be largely state corporatist, whereas state corporatist structures can be fragmented at the local level. Some scholars argue that there is a shift towards societal corporatism (Unger, 1996) whereas others have created a new label of fragmented corporatism (Holbig, 2010).

4.3.3 *A Variant of Corporatism: Fragmented Corporatism*

Fragmented corporatism is a concept that describes interest representation in China by taking China's fragmented political structures into account (Holbig & Reichenbach, 2005). It combines elements of state corporatism (Schmitter, 1974) with the concept of fragmented authoritarianism and argues that structures of top-down state control have eroded.

Fragmented corporatism points to the horizontal and vertical fragmentation of corporatist arrangements. Horizontal fragmentation refers to the growing competition between business associations resulting from an increase in official, semi-official, as well as unofficial associations. Overlapping tasks and competences between various Chinese business associations blur the monopoly of state-corporatist interest representation, resulting in intermediary organisations at various administrative levels that act more autonomously from the political centre (Holbig, 2010; Liu & Rudolf, 2011).

Although interest representation in the private sector still takes place under Party control, corporatist structures have been disconnected in the sense that the state lacks the ability to completely regulate every sphere of the private sector (Holbig & Reichenbach, 2005). This rests on the argument that the top-down chain of command has cracks, because administrative power is not clearly defined. Furthermore, constrained legislation has resulted in the fragmentation of traditional corporatist governance structures.

China's shortcomings in exerting top-down control are not communicated in the open. Officially, China's private business associations appear to obey control mechanisms from higher-level, Party-state authorities. To successfully alter policy, local Party-state authorities must accept interest organisations as partners and also transfer regulatory power to them. To influence decisions, both formal institutionalised ties, as well as personal ties with the government, are important (Holbig & Reichenbach, 2005).

The main argument of fragmented corporatism—that corporatist structures remain while control gradually erodes—seems most convincing to explain the latest developments in Chinese interest representation. In contrast to the Maoist and immediate post-Mao period, strict top-down 'transmission belt' mass organisations belong to the past. Once-tightly controlled interest groups in China have been emancipated and they have discovered ways to engage in the bargaining process with some degree of freedom to articulate opinions, despite corporatist structures remaining somewhat stable.

4.4 CATEGORIES THAT DESCRIBE CORPORATISM AND PLURALISM

China's corporatist system allows outside actors to participate in the lobbying process. As such, the Chinese government has acquiesced to having less control over the corporatist system. The question arises as to whether foreign interest groups are compelled to operate within China's corporatist system or whether they are granted greater freedom from governmental control.

This section further expands on the corporatist framework to include foreign actors. It shows how Western interest groups engage with the Chinese state, and outlines pluralist categories to examine whether Western interest groups, provided they do not follow a corporatist logic, lean towards pluralist patterns of interest representation. Even though Western interest groups might engage with the Chinese state in a pluralist way, lobbying still takes place within China's corporatist system. In other words, although pluralist avenues are possible, China's system of interest representation as a whole is not pluralist; it remains corporatist.

Corporatist and pluralist forms of interest representation can be seen in the following areas.

4.4.1 Establishment of the Organisation and Type of Membership

The first explanatory variable in determining pluralist/corporatist state–society relations looks at how an interest group was established. Corporatist structures are indicated if the Chinese government establishes an interest group from the top down. In such instances, Chinese authorities establish the interest group to fulfil a particular purpose, such as to support policy implementation. The government seeks to inform members about policy issues and to gain feedback about members' views on particular issues, although members are not encouraged to actively negotiate policy changes. The Chinese government partly determines or influences a group's activities and how it communicates with its members. The government also influences the membership structure, for example, by determining whether foreign-invested companies, namely Western companies, are able to join. Accordingly, a purely Chinese membership structure is a sign of a corporatist arrangement.

Interest groups within a pluralist system arise from the bottom up by members who aim to influence the policy-making process. Actively engaging in the policy-making process is an obvious indicator of pluralist behaviour. Membership type is another sign of pluralist structures. The Chinese government has less control over foreign-invested companies. Foreign companies, regardless of partial or whole foreign ownership, do not operate under the strict control of the Chinese state. They actually enjoy a greater degree of autonomy compared to Chinese companies (Pearson, 1994). Therefore, the interest group has greater freedom from governmental control if the membership is composed of foreign companies.

4.4.2 *Mission of the Organisation*

As explained throughout this chapter, interest groups in corporatist systems lack autonomy from the government. An indicator of constrained autonomy comes when the state assigns a mission to a particular group, such as to promote economic policies or interests, rather than allowing the group to articulate its own political goals in the form of a mission statement. For example, the mission of the All-China Federation of Trade Unions, written by the Chinese government rather than the workers, is to guide China in its attempt to establish a socialist market economy. Corporatist structures are evident if the mission is assigned by the Chinese government. If the mission is formulated by a bottom up group, according to the wishes and needs of the members, pluralist structures can be indicated.

4.4.3 *An Organisation's Structure and Leadership*

The way an interest group is organised is a strong indicator of whether it is pluralist or corporatist. In pluralist systems, members establish interest groups from the bottom up, and the government has little or no involvement in the interest group's activities. This is also reflected in the way the interest group is organised. Rather than the organisation having appointed posts, its members are actively involved in electing the leadership and engaged in working groups. Their actions are free from state interference. A pluralist structure exists when leaders are freely elected and the organisational structure reflects member wishes. Alternatively, in a corporatist system, where the government structures interest groups, there is little room

for members' wishes in the form of forums or working groups within the organisational hierarchy.

4.4.4 *Activities of the Organisation*

Interest groups in pluralist arrangements are service oriented towards their members for multiple reasons. First, groups in pluralist systems are mainly financed by membership fees. As such, they must provide member services to attract and maintain a high membership. The scope of activities can be broad, and may include holding working group meetings to discuss lobbying activities, seminars, conferences, and dinners. This is in stark contrast to corporatist arrangements, where activities are undertaken to serve the government's needs rather than to provide a membership service.

4.4.5 *Publications*

In a pluralist structure, an interest group publishes a broad scope of papers, research, or books to communicate with members and policymakers (Mahoney, 2008). Publications are an indicator of a pluralist structure if interest groups articulate members' grievances freely and they are written to either target the government or as a service to members. In contrast, a group in a corporatist environment is constrained from freely articulating members' grievances.

4.5 CONCLUSIONS

China's state–society relations are corporatist (Wang et al., 2014) with a powerful party state that is not willing to lose control over society (Hsu & Hasmath, 2013b; McNally, 2013). But between corporatist lines, some pluralist features are slowly emerging (Kennedy, 2005; Mertha, 2011). This is not to say that China has shifted to a democratic pluralist system, because societal conflict continues to be actively monitored. China's strong government exerts power over its interest groups (Oksenberg, 2001) and has taken the initiative to establish many of them. Yet in contrast to Mao's system of interest representation, corporatist structures of interest representation are weaker, and some interest groups can act more autonomously than others. This means that corporatist structures in China come in various forms and shades. This leaves some groups with political bargaining leverage while others are subject to strict top-down govern-

mental interference. The government provides greater freedom to interest groups that do not threaten its power. The second part of this chapter introduced corporatist/pluralist categories. This is crucial for determining whether Western interest groups follow the same logic as Chinese interest groups. Empirical data on Western interest groups will reveal the extent to which foreign actors are integrated into China's corporatist system. The data are organised according to the explanatory variables: establishment of the organisation and type of membership, mission of the organisation, structure and leadership of the organisation, activities of the organisation, and publications. This step is essential, because a corporatist or a pluralist type of interest representation directly influences the lobbying strategies of interest groups (Gais & Walker, 1991). The next chapter provides these much needed data.

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Western Interest Representation in China

5.1 INTRODUCTION

This chapter provides empirical data on Western interest groups located in China, and shows whether they exhibit a tendency towards corporatist or pluralist behaviour. This comparative analysis focuses on Western and Chinese associations. The behavioural patterns of Chinese and Western interest groups are compared. Data are first provided on Chinese interest groups, followed by a comparison with Western interest groups.

Western interest groups in China must navigate China's corporatist system, which in turn impacts their lobbying strategies. It is unclear whether Western groups exhibit corporatist patterns or if they are organised along pluralist lines. European and US groups come from pluralistic environments in which they lobby on behalf of members without governmental constraints. This chapter clarifies the extent to which Western groups are keeping their pluralist patterns, and how much autonomy the Chinese government is granting them. In China, autonomy correlates with access to the government. This means that if Western interest groups experience less governmental interference, they may be constrained from gaining access.

Chinese associations that lack autonomy have no incentive to represent their members while fully autonomous groups struggle to gain access to government officials (Kennedy, 2011). Many business associations and interest groups see connections to the government as an advantage, while associations with few connections face institutional discrimination

(Yang, 2013). The most influential association in China is the All-China Federation of Industry and Commerce (ACFIC), whose membership primarily consists of private companies. The ACFIC is closely supervised by the government on a national level and is by no means autonomous in key functions such as personnel and finance (Yang).

Within the borders of constraints, the ACFIC aims to shape policy on behalf of its members. However, government intervention is limiting its ability to represent ACFIC members. Therefore, companies and associations are targeting Chinese government officials directly to convey their message face to face rather than officially submitting letters (Kennedy, 2011).

This chapter begins with an overview of Chinese and Western lobbying groups, both local and national. Subsequently, an in-depth analysis of ACFIC is presented. This is followed by descriptions of the American Chamber of Commerce and the European Union Chamber of Commerce to shed light on the pluralist/corporatist perspective. The chapter concludes by comparing Western and Chinese approaches to interest representation.

5.2 INTEREST REPRESENTATION IN CHINA'S CORPORATIST ENVIRONMENT

China's corporatist system comes in many forms and shades. The Chinese government does not have a coordinated strategy on how to govern associations (Kennedy, 2005), and there is no fully defined law on the governance of business associations (Yang, 2013). Associations in some industries are clearly more influential than in others (Kennedy, 2011). For example, China's software associations are far more active than associations from more state-dominated sectors such as steel and oil which are dominated by large state-owned enterprises. Steel and oil companies generate significant revenue, which makes them powerful players in the policy process. Thus, it comes as no surprise that there is thought to be little need for associations to shape policy. This stands in stark contrast to the software industry where several associations actively engage with the government. These associations hold press conferences, conduct research, and submit reports on industry-related policies to multiple government agencies. They also organise seminars and meetings on topics such as intellectual property rights and government procurement (Kennedy, 2005). But even in this relatively liberal sector, the Chinese government

limits the actions these groups can take. For example, the government forces groups to register with a government agency and to place former officials on their pay role. Even though associations in the software industry enjoy greater room to act on behalf of their members, their autonomy is still limited as the government forbids absolute freedom in interest articulation (Kennedy, 2005).

China's software industry is more open to political participation, both foreign and domestic, because economic actors have gained more influence. The actions taken by foreign interest groups might illustrate this. When China attempted to introduce a WAPI standard, multiple foreign business associations, such as the US Information Technology Office and the European Information and Communications Technology Industry Association (since 2009 Digital Europe), collectively lobbied the legislative and executive branches of their home governments (Kennedy, 2006) and successfully influenced China from the outside. This outside pressure resulted in policy change. Digital Europe, for example, does not have a Chinese subsidiary, which means that their lobbying is managed from Europe.

Foreign companies are not only members of interest groups from their home country but also members of domestic, Chinese associations. In addition to being members of the Business Software Alliance, the United States Information Technology Office (USITO), and the American Chamber of Commerce, companies can also join a Chinese software association, the China Software Alliance. However, foreign businesses have little praise for domestic Chinese associations (Kennedy, 2005). Foreign companies are able to join because the software sector lacks jurisdictional monopolies. This means that the government allows more than one association per sector and that companies can choose to join multiple groups. This gives companies the opportunity to utilise multiple formal routes to shape policies. While Chinese associations do not officially lobby the government, foreign groups, such as the American Chamber of Commerce and USITO, seek to alter policies on behalf of their members. Foreign companies that join Chinese interest groups do not expect them to lobby on their behalf. Instead, they become members primarily for public relations purposes (Kennedy, p. 142).

As a domestic association with foreign membership, the China Association for Enterprises with Foreign Investment (CAEFI) was set up by the Ministry of Foreign Economic Relations and Trade (MOEFERT) in November 1987 (China Association of Enterprises with Foreign

Investment, 2005). It was established through the Chinese government's initiative, yet some local level branches enjoy significant autonomy. The government wanted to offer an association for wholly or jointly foreign-owned businesses. Around 500 large firms joined in 1987. CAEFI is modelled after a typical Chinese association with national networks in every province and in some lower-level jurisdictions. Although a number of local and provincial-level branches were established with less government interference, the government remains involved. This affects how the association defines the scope of its membership, mission, and activities (Kennedy, 2005). CAEFI has a clearly assigned mission to 'provide services to its members in accordance with state guidelines, policies, laws, and regulations that concern opening up and encouraging foreign investment' (China Association of Enterprises with Foreign Investment, 2005, p. 00). In other words, it supports the Chinese government by incorporating foreign investments into the Chinese economy. With a rising number of foreign-invested companies in China, the Chinese government created a platform in which to promote and explain guidelines for foreign companies by 'making China's investment environment known to the investors ... to promote foreign investment inflow into China' (China Association of Enterprises with Foreign Investment, p. 00). CAEFI helps the Chinese government by promoting the policy goal of attracting capital inflows. It should be noted that information on CAEFI's webpage was last updated in 2005. One reason for that could be China's shifting priorities away from attracting capital inflows to supporting outbound foreign investments. As explained throughout this book, China is relying less on foreign business to generate economic growth. Rather, it is pushing industrial upgrades that will enable domestic Chinese companies to invest abroad. This means that the business environment will become more competitive for Western companies. To create a better business environment for themselves, foreign companies must be more engaged in policy battles today than they were before China's attempt to upgrade its industrial capacities (Interview V, 2011). However, CAEFI does not provide the lobbying support necessary for altering policies on behalf of Western businesses.

Nevertheless, within the corporatist framework, CAEFI still assists members who are involved in specific disputes, and it contributes to policy discussions (Kennedy, 2005). Yet, CAEFI has little independence, at least at the national level; it is staffed by former and current government officials. This is far from the bottom-up membership representation that

is typical of interest groups in the West. Foreign companies are not particularly interested in joining CAEFI because they do not feel adequately represented (Kennedy).

Foreign companies can join Western interest groups in China. The foreign network includes, for example, chambers of commerce that were founded by foreign companies rather than by the Chinese government. In China, foreign chambers are organised by nationality. In theory, every country should have only one chamber of commerce with one office. In practice, different countries have different offices and branches all over the country (Kennedy, 2005). The foreign chambers operate in different ways. In accordance with the German chamber system, the German Chamber of Commerce has mandatory membership, meaning that German companies automatically become members when they invest in China. In contrast, the European Union Chamber of Commerce or the American chamber(s) of commerce in China do not have mandatory membership. Aside from the foreign chambers, other US and EU interest groups also operate in China, such as the USITO or the US-China Business Council (USCBC).

USITO does not show any signs of corporatist organisation. According to the previous chapter, the parameters used to determine the existence of corporatist arrangements are establishment of the organisation, mission, organisation and leadership, activities, and publications. USITO was established by three US trade associations in late 1984 in cooperation with the International Trade Association of the US Department of Commerce. It holds strong ties with the US and Chinese governments, yet it is not a government institution. In the US, it is based in Campbell, California. The Beijing office was established in 1995 when the association, rather than the Chinese government, took the initiative. It has a clear mission to 'positively impact the development of Chinese governmental policies, laws and regulations, and to promote standards that foster mutually beneficial trade and investment in the information and communications technology (ICT) industry between the United States and China' (United States Information Technology Office, 2015a). It claims to be the voice of the US ICT industry in China. It is organised along pluralist lines and does not have any official affiliation with a Chinese government institution, nor do any Chinese government officials work in the association. USITO is financially independent from the Chinese government. It organises a wide range of activities and provides a communication platform. It hosts numerous events and trade delega-

tions, and organises issue-specific working groups to support cooperation and to build consensus on new technology issues. The working groups are inter alia organised around cyber security, intellectual property rights (IPR), standards and conformity assessment, trade and investment policy, among other areas. USITO invites experts to hold roundtable discussions, conducts research, and creates reports on new trends and policy developments (United States Information Technology Office, 2015a). It publishes numerous reports and policy papers in an attempt to influence China's ICT policies. USITO benefits from its strong links to the US government and can lobby for favourable Chinese policies through multiple channels. To lobby on behalf of its members, it engages with government offices, trade associations, think tanks, and academic institutions to share industry concerns and best practices. For example, it organises events jointly with US government institutions, such as the US Patent and Trademark Office, that are hosted at the US Embassy in China. USITO also partners with the American Chamber of Commerce of the People's Republic of China in Beijing (AmCham China) to organise events and lobbying activities.

As explained above, autonomy from the Chinese government restricts access to the system. Therefore, USITO maintains close relationships with Chinese government institutions and ministries, such as the China Council for the Promotion of International Trade (CCPIT), Ministry of Foreign Trade, Ministry of Electronics Industry, Ministry of Posts and Telecommunications, and the National Science and Technology Committee (United States Information Technology Office, 2015b). It emphasises that these institutions supported its establishment in China. Just like its Chinese counterparts, the USITO underscores its close relationship to the Chinese government to show its members that it maintains a good relationship with the authorities and is able to exert influence and alter policies. In contrast to Chinese associations, the USITO does not receive funding from the Chinese government and must recruit members for its survival. Therefore, it must prove its value to members. Promoting its relationship to the Chinese government is done for marketing purposes to make it appear more attractive to potential members. Unlike Chinese associations, members expect the USITO to actually shape the business environment on their behalf. Lobbying actions are conveyed openly and members are actively involved in these actions. One tool that is used to integrate members is the 'policy call' whereby members exchange information on industry-relevant policies.

Like USITO, the US-China Business Council (USCBC) is also actively involved in shaping China's public policy. It is a private non-profit organisation with about 210 US member companies. It is membership funded and provides multiple services, including lobbying, sharing information, and organising seminars. While USITO has a clear focus on the ICT industry, USCBC operates more broadly. Aside from the multi-sector approach, USCBC distinguishes itself from USITO by its 'two-way' lobbying approach. It aims to shape US policies on China in the US, and it lobbies China's administration to shape domestic policies. This means that the USCBC also focuses on the impact of US policies on US-China trade issues. It is based in Washington DC, Beijing, and Shanghai. USCBC is organised along pluralist lines and does not exhibit signs of corporatist arrangements. It has a clear mission of advocating for legislative actions that promote bilateral trade in the US and China. The association was established from the bottom up rather than through the Chinese government's initiative. It hosts many events such as meetings, conferences, and policy calls. Its publications are very specialised and well researched, and are frequently drawn upon to inform Chinese and US government officials. For example, the USCBC hosted a briefing in 2015 with the Deputy Director General from the Chinese Ministry of Science and Technology (MOST) who was speaking to the Department for Innovation and Development on the members' perspective on China's indigenous innovation policies. In regard to lobbying the US administration, the USCBC organises events in Washington. It holds a yearly forecast reception/conference that is attended by leading US government officials, Chinese government officials, and its members to provide projections for the Chinese political and business environment for the upcoming year.

In the interest of completeness, EU, US, as well as Chinese company representatives, build alliances, exchange information, and meet through other forms of networks. These networks exist to exchange information about lobbying. PublicAffairsAsia is a privately owned company that provides a networking platform for lobbyists across the Asia Pacific region. It offers various services to its participants. Lobbyists can share and gain information on lobbying practices and policy issues through a magazine, online channels, intelligence, and events. The network closely cooperates with foreign public relations companies that are also actively engaged in lobbying in China (PublicAffairsAsia, 2015). PublicAffairsAsia organises a yearly conference, the Government Affairs Forum in Beijing that is dedicated to issues around lobbying in China. The conference examines

strategies for engaging with China's government, regulatory system, and policy environment. Many interest groups, such as chambers of commerce, industry groups, and foreign-invested companies, participate in the conference. AmCham China and Weber Shandwick, a world-wide public affairs company, are the conference's lead sponsors. As of 2015, the conference has been organised six times. The mere fact that such forums can take place in China is another indicator of pluralist avenues in China's corporatist system. It demonstrates that the Chinese government is not repressing networks that are established to exchange information on how to alter China's policies.

Direct lobbying by companies must be distinguished from interest group lobbying for multiple reasons. The most important difference is that lobbying through interest groups is the result of a joint effort. This collective bargaining seeks to alter policies for a complete sector or sector-specific topics. Instead, individual or direct lobbying aims to favourably shape the business environment for one company. While any policy or regulatory shifts might be advantageous for the whole sector, the point is that company-specific concerns were addressed. Second, the lobbying tools that individual companies use are different from the lobbying tools that interest groups use (Guosheng & Kennedy, 2010). Companies can gain access and influence by showing their commitment through investments, such as establishing a long-term presence in China (Chen, 2004). Naturally, there are some overlaps in how government policies are influenced, regardless of who does the lobbying. Nevertheless, this book focuses on interest group lobbying. The following sections analyse and compare Chinese and Western interest groups in China.

5.3 THE ALL-CHINA FEDERATION OF INDUSTRY AND COMMERCE (ACFIC)

The ACFIC, also known as the All-China General Chamber of Industry and Commerce (ACGCIC) is a 'group of the masses and a chamber of commerce oriented towards the business circle of the non-public economy' (All-China Federation of Industry & Commerce, 2015a). In other words, the ACFIC was established to represent the private sector in China. The following section presents empirical data to support the explanatory variables that were introduced in Chap. 4. The ACFIC serves as the comparative base to demonstrate similarities and differences between Western and Chinese interest groups. Data from the ACFIC are used for several

reasons. First, ACFIC is the most influential Chinese chamber of commerce in China (Kennedy, 2009). Second, although it is a governmentally guided organisation, the ACFIC provides mechanisms for participation. As such, it is not a tool for conflict avoidance, as are other Chinese mass institutions. Third, it has different types of non-state business members, including individual businesses, limited and share-holding firms, and Western chambers.

The ACFIC was established in 1953 under the leadership of the United Front Department of the CCP. The Chinese government modelled the ACFIC after a classical Leninist transmission-belt organisation and gave it the task of educating and uniting the capitalist class, such as China's business elite and old capitalists. The newly established People's Republic then re-organised China's economy and sought to establish socialist public ownership in its first five-year plan, which triggered the decline of the ACFIC (China Daily, 2011). In other words, because private companies became nationalised, the ACFIC lost almost all of its private company members. The remaining members were mostly state-owned enterprises and small-scale traders.

The ACFIC revived with the 1978 open door policy because, as a classical mass organisation, it became an important tool with which to maintain control over society (Unger, 1996). Under the guidance of the United Front apparatus (see below), the ACFIC was re-installed, with the task of advocating for Deng's opening reform goals and controlling China's economic sector. The 1978 opening resulted in an increase in private company ownership in China. As of 1984, the number of private companies had grown by such an extent that the ACFIC could recruit new members (Kennedy, 2005).

In the following years, the number of members and the importance of the ACFIC continued to rise. As of 2014, the ACFIC had nearly 4 million members, an increase of 9.4 per cent compared to 2013. As of 2014, the ACFIC had 3394 Federations of Industry and Commerce (FICs) at county level or above. Counting administrative and economic development zones of non-administrative areas as FICs, there were 346 FICs at the prefecture level, 2982 at the county level, and 33 on the municipal level (All-China Federation of Industry & Commerce, 2015b). Although the ACFIC was established to represent private companies, the 1988 charter was amended to open up the membership to all ownership types: companies, individuals, and statutory corporations. As a response to the 1988 charter, thousands of state-owned firms became members (Kennedy,

2005). However, companies and other types of organisations from the private sector are preferred members to state-owned companies.

The ACFIC is another Chinese interest group with foreign companies as members, although most of the membership is Chinese. Just as with CAEFI, foreign companies are not particularly interested in joining because the ACFIC has a different approach from Western interest groups. What Western companies expect from interest groups in regard to collective bargaining cannot be delivered by a Chinese group (Interview V, 2011). This means that the ACFIC would not engage in lobbying actions such as protests and letter-writing campaigns to shape the Chinese business environment on behalf of European or US companies. This is also because of the type of membership, since privately owned Chinese and Western businesses are not always on the same side of a conflict. Simultaneously ‘representing’ Western and Chinese business interests is a difficult task within the corporatist framework. Most importantly, the ACFIC is a governmentally driven group with a clear mission assigned by the government. Thus, membership representation at times stands in conflict with government support.

5.3.1 *Mission*

The ACFIC was officially established to organise private firms and private entrepreneurs. It upholds the flag of ‘Socialism with Chinese characteristics’ (All-China Federation of Industry & Commerce, 2015a). An important milestone was set in 1991 when CCP’s Central Committee allowed the ACFIC to represent China’s private sector. This step was followed by a new ACFIC charter in 1993 which emphasised its threefold mission: monitoring the CCP’s ideological and political work among enterprises as a United Front organisation (see below); offering economic services to its business members; and representing the needs of private entrepreneurs as a ‘non-state organisation’.

This is not to say that the ACFIC ignores its members’ wishes. It tries to act on behalf of its members within the limits set by the government.

The ACFIC has multiple missions:

- Build communication channels between the government and the non-public economy;
- Assist the government in managing the non-public economy;
- Participate in political consultation of national policies and strategies in politics, economy and social affairs;

- Guide its members in technological innovation, management and culture for enhanced competitiveness and capability in achieving sustainable development;
- Represent the legitimate rights of its members and ... extend their proposals and requirements to government;
- Provide members with services in training, financing, technology, legal consultation and information, and ... resolve the difficulties and problems they are facing;
- Build closer relations with commercial and industrial counterparts overseas;
- Help the members to go overseas for business opportunities and contribute to China's opening-up programme (The All China Federation of Industry and Commerce, 2011b).

The multiple missions of the ACFIC are rather conflicting. Transferring Party values while representing the private sector is only feasible if the private sector does not oppose the government or vice versa. If the private sector and the government disagree, a conflict might arise between the ACFIC, the government, and the members. Although the ACFIC has defended its members in some regions, it is unlikely that it can completely represent the private sector's interests free from government interference. The ACFIC has member companies from the private sector while it simultaneously supports the Party to keep an eye on its members (Yang, 2013).

One of the ACFIC's tasks is to 'guide its members in technological innovation', which reflects policies from China's indigenous innovation campaign (State Council of the People's Republic of China, 2006). In other words, the ACFIC supports China in implementing policies. Another example of policy support is the government's 'Chinese Dream' campaign (Beyers, Eising, & Maloney, 2010; Heberer, 2014; Jinping, 2014). President Xi Jinping launched this campaign in 2013 to collect individual voices from China's society to integrate their visions of a better life into collective goals. Numerous ideas were collected under the 'Chinese dream' banner, yet the overarching theme of collectively contributing to a stable society and strong economy remains (Jinping, 2014). This shows that the Chinese government uses the ACFIC as a platform to promote and collect 'dreams' of private entrepreneurs. The salient connection between government policies and the ACFIC's assigned mission is a clear indicator of corporatist structures.

5.3.2 *ACFIC: Organisation and Leadership*

On the surface, the ACFIC charter looks similar to charters from Western groups. The ACFIC leadership is officially elected, but the final say remains with the CCP's United Front Department (Holbig & Reichenbach, 2005), which holds the power to decide who is nominated and can hold office in this mass organisation (Kennedy, 2009).

The organisational structures of the leading bodies are virtually identical to the FICs, with a slight difference at the lower levels, which are less diversified in regard to work-sharing. It is important to stress that the CCP is present in all of the ACFIC's executive committees and at its lower levels. Representatives from the United Front Department are members of the standing and executive committees. This means that the CCP has direct access to the ACFIC through its representatives in the United Front Department (Holbig & Reichenbach, 2005).

On a national level, the ACFIC has over nine functional departments: General Office, Department of Research, Department of Membership, Department of Publicity and Education, Department of Economic Service, Department of Poverty Relief and Social Service, Department of International Liaison, Department of Legal Affairs, and Department of Human Resources (All-China Federation of Industry & Commerce, 2014).

The ACFIC's highest organ is its national congress, which convenes every five years. During these congress meetings, the charter can be revised and decisions made on the ACFIC's daily operation and structure. In 1997, the congress decided to focus on implementing membership services. The congress reviews and approves the executive committee's working report and elects executive members (All-China Federation of Industry & Commerce, 2015c).

The ACFIC's national congress elects an executive committee, which meets once a year to implement the decisions made by the national congress. The committee elects a chairman, and vice chairmen, as well as the standing committee members. It discusses the standing committee's working report and determines the ACFIC's major tasks and strategies. As mentioned above, the government can always overrule decisions (All-China Federation of Industry & Commerce, 2015c).

The members of the standing committee are the chairman, vice chairmen and other committee members. They cannot serve more than two five-year terms. The standing committee meets twice a year and reports to

the executive committee. It implements the executive committee's decisions and discusses the ACFIC's strategies and tasks.

The ACFIC chairman monitors the daily work of the ACFIC's national offices. The chairman and vice chairmen together constitute a chairmen meeting, which has the power to decide on the overall strategies of the ACFIC offices. Full-time chairmen can serve two five-year terms and part-time chairmen can only stay in office for one five-year term (The All China Federation of Industry and Commerce, 2011a). Since its establishment, five chairmen have served, namely Chen Shutong, Hu Ziang, Rong Yiren, Jing Shuping, and Huang Mengfu.

It is important to note that former or current government officials hold crucial posts within the organisation. Holding overlapping posts between the United Front Department and the ACFIC is a prevalent practice. The Vice Chairman Quan Zhezhu, for example, is also Deputy Minister of the United Front Work Department of the CCP Central Committee. The state's influence also includes various vice chairmen who hold posts in other government institutions. The interlocking posts are another area where state influence is institutionalised within the ACFIC. Additionally, the Chinese government selects the association's employees (Gutowski, 1999).

In contrast to Western interest groups, the leadership's voting procedures are not transparent. The previous section indicated that members have little say in this process. The section on the ACFIC's external relations will further show how the United Front Department determines who holds office. The United Front Department submits nominees for the executive committee to the administration and coordination department of each level's Party committee. In regard to human resources, the administrative and coordination department of the Party committee is the authorising body (Holbig & Reichenbach, 2005).

The following section discusses the ACFIC's unique structure. In contrast to the higher levels of the ACFIC umbrella association, the lower levels act quite differently in regard to membership services and handling governmental tasks.

Vertical relations in the ACFIC follow the logic of democratic centralism, so instead of a hierarchical command chain, vertical relations follow the principle of indicative guidance. Each level acts independently and as long as the constitution is obeyed, each level acts without directives from other levels (Holbig & Reichenbach, 2005).

As outlined, the ACFIC has a network of subsidiaries (FICs) at the provincial, prefectural, and county levels. The 1993 constitution enabled the ACFIC and its local subsidiaries to carry the label ‘chambers of commerce’. However, whether local FICs are able to serve their members varies from region to region. In underdeveloped provinces, the FICs have little room to manoeuvre, meaning that they fulfil the role of being an agency of the Party-state administration. In other regions where the private economy is highly developed, and in regions that aim to catch up with the better-developed areas, the FICs offer membership services such as training, consulting, and legal services (Holbig & Reichenbach, 2005). When conveying a political message to the government, the ACFIC uses institutionalised channels to make proposals to the Chinese People’s Political Consultative Conference.

Interest intermediation in China has been institutionalised, especially on the local level (Liu & Rudolf, 2011). This means that FICs can participate in official hearings to convey their complaints. These hearings are non-binding for the government. Informal personal networks between FIC representatives and local Party and government officials remain important for expressing complaints. Across regions and administrative levels, the success and capacity of FICs to participate in the lobbying process correlates positively with how interest groups are embedded in local government structures. It also depends on whether local Party-state officials are willing to accept private-sector interest organisations as cooperation partners. Whether or not the government has assigned regulatory power to the ACFIC/FIC is crucial for advancing private-sector interests across regions and administrative levels (Holbig & Reichenbach, 2005). This is a key difference from Western chambers, because they are less embedded in the Party apparatus and do not have regulatory power.

The concept of guilds is best explained under the backdrop of ACFIC’s overall structure. The ACFIC has local subsidiaries at the provincial, prefectural, and county levels. These subsidiaries operate under the national ACFIC’s umbrella. In the cities Jiangsu, Zhejiang, Fujian, and Guangdong province, FICs began to introduce trade associations in industries where private business was strong. These trade associations are called industry guilds or trade chambers to emphasise that they are established, financed, and run by ‘non-state actors’. The guilds are an additional step towards diversification. They operate under the umbrella of the FICs, which moves them even further away from government control (Unger, 2008b). This helped them to establish a reputation for offering

member-oriented services. The local FICs also benefit from this diversification. The guilds provide a convenient platform from which to recruit new members for local FICs, as they often initiate and oversee the guilds' activities. Although members can join guilds without being members of local FICs, the FICs gain prestige by participating in guild events (Holbig & Reichenbach, 2005).

To reiterate, the ACFIC was directly established within the CCP's United Front Department, which assigned it the mission of representing the private sector. Under the supervision of the CCP's United Front Department, the ACFIC must ensure congruence between the Party and private entrepreneurs. This is clear evidence of a corporatist structure. As with the national umbrella association, local FICs are also assigned duties, such as aligning private entrepreneurs with the Party's political and ideological approach (Holbig & Reichenbach, 2005). At the provincial, prefecture, and county levels, FICs are tasked with implementing the central United Front policy, such as ensuring that private entrepreneurs can articulate their problems through regular channels such as the United Front apparatus, political consultative conferences, and the people's congresses. Local FICs depend on local state budgets to fund the lion's share of their costs, which makes FICs somewhat dependent on Party organs (Holbig & Reichenbach). In other words, the ACFIC and its local FICs depend upon the Party and cannot remove themselves from ideological Party tasks. It is crucial to understand this, because the guilds enjoy more freedom than the ACFIC and FICs. Even though FICs enjoy greater freedom from direct government control, they are still embedded in China's corporatist structures.

Guilds are not held responsible for educating their members. They can target entrepreneurs in industries with fewer constraints from the Party. However, guilds do not resemble Western interest groups because their freedom depends on the Party's goodwill. It should always be assumed that Chinese interest groups operate under the purview of the CCP's leadership.

In contrast to guilds, FICs have less freedom to manoeuvre. The CCP knows that a stronger private sector in China gives momentum to the FICs' bargaining power (Unger, 2008a). In response to the growing private sector, the CCP sought to limit the power of the FIC in Beijing. Instead of allowing the federation to develop into an organisation capable of representing the interests of a strong business community, the state pro-actively constrained the chamber. Freedom depends on the Party's

goodwill and the government flexed its muscles in Beijing by tightening its grip on the FIC (Unger).

The United Front Department is the Party's mechanism to control the ACFIC, using it as an important tool to tame conflict with the private sector and to secure the integration of private-sector capitalists into the United Front Department, a clear sign of corporatist behaviour. The United Front Department is divided into two institutions. It was directly established under the CCP's central committee, which directly controls China's 'democratic parties' and the ACFIC. The United Front Department has the following responsibilities regarding the ACFIC:

- Establishing guidelines for ideological work in affiliated organisations (such as external departments or guilds), monitoring, and ensuring that these guidelines are communicated.
- Researching whether or not the ACFIC and its organisations fulfil CCP's control requirements.
- Maintaining direct control over employment decisions by suggesting candidates.
- Administering the employees' personnel files within the ACFIC organisations.
- Transmitting legal documents and regulations from the CCP. These documents come into effect for the ACFIC when delivered by the United Front Department.

The ACFIC has privileges over other chambers because it can send delegates to China's People's Consultative Conference (CPPCC). The CPPCC meets at almost every administrative level, including provincial, municipal, and prefectural. Many FICs advertise the ability to nominate members to the CPPCC as a recruitment tool. The ACFIC's conference role is crucial to understanding how political consulting works in this system. The ACFIC presents a list of candidates to participate in the conference, and the CCP must then approve this list. In other words, the Party has the power to reject candidates. The CPPCC is the ACFIC's most important access point for exerting influence over China's policy-making process. To be clear, the ACFIC cannot really exert much influence through the CPPCC because the CPPCC is part of the United Front Department and is not a democratic institution. CPPCC resolutions are non-binding for the CCP.

It follows that the United Front Department has a say in who is hired. This distinguishes it from pluralist structures. Moreover, the United Front Department was involved in establishing the ACFIC. This top-down approach stands in contrast to Western groups that are established from the bottom up by their members. Even though the ACFIC has a voice in the CPPCC, it does not indicate pluralist avenues because both institutions are driven by the government. On top of this, the CPPCC's recommendations to the government are non-binding. Although this participation allows the ACFIC to gain some bargaining power (Kennedy, 2005), its de facto scope of influence on the policy-making process remains small.

5.3.3 *Activities*

Despite the CCP's control, the ACFIC can still offer services to its members. It sponsors activities, such as market promotions, exhibitions, seminars, and workshops. It also establishes loan guarantee funds and helps non-state companies become listed on China's domestic stock markets (Kennedy, 2005).

The ACFIC aims to be a member-obeying organisation. In the mid-1990s, local federation officials in the Chaoyang and Chongwen districts emphasised that they provided government access for ACFIC's members. However, access is provided through close ties with the CCP, and the officials were highlighting a positive aspect of their relationship with the Party. The FICs create a platform where business people can meet government officials (Unger, 2008a). As a service organisation, the ACFIC enhances the political environment to accommodate its members' wishes. ACFIC membership is voluntary, which places pressure on the organisation to offer attractive services. Evidently, the ACFIC takes this task seriously. The Shanghai branch of the Federation participated in a project financed by the German Ministry for Economic Cooperation and Development (Bundesministerium für Wirtschaft und Zusammenarbeit) to establish better political conditions for its members. For this project, the ACFIC organised and participated in political dialogues, conducted studies and produced white papers to influence the political framework (Interview XIII, 2011). It must be stressed that the lobbying activities of the ACFIC and its local subsidiaries differ substantially from region to region. In large cities such as Shanghai, local FICs actively try to defend their members' interests. They negotiate with local government officials to improve the business environment for their members. In contrast to pluralist behaviour,

whereby interest groups establish networks with the government, the government connection arises from top-down party structures. Therefore, the ACFIC's activities still display corporatist structures.

5.3.4 *Publications*

The ACFIC communicates with its members via newsletters, newspapers, publications, and online channels, although it does not have a broad range of professional publications. Since May 2008, the ACFIC has published a biannual report on the financial indices of listed Chinese companies in industry and commerce in collaboration with China Consultants of Advisory and Finance Management Co. Ltd. (CCAFM). These publications do not convey members' concerns. In a pluralist setting, such publications are an important vehicle for expressing members' viewpoints. This is a clear indicator of corporatist structures.

5.3.5 *Summary of the ACFIC*

The Chinese government established the ACFIC and closely monitors its activities. The top-down nature of the organisation clearly indicates corporatist structures. The ACFIC can recruit members with foreign-invested businesses because its charter lists foreign-invested companies as a potential target group. In practice, few foreign companies are ACFIC members, suggesting that the ACFIC does not offer services that are attractive to them. The low number of foreign-invested companies implies that it has little lobbying power in contrast to its Western counterparts. Furthermore, the Chinese government decides on the type of membership, which is another sign of corporatist behaviour.

One of the ACFIC's assigned tasks is to represent private businesses in China's socialist market economy. The Chinese government established the ACFIC to maintain control over society after the 1978 open door policy (Unger, 2008b). It is vertically diversified, which gives it some autonomy from direct CCP control. Another crucial aspect of the ACFIC is its role in China's People's Consultative Conference. ACFIC's participation in the conference demonstrates two things. First, the conference provides a few opportunities for the selected participants to engage in political decision-making. Second, the ACFIC can take part in the conference because it is a mass organisation that is deeply embedded in China's

political system. Rather than commanding bottom-up lobbying power, the ACFIC holds some influence by being a political advisory body which was established and is monitored by the government. However, this kind of ACFIC influence is not a sign of pluralist structures. Members are not able to elect the organisation's leadership, and the government holds a great deal of power over the ACFIC. In addition, the ACFIC is organised in accordance with the United Front Department's instructions. To sum up the theoretical perspective, the ACFIC displays clear corporatist behaviour, although this corporatist perspective is not evident in every aspect of the concept. The ACFIC guilds have fewer governmental constraints, and FICs and guilds also aim to deliver membership services, which is in line with non-compulsory membership.

5.4 AMERICAN CHAMBER(S) OF COMMERCE

In contrast to the European Union China Chamber of Commerce (EUCCC), the American Chamber of Commerce consists of separate organisations in China. AmCham China in Beijing was officially established on 22 April 1991. The Chinese government recognises it as the only chamber to represent American business interests in China. AmCham in Shanghai was founded in 1915 and reconstructed in 1987 as the third American chamber founded outside of the United States (The American Chamber of Commerce in Shanghai, 2011). The fact that there are two chambers in China shows that the rule of 'one association for each sector' is not being applied in the case of foreign national representation in China. The chambers can be distinguished by their names, the chamber in Beijing is named, the American Chamber of Commerce in the People's Republic of China (hereafter AmCham China or AmCham Beijing) and the chamber in Shanghai is named the American Chamber of Commerce in Shanghai (hereafter AmCham Shanghai). The chambers in Shanghai and Beijing are entirely independent organisations with independent constitutions. They are not affiliated to each other but do occasionally cooperate on various issues (The American Chamber of Commerce in Shanghai, 2011; The American Chamber of Commerce of the People's Republic of China, 2011).

At times, there have been seven separate US chambers of commerce in China, namely in Beijing, Shanghai, Shenyang, Wuhan, Chengdu, Guangzhou, and Tianjin. The Wuhan chamber was closed because it was

involved in a visa corruption scandal in 2001. As of 2015, AmCham China in Beijing operates the three other chapters in Tianjin, Central China (Wuhan), and Dalian. AmCham China merged with AmCham Tianjin and established the chapter in Dalian and re-opened the Wuhan branch in 2008–9.

AmCham Shanghai is the largest foreign chamber in China with more than 3000 members, including 1300 corporate members (The American Chamber of Commerce in Shanghai (Producer), 2011). AmCham China in Beijing has more than 2600 individual members from over 1200 companies (The American Chamber of Commerce in the People's Republic of China, 2011d). At AmCham Shanghai and AmCham China in Beijing, membership is open to all international companies, including wholly-owned foreign enterprises (WOFEs), joint ventures (JVs), or representative offices, but non-US companies do not have voting rights. Chinese companies are not eligible to join.

Both chambers are membership-funded non-profit organisations that represent and act on behalf of their members' wishes. American companies with businesses in China are the main driving force behind both chambers. AmCham China is registered as a business organised non-government organisation (BONGO). AmCham Beijing and Shanghai can function separately, because AmCham China in Beijing is the only chamber that is officially registered with national authorities in the People's Republic of China (Kennedy, 2005). Theoretically, chambers with strong membership involvement exhibit pluralist structures.

The primary goal of both Shanghai and Beijing Chambers is to be the voice of American business interests in China. Alongside this, their stated values are underpinned by a commitment to the principles of free trade, open markets, private enterprise, and the unrestricted flow of information. Their goals do not include any kind of party politics. They promote the development of trade, commerce, and investment between the United States and the People's Republic of China. They also provide a forum in which American business leaders in China can discuss common interests of their commercial enterprises (The American Chamber of Commerce in Shanghai, 2001). Both AmChams promote transparent business rules and provide market access for American businesses in China. The mission of both chambers is motivated by members' needs rather than driven by government policies. All of these attributes are signs of pluralist structures.

5.4.1 *Organisation and Leadership of AmCham Shanghai and China*

Like the ACFIC, AmCham has a chairperson, vice chairperson, and a secretary. But unlike the ACFIC, the Chinese and US governments do not interfere with AmCham's voting procedures. The board of governors, consisting of members with voting rights (see next section), elects the leadership of AmCham Shanghai and AmCham China. AmCham offers different membership categories ranging from business and non-profit levels to various kinds of individual memberships.

The constitutions of AmCham China and AmCham Shanghai stipulate that the chairperson, vice chairpersons, and members of the board of governors (other than members ex-officio) are elected for a one-year term at the annual general meeting or at an extraordinary general meeting (AmCham China in Beijing, 2012; The American Chamber of Commerce in Shanghai, 2001).

At AmCham Shanghai, all dues-paying members (corporate and individual) hold voting rights whereas honorary and special members may not vote. Honorary members at AmCham Shanghai are individuals who are elected by the board of governors. Honorary members could be a local Shanghai business, the American Consul General during his tour of duty in Shanghai (honorary chairman of the chamber), or the principal American commercial officer. Every corporate member may designate three voting members (The American Chamber of Commerce in Shanghai, 2011).

At AmCham China, corporate and individual members each have one vote whereas corporate associate members, individual associate members, non-resident corporate members, non-resident individual members, honorary members, affiliate chamber members, affiliate associate members, and non-profit organisation members do not hold voting rights at any of the chamber meetings (AmCham China in Beijing, 2012).

At AmCham China and AmCham Shanghai, the chamber's officers consist of four positions, namely the chairperson; three vice chairpersons; a treasurer ex-officio (non-voting); and the General Counsel ex-officio (non-voting). The main task of the chairperson in both chambers is to supervise the chamber's internal affairs and to represent the chamber in external relations. The chairperson is the public face of the chamber and designated to speak to the press or members. Both chambers have a president who is responsible for the chamber's daily business.

Voting procedures for the chairperson and vice chairperson at AmCham Shanghai are straightforward. The candidate is elected during the annual general meeting. The person with the highest number of votes becomes chairperson who selects the vice chairperson after consultation with the board of governors (The American Chamber of Commerce in Shanghai, 2001). At AmCham China, the candidates are elected at the annual general meeting, for which a quorum is necessary. The quorum stipulates that at least 20 per cent of all voting members be present in person or by proxy (to authorise another member) or have previously submitted a completed ballot. Provided there is a quorum, one is elected to office by a simple majority of those represented (in person, by proxy, or by submitted ballot) and entitled to vote. The meeting is postponed without a quorum (The American Chamber of Commerce in the People's Republic of China, 2011b).

The board of governors is the volunteer leadership institution in both chambers, meaning that any corporate or individual voting member can run for a position on the board of governors. The board's election shows how members directly participate in managing the chambers. The governors are members who directly participate in policy-making decisions concerning programmes sponsored by the chamber. They make decisions on a broad range of issues.

Both chambers established committees as platforms where members can network and voluntarily participate to exchange information on similar interests. AmCham Shanghai's committees are organised along several topics, such as corporate social responsibility, financial services, and legal issues. In Shanghai, a chair and vice chairs head the committees. Committees usually plan an average of six to eight events per year. The executive committee, or core working groups, aim to meet on a monthly basis.

In Beijing, the working groups are divided into forums and committees. The forums cover topics ranging from aerospace, export and compliance, intellectual property rights to transportation and logistics. (For a complete listing, please see The American Chamber of Commerce in the People's Republic of China, 2011e.) The forums are open to all AmCham members and aim to create a community around certain topics. Some of the forums actively provide information to the US government by submitting reports to Chinese and US government officials.

In sum, both chambers are organised along pluralist lines. The election process, the involvement of members in working groups and committees, and the board of governors reflect the structures of interest groups in the West.

5.4.2 *Activities*

Both chambers provide numerous lobbying activities, events, and networking opportunities in various cities outside and inside China. They offer membership services such as an express visa programme, provincial trips to support business opportunities, or charity events (McGregor, 2011).

Both chambers actively engage in corporate social responsibility (CSR) activities. AmCham Shanghai organises an annual conference on the topic. Both chambers have working groups and committees on CSR, and organise events such as charity balls to support it. Combined, each year they host over 200 events and networking opportunities for their members.

Each chamber organises an annual appreciation dinner, which gives members the opportunity to interact with Chinese government officials and ministers. These events serve as a platform for reaching out and communicating directly with China's political elite.

The two chambers organise seminars, conferences, and networking events where members can learn more about China's economy or other issues related to doing business in China. A major charity event of AmCham China is the annual American ball, where AmCham members meet and network to raise money for selected organisations. AmCham Shanghai hosts various charity events in the context of its CSR programme, such as a charity golf tournament.

AmCham China organises a four-day trip to Washington, DC to discuss topics on US business in China. The delegation comprises AmCham China member companies as well as the Chamber's board of governors (The American Chamber of Commerce in the People's Republic of China, 2011c). They meet with representatives of the Senate and House of Representatives, or their staffs, as well as key officials in the President's administration (Murck, 2010) to promote policy recommendations outlined in the Chamber's white papers. Important lobbying opportunities for the AmCham delegation include the Strategic and Economic Dialogue and the Joint Commission on Commerce and Trade. The name of these

discussions was changed from door-knock to outreach meeting in 2010 to reflect AmCham China's introduction of a new format. The original door-knock format dates back to the spring of 1990 when renewing the trade status with China was under threat as a reaction to the events at Tiananmen Square. China's business community then recognised for the first time the need to engage with US policy-makers to inform Washington about the business climate in China.

Both AmCham Shanghai and AmCham China send a delegation to Washington to target members of the federal administration, Congress, and other key decisionmakers in order to lobby for better conditions on behalf of the American business community in China. AmCham Shanghai has not renamed the meeting and kept the door-knock format. The delegations consist of AmCham Shanghai members and staff members (The American Chamber of Commerce in Shanghai, 2011). Even though both chambers go to Washington, the two trips are separate events, each representing the concerns and wishes of their members. In 2010, AmCham China lobbied on an array of issues, whereas AmCham Shanghai heavily advocated for US exports to China.

AmCham China has cooperation programmes that establish alliances with US companies, and these are included in agreements between the US and Chinese governments. The programmes were established because, unlike European governments which promote national champions, the US government does not select one company or industry to promote. The US government promotes competition and therefore does not single out certain companies. The programmes create a structure within the existing US government to help companies promote their industry. It establishes a government-to-government interface between US and Chinese agencies. The US government and US companies both promote US solutions and products. AmCham China aims to recruit companies to participate. Programme leaders are volunteer business executives who are normally the country presidents or managers of US multinational companies in China. The programmes address China's priorities, such as clean energy, by transforming US-China policy into real projects. They offer a platform to network with Chinese decisionmakers through training and other information exchanges (The American Chamber of Commerce of the People's Republic of China (Producer), 2011). As of 2011, AmCham China had the following three programmes: the US-China Aviation Cooperation Program, US-China Energy Cooperation Program, and the US-China Healthcare Cooperation Program.

AmCham Shanghai does not offer programmes that have an alliance with the US government. Instead, AmCham Shanghai Customs Liaison Program has established links between members and the Chinese customs in Shanghai (The American Chamber of Commerce in Shanghai, 2010).

These activities and programmes are services for members to help them exert influence over the policy-making process in China and the US. They enable the chambers to negotiate with the Chinese and the US governments and indicate pluralist avenues. Unlike the ACFIC, the chambers are not restrained by government controls, rather they engage in a dialogue with governments and members to exert influence, which also indicates pluralist structures.

5.4.3 *Publications*

AmCham China's primary publication is the white paper, an opinion paper written in conjunction with AmCham China (Beijing) and AmCham South China. It highlights problems concerning American business in China and provides recommendations for solving them. The first white paper was published in 1998, and in April 2015, AmCham China released its 17th edition. This annual publication reflects the situation of American business interests in China. It also reports on industry-specific issues such as banking and logistics. The white paper is presented to Chinese and US policymakers to create awareness, suggest recommendations, and influence policies on behalf of American business in China. Even though it is organised, edited, and produced by AmCham China, the committees decide and provide input. Members from the AmCham China financial committee, for example, write the chapter on financial services. The information provided in each chapter is collected through member surveys and membership meetings. Even though the white paper is a publication of AmCham China, AmCham Shanghai contributes and submits chapters (The American Chamber of Commerce in the People's Republic of China, 2011a).

Both chambers distribute a monthly business magazine. Besides encouraging membership loyalty, the magazine aims to generate advertising income. AmCham China also informs its members through a daily online news wire, a selection of Chinese media reports, as well as a weekly news bulletin.

The China business report presents the results of AmCham Shanghai's annual China business survey on American businesses in China. This

English–Chinese bilingual report provides insights on a broad range of topics, such as business performance, growth expectations, plans for expansion, and challenges faced by American companies in China. The information is presented by sector and industry.

In the same manner as AmCham Shanghai, the China business climate survey of AmCham China reflects the conditions and challenges of American businesses in China. The difference lies in the survey's participants. AmCham China obtains data from member companies in Beijing and in the chapter cities of Tianjin, Dalian, and Central China (Wuhan), whereas AmCham Shanghai only reflects opinions from its members in Shanghai.

Aside from these main publications, AmCham Shanghai has launched an orientation to China guidebook for companies operating in China. Written by veteran members of AmCham Shanghai and an expert team consisting of its employees, the guide covers administrative rules and regulations, tax procedures, and case studies. Both chambers have occasionally published other surveys such as the AmCham Shanghai *Greentech Report 2009*. Both chambers also offer blogs and interactive websites such as the blog on outreach meetings or AmCham Shanghai's door-knock meetings to communicate with their members. AmCham China uses an online forum where members and non-members can exchange information and discuss topics on various issues. The categories for this correspond with AmCham China's working groups, forums, and committees.

Both AmChams promote communication between and with their members. Both AmChams have dedicated membership managers and employees who are in charge of international and external communication. AmCham China and AmCham Shanghai are highly professionalised in this area. They build horizontal trust between members to strengthen their organisations. Both AmChams are also highly professionalised with respect to business expertise, marketing management, and lobbying activities. They have hired professional staff to oversee internal, external, and government relations.

The large number of publications illustrates how active both chambers are in communicating the problems their members face to US and Chinese elites. The white paper is published to convey member concerns to policymakers. It serves as an important tool for improving the business environment for AmCham members. The communication style of these publications is straightforward, suggesting that AmCham tackles problems with open and clear formulations. The publications have

a twofold purpose: they are a tool for gaining access to policymakers and they provide a service to members. These are clear signs of pluralist behaviour.

To sum up, both chambers are clearly organised along pluralist lines. They were established from the bottom up to enhance the business climate for American companies in China. Both chambers recruit members from foreign-invested companies in the private sector. The Chinese government does not interfere in the daily operations of the chambers. Rather, the members are the driving force of the organisations. The chambers themselves select and hire staff and members freely vote for their leaders. Publications target members and policymakers to exert influence over the policy-making process. In conclusion, the American Chambers of Commerce do not exhibit corporatist structures, meaning that China's state-corporatist system has little or no impact on the chambers' general operations and organisational structures.

5.5 THE EUROPEAN CHAMBER OF COMMERCE IN CHINA (EUCCC)

The EUCCC was established because European companies in China wanted such an association and Beijing's EU delegation needed to present the views of European businesses. The aim was to organise European companies based on various sectoral interests in China (Godfrey, 2006).

The EUCCC was officially launched in October 1998 as a membership-funded non-profit organisation with 51 European companies in China. China joining the World Trade Organization (WTO) in 2001 gave additional momentum to this budding organisation. The EUCCC sought to monitor the implementation of China's WTO commitments stemming from its new membership. Although the EUCCC still monitors WTO compliance, the scope of its activities is much broader, including lobbying activities, offering seminars, and providing numerous membership services. As of 2015, the EUCCC had over 1800 members in seven chapters operating in nine cities: Beijing, Nanjing, Shanghai, Shenyang, South China (Guangzhou and Shenzhen), Southwest China (Chengdu and Chongqing), and Tianjin (The European Union Chamber of Commerce in China, 2015a). In contrast to AmCham, the EUCCC operates as a single, networked organisation across China. This means that members can participate in meetings all over China, regardless of which EUCCC subsidiary they belong to. The different subsidiaries also hold joint meet-

ings or conference calls. Every chapter is managed at the local level by the chamber's local board, which reports directly to the executive committee. The Beijing office houses the senior management, which includes the secretary general and chairman. The Chamber is recognised as a foreign chamber of commerce with the Ministry of Commerce and China Council for the Promotion of International Trade. Strong member involvement in the EUCCC is a clear sign of pluralist avenues. While there was a need for European policymakers to establish the EUCCC, its members have remained the organisation's main driving force.

The chamber's mission is to provide senior level communication channels for Chinese and European political and economic circles, to report on China's market access, as well as to lobby on trade-related issues. Accordingly, the EUCCC represents the views of the EU business community in China. It aims to improve access to the Chinese economy for European business interests. The chamber seeks to build a strong EU business identity vis-à-vis Chinese authorities and Chinese businesses and to build and maintain strong contacts with the European Commission's delegation, European member state representatives, chambers of commerce or interest groups in China from EU member countries (such as chambers of commerce established in China to promote the interests of companies from one particular EU member state), as well as with other business groups and chambers. Serving as a communication platform and a network for members to engage with policymakers signals pluralist avenues. In contrast to the ACFIC, the EUCCC's organisational objectives do not include supporting the EU by, for example, establishing policies on the its behalf.

5.5.1 EUCCC: Organisation and Leadership

EUCCC members elect a president, vice presidents, and treasurers. The EUCCC's executive committee is the chamber's directing body and consists of representatives from various European member states. Other directing institutions, such as the advisory council, the supervisory board, and the president, are involved in managing the chamber.

The executive committee's main task is to provide the strategic direction. The committee is elected by member companies at the annual meeting and meets at least six times per year. All executive committee members, including the president, treasurer, secretary general, three vice presidents, and three state representatives, are jointly responsible for managing the

chamber. Only these nine members and the vice presidents have the right to vote in the executive committee.

The executive committee reviews and decides on membership applications, establishes and appoints members for sectoral working groups, and defines the scope of these sectoral working groups. It ensures that the working groups can function effectively, for example, by helping to select a new working group chairman if the current chairman does not execute the duties defined by the executive committee. The committee also approves the leasing or cancellation of the secretariat's office and appoints and dismisses the secretary general. It also ensures that the EUCCC follows Chinese laws and regulations. Only on special member advice in the course of a general meeting can the executive committee purchase, sell or transfer any immovable property, or assign any right to use the immovable property of the chamber, or agree to borrowings from any person, company or institution. One problem the executive committee faces is interaction between the committee and the working groups (European Union Chamber of Commerce in China, 2011).

The treasurer holds office for one year and is also eligible for re-election twice as vice president or treasurer. After three terms as a treasurer, a candidate can still be elected as president for three terms.

The president convenes and sets the agenda for meetings of the supervisory board and the executive committee, and is elected for one year. After the first term in office, the person can be re-elected for two more terms.

The president, vice presidents, and treasurer are elected during the chamber's annual meeting. All members can participate in this meeting, and members with voting rights can vote for the above positions in a secret ballot. Candidates submit their nomination to the executive committee at least seven days before an election. The president and treasurer are elected separately. The voting system used is an alternative vote arrangement by which voters rank the candidates in their preferred order. If none of the candidates succeeds in winning an overall majority of the first preference rank, the candidate with the fewest votes is eliminated and his votes are redistributed to the next preferred candidate. This process continues until one candidate reaches an overall majority.

A president can be re-elected if he receives a 60 per cent majority of first preferences. If this is not the case, his votes are redistributed to any second nominee. If no candidate has the overall majority after this stage, the candidate with the least votes is withdrawn, and his votes are redistributed to

the remaining nominees. This process continues until one candidate has reached the overall majority. If there is a tie, the meeting's chairman holds a second or casting vote.

The vice presidents hold office for one year and they are also eligible for re-election twice as vice president or treasurer. After three terms as vice president, a candidate can still be elected as president for three terms.

The voting system for the vice presidents is different from the one for the president and treasurer. They are elected through a multiple voting system in which each voting member has three votes. These votes are cast by placing the letter 'X' next to the names of up to three candidates. The three candidates with the most votes win the election. In the event of a tie, the meeting's chairman has a second or casting vote. Additionally, the executive committee co-opts the representatives elected by the members in Shanghai to serve as vice presidents of the chamber.

The executive committee appoints and dismisses the secretary general, who has the right and obligation to attend all of the supervisory board and executive committee meetings. Prior to the chamber's annual meeting, the secretary general must prepare the annual report of the president, the annual reports of the chairmen of the working groups, and the annual statement of the treasurer.

The advisory council supports the executive committee by consulting on strategic issues. However, the council does not only handle business tasks. The advisory council is made up of 27 corporate sponsors. Council members participate in briefings with Commissioners and high-level meetings such as the annual Brussels Circuit, where the EUCCC president presents a position paper to the European Commission. Interviews show that advisory council members are particularly active in representing and advising the chamber, but most crucially, they increase the chamber's funding. Specifically, European companies must pay a fee to become an advisory council member. By giving money to the chamber, companies gain a voice in it. Moreover, the chances of being elected to the executive committee increase by being an advisory council member.

The supervisory board consists of one representative per EU member state. They are called the state representatives. The supervisory board represents the European business communities in China and meets at least twice a year. If EU member states found a chamber of commerce or interest group in China, such organisations are asked to send a representative from that member state's business community. The chamber of commerce or interest group can appoint any person to represent it. The candidate

should join the EUCCC before the annual general meeting. If states have not founded a chamber of commerce or interest group in China, that state's ambassador to China is asked to name a suitable representative, who should preferably come from the private sector. This candidate should also become a member of the EUCCC before the annual general meeting. Three state representatives are elected as members of the executive committee.

Each chapter is managed at the local level by local boards that report directly to the executive committee. They meet on a monthly basis to discuss local issues.

The working groups serve as a platform where members meet to discuss business-related issues and find common ground on lobbying issues related to Beijing and Brussels (Godfrey, 2007). Their bargaining power correlates positively with the amount of leverage and the number of networks that members are connected to, and this benefits the whole working group and the EUCCC in general. The sectoral working groups consist of at least two corporate member nominees or individual members with shared interests, such as a common business field. They are organised either by industry or by horizontal topics and meet at least twice each year. Sectoral working group members elect the chair of their group in the first quarter of each calendar year. Working groups are the most important contributors to the chamber's position papers. Every working group member can be a candidate for chair or vice chairperson. Non-European company members have the stipulation that the executive committee must ratify their election. Each sectoral working group's chairman must prepare an annual report that provides information on market access constraints the sector might face, activities of the group, and future action plans. Any manager or secretarial assistant appointed by the executive committee for such purpose must attend all of the sectoral working group meetings (European Union Chamber of Commerce in China, 2010).

The group invites industry experts and government officials to speak at meetings. The working groups are platforms where comments and opinions on policy issues are discussed.

During working group meetings, members comment on draft legislation or changes to existing legislation. Working group activities depend on the members. Each working group has members with different backgrounds and contacts with government stakeholders in the EU and China. The organisation engages in political activities in collaboration with the chairs of the working groups (Interview XV, 2011). The working groups

aim to maintain a close relationship with the Chinese government. The EUCCC as an organisation conveys feedback to the Chinese government. This has the advantage that the Chinese government cannot target an individual member company. Instead, the EUCCC works as a mediator between the Chinese government and members of the working groups. The chairperson, vice chairperson, and business manager all participate in meetings with the Chinese government.

The chair and vice chair of the working groups are elected by members. Working group business managers are chamber employees.

As with working groups, forums enable members to network and discuss issues of interest. They also organise events and seminars, but cover different topics from working groups. Furthermore, working groups that do not need to produce position papers are re-cast as forums (European Union Chamber of Commerce in China, 2008).

The EUCCC's organisation reflects pluralist attributes. Members are omnipresent at every organisational level. They have voting rights and are the main driving force in working groups and forums. This kind of organisational structure cannot be found in corporatist settings.

5.5.2 *Activities*

The EUCCC conducts various lobbying activities and provides member services. It presents an annual position paper to senior Chinese officials from ministries and general administrations. Regular briefings are organised with senior European officials, including the President of the European Commission and various European Commissioners. Relationships are also maintained with the European Commission delegation in Beijing, EU member states' embassies and consulates in China, national chamber representatives, and interest groups.

The EUCCC organises numerous events, sometimes in conjunction with the national chambers, to provide members with networking opportunities. Additionally, the EUCCC arranges functions to meet stakeholders in the EU and China to actively participate in political decision-making.

The EUCCC organises a yearly lobbying trip to Europe, which is called the European Circuit. During this event, the position paper is presented to European Commissioners, European Parliament members, industrial partners, interest groups, and other EU member state officials. The trip is typically scheduled from mid-September into early October.

Representatives from the chamber's working groups, executive committee members and chamber employees travel first to Brussels and then to other European capitals.

Every year, the chamber hosts the EU–China Business Summit in China to which it invites leaders from both the EU and China. Participants range from top European officials such as the President of the European Commission and the European Commissioner for Trade. The event includes both political and business issues and aims to raise the profile of European business interests in China with Chinese and European leaders.

Since 2005, the EUCCC has hosted an annual gala where members of the European and Chinese business community are invited to network. Guests include member state Consul Generals from European Union member states, senior Chinese government officials, and Fortune 500 CEOs. It also hosts various banquets with stakeholders from EU and Chinese companies and the political establishment.

The EUCCC organises conferences and seminars to discuss relevant issues concerning European business in China. Experts on China-related issues and representatives from Chinese ministries are invited to share their expertise. Insight China, for example, is a seminar on macro-economic issues and is held quarterly. For each seminar, three economists present their expertise on topics concerning the Chinese economy.

The chamber organises roundtables and workshops on China-related issues. These events provide members with expert information. Furthermore, the chamber organises network events with other European business community members.

The EUCCC is a consortium partner of the China IPR SME Helpdesk. This project is funded by the European Commission's Directorate-General for Enterprise and Industry under the Competitiveness and Innovation Framework Programme (CIP) to support European small and medium-sized enterprises to protect and enforce their intellectual property rights in or relating to China. It offers free information and services, such as confidential advice on intellectual property and related issues, training materials, and online resources. In practice, the chamber runs this helpdesk with EU support and the EUCCC staff carry out the helpdesk activities in China. As of 2011, four EUCCC employees were in charge of the China IPR SME Helpdesk.

The EUCCC has established a network with other European interest groups in areas such as medical devices (COCIR and Eucomed), wood (European Wood), non-ferrous metals (Eurometex). It also networks

with other business associations, such as TUSIAD, which represents Turkish interests. In practice, the European interest groups are embedded within the EUCCC's structure, for example, COCIR's 'China desk' is based in the EUCCC office in Beijing (European Coordination Committee of the Radiological Electromedical and Healthcare IT Industry, 2007). The desk is hosted and managed by EUCCC staff members who are recruited by COCIR and report directly back to COCIR. From the perspective of the European interest group, the China desk seeks to enhance the dialogue with Chinese authorities.

The EUCCC is a leading partner in the construction sector project 'Train the Trainers', a sub-project under the umbrella of the Switch Asia Project funded by the EU. The project started in February 2009 with a total budget of 2,979,198 Euro and a scheduled duration of four years. The project targeted China's construction industry by providing education on energy use and raw materials to decrease its environmental footprint. (European Commission Development and Cooperation–EuroAid, 2007). It fostered sustainable production in the Chinese construction industry by providing information on energy efficiency, building material standards, and installation techniques. As the project leader, the EUCCC's goals are, first, to lobby Chinese and European authorities to promote a regulatory environment that advances sustainable construction. Second, it aims to raise awareness through showcasing and marketing activities that disseminate information on energy-efficient construction practices. Third, the EUCCC promotes the project to European chamber branches across Asia to educate and transfer best practices to other comparable environments. As of 2011, the EUCCC had three full-time and a number of part-time employees dedicated to the project. Full-time employees at the EUCCC managed the project (SWITCH-Asia Energy Efficient Building Training Project, 2011).

The broad scope of activities shows great membership involvement as well as the chamber's attempt to establish a network capable of influencing EU and Chinese policymakers. These are indicators for pluralist avenues.

5.5.3 *EUCCC Publications*

Publications enhance communication with and services for members. They are also a forum for airing members' grievances about experiences in doing business in China.

The EUCCC's annual position paper is equivalent to AmCham's white paper. It describes the results, views, and challenges that chamber members face in China. It is the EUCCC's most important publication for addressing concerns on political and business-related issues to European and Chinese business and political stakeholders. It outlines the obstacles faced by members, recommendations on regulations, government policies, trade, and China's WTO commitments. Working group discussions provide the basis for this publication. It includes working group papers that are industry- or issue-specific and seven city papers for areas where the European Chamber has established chapters.

The chamber provides a business directory with online contact information for the chamber's member companies from all seven chapters. Additionally, it provides information on EU member state embassies, consulates, and interest groups in China. The directory is updated annually.

There is also a yearly survey which reflects information that was collected from EUCCC members. It contains questions about chamber members' experiences in doing business in China. The EUCCC compiles and interprets the data. It provides additional insight into whether and why European businesses in China are facing problems. The chamber conducts in-depth analyses on China's economy and policy issues and provides policy recommendations. In 2011, the EUCCC published a study on public procurement and the social economic impact of private equity in China. The chamber publishes a monthly magazine, the Eurobiz, featuring news, information on chamber events, and Chinese and European economic analysis.

The chamber sends out a weekly national and monthly local e-newsletter, *The Voice*, in which it gives information about upcoming events, working group meetings, news, and lobbying activities.

As with AmCham, the EUCCC's publications aim to gain access to policymakers and to provide a member service. The close integration of the membership, coupled with the Chamber's attempts to influence policies on their behalf, are indicators of pluralist behaviour.

5.5.4 EUCCC and Exploration of Pluralist Avenues

The EUCCC operates along pluralist lines. The main driving forces behind the EUCCC's establishment were the members and China's WTO entrance. The chamber has a broad scope of activities to enhance

the business environment for European companies in China. In contrast to the ACFIC, the EUCCC is not a government institution, although it maintains close ties with the EU delegation in China and EU institutions in Brussels. Indeed, the EUCCC was established with the help of the EU delegation in Beijing. Contacts between the EU and the EUCCC are currently very close. The EUCCC is primarily membership funded, but it has additional monetary sources from being an EU consortium partner in some areas. Projects such as the SME Helpdesk are funded by the Directorate-General for Enterprise and Industry, meaning that the Chamber hires staff with funds from the EU. This is not to say that the EUCCC depends on EU funding but rather that the EU and the EUCCC are strong allies. As the EUCCC provides information on China's business climate to the EU, the EUCCC can help shape the European agenda with topics that support European business in China. This relationship is helpful on the European level, because EU decision-makers gain first-hand information and have a reliable partner in China. In turn, the EU is a powerful partner enabling the EUCCC to address topics at the state level. Travelling delegations often hold meetings at EUCCC offices, further evidencing the close relationship between the EUCCC and the EU.

The EUCCC recruits European members with foreign-invested businesses. Although the EUCCC is the voice of European business in China, it allows companies that are not headquartered in the EU to join the chamber with the stipulation that the company has a strategic European interest and has offices in Europe. US companies such as Oracle and General Electric are very active members of the EUCCC. Yet, these companies only hold associate member status with no voting rights at the annual general meeting. Chinese companies are denied membership to the EUCCC (Interview I, 2011). Chinese regulations do not permit Chinese companies to become members of foreign interest groups (Hou, 2011).

As with AmCham, the EUCCC is relatively free of constraints from the Chinese government. While the European Commission played a role in establishing the EUCCC, there is no identifiable top-down governmentally controlled corporatist relationship. Cooperation is based on mutual trust and freedom. Thus, the EUCCC does not exhibit corporatist behaviour because it is an independent organisation, even though there are close contacts between the EU and the EUCCC.

5.6 COMPARING THE ACFIC, AmChAM, AND THE EUCCC

AmCham China was established in 1991 and AmCham Shanghai in 1915 and re-opened in 1987. The EUCCC was opened in 2001 with China's entry into the WTO. Of the three chambers, AmCham Shanghai has the longest history, probably through Shanghai's long tradition of being a hub for international business. The EUCCC was established with support from the EU and not just from the initiative of European companies in China. In contrast to the ACFIC, the EUCCC is not incorporated into EU institutions. Although the EUCCC obtains some money from the EU, it is primarily member funded. Nevertheless, a close relationship cannot be denied. The EUCCC and the EU convey the same messages. EUCCC statements reflect the ongoing discourse between the EU and the Chinese government. EUCCC's President David Cucino stated in 2011: 'We should continue to deliver a homogenous message and continue to communicate that message through our Position Paper. We need to work on creating a single voice, rather than many voices from smaller member states' (European Union Chamber of Commerce in China, 2011). This emphasis on the EUCCC's role as a unified network organisation across China clearly correlates with the EU's struggle to engage China as one coherent strategic actor (Cabestan, 2006).

The American Chambers of Commerce do not operate as one single organisation. They are independently organised across China. Both AmChams are open about their structure, whereas the EUCCC makes a great effort to be viewed as one organisation. The ACFIC is a hybrid organisation with its FICs and trade guilds. It is organised along Chinese government lines, while leaving its subsidiaries substantial freedom as long as they respect the ACFIC's charter.

The ACFIC was founded in 1953 under the leadership of the CCP's United Front Department with the goal of educating and uniting China's capitalist class. It was established from the top down as a state institution and integrated into China's corporatist system.

The ACFIC was established to execute orders from the Chinese government, whereas the EUCCC was established to support the EU. This is a clear distinction and it is crucial to note that the EUCCC is an independent organisation, in contrast to the ACFIC.

Although the EUCCC is the voice representing European business interests in China, it allows US companies to join. The American chambers also allow European companies to join their chambers. Both AmCham and the EUCCC have restricted voting rules for non-native members. The ACFIC permits American and European membership.

5.6.1 *Mission*

The Chinese leadership assigned a threefold mission to the ACFIC, namely to oversee the CCP's ideological and political work, to provide member services, and to act as a bridge between the government and private entrepreneurs. In contrast, members established the American chambers with the clear goal of advancing American business interests in China. The EUCCC was established with support from the EU to monitor China's WTO compliance.

The significant difference between the American chambers and the ACFIC lies in the relationship to the Chinese government. As described in this chapter, AmCham China in Beijing is connected to the Chinese government via the China Council for the Promotion of International Trade (CCPIT). In contrast to Chinese chambers where the sponsoring institution plays a vital role in the daily business of the interest group, the CCPIT does not interfere in the daily business of AmCham China. However, the CCPIT and AmCham maintain a relationship since AmCham China started doing business in China. Instead of having a government overseer, the CCPIT benefits AmCham China because the relationship is based on mutual trust. AmCham profits from the CCPIT, because the CCPIT enables access to the government.

The ACFIC operates under the United Front Department's leadership, meaning that the ACFIC must consider its assigned tasks as a governmental institution. The ACFIC has multiple tasks that sometimes conflict with representing the wishes of its members. The latest ACFIC mission, which seeks to 'Guide its members in technological innovation, management and culture for enhanced competitiveness and capability in achieving sustainable development', correlates with China's Medium and Long Term Plan to foster indigenous innovation and demonstrates how the government assigns missions to help implement its goals. The following chapters elaborate on this Plan and how Western chambers reacted to it. What is crucial here is that Western business interests opposed the Plan while the ACFIC helped to implement it. In that case, the ACFIC was not able to

support its (very few) foreign company members if their wishes opposed the Chinese government. As stated earlier, the ACFIC has little to offer foreign companies with regard to lobbying power. Because the ACFIC is embedded into China's political system, it has an assigned mission which allows little bargaining power if the mission conflicts with the government's opinion. The Western chambers are not embedded into China's governmental system and do not have an assigned mission. Hence, the ACFIC displays corporatist behaviour while the Western chambers exhibit pluralist features.

Looking back over Chaps. 4 and 5, the ACFIC's assigned mission of representing the private sector is a clear indicator of corporatist behaviour. In contrast to a membership-driven bottom-up Western chamber with a self-assigned mission to enhance the business environment, the Chinese government established the ACFIC with the goal of representing private business.

As described above, one must distinguish between the ACFIC, FICs, and guilds. The relationship between the ACFIC and FICs on the provincial, prefectural, and county levels follows the logic of democratic centralism, meaning that each level acts relatively independently. This makes the FICs distinct from the ACFIC's umbrella organisation. Just like the ACFIC, FICs have assigned missions. It varies from region to region whether government missions are carried out and, more importantly, whether members' wishes are represented. In contrast, the guilds are one step removed from government control. They do not have an assigned mission from the United Front Department and can act more freely on behalf of their members.

The EUCCC's mission is to lobby on behalf of its members. It functions independently from the American chambers. The EUCCC represents the view of the EU business community. In contrast to the American chambers, the EUCCC aims to establish a unified EU business identity. The American chambers do not struggle with identity building. The EUCCC's assigned mission of monitoring China's adherence to WTO requirements is another variable distinguishing it from American chambers.

5.6.2 *Organisation and Leadership*

The following section compares the internal organisation of the three chambers, followed by a comparison of their external relations.

The ACFIC's internal organisation can be distinguished from the Western chambers in many ways. First, the voting procedure of the ACFIC does not give members a voice in the election process. At both the American and the European chambers, members are the most important actors in the election process, with all paying members holding voting rights. Leadership body elections take place in a democratic manner without interference from the US, Chinese, or European governments. Members not only vote but also hold various offices in the Western chambers.

The ACFIC's internal organisation resembles political institutions at China's state level, with a national congress as the highest organ. The ACFIC national congress elects the executive committee. The executive committee elects the standing committee, namely the chairperson, vice chairperson, and other members. Employees of the ACFIC, FICs, and guilds hold interlocking positions and also hold posts in the United Front Department. As such, the CCP is present within the ACFIC's leading bodies through United Front representatives (Holbig & Reichenbach, 2005). Indeed, the ACFIC chairperson is frequently a government official.

At AmCham, the chairperson must hold US citizenship and be involved in the chamber's activities, such as holding a post on the board of governors, working groups, or committees. The organisational structure is aligned with member interests. The chairperson is recruited from and elected by the board of governors, which consists of and is elected by members. Other members can also directly articulate their opinions and participate in the chamber's lobbying activities through working groups and committees. The internal structures of AmCham China and AmCham Shanghai are similar. There are differences in the voting procedures, but both procedures are democratic.

All three groups share the member-driven approach. The most important difference between the EUCCC and both AmChams is that the EUCCC reflects the EU's organisational structures. It clearly states that it reflects the views of EU member states in accordance with the Treaty of Rome in 1957 and the treaties that follow. The reference to European treaties shows that the EUCCC is strongly committed to European values. The commitment to the EU is noticeable at multiple organisational layers. With regard to its activities, the EUCCC states: 'the EUCCC shall adhere to the principle of subsidiarity as described in Article 5 in the Treaty Establishing the European Community' (The European Union Chamber of Commerce in China, 2015b). It is structured to embrace the

views and wishes of all European member states. It established a supervisory board consisting of one representative per member state (state representatives) in addition to the president of the EUCCC, the ambassador of the delegation of the Commission of the European Union in China (or his/her nominee) plus one representative of the business community from each EU member state. The business representative can either be an appointed representative of a national state chamber of commerce or be appointed by the state's ambassador to China (The European Union Chamber of Commerce in China).

5.6.3 *Activities*

The three chambers all have voluntary membership, which creates an incentive to offer attractive services. The American chambers, in particular, but also the EUCCC offer a tremendous amount of activities. While the ACFIC also organises numerous activities, these are of a different kind. The ACFIC does not openly invite members to participate in government meetings nor does it organise gala dinners or other networking events on a national level. Some events might take place at lower-level chambers, yet these are not as structured and are less marketing oriented. The scope of membership services correlates positively with the development of a region. As such, FICs are more vivid in regard to activities in well-developed regions. The ACFIC places emphasis on its services, such as offering loan guarantees and defending members through ACFIC's legal affairs offices (Kennedy, 2005). The FIC in Shanghai is a good example of a FIC that is proactively engaged in lobbying activities (Interview XIII, 2011), yet these efforts are not used for marketing purposes.

Western chambers actively promote their members' events on their websites. Members can get informed, subscribe online, and submit comments on policy issues, a service which the ACFIC does not provide. The ACFIC continues to be a government-driven organisation in which members are important but not the driving force of activities.

Both AmChams offer a broad range of activities across China, including lobbying activities, events, and networking opportunities. One must bear in mind that AmCham can concentrate on these activities because of its mission to create a better business environment for its members, whereas the ACFIC is a mass institution that must focus on governmentally assigned activities such as assisting the government in managing the private economy (The All China Federation of Industry and Commerce,

2011b). In order to gain access to the government, both American chambers are involved in CSR activities. For lobbying, AmCham China's outreach meeting and AmCham Shanghai's door-knock meeting are the most important activities for engaging the US government.

This is a crucial distinction between the ACFIC and the Western chambers. The Western chambers have the opportunity to lobby through an additional channel, their home governments. In the same manner as AmCham, the EUCCC makes use of the EU to lobby during its yearly European Circuit when it presents its position paper to European Commissioners and other Members of the European Parliament. The EUCCC and both American chambers are very professional and rather similar when it comes to organising charity events, networking activities, conferences, and seminars.

AmCham and the EUCCC are different in regard to their sponsored activities, such as the China IPR SME Helpdesk and the Train the Trainer project. The EUCCC obtains funding from the EU for these projects, meaning that the EUCCC supports the EU to achieve goals through these projects. In contrast, AmCham China establishes programmes that create an alliance between the US administration and members. AmCham Shanghai launched a programme to align members with the Chinese government. The US government does not fund AmCham's programmes.

5.6.4 *Publications*

Communication with members serves as an indicator of an organisation's professionalism. The ACFIC, EUCCC, and both AmChams communicate with their members via newsletters, newspapers, and publications. The main distinction between the Western chambers and the ACFIC is that the former publish many well-promoted books and documents to support members and influence public policy in China. However, there are substantial differences in how professionally internal and external communications are handled. The AmChams and the EUCCC have departments with specialised employees for handling member communications. Their publications are highly professional; AmCham's white paper and the EUCCC's position paper serve as important tools to lobby for a better business environment on behalf of their members. All three chambers distribute a broad range of publications, such as the business climate reports, which are important indicators of how member companies obtain business in China. The crucial difference between the Western chambers and the

ACFIC lies in the kind of content. Western chambers use publications to address their concerns regarding Chinese market issues whereas the ACFIC communicates government messages, industry news, and policy changes in short online articles.

There is also a slight difference between the US chambers' publications and the EUCCC; the EUCCC articulates its concerns in a less confrontational way than US chambers.

5.6.5 *Reflections on Corporatism and Pluralism*

In contrast to the Western chambers, the ACFIC is a distinct organisation and far from a Western-style pressure group. The government restricts ACFIC's tentative attempts at lobbying. Thus, it cannot act solely on behalf of its members. Applying the attributes of corporatism and pluralism, it can be stated that, even though foreign-invested companies are able to join the ACFIC, in reality, the share of European and American company members is very low. This leads to the presumption that the ACFIC has too little bargaining power compared to Western chambers. The EUCCC has a number of American member companies that are very active within the chamber (Interview I, 2011), showing that the EUCCC is also attractive for US companies. Although the ACFIC and Western chambers both recruit members from the private sector, the contrast between them could not be bigger. The Western chambers are not established from the top down by the Chinese government or by their home governments.

In the case of the ACFIC, the following corporatist attributes are reflected. First, the ACFIC was established by the United Front Department, which makes the ACFIC part of China's government system. Second, the government assigns missions to the ACFIC, and the ACFIC still executes activities on behalf of the government. Third, the ACFIC is organised in such a way that China's state apparatus is evident in the daily business of the chamber. Members have little say in regard to leadership elections. Fourth, lobbying activities of the ACFIC and its lower levels vary and correlate positively with a region's development (Holbig & Reichenbach, 2005). Fifth, the ACFIC does not distribute publications targeting the government.

In contrast, the Western chambers reflect pluralist behaviour. First, AmCham China, AmCham Shanghai, and the EUCCC were established by their members. Second, AmCham China and AmCham Shanghai have

clear missions to improve the business climate for their members. The EUCCC also has the mission of lobbying on behalf of its members for a better business environment. In addition, the EUCCC monitors China in regard to the WTO. Third, all Western chambers are member-driven organisations in regard to their internal structures and voting procedures with no government interference of any kind. Fourth, the Western chambers organise a broad range of lobbying and networking activities. Fifth, they circulate powerful and highly professional publications.

In sum, China's system of interest representation remains corporatist. But corporatism comes in many shades and forms and varies from sector to sector. In the software sector, for example, Chinese interest groups have more room to articulate grievances, whereas lobbying by Chinese and Western groups remains difficult in state-dominated sectors. The corporatist character of the system was elaborated by comparing the AmChams, the EUCCC, and the ACFIC, which share few similarities. However, they all have voluntary membership and represent entrepreneurs and companies from the private sector. The applied categories on corporatist and pluralist state–society relations make it abundantly clear that foreign and Chinese organisations cannot be encapsulated with one theoretical construct. Instead of being incorporated into China's political system, the Western chambers display pluralist approaches within China's corporatist system of interest representation. The following chapters discuss how Western chambers translate this freedom into the lobbying process.

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Lobbying Tools

6.1 INTRODUCTION

As discussed in the previous chapter, the Chinese state does not want to appear pluralistic. Chinese interest groups continue to move along corporatist lines, whereas Western interest groups do not follow these patterns. This raises the question of the kind of lobbying tools that Western interest groups can apply, given their position in China's system. Western interest groups enjoy greater freedom from state control, yet this freedom comes at a price. The position of Chinese interest groups is a double-edged sword because being closely integrated into government structures restrains freedom and lobbying opportunities but, on the plus side, direct access to Chinese policymakers enables groups to directly address grievances. To be clear, access should not be mistaken for the power to change policies, but there are more opportunities for shaping policies, to a certain extent.

Western interest groups need to counterbalance this deficit, especially considering that they are lobbying in a non-democratic system. As the previous chapter showed, the organisational structures of Western groups in China can be compared with European and US groups. How a group is set up significantly impacts which lobbying strategies it employs. Members initiated all three groups and established the chambers to lobby on their behalf. Thus, members' voices give momentum to lobbying campaigns. The chambers formulate strategies and discuss grievances in working groups, a platform in which members meet to discuss lobbying issues. Considering this Western approach to lobbying, this chapter introduces

lobbying tools that are widely applied in Europe and the US. It defines the inside and outside lobbying strategies that are commonly applied in the field. While the main emphasis lies on inside and outside lobbying techniques, the concept of venue shopping is presented to address the question of possible venue shifts between Chinese and US/EU policy-makers (Baumgartner, Gray, & Lowery, 2009; Baumgartner & Jones, 2009; Holyoke, 2003; Holyoke, Brown, & Henig, 2012). Western interest groups can target multiple venues by applying inside and/or outside strategies. Venue shopping complements the dependent variables inside/outside. As applied here, the concept of venue shopping is based on the assumption that Western groups in China address political venues in their home countries in order to counterbalance the access deficit in China. As described in Chap. 2, the EU as well as the US administration have established institutionalised and informal contacts with Western business interests in China. This leads to the assumption that Western groups in China maintain a strong network with policymakers in their home countries.

Studies on EU lobbying (Beyers, 2002, 2004; Bouwen, 2002, 2009; Broscheid & Coen, 2007; Eising, 2004; Green Cowles, 1996; Greenwood, 1997; Greenwood & Aspinwall, 1998; Gueguen, 2007; Kohler-Koch & Quittkat, 1999; Lehmann, 2009; Tanasescu, 2009; van Schendelen, 2005; Woll, 2006) and US lobbying (Baumgartner, Berry, Hojnacki, Kimball, & Leech, 2009; Baumgartner & Jones, 2009; Coen, 1999; Hrebendar, 1997; Hrebendar & Morgan, 2009; McGrath, 1968; Wilson, 1993) provide a starting point to conceptually framing the lobbying strategies utilised by Western interest groups in China. Section 6.4 explores the idea that the organisational structure of Western interest groups in China will produce similar lobbying behaviour among EU and US interest groups.

This chapter proceeds as follows. First, lobbying tools are introduced, followed by the concept of venue shopping. The last two sections focus on Western lobbying practices with respect to the policy-making realities in the EU, the US, and China.

6.2 LOBBYING TOOLS AND STRATEGIES

Interest groups use a variety of tactics to influence policy as part of an overall lobbying strategy (Baumgartner & Leech, 2001; Boessen & Maarse, 2009; Bouwen, 2002; Holyoke, 2003). A lobbying strategy integrates various tools to establish an overall plan to gain access and shape public policy (Thomas & Hrebendar, 2009). It can be customised at each

step of the lobbying process and may include the definition of the lobbying position, formulation of arguments, selection of lobbying targets to communicate with, and selection of inside or outside strategies (Mahoney, 2008). As part of an overall lobbying strategy, interest groups at times aim to shift the policy in question from one political venue to another by opting for particular inside or outside strategies. In US politics, for example, policy priorities are continuously constructed and changed. This process is possible because issues can be framed for the media and the public, and most importantly, US policymakers can address their concerns at different political venues (Baumgartner & Jones, 2009). Western interest groups in China can frame a policy issue in their home countries and address their grievances to political venues in the EU and the US or in the international arena. They can raise the issue in multiple institutional arenas, including at the European Commission or the WTO, to involve a broader public and gain support for changing policies in China.

Framing a policy issue implies actively shaping a political discourse to mobilise allies in an attempt to alter policies by disseminating information to convey a compelling story (Baumgartner & Jones, 2009; Cornelissen, 2011; Mertha, 2011). Information is a valuable currency for shaping public policy. However, information is not only needed to tailor a good story but also to gain access to Chinese, EU, and US policymakers. As Kennedy argues, the Chinese state wants to appear consultative (2005) and is open to information from outside actors. Furthermore, the Chinese state is interested in providing a positive investment climate for foreign businesses. Advice from Western interest groups that represent foreign businesses is appreciated. In the same vein, EU and US political institutions are more accessible if the interest group can provide resources in the form of reliable information. In other words, interest groups are able to gain access to institutions by providing resources. These institutions are not equally open to every business association (Eising, 2007). Clearly, Western interest groups in China have access to relevant sources of information on Chinese developments, an advantage that can be exploited to benefit EU and US political institutions. In other words, they can provide information to their home governments which not only creates access but also power to shape their government's policies on China. If forces are joined, these policies can support Western interest groups in their attempts to shape China's business environment.

The question arises how interest groups introduce valuable information into the policy-making process. A number of options are at hand.

Lobbying techniques include direct and indirect contact with policymakers, running media campaigns, or observing political activity to advise on political strategies and tactics (Thomas & Hrebenar, 2009). In order to gain leverage over a policy, interest groups generally apply various procedural methods before actually approaching policymakers. A great deal of preparation is required before information is conveyed to policymakers. Interest groups spend much time and effort researching and monitoring facts related to the policy. They initially pursue professional relationships with policymakers to establish trust and access and shape the group's profile, before devising a strategy on how to influence the policy-making process (Graziano, 2001; McGrath, 1968).

Membership involvement plays a crucial role in both inside and outside lobbying actions (Binderkrantz, 2004; Boessen & Maarse, 2009; Eising, 2005; Gais & Walker, 1991; Kollman, 1998; Mahoney, 2007, 2008; Thomas & Hrebenar, 2009). The role of individual member companies and how they relate to both the interest groups and the policymakers is vital to understanding how lobbying operates in China. Few would argue against the view that Western interest groups in China lobby within the scope of a largely authoritarian political system. While the organisational structure of interest groups is crucial to the overall lobbying strategy (Gais & Walker, 1991; Green Cowles, 1996), the political milieu in which they operate cannot be disregarded (Yadav, 2008). While Western interest groups in China can lobby the authoritarian government, the political system might force interest groups to employ outside strategies that do not directly confront the government. Confrontational outside strategies can lead to repercussions from the Chinese government (Kennedy, 2005). Therefore, members – meaning the individual companies – might be the key factor in regard to lobbying actions. Inside and outside categories play an important role in how members engage with authorities.

Other strategies, such as voice and access, also involve members (Beyers, 2004). With these, one can distinguish between an interest group directly approaching a policymaker or the group approaching a larger audience more publicly by protesting. If a group employs access strategies, it exchanges relevant policy information with public officials either through formal or informal networks (Beyers). Accordingly, access strategies are applied at venues where political lobbying takes place, such as advisory bodies, agencies, technical committees, and at times parliamentary committees and hearings. Access strategies seek to gain or expand access to a person or venue. Lobbying through access strategies takes place in

front of a small audience; Voice strategies are conveyed to large audiences in a public arena and are different from access strategies because information is indirectly transmitted from the interest group to policymakers, such as when interest groups want the attention of a large audience by organising press conferences or protests (Beyers). While defining lobbying techniques is valuable, it does not serve the purpose of analysing Western lobbying in China. First, protest strategies are unlikely to succeed in influencing policies in China's political system. Second, the role of members is underrepresented in voice and access categories. To acknowledge the role of members and to take China's political circumstances into consideration, inside and outside lobbying are the most suitable approaches.

6.2.1 *Inside Lobbying Tools*

Inside lobbying tools or strategies include interest groups directly communicating with policymakers, such as private contacts, personal presentations, and testimonies before congressional committees (Lehmann, Tušar, & Bosche, 2003). These tools are applied when direct contact takes place between an interest group and policymakers. Inside strategies also include interest groups communicating through letters and by presenting position papers to Chinese or Western political institutions and government officials. All of these communications are driven by interest group employees. Other inside strategies include the interest group disseminating publications and reports, organising projects, as well as hosting cocktail receptions and other formal or informal events. If individual member companies organise events, instead of an interest group's employee, this is categorised as an outside strategy. The key difference for distinguishing whether an inside or outside strategy is being applied is whether interest group employees or individual companies or members, are the driving force behind a lobbying event. If it is the former, it is an 'inside' lobbying strategy; if it is the latter, it is an 'outside' strategy.

Examples of inside lobbying actions are where the interest group:

- Organises a conference that it actively promotes to its members through websites or interest group magazines.
- Organises an event, dinner, summit, workshop, or forum for third parties. The event can be open to the public and target Western/Chinese policymakers and/or Western and Chinese business communities.

- Meets policymakers without its member companies.
- Sets up a member event or seminar for the purpose of informing members about important topics. Examples include a members' roundtable, workshop, or breakfast seminar where the chambers organise the event to provide a member service. The event can be open to the public, but members enjoy preferred conditions. Policymakers are not the main targets. Rather, the group provides a platform for members to network or to 'meet new friends'. If members invite policymakers to speak to members, this is categorised as an outside lobbying action.
- Organises a project with or without the cooperation of other interest groups and/or political institutions.
- Presents a position paper or white paper to either Chinese or Western policymakers.
- Publishes a report or research finding.
- Submits a report to the US Congress or to EU institutions.

6.2.2 *Outside Lobbying Tools*

Outside techniques embrace grassroots lobbying where groups aim to influence their constituency or society by protesting, writing letters, or using contacts with influential members to convey a message (McGrath, 1968). The distinction between inside lobbying and outside grassroots mobilisation is straightforward. Inside lobbying directly targets policymakers or other stakeholders. Outside grassroots lobbying addresses either the constituency or other societal actors to engage with or protest against policymakers.

With inside and outside lobbying strategies, it is crucial to distinguish between member-driven lobbying actions led by individual companies or members and activities organised by interest group employees. Lobbying activities where members are the driving force fall into the outside strategy. Whenever members get involved in the policy fight, it falls into the category of grassroots mobilisation—organisational (Mahoney, 2013). In other words, to classify a lobbying action as grassroots mobilisation – organisational, members or individual companies must be the driving force behind the action. Every time members actively provide input for a lobbying letter or research, organise an event, or participate in meetings, this is categorised as an outside lobbying action grassroots mobilisation rather than as an inside lobbying action.

When lobbying actions call for comments and submitting letters, for example, these are outside lobbying actions when members are the driving force. Further examples of grassroots mobilisation—organisational or outside lobbying action are: membership participation in an external conference, dialogue or summit, meetings and briefings where members are the driving force, and members providing other kinds of information.

Other forms of outside strategies include grassroots mobilisation of the public and media communication such as issuing press releases, organising press conferences, writing opposite the editorial page (op-eds), talking with the press, and giving interviews. Publishing articles in membership magazines also counts as an outside tactic.

China's political system often requires applying non-confrontational outside strategies. Government officials expect attempts at influencing the policy-making process to be non-confrontational (Kennedy, 2005). Interest groups must promote ideas as being not only beneficial to them but also to the Chinese people and government (Kennedy). This makes it useful to establish categories that distinguish between confrontational and non-confrontational outside lobbying actions. Confrontational outside strategies include protests or rallying. Non-confrontational outside strategies include disseminating press releases and (member involved) research with non-confrontational content, op-ed writing, grassroots mobilisation—organisational, meetings with member participation, calls for comments, and submission of letters.

Examples of outside lobbying actions include:

- Grassroots mobilisation—organisational embraces a broad scope of activities in which members participate and organise briefings to inform Western/Chinese policymakers. If members invite policymakers to their working group meetings, it is categorised as a briefing. The same is true for meetings where members exchange information on policy issues with EU/US policymakers. These meetings can be organised by working groups or an individual member. The main goal of these meetings is to exchange information. An example of a membership-driven meeting is a gathering that facilitates interaction between members and policymakers where members submit questions to interest groups, which are then raised at briefings with policymakers. Since members are actively involved in the planning and making of the agenda, these kinds of meetings are categorised as grassroots mobilisation—organisational. Briefings are an exclusive opportunity to discuss current events and political economic trends

impacting business in China with top government officials and issue area experts (The American Chamber of Commerce in Shanghai, 2012). Besides these kinds of meetings, the category of grassroots mobilisation is also employed if members actively participate in meetings to discuss policy-relevant issues. Members may be invited to convey concerns to policymakers. As members are motivated to speak about issues of concern, these meetings fall into the category of grassroots mobilisation–organisational.

- Every meeting with policymakers in which members are the driving force falls into the category of grassroots mobilisation–organisation. It also includes meetings and roundtables where policymakers give speeches to members. The crucial point is that members personally interact with policymakers. Meetings can take place between policymakers from EU or US institutions in the EU, US or in China. Meetings can also take place between members and Chinese institutions such as ministries.
- If members submit comments or they are asked by the chamber to submit comments, this counts as grassroots mobilisation–organisational. As explained, members state their concerns and are primarily responsible for drafting the lobbying letter. As they provide most of the input, this action falls into the outside category.
- Every membership participation in external conferences, external dialogues or summits also falls into the category of grassroots mobilisation–organisational. It is common for members to participate in panel discussions at events where they speak on industry issues and report back to the chambers.
- Another action that falls into the category of grassroots mobilisation–organisational is the submission of a lobbying letter under the premise that working group members directly submit it to EU, US or Chinese institutions.
- If a working group in which members are the driving force organises an event, such as a workshop, forum or roundtable, to which members invite third speakers, such as Western and Chinese policymakers, this is a sign of membership involvement. This lobbying action constitutes ‘working group organises an event’.
- Chamber members participating in a survey, for example, at the request of the European Commission or meeting to discuss and submit information for white papers, position papers or another chamber publication.

- Chambers holding press conferences, including those organised to promote reports, white papers, and position papers.
- Press releases from Chinese and Western media fall in the outside category every time groups are cited in a news article or if groups directly release a press article.
- Organising press campaigns and meetings for Chinese and foreign.
- Whenever members are asked to speak or support a speech by advertising or donating.

Table 6.1 shows possible inside and outside actions that the American Chamber of Commerce in China (Beijing), the American Chamber of Commerce Shanghai, and the European Union Chamber of Commerce in China may take.

Table 6.1 Outside and inside strategies employed by Western interest groups

<i>Outside</i>	<i>Inside</i>
Member magazine article/AmCham China brief/Insight/Eurobiz (Media)	AmCham/EUCCC promotes conference
Grassroots mobilisation–organisational: briefing (executed by members)	AmCham staff speak at conference
Grassroots mobilisation–organisational: call for comments	Cocktail reception/dinner
Grassroots mobilisation–organisational: meeting policymakers (US, EU, Chinese) with members	Event organisation and dinner
Grassroots mobilisation–organisational: Meeting policymakers (US, EU, Chinese) and AmCham/EUCCC/without members	Establishment of working group
Grassroots mobilisation–organisational: membership participation in external conference/external dialogue/summit	Meeting policymakers (US, EU, Chinese) and AmCham/EUCCC/without members
Grassroots mobilisation–organisational: letter (to officials and institutions)	Member event/seminar
Grassroots mobilisation–organisational: presentation of report to members	Organise projects
Information provided by members	Presentation of white paper/position paper (to officials and institutions, research dissemination)
Press conference (media)	Report launch (research dissemination)
Press release Chinese and Western media	Report to Congress
Organise press campaign	
Working group organises workshop/event	
Sponsor speech	

6.3 VENUE SHOPPING

Interest groups apply inside and/or outside strategies to influence public policy. At times, groups find that their strategies are not achieving the desired outcome. If a group faces the possibility of losing a policy battle, it will want to attract additional participants who are not yet involved in the debate (Baumgartner & Jones, 2009; Schattschneider, 1975). As such, the political debate is shaped through the group's attempts to alter how the public and political elites perceive the policy issue (Baumgartner & Jones). This means that Western interest groups in China can influence the debate by involving their home policymakers in China's politics. Groups can apply inside and/or outside lobbying tools for this purpose. If they are successful, the policy interest is broadened to an international audience, which increases the chance of positively shaping China's business climate. Western interest groups in China can benefit from close ties to their domestic political systems in the US or the EU. It is only natural that they try to exploit these contacts to lobby US or European political institutions or other actors in their home political systems with regard to their interests in China. It is assumed that they approach multiple political venues in their attempt to influence policy-making. This kind of lobbying strategy is described in the work of Baumgartner and Jones (2009) and Greenwood (2003).

EU interest groups can impact European policy through multiple channels. Interest groups aiming to alter EU policy-making can lobby their national government for their European interests or approach EU institutions directly (Greenwood, 2003). Greenwood called these different ways of influencing policy 'national and international routes of lobbying'. If interest groups opt for the national lobbying route, they target their national government with the aim of changing policies in the EU arena. Specifically, the national route of political bargaining refers to interest groups that lobby national governments or other national actors to influence EU policy-making. Interest groups opt for the national bargaining route because it provides an additional opportunity to gain leverage on European issues. The scope of lobbying depends, among other things, on the national government itself. As Aspinwall and Greenwood argue, 'in hierarchical, state dominated systems, interests tend not to develop transnational (EU level) strategies as readily as in more open, liberal polities' (Greenwood & Aspinwall, 1998, p. 22). Interest groups that are embedded in the national interest group system tend to have a national focus. In

contrast to the national route, interest groups can also opt for an international bargaining route where they lobby European institutions and EU actors to alter policies. Sometimes it is not a matter of choosing the national or international route but pursuing both simultaneously. Western interest groups in China, just as their counterparts in Europe, are able to target national and European-level political institutions. Some European as well as national political institutions can bridge the geographical distance, for example, through national embassies in China. Moreover, Western interest groups in China maintain close relationships with their home policy-makers. Thus, efforts and costs to keep a lively contact are predictable.

The choice between different access points in the EU shares similarities with Baumgartner and Jones' concept of venue shopping in the US (Woll, 2006). Venue shopping is based on the idea that different political institutions are more or less favourable towards a certain policy (Baumgartner & Jones, 2009). It describes a process by which interest groups navigate between access points at the European and member state level or between venues in the US either on the federal level (horizontal venue shopping) or between different government levels (vertical venue shopping) (Mazey & Richardson, 2006; Princen & Kerremans, 2010). Policy venues are societal institutions, actors, or groups that hold decision-making power over a policy. They can be shared or monopolistic, meaning that one policy can be subjected to the jurisdiction of multiple institutions or the policy only concerns one set of institutions. A policy can be assigned to a federal agency, private market mechanisms, state or local authorities, the family, or any other set of institutions (Baumgartner & Jones). Different policy-making rules apply in each political system. The policy-making procedure determines which venues and actors hold decision-making power. As described in Chap. 2, policies in the US can be created by Congress, courts, executive branch officials, or other government levels (Baumgartner & Jones). In the EU, policies are created through intergovernmental bargaining or by supranational EU institutions. The Commission can introduce proposals to the Council and the European Parliament. Depending on the type of legislation, distinct decision-making procedures, such as consultation, cooperation, or co-decision, guide the policy-making process (Mahoney, 2008). Depending on the policy, markets, business people or consumers can also hold decision-making power over a policy, meaning that a multitude of actors can be involved in the process. Most importantly, policy-making does not just take place within a single venue but is influenced by a number of institutions. As a result, lobbyists must target multiple venues,

with some places being more receptive to the issue at stake than others. The concept of venue shopping is based on the idea that policy venues can change over time (Baumgartner & Jones), which can be exploited and actively steered by interest groups. Groups can shift the policy discussion to a venue that is open to a particular issue and supportive to the groups' aims to alter policy. Venue shifts can either take place horizontally, between political venues on the same level, or vertically, between venues in different political arenas and levels. Vertical venue shopping in the US means shifting the discussion from the federal to the state level. Vertical changes in the EU correspond to venue shifts from the national state level to the European arena.

The key to successfully altering a policy is to involve a venue that is interested in a policy shift. A political venue generally holds a particular position on policy issues which is rooted in the venue's institutional tasks and influenced by its employees (Baumgartner & Jones, 2009). Rather than adjusting to the venue's requests, interest groups can aim to shift policy issues to a venue that displays a greater level of receptiveness to their particular demands (Princen & Kerremans, 2010). To sum up venue shopping in one sentence: Interest groups take advantage of venues to enhance their chances of altering policies (Mazey & Richardson, 2006). The national and international lobbying routes describe the interest group's choice of approaching political venues at the EU or the national level. In contrast, the concept of venue shopping refers to interest groups having the opportunity to involve multiple policy venues in the debate, and this broader concept can be applied to China's circumstances.

6.4 LOBBYING IN EUROPE AND IN THE US WITH REFERENCE TO WESTERN INTEREST GROUPS IN CHINA

As explained, Western interest groups in China have little in common with their Chinese counterparts. Thus, this section goes beyond focusing on European and US interest groups in China and first describes the variables that capture EU and US lobbying strategies in general in order to outline assumptions about the techniques that Western groups in China might employ. This is based on the idea that interest groups apply lobbying strategies that they are familiar with and that correlate with their organisational structure (Mahoney, 2008). As such, the organisational structure of

Western groups in China should reflect Western lobbying practices. Thus, studies on EU and US interest group behaviour are a valuable point of reference.

In order to influence public policy, groups must consider whether an issue is officially debated and how much attention an issue attracts because these influence the lobbying strategy that should be applied (Hojnacki & Kimball, 1999). In other words, the salience of the issue at hand (Lowi, 1969, 1972) impacts the selection of the lobbying tool. When conceptualising a lobbying strategy, salience is not the only independent variable (Gais & Walker, 1991). Such strategies are determined by: first, the degree of conflict the group encounters in its political environment; second, the groups' internal organisational resources; third, the type of group members; and fourth, its financial situation (Gais & Walker).

A study on the EU Committee of the American Chamber of Commerce in Brussels revealed that the EU Committee of AmCham not only influenced Brussels policy-making but also the lobbying patterns of EU interest groups (Green Cowles, 1996). The distinct membership structures of the EU Committee of AmCham in Brussels made lobbying more successful than the lobbying of EU interest groups. In contrast to the EU membership model, namely the confederation of federations model, AmCham in Brussels does not have to combine divergent national perspectives (Green Cowles). Furthermore, the powerful membership structure of the EU Committee of AmCham in Brussels helped to develop the organisation into a crucial political actor and served as a role model for EU interest groups. Here, the membership type is applied as an explanatory variable for different lobbying patterns and reveals the conceptual difference between EU and US interest groups. Equal patterns of distinct lobbying groups can be observed with Western interest groups in China. Whereas the American chambers of commerce in China have a national approach to membership type, meaning that member companies are of US origin, the EUCCC operates on a multinational approach. As such, member companies are from different European countries and the EUCCC must combine different opinions that are often influenced by national perspectives. One of the EUCCC's main challenges is to lobby with one European voice. Just as lobbying groups on the European level, the EUCCC has to contend with differing national perspectives. Finding common ground and conveying a unified position to the Chinese side is a challenge because the Chinese government at times tries to play off conflicting European opinions against each other (Interview XX, 2015).

This shows that the EUCCC has to work harder to address issues with one voice when conceptualising a lobbying strategy.

Bundling forces is not only a strategy utilised by the EUCCC. Other lobbying groups in China also aim to cooperate with each other to convey a unified message to the Chinese government. Both American chambers of commerce in China, the EUCCC, the United States Information Technology Office (USITO), and the US China Business Council (USCBC) all aim to collaborate on certain issues that concern foreign businesses in China. Several business organisations in China have lobbied together on salient issues, specifically policies that constrain foreign business, such as China's 2008 labour law. In particular, the USCBC, AmCham China, and EUCCC addressed their concerns directly to the National's People's Congress. All three groups sought to shape the law on behalf of their multinational member companies because stricter employee regulations reduce the flexibility of employers. The three groups argued that the law is a disadvantage for foreign business and will make China a less attractive destination for foreign business (AmCham China in Beijing, 2006; European Union Chamber of Commerce in China, 2006; USCBC, 2015). By bundling forces and submitting three letters to the National People's Congress (NPC), the groups were able to build up a stronger case and lobby the Chinese government through multiple channels. The labour law lobbying example also shows that the variable political environment plays a role in lobbying behaviour. Given the authoritarian political environment, multinational companies are afraid of repercussions if they openly lobby the Chinese government. Rather than openly opposing the government, member companies can collectively lobby in the name of the group. Thus, the Chinese government cannot target one single company.

For example, the AmChams and the EUCCC shared perspectives on indigenous innovation policies to ensure that a strong message was conveyed to alter the policies (Interview XX, 2015). Rather than directly addressing the issue with the Chinese government, the national chambers of commerce turned to the EUCCC in their attempt to change policies. The EUCCC is not constrained in its lobbying actions by national chambers in China, because they refrain from lobbying. This shows that institutional settings lead to distinct lobbying patterns (Grossman, 2003; Wilson, 1993), not only in the EU and the US but also in China. This is not to say that lobbying in the US and the EU follows the same patterns. Lobbying success, for example, must be differently defined in an authoritarian system than in a democratic system. In Western democratic

systems, lobbying is fairly transparent, which provides insights on multiple perspectives of lobbying groups. In China, a different picture emerges. Evidently, the Chinese government has become more transparent in its effort to appear consultative, yet its justifications for policy changes are retraceable. In other words, policies are still debated behind closed doors and it cannot be verified whether lobbying actions lead to a positive result (Interview XX).

The democratic accountability variable determines the appropriate lobbying strategy. While this is important when lobbying in the EU and the US, the variable needs to be framed for the Chinese structure. In the West, interest groups are able to influence policy-making where democratic institutions are weak and policymakers are not directly accountable to the public (Mahoney, 2008). However, China's policymakers are not democratically accountable. The difference between democratic accountability in the US/EU and China could not be any stronger, the latter being a system in which democratic accountability is completely absent.

Another important variable that influences lobbying strategies in the West concerns how policies are made. As explained, policies are created in many different ways. China's policy-making process affects which lobbying strategies Western interest groups pursue in China. In contrast to the EU and some US institutions that are involved in the policy-making process, public opinion is non-binding in Chinese institutions and the likelihood of changing a policy is very low. Bridging to Western lobbying strategies, the low possibility of changing policies directly influences the lobbying strategy that interest groups select (Mahoney, 2008). Most importantly, rules determine who is involved in the policy-making process, which influences which political institution is targeted. Rules also define whether or not hearings are binding and who is able to decide in the process. In China, submitting a lobbying letter might not be the most effective lobbying strategy because this serves a more formal purpose rather than precipitating a real policy change (Interview XX, 2015). Moreover, Chinese policies on protection and liberalisation change over time. A policy that has been changed in favour of foreign businesses can be altered again to the disadvantage of foreign companies (Noelke, 2014). Furthermore, policies are not equally implemented at all government levels. This means that foreign businesses are at times still constrained at lower levels even though the policy was changed on the national level.

Other variables that impact lobbying strategies in the West are the financial means of the group (Verba, Nie, & Kim, 1978) and the media

system. In the West, a group's ability to alter policy correlates with the budget for a campaign. Groups are more willing to engage in a policy fight and pursue shifting the opinions of policymakers if they have financial resources available (Mahoney, 2008).

The nature of the media system is important, because it transports policy-relevant messages (Mahoney, 2008). Lobbying efforts in the EU and the US are differently conveyed. The EU lacks a pan-European media landscape, which makes it difficult to launch pan-European media campaigns. In contrast, China's media landscape is highly distinct from the media structure in the other systems, and lobbyists must take this into account. This is not to say that China's media system does not allow political discourse, but access for Western interest groups is difficult. China's media has a close relationship with many Chinese non-governmental organisations (Mertha, 2011, p. 11), which enables them to frame issues. However, Western interest groups can gain access to Chinese media in the English-speaking sections. Rather than being exposed to a Chinese audience, Western groups publish or talk in TV shows that are tailored for Westerners in China, such as the CCTV (China Central Television) broadcast in English.

This section provided an overview of factors that determine lobbying strategies in the EU and the US. These factors, or variables, are crucial to Western lobbying groups in China, although China's specific circumstances must be taken into consideration. Western groups there share organisational similarities with groups in the West. The political environment, including the policy-making process and democratic accountability, goes along Chinese lines and is highly distinct from the West. As such, it will be shown whether Western groups in China apply similar strategies or whether they adjust Western lobbying strategies for altering policies.

6.5 VENUE SHOPPING AS A STRATEGY

As discussed above, Western interest groups in China have a stake in broadening the interest level of policy issues. They maintain a network with their home policymakers, and political elites from the EU and the US sometimes contact these interest groups. As described in Chap. 2, interaction with the EU led to institutionalised mechanisms to improve market access. As such, the EUCCC provides a platform for reciprocal action between the EU and China's European business community.

Western interest groups benefit from policy issues moving to a European or US political venue, such as the European Commission, because they already maintain contacts with these institutions and it is easier for them to gain access. There is a mutual interest in exchanging information: Western groups can offer first-hand knowledge on China's market; in return, Western policymakers can exert a degree of influence on China's policies. This type of interaction is explained by the resource exchange model, which states that interest groups opt for venues where they have such exchange relationships (Holyoke, 2003). Thus, Western groups aim to shift the policy interest to venues where they have an existing relationship. Aside from this explanation, additional factors might influence whether Chinese and/or Western policymakers are targeted.

The question of why interest groups select various state and local venues in a federalist system (Holyoke et al., 2012) can be tackled with multiple explanatory variables. In a federalist system such as the US, groups can vertically shift the issue from one venue to another. Vertical shifting refers to different government levels within a federal system. Thus, interest groups seek to move issues between state and local governments. Groups can also horizontally switch the venue, meaning they shift between elected and appointed officials or policy enactors and implementers. Horizontal shifting refers to each level with general responsibilities for making policy on a broad range of issues, such as state legislatures, city councils, mayors, and governors, persons, where policy implementation is delegated to administrative agencies. Within these agencies, non-elected professionals have expertise on a small range of related policies and are therefore more responsive to technical issues and scientific evidence. In contrast, institutions responsible for making decisions on a broad range of issues, such as elected policymakers and city councillors, are more open to majoritarian principles and constituent pressure, as they must make compromises between competing opinions.

One reason for switching venues could be that a state-level institution blocked the interest group's attempts, which motivated the group to target an uninvolved venue at the local level. In other words, interest groups lobby friends (Wright, 1996). Results reveal that interest groups target a venue because they share positions on the issue, although groups also target venues where officials disagree with their ideological standpoints. Another factor that determines venue shifts is the geographic diversity of members. Groups with dispersed memberships prefer venues where offi-

cially are elected and they can also target implementing agencies, which are easier targets than enacting venues. If venues are hierarchically arranged in a federal system, interest groups are not always able to target only friendly venues, because institutional rules dictate which venues have jurisdiction over policy issues (Holyoke et al., 2012).

The availability of resources may be another reason for choosing a particular venue. Five hypotheses can be developed from this line of argument. First, lobbyists target friends and officials who share their ideological and electoral needs. Second, groups target venues that actively work on the policy issue at stake, regardless of whether they share the same viewpoint. Third, if the implementing venue has some discretion, it is more likely to be targeted by interest groups that are more in agreement with the overseeing venue. Fourth, the more financial resources the interest group has, the more likely that the group will target any venue other than those with similar preferences. Five, the more geographically concentrated the membership is, the more likely it will target local venues; geographically larger groups will target any elected member venue (Holyoke et al., 2012).

In sum, this chapter provided the theoretical background on lobbying terminology and practices. Inside and outside categories help to analyse the lobbying techniques of the chambers. The complementary concept of venue shopping is used to understand whether the chambers target only China's policymakers or also US/EU policymakers. Policymakers can be targeted with inside and/or outside lobbying tools. The chapter showed how groups in the EU and the US lobby, and which factors impact their strategies. These factors were taken into consideration to determine the lobbying strategies of Western groups in China. These details provide first clues on lobbying in China, but they need to be framed within China's political context. This is accomplished in the following chapters.

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Explaining Western Lobbying Strategies in China

7.1 INTRODUCTION

The previous chapter showed that interest groups have a vast toolbox for lobbying the government. They can choose diverse strategies and must evaluate which lobbying techniques are the most effective for altering policies. They can opt for direct communication or address the issue with a broader audience. A lobbying strategy can be composed of numerous inside and/or outside tools. As explained in Chap. 6, outside strategies comprise any kind of grassroots mobilisation, and inside strategies include direct contacts with policymakers.

Western perspectives on lobbying suggest that Western interest groups target the most approachable political venues and use inside and/or outside lobbying techniques to achieve their aims (Baumgartner & Leech, 2001; Boessen & Maarse, 2009; Bouwen, 2002; Gais & Walker, 1991, 2003; Holyoke, 2003, 2012; Mahoney, 2008). Multiple factors determine which lobbying strategies are selected. As described in Sects. 6.4 and 6.5, a lobbying group must take many factors into consideration when pursuing policy changes. This chapter further elaborates on the factors or independent variables introduced in Chap. 6. This chapter will then discuss the lobbying behaviour of the EUCCC and the two AmChams by providing empirical data along the lines of the independent variables. Lobbying actors wishing to shape China's business environment can learn from these lessons and draw upon this analysis to guide their selection of lobbying tools.

This chapter first discusses empirical results from EU and US lobbying groups before explaining why Western groups in China choose particular lobbying strategies. It is organised according to independent variables that aid in unravelling the selection of lobbying strategies. The next section introduces variables on the institutional level, issue level, and characteristic of the interest group level. The variables will be applied to explain, first, EUCCC lobbying and, second, American chambers of commerce strategies. The last section also sheds light on another dimension of lobbying, namely venue shopping.

7.2 VARIABLES ON INSIDE/OUTSIDE LOBBYING TECHNIQUES

The independent variables applied in this chapter originate from a comparative study on EU and US lobbying (Mahoney, 2008). The usefulness of a comparative study on the EU and US is undisputed, considering the wealth of the scholarly debate on lobbying in these two systems (Mahoney). While the EU and US share many similarities in their institutions, norms, and lobbying communities, a different picture emerges for China. While the majority of variables deliver fruitful insights, a few are simply not useful for explaining lobbying activity by Western groups. Such variables, including the history of a lobbying issue which did not show any clear patterns, are not applicable to understanding lobbying in China (Mahoney). This chapter unravels EU and US lobbying strategies using selected variables. Providing an exhaustive comparative study on EU/US and Chinese lobbying is outside scope of this book.

Chapter 6 discussed how a group's strategy in the EU and the US is influenced by multiple factors or independent variables. The factors outlined in Sect. 6.4 are further developed here along the lines of a EU/US comparative study (Mahoney, 2008). Variables on three analytical levels are analysed to understand lobbying practices in China (Mahoney). Mahoney's study conceptualised a comprehensive set of variables that can help to explain lobbying in China when other aspects of legislation are included, something other studies could not provide (Gais & Walker, 1991). Thus, the methodological set-up is transferable to China and helps to understand the drivers and boundaries of lobbying by Western interest groups in China (Table 7.1).

Table 7.1 Analytical levels

<i>Institutional level</i>	<i>Level of the issue at hand</i>	<i>Characteristic of the interest group</i>
Democratic accountability	Scope of the issue	Financial resources
Media system	Saliency of the issue	Size and type of the membership
	Conflict	Organisational structure of an interest group
		Advocate type

Source: Adapted from Mahoney, 2008

The three analytical levels used to explain lobbying in China are institutional, issue at hand, and characteristic of the interest group. The institutional levels in China are very different from the institutional levels in the EU and the US. To be clear, the EU and the US do not have equal institutional set-ups. On the contrary, the media system and democratic accountability in the EU and the US are very different. The issue level is concerned with the policy issue or topic under debate. Numerous factors determine the lobbying strategy at this level, such as scope, saliency, and conflict. The third level is the characteristic of the group which shows the least variance between groups in the West and EU/US groups in China. Chapter 5 showed how Western groups in China are organised along EU and US lines. The subsequent sections first operationalise the independent variables. In the second part, the factors are analysed in the light of China's reality.

7.2.1 Institutional Level (Democratic Accountability and Media System)

The composition of a lobbying strategy depends on which political institutions are targeted. Different political institutions are more open to lobbying than others. This is true for European institutions, and also for US and Chinese political venues. It matters not only which institutions are targeted but also how the institutions are designed. Institutions that are open and accountable to public opinion should generally be directly approached with inside lobbying techniques. This presumes that policymakers are motivated to agree with public opinion, because they seek re-election (Mahoney, 2008). The following section elaborates this perspective and illustrates how democratic accountability and the media influence interest group lobbying (Table 7.2).

Table 7.2 Institutional level – variables and variation

<i>Institutional level</i>	<i>Variation</i>
Democratic accountability	Presence/absence of direct elections
Media system	Presence/absence of a broad media system

Source: Adapted from Mahoney, 2008

Deciding which lobbying tool an actor should apply is influenced by whether policymakers are directly elected and thus accountable to the voters for their actions. Democratic accountability can be operationalised by the presence or absence of direct elections (Mahoney, 2008). Institutions that are democratically accountable to the public incentivise elected officials to listen to their voters and respond to their demands. Elected political elites fear losing re-election if they do not take the voters' wishes into consideration (Mahoney). This means that outside lobbying strategies are more likely to be effective in democratic systems, because policymakers are accountable to voters (Mahoney) and fear negative publicity. If the group targets a broader audience with a message casting a negative light on the policymaker, the strategy will be more likely to lead to the desired policy change. Outside lobbying strategies, such as grassroots letter-writing campaigns, advertising, press releases, press conferences, and protest activities, are more common in a political system where policymakers are democratically accountable, as in the US (Mahoney).

In contrast, interest groups that target policymakers who are not bound by re-election campaigns are more likely to apply inside lobbying strategies, such as providing policymakers with technical data and sector-specific information. If policymakers are not directly elected, interest groups prefer this type of inside lobbying strategy, because they can provide information directly to the institutional unit that requires it (Mahoney, 2008).

The second independent variable at the institutional level examines the political system's media (Mahoney, 2008). It takes the value of presence or absence of a broad media system (Mahoney). The strength and scope of the media within a political system mainly has implications on outside strategies, but also to some extent on inside strategies (Mahoney). The media influences lobbying strategies because it conveys public concerns to policymakers in democratic systems. In systems where the media reaches a wide audience, interest groups are more likely to mobilise the grassroots, place advertisements to inform the public about certain policy issues, promote news coverage, or organise protests (Mahoney). There are differ-

ences between the media systems in the EU, the US, and China. The media holds a central role in the US political system; multiple media channels convey messages to the entire public in a single language. The media can monitor the government, cover stories, and officially criticise politics (Mahoney). In the US, the media plays a crucial role in the agenda-setting process. If groups want to influence public opinion on a certain policy issue, it is crucial to involve the media in an attempt to favourably influence news coverage. Groups employ tactics to strengthen their voice in the media, such as directly contacting reporters through phone calls, meetings, press releases, press conferences, and opposite the editorial page (op-ed) writing (Mahoney). In contrast, the EU media system does not have such tremendous influence on policies, because the EU's media system is fragmented and divided by different languages. News is mainly covered by national media or, if there is a Brussels correspondent, through a national lens (Mahoney). Political discussions are often shifted from Brussels to the nation-state. Many EU interest groups rarely employ media strategies in Brussels (Mahoney, 2007, 2008). Groups aiming to shape policies must contact the media at the national level.

US interest groups show a higher rate of grassroots and media mobilisation than EU interest groups. In the US, groups tend to launch diversified media campaigns, in contrast to the EU where media strategies are often limited to publishing a press release. This difference could stem from Europe's media landscape where it is challenging to implement a diversified media strategy due to the absence of a pan-European media system (Mahoney, 2008). Yet, a broad-based media system is not necessarily needed for grassroots tactics, such as mobilising members or the public. Both tactics can be applied either directly or through the interest groups' national associations to encourage citizens or members to write, email, fax, or call policymakers (Mahoney). These valuable insights on EU and US lobbying are further examined in light of China's political and media system, which is described later in this chapter.

7.2.2 *Issue Level (Scope, Salience, and Conflict)*

As outlined above, choosing which lobbying tools an interest group should utilise depends on the openness of political institutions, policymakers, and the media system. Other factors also determine which strategies are appropriate. The particular policy issue or topic plays a crucial role. Within this analytical level, the scope of the issue, salience, and conflict all influence

Table 7.3 Issue level – variables and variation

<i>Level of the issue at hand</i>	<i>Variation</i>
Scope	Small sector, large sector, multiple sectors, pan-EU/pan US
Salience	0 stories, 1–5 stories, 6–30 stories, 31 or more stories
Conflict	Opposing perspectives, multiple but not opposing, one perspective

Source: Adapted from Mahoney, 2008

the strategy (Mahoney, 2008). These variables are explained below in the context of EU and US lobbying strategies and serve as a starting point for explaining lobbying in China (Table 7.3).

7.2.2.1 *Scope*

Scope defines the number of people or which sector(s) are affected. It takes the value of small sector, large sector, multiple sectors, pan-US/pan-EU (Mahoney, 2008). The larger an issue's scope, the more likely it is that interest groups will apply various types of inside and outside strategies (Mahoney).

Results showed that grassroots activity and media usage increase with a larger scope, whereas other outside strategies, such as advertising, public relations, protests, or op-ed writing, do not follow this pattern (Mahoney, 2008). This means that grassroots tactics and media usage become more relevant in the US with increasing issue size. In the EU, there is no pattern between scope and outside tactics. This means that an issue's scope has no impact on the selection of outside tools (Mahoney). In that case, a group may use more inside strategies where other factors, such as salience, have a greater impact (Mahoney). Nonetheless, scope shows significance in the US on the inside strategy research dissemination. In the US, the larger an issue's scope, the more likely it is that a group will publish reports to use in the lobbying process (Mahoney).

7.2.2.2 *Salience*

The salience of a policy issue impacts on what kind of lobbying tools interest groups will opt for, because more attention is given to policy issues that affect a broader audience, meaning that more people are likely to become engaged with the issue. Salience is measured by the quantity of news coverage. Highly salient issues make it more likely for interest groups

to directly target policymakers, and they lead to inside as well as outside lobbying strategies in the EU and the US (Mahoney, 2008). The broader the scope of a policy issue, the more likely it is that the group can address its positions to policy makers, because they are aware that the issue is an object of public attention. With increasing salience, EU groups apply a wider range of tactics (Mahoney). Thus, higher salience leads to more lobbying activity.

7.2.2.3 Conflict

The level of conflict is the degree to which the public debate is polarised. The three conflict values are: one perspective, multiple but not opposing perspectives, and opposing perspectives (Mahoney, 2008). Issues can be highly debated with contradicting views, or issues can be less controversial, with multiple perspectives that do not directly confront each other. At times, issues do not exhibit conflict and one viewpoint dominates the debate (Mahoney). When more conflict occurs, interest groups are more likely to apply outside lobbying strategies (Mahoney, 2007, 2008).

If an issue displays a high level of conflict in the US, there is an increase in the use of outside lobbying strategies, such as grassroots mobilisation of the masses, media use, protests, public relations, and op-ed writing. Only advertising and membership mobilisation do not show any clear patterns.

In the EU, the conflict variable showed a general upward trend from zero to six of the seven outside tactics in the study (grassroots activation of members or public, media usage, ads, PR, protest, and op-ed writing), meaning that the higher the conflict, the more likely it is that the interest group applies outside strategies (Mahoney, 2008). Interest groups showed different behaviour in regard to media outreach. The media is used frequently when there is no conflict as well as in the case of high conflict. More interest groups use media strategies during periods of higher conflict.

7.2.3 Characteristic of Interest Group Level (Financial Resources, Membership, Organisational Structure and Advocate Type)

This section introduces the explanatory variables for the characteristic of interest group level (Table 7.4).

Table 7.4 Characteristic of interest group level – variables and variation

<i>Institutional level</i>	<i>Variation</i>
Financial resources	Staff size
Membership type	Individual/organisational members (associations, corporations, or institutions)
Organisational structure	US: existence of sub-national units or local groups, EU: whether the organisation is federated or not
Advocate type	Large citizen group, a professional association, a foundation, an individual company, or a multinational company

Source: Adapted from Mahoney, 2008

7.2.3.1 *Financial Resources*

If financial resources are positively related to staff size, the prediction is that the number of staff has an impact on inside as well as outside lobbying tactics (Mahoney, 2008). US data revealed that, with the exception of the media strategy variable, more staff does not lead to a higher use of outside lobbying strategies. Rather, groups invest more in inside lobbying strategies (Mahoney). With regard to both types of grassroots mobilisation and protest, the offices with the largest staff size are not going public as much as offices with a mid-range staff size. In the EU, more outside lobbying is applied by smaller and mid-range offices. Resources are less important in the EU and the US when deciding on an inside lobbying strategy. The existence of more resources does not appear to lead to an increased use of more expensive tactics, such as fly-ins and site visits to the US or the EU (Mahoney).

7.2.3.2 *Membership Type and Size*

Both the size and type of membership impact the selection of outside lobbying techniques, because membership resources are crucial. The size and type of membership can influence those lobbying tools that rely on membership involvement, such as grassroots mobilisation. As such, groups with mass-membership are more likely to employ outside strategies. Groups can be composed of individual and organisational members, regardless of whether they are organisations, corporations, or institutions. In the US, results showed that the more individual members an interest group has, the more outside lobbying strategies are used (Mahoney, 2008).

A higher number of corporate members leads to an increase of outside lobbying strategies. This rule only applies for the grassroots mobilisa-

tion of organisational members, grassroots mobilisation of the public, and media use strategies. Other tactics are not considered by interest groups with corporate or institutional members, regardless of the membership size (Mahoney, 2008).

In this study, the membership analysis is confined to interest groups with institutional members, such as associations, corporations, or institutions, and only one EU group, which has direct individual members, cannot be categorised as a mass organisation. Large membership-based interest groups in the EU employ outside lobbying to a lesser degree than in the US. In fact, organisations with a mid-range number of members rely more on outside strategies (Mahoney, 2008). This rule applies regardless of the kind of membership. All types of group with medium-sized memberships more frequently apply outside strategies (Mahoney).

In regard to inside strategies, US groups with more resources can pursue a greater number and broader range of inside tactics, compared to groups with poorer members (Mahoney, 2007).

7.2.3.3 Organisational Structure

Organisational structure in the US takes into account whether an organisation has sub-national units or local groups (Mahoney, 2008). In the EU, this lobbying variable measures whether the organisation, which could be a national association or a Euro-group, is federated or not, with the former being more likely to employ outside lobbying strategies (Mahoney). Furthermore, it is predicted that the lobbying strategy in the EU is affected by whether an interest group has a direct or mixed membership, meaning that members are composed of associations and/or institutions and/or corporations. It is assumed that US interest groups with local units and EU interest groups with national associations will employ outside lobbying strategies to a higher extent (Mahoney).

In the US, the organisational structure appears to impact on whether or not interest groups use outside strategies. Interest groups with sub-units at the regional, state, or local level employ outside strategies to a greater extent than groups without local units. This is true for every outside strategy in the US with the exception of op-ed writing (Mahoney, 2008). This result follows the logic that it is easier to motivate members when there are active offices in the field (Mahoney).

The organisational structure shows a positive relationship to outside lobbying in the EU. Organisations without sub-units in member states only apply one type of outside lobbying, namely media. They apply media

strategies at a level that is even lower than the average. Organisations in the US with a federated structure comprising member associations make above-average use of every type of outside lobbying strategy (Mahoney, 2008).

7.2.3.4 *Advocate Type*

The variable advocate type measures whether the lobbyist represents a large citizen group, a professional association, a foundation, an individual company, or a multinational company (Mahoney, 2008).

In the US, citizen groups tend towards using outside lobbying strategies. In contrast, trade associations rarely employ outside strategies. Professional associations frequently use outside strategies, with a preference for grassroots mobilisation of the membership. Multinational corporations do not engage in any form of outside lobbying strategy (Mahoney, 2008). The EU and the US display similar patterns in the relationship between group type and outside lobbying, namely citizen groups apply the majority of outside lobbying tactics. Furthermore, citizen groups are the only ones who mobilise the public. In the EU, citizen groups are followed by trade associations, which apply four of the seven outside tactics, more than the average (Mahoney). A number of EU actors, such as professional associations, business groups, lobbying firms, and government actors, do not apply outside strategies.

7.3 EXPLAINING THE EUCCC'S LOBBYING STRATEGIES (INSTITUTIONAL LEVEL)

This section looks at how explanatory variables can help to analyse the lobbying strategies used by AmCham and the EUCCC. From this, hypotheses are developed to describe how Western business interests lobby in China. The previous section showed that if variables do not correlate with outside strategies, this does not necessarily mean that inside strategies are applied instead. Correspondingly, hypotheses are developed with the following categories: outside, inside, no outside, and no inside.

The EUCCC's lobbying practices in China are explained using the institutional-level explanatory variables, namely democratic accountability and media system. As described above, democratic accountability takes the value of presence or absence of direct elections. Fewer outside strategies are applied when policymakers are not directly accountable (Mahoney, 2008).

Inside strategies that involve direct contacts to policymakers become more likely when policymakers are directly accountable (Mahoney).

It is common knowledge that China's communist regime controls the election process and selects congressional deputies. Before local elections are held in China, local CCP committees draw up an election plan to decide how congress should be composed. The communist congress represents every strata of society, including traditional workers, peasants, intellectuals, cadres, democratic party members, and patriotic personages without party affiliation (Sun, 2013). To ensure a correct allocation, local Party committees control the process and outcome of elections so that the recommended candidates are elected. Candidates who are not nominated by the Party can also run for congress, but the election is constrained (Sun). At the central and regional levels, Party authorities generate a list of candidates. The list, consisting mainly of Party and government cadres, has three times as many candidates as will ultimately be elected and is reduced by two rounds of voting. At all times, the Party holds the final decision-making power on who is selected from the list (Sun). This system allows the CCP to select the most trustworthy cadres to important offices and therefore strengthen the Party. This means that China's policymakers are not directly elected (Tsai & Kao, 2012). As the final nominating authority rests with Party authorities, China's political elites are accountable to each other, or to their superiors within the Party, rather than to the people.

It can be concluded that China's policymakers are accountable to the Party rather than to citizens (Holbig, 2007; Jintao, 2007; Keping, 2009; State Council Information Office, 2005). Considering the exploratory variables, the absence of democratic accountability in China should impact interest groups' selection of outside strategies. Referring to the EU, lobbying actors rarely apply outside strategies because the voters are located in their nation-states (Mahoney, 2008). Further elaborating this argument, China's lack of democratic accountability should lead groups to refrain from applying outside lobbying tools. If democratic accountability affects lobbying behaviour in the European arena, a system in which policymakers such as MEPs are held accountable, then the absence of democratic accountability in China should partly affect the EUCCC's lobbying practices there. Policymakers in China do not have to fear direct societal consequences, which leads Western interest groups to use fewer outside strategies in China. Moreover, grassroots strategies, such as demonstrations, are a sensitive issue in China.

China's institutional system might lead to a preference for inside lobbying strategies for multiple reasons. First, as described above, China's absence of democratic accountability makes outside strategies less effective. Second, demonstrations in China, as one form of outside lobbying, might result in constraints rather than lobbying success. This argument is particularly important for Western lobbying groups that seek to establish a solid relationship with Chinese policymakers. It is highly unlikely that business lobbying groups will risk displeasing the Chinese government with bold outside lobbying actions. Research shows that Western groups in China go to great lengths to ensure that the Chinese government thinks well of them. Addressing grievances in a more private setting rather than decrying nuisances to a broader audience contributes to a positive relationship. Applying outside tools to officially criticise China's economic policies might result in distrust towards the group. Moreover, lobbying actors can approach China's policymakers directly, because the practise of *guanxi* (关系) – personal networking – is deeply rooted in society (Gao, 2008). China's government officials are familiar with the practice of business partners approaching them directly to discuss business-related concerns. China's political institutions are not receptive to outside tactics, such as grassroots mobilisation or protest strategies, because the political system is not designed to embrace public protests. Therefore, inside lobbying is more effective for conveying messages to policymakers. Chinese government officials are open to views from foreign lobbying actors if foreign investments are considered helpful to China's economy. This can vary from region to region and also depend on the goals of particular Chinese political officials.

The media factor, as the other institutional-level variable, is considered next. The absence of a pan-European media landscape means that outside strategies are used less frequently. Unlike China, the media in the US and the EU are independent. Interest groups can more easily influence the media and change the shape of the debate by communicating directly with reporters via phone calls, meetings, press releases, press conferences, and op-ed writing. In contrast to the US, lobbying actors in the EU will often pursue media-based tactics through their national associations (Mahoney, 2008). The US media serves as observer and watchdog of the government. The pan-European media landscape is less developed, because the market is divided into different languages and media markets. Therefore, there are fewer Europe-wide debates. These findings can help to explain European lobbying in China. First, it seems unlikely that European groups will reach

out to European-level media due to the absence of a pan-European media system. Thus, it is predicted that European groups in China and in the EU follow the same logic.

Media strategies in China have the following characteristics. First, China has a nationwide media landscape. In 2005, more than 2000 newspapers and 9000 magazines were published in China. Furthermore, about a dozen commercial newspapers with national circulations of over a million readers were printed in various locations in China (Gang & Bandurski, 2011). Like the US, China's print media reaches a large audience.

Despite the similarly high readership, China's media landscape is mostly very different from that of the EU and the US. China's government apparatus controls the media through the CCP's Central Publicity department (Hassid, 2008). Newspapers are subordinate to a government agency or the CCP, which is responsible for news content (Gang & Bandurski, 2011). The government and media are in the same power structure, and the Chinese media have organisational structures that mirror the power structures of China's government (Shrink, 2011).

The CCP fears news that challenges the government's viewpoints and goes to great lengths to ensure that the information reaching the public does not challenge its authority (Shrink, 2011). On the other hand, China's government has marginally loosened the reins on the media (Shrink). In contrast to the Mao era when the state framed media issues, the ability to independently frame coverage has grown (Mertha, 2011), although it remains constrained. Journalists in China consider themselves as professionals rather than agents of the government (Shrink). Furthermore, political lobbying is evolving in the Chinese media landscape (Mertha; Shrink). As such, Chinese groups can influence the media to a certain extent by given their staff a second job as a journalist or editor (Mertha). This is indicative of the shifting Chinese media landscape. However, it is still unlikely that published information will directly challenge Party authority. Unlike the EU, where interest groups did not make significant use of outside strategies, given the lack of a pan-European media landscape (Mahoney, 2008), the presence of a pan-Chinese media landscape might enable Western lobbying actors to engage China's media with some outside strategies. However, the role of media strategies remains limited here and cannot be compared with the media in the EU or the US. The Chinese media is interested in success stories from Western businesses in China, whereas it might be more difficult to frame an issue that is not positive for the Chinese government. Although the Chinese government has

Table 7.5 EUCCC institutional level

<i>Institutional level</i>	<i>Strategy</i>
Democratic accountability Media system	No outside but inside Outside: press release, op-ed

reduced restrictions on foreign journalists, Western reporting continues to be closely monitored. It is challenging for both lobbying actors and foreign journalists to gain access to China's media (Song, 2015). Thus, it remains difficult for foreign actors to use the media to shape public policy. However, Western groups can attempt to draw attention to issues by writing press releases or op-ed pieces in language that does not directly challenge the government (Table 7.5).

In sum, the absence of democratic accountability gives little momentum to outside strategies. In turn, China's deeply rooted custom of networking—*guanxi*—should lead to more inside lobbying. Although China has a nationwide media landscape, results from EU lobbying cannot be transferred without considering China's political approach to the media. China's media system cannot be compared to those of the EU or the US, because the media serve as a watchdog for government policies in democratic systems. This means that news coverage may reflect dissatisfaction with government actions. In China, the opposite is true; China's media aim to repress conflict in the name of the government. This does not entirely negate the media's potential as a lobbying tool, but it seems unlikely that Western interest groups will benefit from circulating press releases that openly criticise China's political regime.

7.3.1 EUCCC (*Issue Level*)

This section discusses lobbying by the EUCCC, the European lobbying group, using explanatory variables on the issue level: scope, salience, and conflict. Results on European lobbying on the issue level cannot be transferred to China without taking other factors into consideration. The following sections further elaborate this argument and unravel whether EU lobbying practices can be applied to China.

The scope of an issue looks at which business sector are affected by an issue. This variable can take the value of small, large, multiple, pan-EU, or pan-US sector issues. The media was the only outside tactic that showed

any relevance with the variable scope; media tactics were used most often when the issue concerned a large sector (Mahoney, 2008). This raises the question of how many sectors the indigenous innovation issue concerns. Within China, this issue mostly draws attention from the Western business community (Kennedy, 2010). In particular, it concerns the information technology, health care equipment, automobile manufacturing, wind-power equipment, power transmission, and pharmaceutical sectors across China (European Union Chamber of Commerce in China, 2011/2012). Therefore, indigenous innovation policies can be categorised as a multiple sector issue. Multiple sector issues show the second highest use of the outside media tactic in the EU (Mahoney). Following from this, it can be predicted that the EUCCC will also apply the outside tactic of media.

As described above, China's political regime can frame news coverage and enforce press restrictions. Institutions are responsible for monitoring news content, enabling the Chinese regime to ensure that news coverage is favourable to its political goals. China's media supports political policies and reinforces the leaders' political power rather than weakening it. As such, China's media market is constructed to help the Party and the government to favourably frame issues and shape public opinion (Stockmann, 2013).

China's attempt to move up the production chain, which is reflected in indigenous innovation policies, is a priority for China's authorities. Chapter 3 described how the Chinese government has communicated the indigenous innovation concept through multiple policy plans since it was first introduced to the public in 2006. China's political leaders are committed to conveying the importance of indigenous innovation and showing that it benefits China's domestic businesses. China frames media coverage to show that 'China's shift from a nation of labour intensive manufacturing onto one that excels in the high-tech field' has been successful (Xinhua News Agency, 2015b, p. 000). In terms of becoming an innovative powerhouse, benefits to domestic businesses will disadvantage foreign businesses (European Chamber of Commerce in China, 2014; McGregor, 2011). To address objections concerning indigenous innovation policy constraints, Party authorities attempt to frame the issue in a positive way. As in the EU, where multi-sector issues result in outside media tactics, the importance of indigenous innovation policies for multiple sectors clearly gives momentum to using the media when lobbying in China. This is true for the EU and China, but the structure of China's media landscape keeps Western business interests from being able to frame a story in their favour. Media

access is not completely denied, but the story has to be framed differently. As a multi-sector issue, indigenous innovation policies give momentum to media use, but Western interests must obfuscate their complaints and find a compelling story that is in line with Party goals.

The next variable, salience, takes the value of the number of stories covering an issue. Results in the EU show that outside as well as inside tactics become more likely for highly salient issues. This begs the question of whether indigenous innovation can be categorised as a salient issue in China. As discussed above, the issue's importance for China's authority leads to the assumption that indigenous innovation is indeed a salient topic in China. However, empirical evidence will show whether or not indigenous innovation can indeed be classified as salient. To determine how salient the indigenous innovation issue is, the keywords 'indigenous innovation' in combination with China are defined as the search term to locate stories covering the issue. As previously mentioned, lobbying behaviour on indigenous innovation policies is analysed between 2006 and 2011. Data were collected between 2004 and 2005 for a EU/US comparative study (Mahoney, 2008). For this book, data were collected over a broader time span, between 2006 and 2011. This study uses the *Financial Times* as a reference to measure salience because it is one of the few pan-European newspapers (Mahoney) that covers EU policy developments. Before presenting the search results, China's newspaper landscape is briefly described to explain which newspaper was chosen as a benchmark.

China's newspaper landscape is pooled into newspaper groups. Overall, China has 2119 newspapers (Scotton, 2010), with 438 newspapers published directly by the CCP and dominating China's political sphere (Ke, 2010). China's central Party newspaper is the *People's Daily*, which is primarily devoted to serious political material. The state owns all of China's newspapers and the editors-in-chief are appointed as government officials. Newspapers are supervised by the propaganda department, which decides on newspaper content. China's propaganda department controls newspaper offices, radio stations, television stations, publishing houses, magazines, and other news and media departments (Shambaugh, 2007). Even though the propaganda system has opened up to some extent, the government continues to heavily control the news. Almost every medium conveys information to the people and is thus subject to bureaucratic oversight by the CCP's propaganda department (Shambaugh).

China's media are not completely at the beck and call of Party propaganda. As discussed in this chapter, they are open to public opinion to

a certain degree. China's government allows private investors to finance newspapers (Stockmann, 2013). These investments impact on newspaper content because papers must gain revenue rather than simply receiving state subsidies. Newspapers have pages for comments and reviews published by Chinese as well as international scholars, freelancers, and editorial boards on a range of issues (Shambaugh, 2007). However, the narrative's rationale should never openly oppose Party lines. Indeed, the content of China's largest and most important news agency, the Xinhua News Agency, remains highly controlled by the government through the propaganda office and the State Council Information Office.

Xinhua publishes reports out of Beijing in six languages (Chinese, English, Russian, Arabic, French, and Spanish) to more than 130 countries. It is highly subsidised to ensure government control over the content and most crucially over the rest of China's media landscape. This makes Xinhua the country's most powerful news agency. One of its primary tasks is to enforce a unified propaganda line throughout the Chinese media. As such, its content reflects government policies. Yet, Xinhua is not only the Party's propaganda mouthpiece, it also distributes news from across the world (Shambaugh, 2007). It is the only agency that is allowed to report on news from outside China. It controls the news from other countries into China and the news from China to the rest of the world. For some official announcements, Chinese media are only allowed to republish Xinhua's news. The Chinese government also controls the web version of Xinhua, Xinhuanet. Most of the web portals only receive their news from Xinhua or the newspaper *China Daily* (Scotton, 2010). As of 2015, it published 15,000 stories per day, of which 12,000 covered news about China (Xinhua News Agency, 2015a). Other news agencies rely on Xinhua news, and Xinhuanet has a large reach across China.

To analyse whether the issue of indigenous innovation is salient, it is important to use a pan-Chinese newspaper, as was done in the EU and the US. Since most Chinese newspaper content is derived from Xinhua, it was selected as the source. The English version of Xinhuanet allows searching over time, therefore, it was applied as a benchmark. The phrase 'China indigenous innovation' was used in the field 'all of these words' in the advanced search function. The date was defined for the corresponding year. The field 'keywords shown up' was selected with 'anywhere in the news items' (Table 7.6).

Table 7.6 shows a clear upward trend in stories during the six years, with the most stories published in 2010–11. China's indigenous innova-

Table 7.6 Search results at Xinhuanet

<i>Year</i>	<i>Stories</i>	<i>URL</i>
2006	4	http://search.news.cn/language/search.jspa?id=en&ct=en&n1=China+indigenous+innovation+&n2=&n3=&t1=0&t=2&t2s=2006-01-01+&t2c=2006-12-31&np=content&ss=RELEVANCE&rp=10
2007	4	http://search.news.cn/language/search.jspa?id=en&ct=en&n1=China+indigenous+innovation+&n2=&n3=&t1=0&t=2&t2s=2007-01-01+&t2c=2007-12-31&np=content&ss=RELEVANCE&rp=10
2008	2	http://search.news.cn/language/search.jspa?id=en&ct=en&n1=China+indigenous+innovation+&n2=&n3=&t1=0&t=2&t2s=2008-01-01+&t2c=2008-12-31&np=content&ss=RELEVANCE&rp=10
2009	3	http://search.news.cn/language/search.jspa?id=en&ct=en&n1=China+indigenous+innovation+&n2=&n3=&t1=0&t=2&t2s=2009-01-01+&t2c=2009-12-31&np=content&ss=RELEVANCE&rp=10
2010	21	http://search.news.cn/language/search.jspa?id=en&ct=en&n1=China+indigenous+innovation+&n2=&n3=&t1=0&t=2&t2s=2010-01-01&t2c=2010-12-31&np=content&ss=RELEVANCE&rp=10
2011	20	http://search.news.cn/language/search.jspa?page=3&id=en&t2s=2011-01-01%20&t2c=2011-12-31&rp=10&n1=%4.3%68%69%6c%61%20%69%6c%64%69%67%65%6c%6f%75%73%20%69%6e%6c%6f%76%61%74%69%6f%6c&n2=&n3=&ct=&np=content&ss=RELEVANCE&t1=0&t=2

tion policies drew much attention in Europe and the US. The issue was frequently discussed at the highest government levels in the EU and the US (Boumil, 2012). To give an example, as part of the US-China Strategic and Economic Dialogue in 2011, representatives of President Barack Obama, President Hu Jintao, US Treasury Secretary Timothy Geithner, and Chinese Vice Premier Wang Qishan agreed not to eliminate the requirement to link indigenous innovation products to the provision of government procurement preferences. In order to reach this agreement, many other discussions and talks took place beforehand (U.S. Department of Treasury, 2011).

It is likely that the Chinese authorities react to EU and US activities because the Chinese administration is sensitive to being critiqued from the outside. As such, China promotes domestic media stories about indigenous innovation policies to ensure that the narrative is told from a Chinese perspective. Indeed, research shows that the framing of China's news coverage on indigenous innovation policies is favourable towards the Chinese government. For example, as a reaction to criticism from the US about China's indigenous innovation policies, Xinhua published the article 'U.S. Commerce Secretary Locke's allegation China creates "headaches" for U.S. firms groundless', arguing that 'there is no discrimination against foreign enterprises in China' (Xinhua News Agency, 2010). This shows that the government published press releases on the issue to convey its opinions and actions. Even though the government controls the press, media attention raises the profile of an issue, which makes it more salient among the public.

The second question about outside and inside strategies is less straightforward. As outlined, a highly salient issue might not motivate the masses because the government could ignore or even suppress grassroots mobilisation, such as protesting or writing emails. Therefore, it is a stretch to transfer European results to Chinese circumstances. Tentative assumptions can, however, be made. The EUCCC was able to use the momentum of Chinese press attention to publicise more reports and statements on indigenous innovation policies in the years 2010 and 2011. To be clear, it remains difficult for outside interests to exploit China's media system. Since the media were already interested in the issue, the Chinese government granted the Western business community an opportunity to express their views. However, this practice is far from a broad-media campaign that activates citizens. These actions are better defined as 'Western media outreach with Chinese characteristics'. It is likely that the EUCCC will

mobilise its constituency to help formulate reports, but it appears unlikely that the EUCCC will pursue outside strategies, such as mobilising the masses.

Regarding inside strategies, the high salience of the issue in 2010 and 2011 could lead Chinese policymakers to be more receptive because they need additional information. As mentioned, China's policymakers are open to cooperating with Western business in well-developed industrial areas. If the issue of indigenous innovation causes great attention and Western governments urge reforming the policy, inside strategies, such as drafting legislation or providing technical input, become more likely.

The issue-level variable, conflict, takes the value of: one perspective, multiple but not opposing perspectives, and opposing perspectives on the policy debate (Mahoney, 2008). Results on the EU level showed that high conflict leads to a higher usage of outside strategies. The policy debate is lively and the perspectives on indigenous innovation come from Western business interests, academics, and the Chinese government (China Daily, 2012; Ernst, 2011; Kennedy, 2010; McGregor, 2011; State Council of the People's Republic of China, 2006). Evidently, the conflict on this issue is between the Western perspective and the Chinese attempt to enhance business opportunities for domestic companies (European Union Chamber of Commerce in China, 2005/2006, 2007/2008, 2008/2009, 2009/2010, 2011/2012). However, there is another layer of conflict to be considered: the overarching requirement for the EU and China to comply with international (WTO) and EU agreements to avoid protectionism. The government procurement agreement, for example, has been an ongoing issue of contention between the EU, the WTO, and China (Snyder, 2009; World Trade Organization, 2012). Western businesses in China can escalate the conflict to the international or European levels. A growing conflict might give momentum to the EUCCC to make use of the media on the EU level. However, coming back to the domestic conflict on indigenous innovation policy, it should be assumed that the Chinese government is monitoring this conflict. As described in Chap. 2, China's corporatist system of state-society relations does not allow uncontrolled conflict. But conflict between foreign actors and Chinese authorities is more difficult to control. As argued above, outside strategies are possible and groups can take advantage of the existing conflict, but the outside strategies will not be bold. Rather it is predicted that the EUCCC will apply non-confrontational outside strategies (Table 7.7).

Table 7.7 EUCCC issue level

<i>Issue level</i>	<i>Strategy</i>
Scope	Outside media
Saliency	Outside: Western media outreach with Chinese characteristics with the highest rate in 2010 and 2011 Inside: highest rate in 2010 and 2011
Conflict	Non-confrontational outside strategies

In sum, the three explanatory variables on the issue level lead to the assumption that the EUCCC will apply outside strategies. However, this is only one side of the story because China's institutional environment will also play a role. This is to say that results from European lobbying cannot be transferred without caution. China's political regime maintains media controls. Moreover, conflict is monitored in a corporatist system whereas it is a much-wanted tool in the EU and US pluralist systems, as explained in Chap. 4. China attempts to tame conflict by providing limited access to the media and enabling groups to frame news coverage.

7.3.2 EUCCC (*Characteristics of Interest Group Level*)

This section explains lobbying practices using variables that tackle the characteristics of an interest group. Lobbying is described by way of the interest group's financial resources, level and size of membership, organisational structure, and advocate type.

The financial resource variable takes the value of staff size. A high number of employees indicates high financial resources and fewer staff means fewer financial means. Mahoney's study reveals that a larger staff size is related to increased media use, an outside strategy (Mahoney, 2008). With regard to grassroots mobilisation and protests, a certain threshold must be met. However, the largest offices do not go public to the same extent as mid-range offices (Mahoney). Thus, more outside lobbying is done by smaller and mid-range offices in the EU (and the US). This is explained by the argument that 'well-heeled' offices are better able to engage in aggressive inside lobbying strategies instead of falling back on outside mobilisation (Mahoney). In other words, money is spent on maintaining and establishing a network rather than scattering resources on outside lobbying tactics. In the subsequent section, EU lobbying in China is analysed under the backdrop of these results.

As of 2012, the EUCCC had 68 employees working in China: 38 people in Beijing, 3 in Chengdu, 6 in the Pearl River Delta, 2 in Nanjing, 16 in Shanghai, 1 in Shenyang, and 2 in Tianjin (European Union Chamber of Commerce in China, 2012). To employ the study as a benchmark, an organisation with 68 employees falls into the category of a large office. Assuming that the wage levels reflect European standards, the EUCCC should have the financial means to invest in inside strategies to maintain a network both within China and with EU policymakers. If the EUCCC follows similar patterns to EU groups, it will employ both outside media strategies and inside strategies to invest in its network.

On the variable, membership type and size, the more corporate members a group has, the more they will make use of the outside lobbying tactics of media outreach and grassroots mobilisation of members and the public (Mahoney, 2008). This rationale is taken into consideration when explaining the EUCCC's lobbying strategies. It is one of the biggest chambers of commerce in China. About 50 per cent of its members are multinational companies (MNCs), 20 per cent are medium companies, and 30 per cent are small and medium-sized companies (SMEs). According to the EUCCC, MNCs are corporate members with more than 1000 employees worldwide. Corporate members with fewer than 1000 (but more than 250) employees worldwide are defined as medium companies. SMEs are corporate members with fewer than 250 employees worldwide (European Union Chamber of Commerce in China, 2010). In the EU, both large membership size and business membership type make the outside strategies of grassroots mobilisation and media more likely, whereas other outside strategies are less likely (Mahoney). If the EUCCC follows the same patterns as European groups in the EU, it is likely to opt for the outside strategies of grassroots mobilisation and media.

As outlined, the organisational structure shows a clear correlation with outside lobbying. Organisations without sub-units in member states merely use one type of outside strategy, namely the media. Organisations with a federated structure with associational members apply every outside lobbying strategy more often than average. The wide network of member associations can more easily motivate individual members (Mahoney, 2008). While the structure of the EUCCC is not directly comparable to the organisational structure of a federated interest group on the EU level, the argument that umbrella organisations can spread the word is also relevant for the EUCCC in China. Therefore, it is argued that the EUCCC

Table 7.8 EUCCC characteristics of the interest group level

<i>Characteristic of the interest group level</i>	<i>Strategy</i>
Financial resources	Outside media and inside networking
Level and size of membership	Outside grassroots mobilisation and media
Organisational structure	Outside grassroots mobilisation
Advocate type	No outside

will apply outside strategies, such as mobilising its constituency to write op-eds and non-confrontational media articles.

The advocate type variable takes the value of different types of organisations. Citizen groups show the highest level of outside strategies. The advocate type ‘chamber of commerce’ was not included in Mahoney’s sample. Chambers of commerce fall into Mahoney’s category of professional associations or business groups, and both groups show no outside lobbying strategies (Mahoney, 2008). Framing this rationale into the narrative of EU lobbying in China, it is argued that outside strategies are not selected (Table 7.8).

In sum, there is a clear tendency towards applying outside strategies that involve members, such as grassroots mobilisation. Considering the financial resources of the EUCCC, it is likely that it will make at least some use of the media. As argued, Chinese media are constrained and the study results cannot be transferred unconditionally. It seems likely that the EUCCC will make use of its financial resources to further strengthen its network. Concerning membership type and size, the corporate membership structure should result in the outside tactics of media and grassroots mobilisation being used. With respect to the organisational structure, the fact that the EUCCC can reach members across the country should result in grassroots mobilisation. In turn, the type of the group, professional or business should result in no outside strategies.

7.4 EXPLAINING AMCHAM LOBBYING STRATEGIES (INSTITUTIONAL LEVEL)

This section first explains European lobbying strategies in China before turning to US lobbying tactics in China. US and EU lobbying approaches are analysed separately because, even though similarities exist, numerous fields exhibit differences. Outside lobbying is more prevalent in the US

than in the EU, for example. This disparity is a result of policymakers' democratic accountability and the US media system (Mahoney, 2008). Thus, the next section turns to the institutional-level explanatory variables of democratic accountability and media.

Results show that outside strategies are not widely used in the EU, while these tactics are more common in the US. US interest groups also apply both grassroots strategies and diversified media strategies more frequently than their EU counterparts.

The lobbying strategy is affected by the institutional system. The differences in EU and US lobbying behaviour are rooted in the different definitions of democratic accountability and the media system. The independent variable, democratic accountability, shows a clear relationship to outside lobbying strategies in the case of US interest groups (Mahoney, 2008). In contrast to the EU, US policymakers are more strongly accountable for their actions, which leads to increased use of outside strategies in the US.

AmCham and the EUCCC both lobby in the same institutional sphere and are exposed to the same level of Chinese democratic accountability when they lobby Chinese policymakers. This means that the institutional set-up should lead to the same lobbying strategies. It is likely that AmCham will tend towards inside strategies, just as the EUCCC does. If policymakers are not directly elected, interest groups opt for softer strategies, such as presenting research (Mahoney, 2008). It is assumed that AmCham will follow the same patterns.

Aside from the Chinese lobbying environment, AmCham can also address policymakers in the US. This means that lobbying strategies applied in the US must also be considered. The question of whether and when Western interest groups target not only Chinese policymakers but also policymakers from their home country will be elaborated later in this chapter. If policymakers in the US are motivated by re-election, outside strategies are more likely to be successful. The outside tactic of grassroots mobilisation of the membership could be an effective tactic for addressing policymakers in the US. In turn, grassroots mobilisation of the masses seems unlikely because of the geographical distance, and also because US political elites and US groups in China already agree on multiple policy issues. This is logical because US (and EU) businesses want open and transparent market conditions in China, issues that are frequently found on high-level diplomatic agendas. Consequently, US politicians need first-hand information from China, a service that US groups in China are perfectly suited to provide. Thus, workshops organised by members, stud-

Table 7.9 AmCham institutional level

<i>Institutional level</i>	<i>Strategy</i>
Democratic accountability, China's policymakers	No outside strategies but inside strategies
Democratic accountability, Western policymakers	Outside
Media system, China	Media with Chinese characteristics
Media system, US	Inside and outside strategies

ies, and other research written by members seem to be likely lobbying strategies.

The media variable takes the value of presence or absence of a broad media system. Interest groups in the US frequently conduct elaborate media campaigns (Mahoney, 2008). It is assumed that both AmCham groups will contact reporters directly to shape policy in the US and are likely to apply a broader range of inside and outside tactics. However, as argued before, China's media landscape is different in regard to freedom of expression and entry barriers. It is predicted that both AmChams, like the EUCCC, will opt for non-confrontational outside media strategies in China (Table 7.9).

To sum up the institutional level, outside strategies are very likely when approaching policymakers in the US, because US policymakers have a high level of democratic accountability. In contrast, China's policymakers are not motivated by re-election, which makes outside strategies less likely. One can assume that groups will apply inside strategies to shape policy, given China's institutional system. As argued above, China's media system gives momentum to soft, non-confrontational media tactics. Furthermore, US groups in China can also contact media in the US with inside and outside lobbying tactics.

7.4.1 *AmCham (Issue Level)*

The issue-level explanatory variables are: scope of an issue, salience, and conflict. The variable, scope, takes the value of small, large, multiple, and pan-US sector issues. As the issue increases in size, the US results show a clear upward trend in grassroots mobilisation of the membership, grassroots mobilisation of the public, and media use. In the case of multiple sector issues, the outside lobbying tactic of grassroots mobilisation

of membership is most frequently applied, followed by media use, and grassroots mobilisation of the public (Mahoney, 2008). As argued in the section on EUCCC lobbying in China, indigenous innovation is a multi-sector issue. As such, both AmChams are expected to act like their US counterparts and apply tactics such as grassroots mobilisation of membership and media outreach. The multi-sector scope of indigenous innovation policies also makes grassroots mobilisation of the membership very likely, because a lot of members are affected by these policies and they concern several political venues in China and the US. Rooted in China's system, grassroots mobilisation of the public is less likely. In the US, the larger an issue's scope, the more likely it is that research results will be presented to policymakers (Mahoney). China's indigenous innovation policies are widely debated among US policymakers because they are a sign of Chinese protectionist measures. The US government aims to counter such behaviour and requires accurate first-hand knowledge. It is likely that AmCham or other US lobbying groups spoon feed US political elites with relevant information. The outside tactic of grassroots mobilisation of membership is often associated with an interest group conducting such research. The group produces reports by motivating its members to either conduct research or to simply provide information on the topic.

The variable, salience, measures the number of stories covering an issue. Salience was defined in the US study by 0 stories, 1–5 stories, 6–50 stories, and 51 or more stories (Mahoney, 2008). It used the *New York Times* newspaper as a benchmark for salience and stories covered. The results show that interest groups in the US apply more outside strategies when an issue has a high salience (Mahoney). As argued above, indigenous innovation is a salient topic in China with a clear upward trend in news coverage in the Chinese media in 2011 and 2012. The more salient an issue is to the public, the more US interest groups apply outside lobbying techniques (Mahoney). Salience does not correlate positively with inside tactics in the US. Thus, it seems likely that US interest groups in China will use more non-confrontational outside tactics as an issue becomes more salient.

The conflict variable measure shows how many viewpoints a policy debate has. The higher the level of conflict, the more US interest groups applied outside strategies (Mahoney, 2008). The AmCham groups and the EUCCC agree on indigenous innovation policies due to their common foreign perspective. In their view, these policies are protective and deny business opportunities to foreign companies in China. This directly contradicts the opinion of the Chinese government, which sees these poli-

Table 7.10 AmCham
issue level

<i>Issue level</i>	<i>Strategy</i>
Scope	Outside: grassroots mobilisation of membership and media
Salience	Non-confrontational outside strategies
Conflict	Non-confrontational outside strategies

cies as a means for becoming a more innovative society. Consequently, indigenous innovation policies in China have a high level of conflict. This leads to the prediction that AmCham will opt for non-confrontational outside strategies. The emphasis lies in non-confrontational because of the Chinese inclination towards harmony within society. Lobbying actions that disturb societal harmony are less likely to succeed. In the same vein as lobbying in the EU, the overarching conflicts between the US and China involve compliance with international (WTO) agreements to fight protectionism. Thus, US business in China can escalate the conflict to the US level by applying media tactics (Table 7.10).

In sum, the variables of scope, salience, and conflict suggest that US interest groups in China will likely opt for outside lobbying tactics. The multi-sector issue of indigenous innovation policies increases the likelihood of membership grassroots mobilisation, because it negatively affects a high number of members. Furthermore, multiple political venues in China and the US are concerned with the issue, giving the topic attention, which in turn gives momentum to media coverage and grassroots mobilisation. The high salience of the issue in China also gives momentum to non-confrontational outside strategies. In regard to conflict, it seems likely that US groups will apply non-confrontational outside strategies.

7.4.2 *AmCham (Characteristics of Interest Group Level)*

This section discusses the lobbying practices of US groups in China according to the explanatory variables: financial resources, level and size of membership, organisational structure, and advocate type. The financial resources variable takes the value of staff size. It is assumed that AmCham pays US wage levels, which validates the indicator. Larger staff size does not influence how frequently US interest groups use outside strategies, except for media outreach. As of 2012, AmCham China had a total of

47 employees: 40 in Beijing, 3 in Tianjin, 2 in Central China, and 2 in Dalian. AmCham Shanghai had 43 employees (The American Chamber of Commerce in the People's Republic of China, 2012). In comparison to the sample, both AmChams have large offices in China. It is predicted that both AmChams will opt for media strategies when lobbying in the US. As mentioned, US interest groups also apply inside strategies if they have a large staff. The AmChams have many employees and sufficient financial resources to implement inside strategies, and both AmChams are expected to do so.

The variable, organisational structure, measures whether a group has local sub-units. Interest groups with sub-units used outside strategies more frequently in the US. AmCham China has sub-units throughout China whereas AmCham Shanghai does not have sub-units. AmCham China and Shanghai are independent organisations, yet they cooperate on various issues. Since AmCham China has sub-units, it is expected to use outside strategies. In contrast, AmCham Shanghai does not have sub-units, which makes it less likely to use outside strategies (The American Chamber of Commerce in Shanghai, 2011). This follows the logic that AmCham China can more easily reach and thus mobilise members due to having multiple offices across China.

The variable, size and type of membership, takes the value of individual/organisational members, such as associations, corporations, or institutions. In the US, groups with a large, individual membership base relied on outside lobbying more frequently. A similar pattern emerged for corporate memberships; groups with larger membership numbers applied more outside lobbying pressure but only for the tactics of grassroots mobilisation of organisational members, grassroots mobilisation of the public, and media use. Other outside tactics were not used by organisations with corporate or institutional members regardless of the membership size (Mahoney, 2008). AmCham has many corporate members. It is predicted that both AmChams will apply the tactics of grassroots mobilisation of organisational members and media outreach with Chinese characteristics. AmCham China has more corporate members than AmCham Shanghai. Results will show whether outside strategies vary between the two chambers.

Concerning membership type and inside strategies, the results reveal that inside strategies are applied by interest groups with wealthy members. In the US, interest groups with richer members apply multiple inside tactics (Mahoney, 2008). AmCham members are corporations with busi-

nesses in China. In contrast to NGOs or other civil society organisations, AmCham's corporate members have greater financial resources. China is the most or the second-most important market for major US corporations (Roy, 2012), and AmCham is an important contact point for these companies. There are many prominent US AmCham member corporations, such as GE, Deloitte Touche Tohmatsu, Motorola Mobility Technologies, Wal-Mart, FedEx Express, and American Airlines (China Brief, 2012; The American Chamber of Commerce in Shanghai, 2012). The collective financial power of AmCham members makes the use of inside strategies more likely.

The advocate type value looks at the type of association. Professional associations in the US frequently use outside strategies with a preference for grassroots mobilisation of membership. The US-based chambers and the EUCCC are considered professional associations. Like their counterparts in the US, these groups will likely exhibit a preference for grassroots mobilisation in China. It should be noted that in 2014 China's political elites were debating a policy to strengthen control over foreign associations (Xinhua News Agency, 2014). Against the backdrop of this discussion, foreign groups feared repercussions if they approached the government with grievances (Interview XX, 2015). Thus, it is predicted that members are mobilised through non-confrontational grassroots strategies (Table 7.11).

With respect to the financial resources variable, it seems likely that US groups will employ inside strategies. On the organisational structure, it is predicted that both AmCham China groups will use outside strategies. However, AmCham Shanghai does not have sub-units, making the use of outside strategies less likely. On the size and type of membership, it seems likely that both AmChams will apply outside tactics, such as grassroots

Table 7.11 AmCham characteristic of the interest group level

<i>Characteristic of interest group level</i>	<i>Strategy</i>
Financial resources	Outside/non-confronting media campaigns and inside strategies
Level and size of membership	Grassroots mobilisation of members and non-confrontational media strategies and inside strategies
Organisational structure	AmCham China outside, AmCham Shanghai inside
Advocate type	Outside/non confrontational grassroots mobilisation

mobilisation of organisational members and media outreach. Furthermore, rich members will give momentum to inside strategies. Regarding advocate type, it is predicted that both chambers will use non-confrontational outside strategies.

7.5 EXPLAINING VENUE SHOPPING

This section examines venue shopping using several explanatory variables. It analyses if and why the AmChams and the EUCCC target Chinese and/or Western policymakers. A study by Holyoke, Brown, and Henig (2012) developed explanatory variables to describe venue shifts by asking how interest groups strategically select different venues in a government system that provides multiple access points. Their results are based on data from charter schools. Their results deliver a wealth of information and not all of their variables are applied here. At times, a clear pattern is lacking or the variables are simply not transferrable to explain why Western interest groups target multiple venues. Some of the variables do not help to explain venue shopping between the EU/US and China because the concept of horizontal and vertical venue shifts needs to be addressed from a distinct angle to reflect the position and opportunities of Western lobbying groups in China. In the study, vertical venue switches take place between venues that are either hierarchically further up or down in the same federal system. In contrast, horizontal venues are entities on the same political level with general responsibilities for policy-making, such as state legislatures, city councils, mayors, and governors (Holyoke et al.).

While this distinction reflects the policy-making procedure of a federal-democratic system, it is not transferrable to China's political system. The question is whether AmCham and the EUCCC target only China's policymakers and/or policymakers from their home political systems. Of interest here is not whether the AmCham groups and the EUCCC aim to shift the indigenous innovation issue from one Chinese political venue to another, but rather, whether AmCham and the EUCCC seek to draw attention to indigenous innovation policies among Western policymakers. Hence, a venue shift is defined as the attempt to transfer the attention on indigenous innovation policies from Chinese policymakers to Western policymakers. One important distinction is that Western policymakers do not hold ownership of the policy, meaning the political venue cannot be moved from China to the EU or the US. However, Western policymakers

Table 7.12 Venues

<i>Terminology</i>	<i>Target</i>
No venue shift	China's policymaker
Venue shift	Western policymakers
Joint venues	Western and Chinese policymakers

are in a position to put pressure on Chinese policymakers, which might result in a policy shift in favour of the AmChams and the EUCCC.

This work distinguishes between no venue shift, venue shift, and joint venues. No venue shift takes place if AmCham and the EUCCC only target China's policymakers. A venue shift occurs if AmCham and the EUCCC target Western policymakers. If AmCham and the EUCCC target Western and Chinese policymakers at the same time, this is defined as joint venues (Table 7.12).

7.5.1 *Explanatory Variable, Aligned Preferences and Institutional Setting*

The first explanatory variable is aligned preferences. Interest groups target policymakers who share preferences and views on a policy issue (Holyoke et al., 2012). It is difficult to change a policymaker's viewpoint, so interest groups rarely attempt to convince policymakers. Hence, the explanatory variable takes the value of aligned and non-aligned relationships.

This variable is used to help predict whether the AmChams or the EUCCC pursue a possible venue shift. If interest groups lobby venues that have aligned preferences, then it is crucial to ask whether Chinese and/or Western policymakers agree in regard to indigenous innovation policies. This question is in line with Mahoney's conflict variable. As noted in Sec. 7.2.2.3 on conflict, the AmChams and the EUCCC agree with policymakers from their respective home countries on this issue. In contrast, the AmChams and the EUCCC disagree with China's policymakers about indigenous innovation policies. Following this line of argument, the AmChams and the EUCCC will target Western policymakers because their preferences are aligned with their own.

The second variable, institutional setting, reveals a different set of circumstances. In a federal system, where hierarchically arranged venues have varying membership rules and jurisdictional responsibilities, inter-

est groups find themselves having to target venues that disagree with their viewpoint (Holyoke et al., 2012; Wright, 1996). In other words, if a venue is in charge of the policy because it is tasked with implementation, the interest group is most likely to target the venue regardless of preferences. Thus, the explanatory variable is institutional requirements. Interest groups are likely to target venues that are working on policies that concern the group, regardless of whether they have aligned positions or not (Holyoke et al.).

China's policymakers are responsible for indigenous innovation policies, and China's political institutions, ministries on various levels, must implement them. Considering the explanatory variable institutional requirements, it is assumed that the AmChams and the EUCCC will target China's policymakers, because they are the holders of the policy.

7.5.2 *Explanatory Variable, Resources of the Interest Groups*

Resources are crucial for gathering the information that policymakers require. Interest groups can change a policymaker's position by presenting relevant information. For this, interest groups need to allocate money. Having disposable resources makes interest groups independent from preference congruence and enables interest groups to establish themselves as good partners even when policymakers do not share their viewpoints (Holyoke et al., 2012). Interest groups with fewer resources can influence fewer policymakers and target fewer venues (Holyoke et al.). In other words, the greater an interest group's financial resources, the more likelihood that it will target any venue instead of just those with similar preferences.

As discussed, if financial resources are measured by staff size, the EUCCC and AmCham China have significant financial resources at their disposal. While AmCham Shanghai has fewer financial resources than AmCham China, it still has a lot of financial resources at hand. Given that all three chambers have significant financial resources, it is predicted that they will target China's policymakers. Western policymakers are aligned with the Western chambers, whereas China's policymakers disagree with the AmChams and the EUCCC in regard to indigenous innovation policy. Therefore, the AmChams and the EUCCC must carefully select and prepare information to convince China's policymakers that indigenous innovation is harmful for Western business. This assumption has an additional dimension. Having more resources enables targeting multiple venues.

Table 7.13 Variable & venues

<i>Variable</i>		<i>Venue</i>	
Preferences	Aligned/non-aligned	Western policymakers	Venue shift
Institutional requirements	Implementing venue/ non-implementing venue	Chinese policymakers	No venue shift
Financial resources	Significant resources/few resources	Chinese and Western policymakers	Joint venues

Western policymakers are either located in China or in the US/EU and approaching them comes with higher expenses. Since all chambers have the financial means, it is predicted that they will approach Chinese and Western policymakers simultaneously.

Considering all three explanatory variables shows a mixed picture (Table 7.13).

In sum, with regard to aligned and non-aligned preferences, it seems most likely that all three chambers will target Western policymakers. The variable, institutional requirements, leads to the assumption that the AmChams and the EUCCC will also target Chinese policymakers. The explanatory variable, financial resources, points towards joint venues being most likely, namely that the chambers will target Chinese and Western policymakers simultaneously, probably by organising joint meetings.

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Analysis of Western Lobbying Techniques

8.1 INTRODUCTION

The previous chapter unravelled lobbying strategies using multiple explanatory variables. This chapter delivers the empirical evidence on the actual lobbying actions employed by Western interest groups to alter indigenous innovation policies between 2006 and 2011. It discusses the lobbying actions and designated targets of the EUCCC, AmCham China in Beijing, and AmCham Shanghai. These results are based on data from publications, interviews, and further documents describing the work of these three chambers. This chapter also considers whether the chambers target China's policymakers and members (no venue shift), US/EU policymakers and members (venue shift), or members alone.

The following section discusses the EUCCC's lobbying strategies. It analyses how the group advocated to make the Chinese business environment, and indigenous innovation policies in particular, more favourable for European companies. The strategies go beyond China's political sphere and are applied transnationally. As previously explained, the concept of venue shopping embraces a transnational lobbying route. The next section analyses the lobbying actions of both American chambers of commerce. The chapter closes with a reflection on the most salient results from all three case studies.

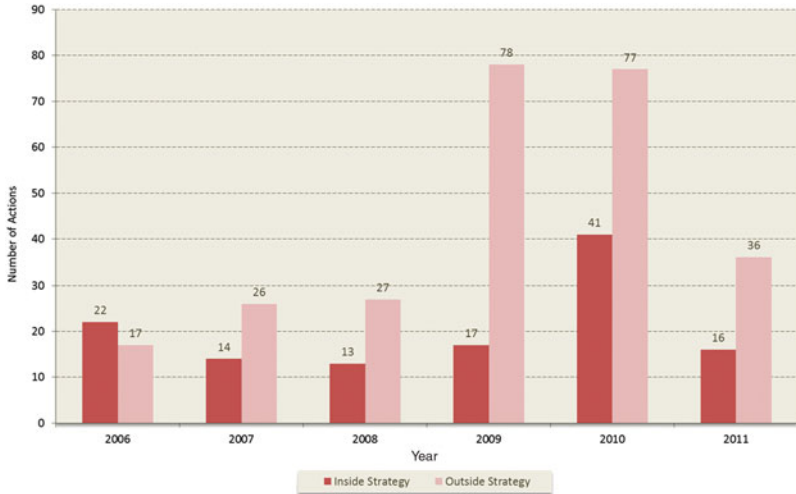


Fig. 8.1 EUCCC inside/outside lobbying

8.2 EUCCC INSIDE/OUTSIDE LOBBYING TECHNIQUES

Lobbying groups can choose from a vast toolbox of inside and outside lobbying strategies. Chapter 6 described how different actions are categorised into inside and outside strategies. Figs. 8.1 and 8.2 show the types of inside and outside lobbying strategies used by the EUCCC between 2006 and 2011.

In 2006, the EUCCC pursued slightly more inside strategies (22) than outside strategies (17). This contrasts with the years 2007 to 2011 when the number of outside strategies was substantially higher than the number of inside strategies. It is striking that outside strategies outnumber inside strategies and that the total number of lobbying actions increases substantially in the years 2009 and 2010. The greatest difference is seen in 2009 with 78 outside versus 17 inside lobbying actions. The explanatory variables, described in the previous chapter, showed that the EUCCC tended to use outside strategies. As argued in Chap. 7, China's democratic deficit makes outside strategies less likely, which should lead to a greater use of inside lobbying tools. China's institutional system should also give momentum to inside strategies because aggressive outside lobbying tools, such as grassroots mobilisation of the masses, could lead to constraints on businesses. In the same vein,

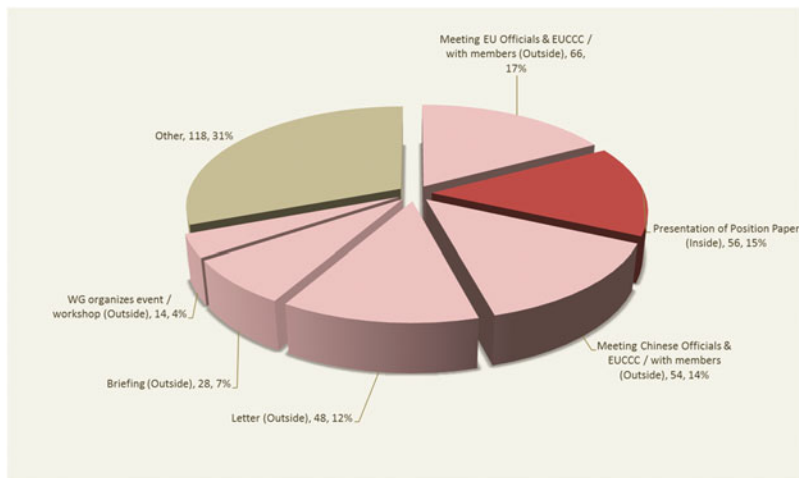


Fig. 8.2 EUCCC leading lobbying actions

China's deeply rooted *guanxi* networking practices make inside lobbying more likely. Thus, the high number of outside lobbying actions must have another explanation.

The position of the EUCCC within China's political system should help to unravel the question of outside lobbying tools. As described in Chap. 5, European and US interest groups stand apart from China's corporatist system. This means that China's government officials do not work inside the group, a common practice among Chinese groups. The CCP plants government officials within groups as a way to control their actions. European and US groups are not constrained to the same degree, and have more flexibility with their lobbying actions. Thus, these organisations can motivate their members to write a letter, contact policymakers, or provide input for research and policy papers without government interference. This argument conforms to the organisational structure explanatory variable. As argued in Chap. 7, the EUCCC's organisational structure gives momentum to membership-driven lobbying actions. Members are organised into working groups and are highly involved in the chambers' daily business, which is another form of outside lobbying. To be clear, every time a member is asked to engage in a lobbying-related issue, this counts as membership mobilisation and as an outside strategy. Moreover, the

corporate membership structure also gives momentum to outside strategies. Corporate members are usually well connected and can afford to have one or two employees dedicating their time to the chamber's actions. Furthermore, the media system explanatory variable would suggest that China's media landscape encourages the EUCCC to use non-confrontational outside strategies.

The chambers actively use the media to reach Western and Chinese policymakers (Interview XVI, 2011). Search results from Xinhuanet and *China Daily* show that Chinese media often use information from EUCCC publications to frame media stories (China Daily, 2015a, 2015b). The online version of *China Daily* even features the EUCCC under their topic section with 317 articles that either relate to issues with the EUCCC or cite the EUCCC directly (China Daily, 2015c). Here the emphasis lies on framing, meaning the way a story is told. China's media exploit the EUCCC's information and add a positive spin from the Chinese government's perspective. Thus, the EUCCC can indeed raise European business issues in the media although the stories mainly present a Chinese perspective and reflect political achievements rather than obstacles. This confirms the explanation outlined in Chap. 7 on China's media and lobbying. It argues that China's media supports policy implementation because the media landscape is constructed to support the Party's and the government's framing of an issue. This is also in line with the explanatory variable, scope of the issue. Chapter 7 showed how the scope variable would be likely to lead the EUCCC to apply outside media tactics. Indeed, indigenous innovation policies gave momentum to using outside media tactics, although news coverage favoured the Chinese government. The fact that the EUCCC was even able to gain news coverage also confirms that China's media landscape is not completely closed to foreign actors.

The conflict variable suggests that the high level of conflict between China's policymakers and the EUCCC would lead the latter to use non-confrontational outside strategies. The results reflected a lively policy debate in which information from the EUCCC on indigenous innovation was indeed used. However, in line with the explanatory variable, conflict, China's state-society relations do not allow untamed conflict, making bold outside strategies unlikely. Understanding EUCCC's organisational structure helps to explain how the significant use of outside strategies is a result of high membership involvement.

8.2.1 *EUCCC: Leading Lobbying Actions*

Figure 8.2 shows the EUCCC's main lobbying actions between 2006 and 2011. The chart outlines the EUCCC's preferences between inside and outside strategies for influencing indigenous innovation policies.

The top six lobbying actions listed in order are as follows:

1. Outside—'Meeting EU Officials/with members'—66 actions or 17 per cent.
2. Inside—'Presentation of Position Paper'—56 actions or 15 per cent.
3. Outside—'Meeting Chinese Officials & EUCCC/with members'—54 actions or 14 per cent.
4. Outside—Letters to Chinese or Western officials—48 actions or 12 per cent.
5. Outside—Briefing—28 actions or 7 per cent.
6. Outside – 'Working Group organises Event'—14 actions or 4 per cent.

The high number of meetings with membership participation shows that the EUCCC has a preference for grassroots mobilisation, an outside lobbying action. This finding can be explained by four reasons. First, the EUCCC's wide network gives momentum to grassroots mobilisation, as explained in Chap. 7. The EUCCC has a presence throughout the country, which means that it can motivate members to engage in lobbying actions across China. In the same vein, EUCCC member companies have vast networks and expertise at their disposal and can actively contribute to lobbying actions. For example, member companies are highly involved in conducting research and writing the chamber's publications (Interview XX, 2015). Second, the EUCCC's internal organisation enables significant member involvement. Third, the EUCCC is less constrained by China's corporatist system. Fourth, the significant membership mobilisation could be a result of China's political system. As explained in Chap. 7, China's political system is not open to outside lobbying actions, such as protests or other confrontational techniques. Mobilising members to engage directly with policymakers is a straightforward lobbying practice that is not antagonistic to the political system.

To alter indigenous innovation policies, the EUCCC presented position papers to European and Chinese policymakers. As one interviewee stated: 'so if we target Chinese authorities, we usually use the thick book

[position paper]' (Interview XV, 2011). As described in Chap. 5, the position paper includes 33 working group papers that are industry- or issue-specific and seven city papers for areas where the European chamber has established chapters. As a business manager stated: 'And once it's published, then you have to take the Position Paper to the relevant governments. So that's different for every working group because working groups has different government stakeholders' (Interview IX, 2011). As a member argued: 'I contributed to the writing of the Position Paper of the European Chamber of Commerce in China. The Chinese government is very willing to listen to the EUCCC. I participated in meetings where the paper was discussed with Chinese officials and they asked a lot of questions. The Chinese government took the Position paper into consideration for a number of new laws and initiatives' (Interview VI, 2011). Another interviewee stated: 'We show the Position Paper to Chinese leaders to inform them what we are doing' (Interview XV). This is in line with the media explanatory variable. As Sect. 8.2 pointed out, the EUCCC receives attention from the Chinese media. Therefore, the position paper serves as a tool for providing information not only to China's policymakers but also to the media.

The Chinese media regularly cover issues mentioned in the position paper (Fan, 2011). This means that the Chamber effectively draws attention to the position paper's yearly release. 'The best moments of the past three years have been the press conferences. They grew by the year, and this increase indicates to me that EUCCC has content to offer and can communicate with the public' (Wuttke, 2010, p. 12). Another interviewee stated: '[O]ur Position Paper was launched on April 26th with our yearly media event. Our Chairman and President gives key words to the media' (Interview XIV, 2011).

The EUCCC's position paper receives extensive media coverage (Wuttke, 2009). A search in China's English newspaper *China Daily* with the keywords 'Position Paper European Chamber' returned 93 stories directly covering the position paper; the remaining nine out of 102 stories covered position papers from other chambers, such as AmCham (China Daily, 2015c; Fan, 2011). This shows that the inside lobbying strategy presentation of the position paper attracts attention and is thus effective at least in gaining media coverage.

In 2010, indigenous innovation policies were a salient issue in China, and thus were covered by the Chinese media. In the same year, the chamber's position paper was featured in 43 English-language reports from 30

different media outlets. It was also mentioned in 38 Chinese-language reports among 20 different media outlets such as *China Daily*, *China Radio International*, *Financial Times*, *Global Times*, *People's Daily Online*, *Reuters*, and *Wall Street Journal* (European Union Chamber of Commerce in China, 2010a). The press conferences on the position papers attracted wide attention from Chinese media such as *CCTV News*, *China Business News*, *Caijing Magazine*, *China Youth Daily*, *China Daily*, *People's Daily*, and *Xinhua* (European Union Chamber of Commerce in China, 2009).

The position paper is not only presented to China's policymakers but also to Western political elites. In the course of their lobbying trip to Europe, the EUCCC presents the chamber's position paper to European Commissioners and Members of the European Parliament, industrial partners and business associations, and other officials of EU member states. Representatives from the Chamber's working groups, executive committee members, and chamber employees travel first to Brussels and then to other European capitals.

The third most frequently used lobbying strategy to alter indigenous innovation policies is meeting Chinese officials and EUCCC/with members. This strategy is categorised as outside lobbying because members are mobilised to participate in the meetings. In contrast to more confrontational outside lobbying strategies, this tool engages Chinese policymakers in a way that tames rather than creates conflict. The meetings are held with a small audience, as only a select circle of people meet to discuss policy-related issues. As emphasised in Chap. 7, China's political system aims to absorb conflict. In the same vein, China's democratic deficit does not give momentum to protests or other kinds of confrontational lobbying strategies. The fact that members are involved to such a great extent to address grievances is thus not surprising, and is a result of the institutional constraints they face. Openly confronting China's political elites is also not in line with government propaganda that stresses a harmonious society. Hu Jintao introduced a set of policies with the goal of creating a 'harmonious socialist society' with the underlying assumption that social and political instability would lead to disharmony (Joseph, 2014). Openly confronting government policies ultimately threatens political stability and thus societal harmony.

On a more positive note, the EUCCC is able to gain some access to China's policymakers. As illustrated in Chap. 7, China's institutional system gives momentum to direct contacts. Consequently, the EUCCC makes great efforts to ensure that the Chinese government is well disposed

towards the group. Contrary to Chinese interest groups, it is not typical for Western groups to participate in China's *guanxi* political networks' to influence policy on behalf of their members. Chinese business systems are based on networks and long-term established *guanxi* relations (McNally, 2011). The EUCCC must attempt to develop trusting relationships steadily over time. As outlined in Chap. 7, the high salience of indigenous innovation policies could lead to a higher receptiveness among China's policymakers because they need information. As one interviewee stated: 'we provide the Chinese ministries with information, during meetings they are interested in what we have to say about certain issues' (Interview XX, 2015).

Regarding letter writing, the fourth lobbying action listed, the EUCCC reacts to calls for comment from the Chinese government rather than sending a letter to EU policymakers. As discussed in Chap. 2, China's political system is open to feedback from interest groups, and the EUCCC takes advantage of this opportunity. Chamber members provide information for letters and are motivated by the EUCCC to draft them (Interview XV, 2011). Given that the EUCCC asks its members to meet, discuss, and provide content for letters or the position paper, this action is categorised as outside. As one interviewee described: 'when the Chinese government first introduced new regulations on public procurement we got scared. We thought it is just a way to protect Chinese company? ... So we wrote a letter. And we cooperated with the American Chambers very much on it. Because it is probably the biggest issue on anti-foreign sentiments we decided to write to three ministries.' The letters were drafted by collecting information from the members. 'It is difficult to collect and select information from the members because at times we cannot use every piece of information. This is because the stated information would trigger greater conflict instead of leading to the wished results. Thus we collect, select and re-send the letter to the members for comments' (Interview I, 2011). This shows that a timely reaction is sometimes challenging. This is particularly difficult if the government asks for input on a policy issue. As the interviewee describes: 'they [the Chinese government] might say here is 45-page document in Chinese. Since it is an important issue you will have to translate it within two days. This means we as the Chamber have to decide whether this document is really important and translate it as fast as possible. The time we need for translations makes it very difficult to react on time because we have to contact the members for input' (Interview I).

The letter on indigenous innovation which the Chamber submitted to Chinese authorities illustrates the potential impacts of engaging with policymakers. Foreign businesses were extremely concerned about this policy issue and addressed a letter to multiple Chinese ministries. The Chinese government reacted promptly and stated in a letter that there was no reason to be concerned. However, this answer did not eliminate the policy concerns. Since the chamber launched the letter campaign, this discussion escalated to the highest level. China's sixth Premier Wen Jiabao addressed the issue on multiple occasions (Interview XXI, 2011).

The lobbying actions ranked fifth, briefing event, and sixth, working group organises an event, also indicate membership involvement. Members help to organise and/or participate in briefing events with policy makers. As Chap. 6 showed, these meetings can be organised by working groups or individual members. The briefings enable members to discuss current events and political-economic trends with top government officials and issue-area experts in China. In the same vein, working groups organise a number of events to share information with a broader audience. Members play a crucial role in these two lobbying actions. Referring to Olson's famous statement that rational individuals will 'not voluntarily make any sacrifices to help their group attain its political objectives' (Olson, 1965, p. 126) the question arises of why members organise briefings and other events. The rationale is clear: EUCCC members have a strong incentive to do so. First, these events directly increase opportunities for shaping policies. Second, they extend the members' networks and also enable networking for their own interests. The relationship between the group and members is mutually beneficial, as Chap. 7 showed.

8.2.2 *EUCCC Lobbying Targets*

As described in Chaps. 2, 7, and 8, foreign business interests can choose between multiple lobbying targets. As such, the EUCCC's lobbying actions target the Chinese government and EU policymakers (Wuttke, 2009). If the EUCCC targets China's policymakers (and members), this is conceptualised as 'no venue shift' and if it targets EU policymakers (and members) it is categorised as a 'venue shift'.

Western groups have easier access to their home policymakers than Chinese interest groups do. As described in Chap. 2, the EU even provides institutionalised access to European policymakers. Indeed, the EUCCC's official role is to represent private business interests as part of the Market

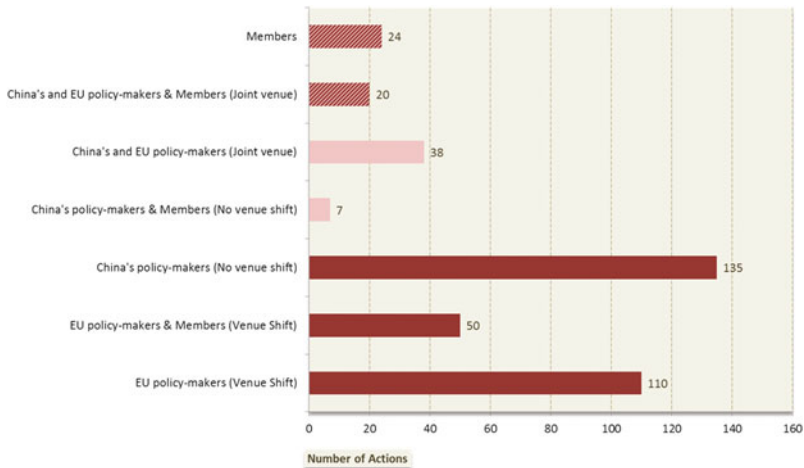


Fig. 8.3 Targets of EUCCC leading lobbying actions

Access Team (MAT). Members of the MAT include the embassies of EU member states and the EU delegation in China. Even without the MAT, contacts between the EU delegation in China and the chamber have always been active. The Chamber makes use of its good relations with EU policymakers. As one interviewee stated: ‘we address issues directly to the EU especially if it’s affecting European industries and thus it becomes the EU’s direct responsibility’ (Interview XXI, 2011). This section describes the different lobbying routes and targets with respect to the explanatory variables formulated in Chap. 7 on transnational venue shopping.

Figure 8.3 illustrates how the EUCCC has approached different targets across time.

Figure 8.3 reveals the following rankings:

1. China’s policymakers (135)
2. EU policymakers (110)
3. EU policymakers and members (50)
4. China’s and EU policymakers—joint venue (38)
5. Members (24)
6. China’s and EU policymakers and members (20)
7. China’s policymakers and members (7)

Targeting EU policymakers and members accounts for a total of 160 lobbying actions. China's policymakers and members were targeted in 142 actions, which means that the EUCCC targets EU policymakers and members more frequently. The EUCCC's preference for targeting EU policymakers is noteworthy (160 venue shift versus 142 no venue shift), and could be explained by the fact that interest groups prefer targets with aligned preferences (see Chap. 7) on indigenous innovation policies. European policymakers are interested in obtaining information from the Chamber, because China is one of the EU's most important trading partners (Brown, 2014). As such, it aims to fight protectionist behaviour and to create a positive business climate for European companies. In representing European businesses, the chamber shares these interests. This relationship is also reciprocal since EU institutions can pressurise the Chinese government on behalf of the EUCCC. As one interviewee describes: 'we [the Chamber] make sure that we meet with the Commissioner or EU political elite before he/she meets a Chinese politician. We brief the Commissioner on the issue being discussed' (Interview XX, 2015). This means that information is conveyed to the EU representative to ensure that they are focused on the issues of concern and reflect the opinions of European business in China (Roche, 2010). EU diplomat Franz Jessen argues that European business and EU policymakers share opinions and that it is a given for the EU Commission to lobby on behalf of the EUCCC: 'we in the Commission would find it hard to lobby on an issue where the view in Europe is different' (Jessen, quoted in Godfrey, 2006, p. 24).

The close interaction between the chamber and EU political elites seems to positively affect the Chamber. After a meeting with the EUCCC in 2009, EU Trade Commissioner Catherine Ashton released the following press statement:

I welcome the important work of the European Chamber of Commerce in China. Their constructive approach is the right one to create new opportunities for trade and investment that will help us recover from the economic crisis. ... EU Trade Commissioner Catherine Ashton has met with the representatives of European business to discuss challenges and opportunities of doing business in China. The President of the European Chamber of Commerce in China, Jörg Wuttke, was in Brussels to present the new European Chamber Position Paper, an annual report on the issues faced by European businesses investing in and trading with China. Philippe de Buck,

Director General of Business Europe, also spoke on behalf of European companies. Commissioner Ashton welcomed the Position Paper, and gave some impressions of her recent trip to China during an interactive session with representatives of the European Chamber and Business Europe. (DG Trade, 2009)

This statement not only shows the shared viewpoints among the EUCCC and Western policymakers but also proves that the position paper garners media attention.

Other high-level EU government officials also refer to the EUCCC. Karel de Gucht, European Commissioner for Trade, delivered a speech at the EU-China High Level Forum in Brussels on 8 November 2011 and stated:

An open business climate: there is a general feeling in Europe that economic openness in China is not improving. The recent annual report from the EU Chamber of Commerce in China seems to confirm that the business climate in China gets worse, reflecting a severe imbalance in market access and significant behind-the-border issues. We keep hearing complaints from European businesses that the Chinese procurement market is closed and lacks transparency and regularity. This has also spurred a debate in Europe to strengthen ‘reciprocity’ in our external economic relations. (de Gucht, 2011)

De Gucht not only reiterates the EUCCC’s perspective but also mentions the position paper.

In the same vein, conveying information to EU policymakers is straightforward because of long-established relationships. As one interviewee described the relationship between the European Commission and the EUCCC:

[W]e all know who our direct counterparts are in Delegation of the European Union in China. We maintain over phenomenal connections to EU policymakers not only in China but also in Europe. So I often work with the Europe Delegation because our relationship is friendly and very close. Sometimes it is simply easier to go and chat with somebody from the Delegation of the EU here in Beijing. They are just down the road. It is just a five-minute walk and then you can explain the issue at hand. We can share information. If there are visiting regulators from Brussels, they use our office here in Beijing. Members present their opinion to them and they

form the agenda back in Brussels. So when they visit us, they come to meet industries. And we have high-level people from the industry to understand the topic prior to the meeting with the Chinese government. (Interview I, 2011)

Members of the EUCCC meet with EU officials to provide information to visiting Commission officials or contribute to the Commission's industrial and regulatory dialogues with the Chinese government (European Union Chamber of Commerce in China, 2010b).

Referring back to the explanatory variables on venue shopping, groups must at times target political venues with contradictory views simply because they have oversight over the policy area. Thus, it makes sense for the EUCCC also to target Chinese policymakers frequently. The Chinese side alone can change the policy in the EUCCC's favour. Research shows that access to Chinese policymakers is more difficult than access to European policymakers. However, the Chinese government is willing to listen to the Chamber because they receive first-hand knowledge on European business interests and politics (Interview XX, 2015; Wuttke, 2010). The EUCCC gains access to China's political system because it can offer benefits to China's political elites. One interviewee argued: 'Chinese Ministries are interested to listen to us because of our links to the European political institutions. They know we inform them on topics about European politics and economics' (Interview XX).

This shows that the Chamber can overcome access challenges. Referring to Chap. 4, Western interest groups enjoy greater freedom from governmental power and are not considered part of China's state-corporatist system. As a result, Western groups do not enjoy the same degree of openness as Chinese interest groups in their attempt to approach Chinese policymakers. As one interviewee explained in regard to meetings with Chinese government officials: 'the group manages to arrange a number of meetings with Chinese officials but meetings with officials from the EU are more intimate' (Interview I, 2011).

The explanatory variable of resources supports the result that the EUCCC targets both EU and Chinese policymakers. Significant financial resources lead to lobbying actions that target non-aligned policymakers because money is available to prepare carefully selected information. Sufficient financial resources also make approaching multiple targets more

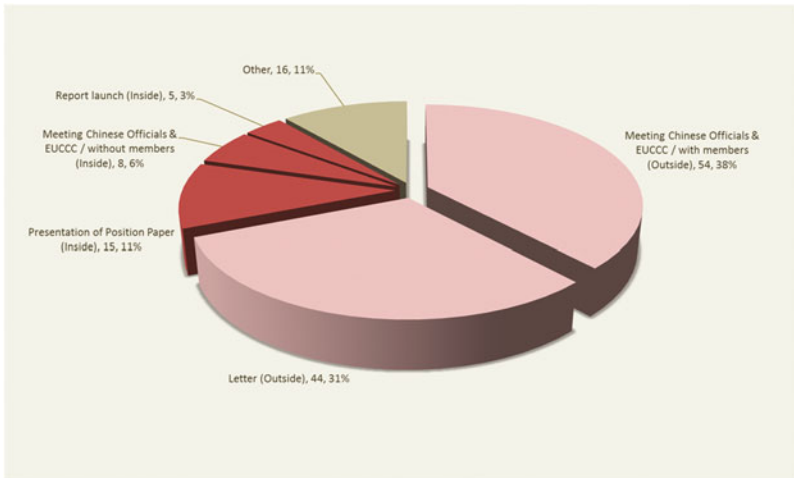


Fig. 8.4 EUCCC leading lobbying actions – China’s policymakers (no venue shift)

likely. As explained in Chap. 7, the EUCCC has great financial means at its disposal, which enables it to target many Chinese as well as EU policymakers.

The following section further elaborates on how the EUCCC targets China’s policymakers.

8.2.3 EUCCC: Leading Lobbying Actions Targeting China’s Policymakers (No Venue Shift)

Figure 8.4 illustrates the leading lobbying actions that target China’s policymakers. These actions must be analysed to determine whether the EUCCC applied distinct lobbying strategies to different targets. This work repeatedly argues that China’s policymakers are not open to confrontational outside lobbying strategies, which is reflected by the results show in Fig. 8.4.

To be successful in Beijing, interest groups must avoid conflict and try to find a consensus with the government. Opposing the government comes at a high cost and is not tolerated (Godfrey, 2007). As one interviewee stated: ‘we maintain a good reputation with the Chinese government. We have been able to set up or arrange meetings, or open the doors

to various central ministries. We show them that we are on their side' (Interview XIV, 2011). This is also reflected by the lobbying strategies employed by the Chamber.

The EUCCC targeted China's policymakers (and members) 142 times between 2006 and 2011. Among the diverse lobbying actions, the outside strategy of 'meeting Chinese officials and EUCCC/with members' is the most frequently applied, with 54 actions or 38 per cent. This was followed by the outside lobbying action letter with the EUCCC writing 44 letters to China's policymakers, which accounts for 31 per cent of actions. The next most frequent activity was the inside lobbying action of 'presentation of position paper' (15 times, 11 per cent). In contrast to the many meetings with membership participation, the inside lobbying action of 'meeting Chinese officials and EUCCC/without members' amounts to only 6 per cent, or eight, of the lobbying actions. 'Report launches' has five actions (4 per cent). The remaining lobbying actions targeting China's policymakers fall in the 'other' category.

The high number of outside lobbying actions shows that the Chamber successfully mobilises its constituency to meet with Chinese policymakers. The frequent use of letter writing could be a sign that access is more difficult to achieve for European groups than for Chinese. It is assumed that the Chamber must rely on institutionalised access points rather than on its network. This does not imply that the Chamber lacks good contacts with the Chinese government, but it seems as if these contacts are more formal than they are with EU political elites. The frequent use of the lobbying action 'presentation of the position paper' also points to this. The Chamber uses the position paper as a reason for arranging meetings with Chinese policymakers. On a more positive note, the research results show that the position paper is an effective lobbying tool for gaining access.

Obtaining access is still more difficult for foreign than for Chinese groups. As one interviewee argued: 'you can't counterbalance the strong influence of Chinese interest groups. They are part of the system and they have better access than we have. Yet they have bigger problems to emancipate from the opinion of the government. We have our own arguments. However if China's policies are also conflicting with WTO regulations we might have a chance' (Interview XXI, 2011). This statement shows a twofold argument. First, it is easier for Chinese interest groups to gain access but it is also challenging for them to oppose the government. Second, foreign businesses are constrained from gaining

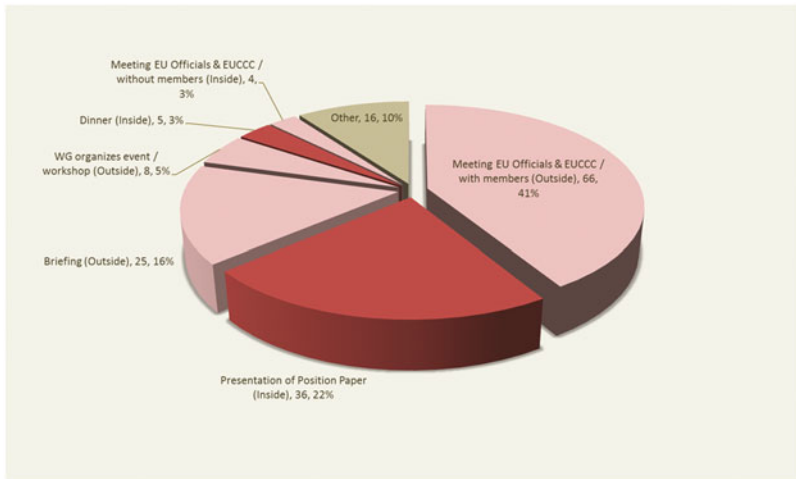


Fig. 8.5 EUCCC leading lobbying actions – EU policymakers (venue shift)

institutional access, but pressure can be increased by lobbying international organisations. This stems from China’s deepening integration into the international system. China’s WTO membership, for example, has made China’s political system more open to Western interest groups, because it resulted in greater awareness of international norms and values (Interview IX, 2011). Most crucially, the chamber can argue that China’s indigenous innovation policies infringe on WTO rules. As such, failed negotiations on China’s Government Procurement Agreement with the WTO enable the EUCCC to raise concerns on indigenous innovation policies with leaders at the highest level in China, the US, and the EU (Interview V, 2011).

8.2.4 EUCCC Leading Lobbying Actions Targeting EU Policymakers (Venue Shift)

Figure 8.5 reveals what kind of lobbying actions the EUCCC applied to target EU policymakers (and members). To be clear, EU policymakers are mainly approached in China. This means that the Chamber makes use of the networks associated with the EU delegation in China and the national member state embassies. Moreover, if EU policymakers from Brussels travel to China, the chamber can utilise the visit to arrange a meeting.

As with Chinese policymakers, EU policy makers were lobbied most frequently through meetings with member participation (41 per cent or 66 actions), followed by the inside lobbying action 'presentation of position paper' with 22 per cent or 36 actions. Referring back to the explanatory variable, democratic deficit, EU policymakers as well as Chinese policymakers are less receptive to bold outside lobbying actions. Just like European interest groups in Brussels, the EUCCC does not use confrontational lobbying actions when approaching EU policymakers. This is also in line with the explanatory variable on shared perspectives. There is little to argue against the fact that there is no need for confrontational lobbying actions when perspectives are aligned. However, the position paper plays a crucial role, not only for lobbying the Chinese side but also for European policymakers. In this case, the explanatory variable of access is not self-evident. This raises the question of why the EUCCC relies so heavily on the position paper to arrange meetings. Most likely, the position paper provides valuable information about European business conditions in China for both sides.

The outside action 'briefing' amounts to 16 per cent or 25 actions, followed by the outside action 'working group organises event' with 5 per cent or eight actions. The number of briefings and the organisation of working groups supports the argument that the Chamber makes use of visiting policymakers and other experts to discuss policy issues. As previously mentioned, members and the membership structure play a crucial role in the Chamber's lobbying strategy. Members actively engage with policymakers through briefings. This strategy has another advantage for the Chamber by providing a beneficial service to members. In order to keep the group running effectively, it is crucial to balance the flow of benefits to members and organisers alike. This encourages activities based on an exchange relationship between organisers and members. The organisers invest capital and create a set of benefits, which they offer for a membership price. In other words, members pay a fee in exchange for benefits. If members do not receive sufficient benefits they will leave the group. The group must offer sufficient member benefits to keep members motivated. This relationship is reciprocal; if the leaders receive inadequate returns then the group collapses. It is crucial to note that benefits are not only material benefits but also solidarity benefits or expressive benefits. Material benefits are tangible goods, services, or other rewards such as a job, through which goods and services may be received. Solidarity benefits are rewards that stem from being part of a group and include socialis-

ing, community, the sense of belonging and identification, joy, and conviviality. Expressive benefits are the rewards that come from being able to articulate and address concerns (Salisbury, 1969). Referring back to the lobbying actions of ‘briefings’ and ‘other kind of events in which members are involved’, these are mutually beneficial for the Chamber and its members. The group offers a framework where members can express their opinion, extend their networks, and lobby in support of a positive climate for foreign business in China. The Chamber’s organisers can demonstrate to European political elites that the Chamber provides critical support to the EU by monitoring China’s compliance with WTO rules. This in turn provides benefits to the Chamber in the form of grants or being perceived as a valuable partner in the EU’s political arena. Concerning personal benefits, EUCCC leaders enjoy high credibility not only in the EU but also in China’s political circles. As one interviewee argued: ‘The leadership of the EUCCC has the highest credibility and respect from Chinese leaders, and the President of the Chamber holds a more powerful position than a CEO of a Multinational Company’ (Interview XX, 2015). By inviting EU and Chinese policymakers to briefings, the leadership shows that it is part of policy dialogues at the highest levels where it can either aim to influence opinions or advise policymakers. This is mutually beneficial for all parties and keeps the group alive. The low number of actions without

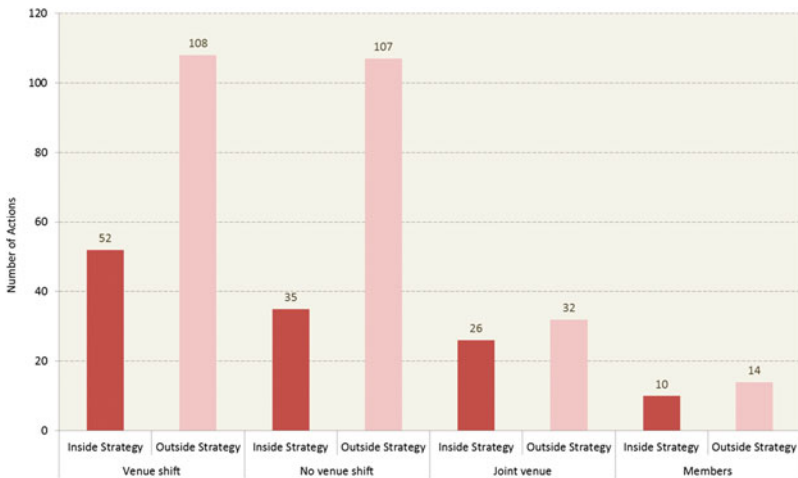


Fig. 8.6 EUCCC strategies by venue choice

membership involvement confirms this rationale. As such, ‘meeting EU officials without members’ ranks sixth, with four lobbying actions out of the complete lobbying strategy on indigenous innovation policy.

8.2.5 *EUCCC Strategies by Venue Choice*

Figure 8.6 shows inside/outside strategies by venue. It reveals whether the EUCCC applied inside or outside strategies when targeting China’s policymakers (no venue shift), members, EU policymakers (venue shift), or EU and China’s policymakers (joint venue). Fig. 8.6 also shows how receptive EU and Chinese policymakers are to different lobbying strategies.

When the EUCCC targets EU policymakers, outside strategies (108) are applied more often than inside strategies (52). Outside lobbying strategies also outnumber inside lobbying strategies when the EUCCC targets China’s policymakers, with a total of 107 outside and 35 inside lobbying actions. As argued in this chapter, the high number of outside lobbying strategies is a result of the many lobbying actions with membership involvement. In contrast to lobbying groups in the EU, the lobbying undertaken to influence indigenous innovation policies included no actions that could have offended the government. Nobody organised protests or any other kind of bold lobbying actions. This could be due to China’s democratic deficit and China’s political system as a whole. This follows the rationale that the Chinese state would never openly admit that it was being influenced (Kennedy, 2009). Consequently, the chances of influencing policy are higher when concerns are conveyed in a positive way. As previously mentioned, China’s media tend to highlight the positive aspects of a negative story. Thus, successfully lobbying in China requires finding a way for the Chinese government not to lose face. The concept of losing face is rooted in Confucianism; to be proven wrong or not competent is a profound humiliation (King & Schatzky, 1991). Thus, addressing concerns in a more private setting with EUCCC members, the Chamber’s leadership, and Chinese policymakers seems more constructive than confrontational protests which publicly question and potentially humiliate China’s political elites. To be clear, every lobbying action that mobilises members to engage in any kind activity is categorised as an outside strategy (Mahoney, 2013).

Other rationales can help to explain the high number of outside lobbying actions that were undertaken towards EU political elites. First, it is self-evident that bold outside lobbying actions, such as protests in China, would not reach European policymakers. Second, the Chamber and EU

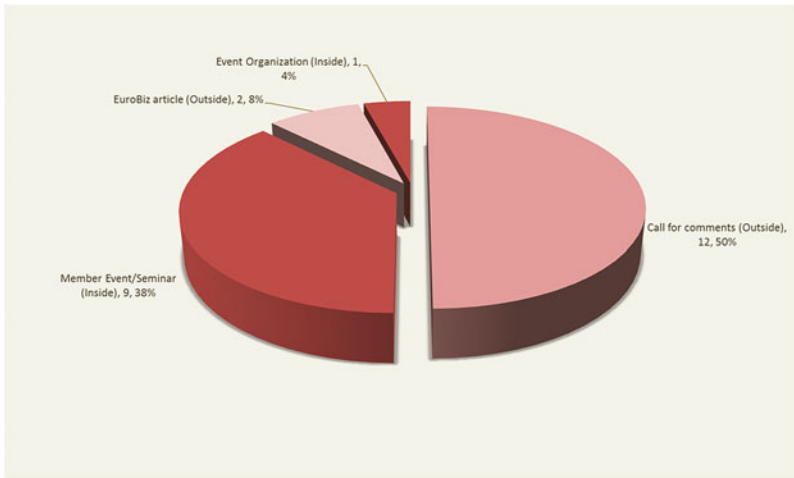


Fig. 8.7 EUCCC leading lobbying actions – members

policy-makers share the same perspectives. Rather than organising lobbying actions to alter policy positions, actions designed for exchanging information are more beneficial for both parties. Information can be exchanged in a private setting with members and policy-makers alike. Third, briefings and working group events are also categorised as outside lobbying actions. As the previous section explained, the engagement of members and policy-makers is a crucial vehicle for keeping the group vibrant.

8.2.6 EUCCC: Leading Lobbying Actions Targeting Members

Having considered the pivotal role of members, the discussion turns to the EUCCC's lobbying actions that targeted members, shown in Fig. 8.7) for 2006 to 2011. Thus, actions such as briefings and working group organised events are not included, because the objectives of these actions are to alter policy or to educate policy-makers. In contrast, the actions shown in Fig. 8.7 are intended to either deliver a service or facilitate approaches to members. The lobbying action 'call for comments' is listed separately to letter writing, because the former directly addresses members whereas letters are sent to political elites to convey concerns.

The most frequent action targeting members is the call for comments with 12 actions, or 50 per cent, followed with nine actions in the category

of member event/seminar. The remaining number of actions is low with two EuroBiz articles and one event organisation that only targets members. The results show that members are highly involved in drafting letters and comments for lobbying papers. The action 'member/event seminar' is considered to be a member service. The particular events and seminars informed members about indigenous innovation policies and helped them gain a better understanding of the issue. Articles in the member magazine served the same purpose. On a separate note, the true member orientation is only possible because foreign groups are separate from China's corporatist system. As discussed, this independence brings advantages, such as greater freedom to navigate, but also disadvantages. China's interest groups receive money from the government; whereas the Chamber is mainly membership funded. Referring back to the rationale on mutual benefit, this shows once more the importance of membership services. The chamber depends on material support in the form of membership fees, a constraint to which a Chinese interest group is less exposed, if at all. To generate membership fees, the Chamber must provide benefits to its members, not only in the form of services but also by creating opportunities for members to shape the business environment. Following this narrative, Chinese interest groups are not exposed to the same kind of restraints, which in turn results in less member orientation. As a result, Western companies have little incentive to join Chinese interest groups, not only due to the low prospect of lobbying success but also because of the lack of member services. On a more positive note, placing members at the centre of actions indicates the Chamber's ability to explore pluralist avenues within China's state-corporatist system.

As described before, China's draft of the foreign NGO Management Law (the Second Draft) attempts to more closely monitor the activities of foreign groups. The law broadly defines the term 'NGO', which means that business interest groups could also be impacted by the new regulations. Article 6 of the Draft Law states that foreign groups should register with a representative institution; unregistered organisations must first obtain a temporary active licence before they can carry out activities. Foreign NGOs that are unregistered or do not have a temporary active licence may not carry out activities in the Chinese territory. Article 7 stipulates that the public security organ of the State Council and provincial public security department are the registration and oversight agencies for foreign NGOs and the activities of organisations. The State Council's relevant departments and local people's governments are in charge of managing

foreign NGOs (The National People's Congress of the People's Republic of China, 2015). The EUCCC and other foreign groups in China are concerned about these stricter regulations on foreign groups and actively lobbied the law. The EUCCC provided detailed comments on the law in Chinese and in English (The European Chamber of Commerce in Beijing, 2015a). Interestingly, the call for public comments on the Draft Law was only published in Chinese. This shows the importance of mastering Chinese in order to react quickly to calls for comment.

Referring back to Chap. 5 on the interest representation of Western interest groups in China, the 2015 Draft Law constrains the freedom of foreign groups because it ties them more closely to the Chinese political system, and places them under increased surveillance. As the EUCCC argues:

'Furthermore, if a NGO is suspected of violating, or conducting an illegally ill-defined activity difference because of a misinterpretation of the draft law, it appears it would face heavy penalties—the police could enter and search its office or activity venue, investigate its bank activities and order fines, suspensions, detentions and expulsions. Such strong and forceful wording has a far-reaching impact and is seen as major deterrent to foreign NGOs' (The European Chamber of Commerce in Beijing, 2015b)

This is indicative of state-corporatism rather than pluralism. Because this law will go into effect in 2017 (2015), it is difficult to conclusively determine how and if the Chinese government will act on this law.

8.3 INSIDE/OUTSIDE LOBBYING ACTIONS OF AMCHAM CHINA (BEIJING) AND AMCHAM SHANGHAI

This section elaborates on the lobbying actions of the American chambers of commerce in China. Studies showed that US and EU groups lobby differently in their home countries (Aaron, 2010; Baumgartner & Leech, 2001; Baumgartner, Gray, & Lowery, 2009; Bouwen, 2002; Burley, Dinan, Haar, Hoedeman, & Wesselius, 2010; Coen, 1998, 1999, 2009; Mahoney, 2008). Moreover, when the US Chamber of Commerce first entered the Brussels political sphere, it could successfully lobby, because it maintained its US lobbying style (Green Cowles, 1996). While EU and US lobbying styles share a number of similarities

in regard to inside lobbying and argumentation, one main difference is that US groups are more likely to address the public. Outside lobbying is much more prevalent in the United States than in Europe, including bold and confrontational outside strategies, such as public education campaigns, grassroots mobilisation, and media campaigns. The difference between these two lobbying styles can be explained by higher democratic accountability in the US and the far-reaching US media system (Mahoney). The question arises as to whether these differences also prevail in the case of US lobbying in China. As one expert on the US Chamber of Commerce in China argued in 2011: 'When AmCham China changed leadership the chamber decided that the lobbying techniques are too soft' (Interview V, 2011). Another interviewee stated: 'The American Chambers in China convey the message in a confronting way, they are also not afraid to tackle political questions' (Interview XXI, 2011). The 2011 president of AmCham China confirms: 'indeed, we are not afraid to raise issues and problems when we see them. In fact, since our mission is to create the best business environment in China for our members, we think it comes with the territory' (Barbalas, 2008, p. 38). Further interviews underscore this outspoken lobbying style: 'the American Chambers engage with Chinese authorities in a much more aggressive way. They are not afraid to directly confront the Chinese government whereas we would never use such aggressive language' (Interview I, 2011).

The American chambers emphasise that they use softer language with the Chinese government than they do in the US: 'In China you always first recognize the efforts made. And the progress you have seen. In the US people can be very frank and direct' (Interview XIV, 2011). The EUCCC perceives AmCham's writing style to be rather confrontational, but the AmChams contend that they soften their language when approaching the Chinese government. These different perceptions might be rooted in the different lobbying cultures between EU and US interest groups. Language tends to be softer and more constructive towards bureaucratic and political representatives in the EU, whereas the approach in the US is far more aggressive (Woll, 2012). The question arises as to whether this tendency is also reflected in lobbying actions. Applying this rationale, the US chambers should show a higher tendency towards confrontational outside lobbying actions.

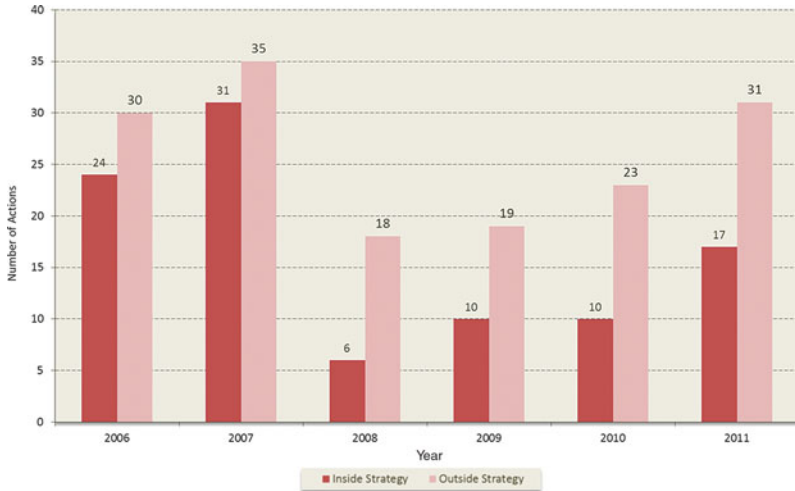


Fig. 8.8 Inside/outside lobbying actions – AmCham China

Figure 8.8 shows the inside and outside lobbying actions used by AmCham China and AmCham Shanghai between 2006 and 2011.

Over the complete time span, AmCham China applied more outside strategies than inside strategies. In 2006 and 2007, the number of inside lobbying actions was relatively high (24 in 2006 and 31 in 2007) with only a narrow difference between inside and outside lobbying strategies. The number of outside lobbying actions remained high with a slight decline in 2008 to 18 outside actions, and 19 outside actions in 2009. These results confirm a general preference for outside strategies, which is in line with the results of the comparative study between EU and US lobbying (see Chap. 7). It was noted in Chap. 7 that both of the AmChams and the EUCCC lobby in China's political sphere, meaning that all three groups face constraints due to China's democratic deficit. Thus, it is more likely that the AmChams will approach China's policymakers with inside strategies. However, the high number of outside strategies can be due to lobbying US policymakers, Chinese policy makers, and the wide-ranging US media landscape. This goes hand in hand with the issue's high salience in the US media. Most importantly, the fact that indigenous innovation is a multi-sector issue gives momentum to grassroots membership mobilisation and media tactics. The high number of corporate members also leads

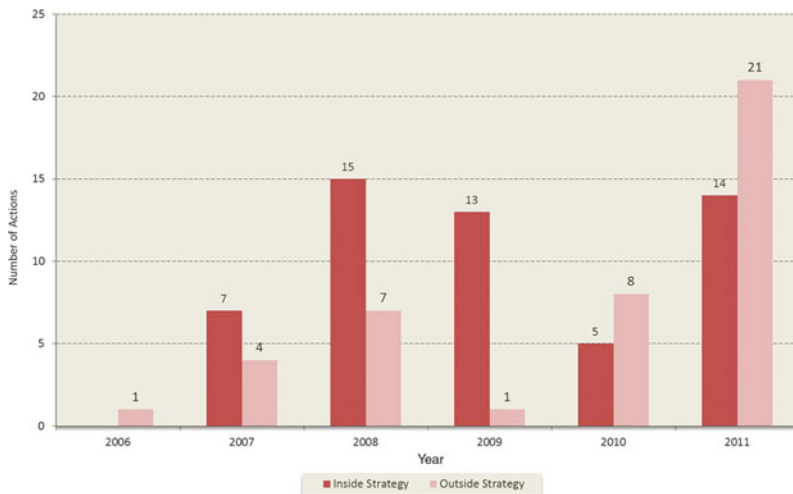


Fig. 8.9 Inside/outside lobbying actions – AmCham Shanghai

to mobilising grassroots members. As Chap. 7 showed, many members are impacted by indigenous innovation policies, which explains their strong willingness to support the Chamber's actions. Extensive membership engagement also gives momentum to research-based reports as members contribute by providing information. Another reason the Chamber opts for outside strategies is to avoid conflict with the Chinese government. As emphasised before, successful lobbying strategies must be in line with the government's objective of maintaining harmony within society (Fig. 8.9).

In the case of AmCham Shanghai, inside strategies outnumbered outside strategies by 7 to 4 actions in 2007, 15 inside and 7 outside actions in 2008, and 13 inside and 1 outside action in 2009. This trend shifted for 2010 and 2011, with a lower number of inside strategies (5 inside/8 outside) in 2010 and 14 inside versus 21 outside lobbying actions in 2011. The higher number of inside strategies can be justified by the explanatory variables 'organisational structure' and 'size and type of membership'. As argued in Chap. 7, AmCham Shanghai relies less on outside strategies because it does not have sub-units. In turn, AmCham China can mobilise more members because of its sub-unit structure. AmCham Shanghai has fewer corporate members, which might explain why it relies less on outside actions.

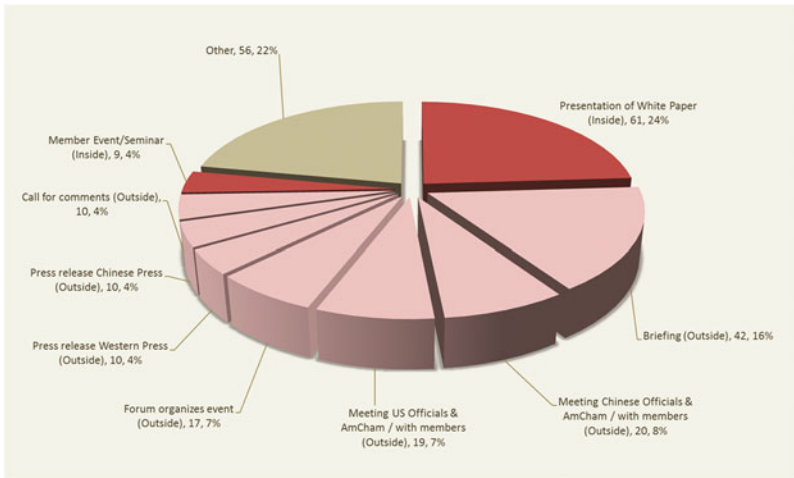


Fig. 8.10 AmCham China leading lobbying actions

8.3.1 *AmChams: Leading Lobbying Actions*

Figure 8.10 indicates what kind of lobbying actions AmCham China employed to alter policies.

AmCham China's most frequently used lobbying action is the presentation of its white paper with 24 per cent, accounting for 61 actions, followed by the outside action briefing with 16 per cent, or 42 actions. Meetings with Chinese officials and members slightly outnumbered meetings with US officials. AmCham China met 20 times (8 per cent) with Chinese officials and 19 times with US officials (7 per cent). It is crucial to note that members are present in both types of meetings. AmCham China's forums and working groups organised 17 events (7 per cent) on indigenous innovation policies for members and policymakers. The outside actions 'press release Western press', 'press release Chinese press', and 'call for comments' were each applied 10 times, accounting for 4 per cent of all lobbying actions on indigenous innovation policy. AmCham China organised 9 member events/seminars on indigenous innovation policy.

The results indicate a clear preference towards organising meetings to present the white paper. As one interviewee explained in 2011: 'After the launch of the White Paper, we start delivering our White Paper to different departments and offices in the central government, the Ministry of

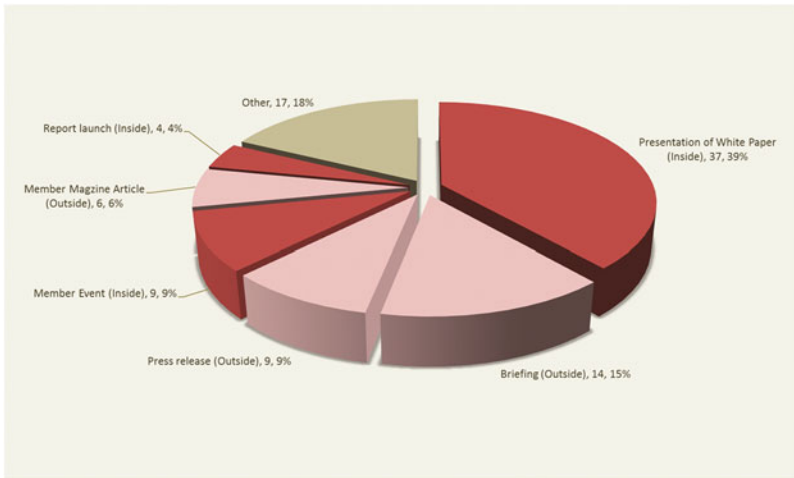


Fig. 8.11 AmCham Shanghai leading lobbying actions

Commerce, the Ministry of Foreign Affairs and Ministry of Finance. So far we have delivered our White Paper to 13 Chinese central government ministries and agencies' (Interview XIV, 2011) (Fig. 8.11).

AmCham Shanghai also most frequently presented the white paper (39 per cent or 37 times). The difference between the most and second most frequent lobbying action is substantial. The outside action briefing was used 14 times (15 per cent) followed by the outside action 'press release' and the inside action 'member event' with 9 per cent, or 9 times, for each action. In contrast to the significant difference between these two lobbying actions, the disparity between the remaining actions is low. Ranking four and five are the actions 'member magazine article' (6 per cent or 6 times) and the inside action 'report launch' was applied 4 times (4 per cent).

It is most striking that AmCham China and AmCham Shanghai have similar lobbying preferences. They both employ the inside strategy presentation of white paper and briefings most frequently. As one AmCham China employee explained with respect to the white paper: 'we produce our White Paper and AmCham Shanghai contributes information to it. It is a joint effort and we cooperate in the production' (Interview XIV, 2011). The shared preferences could be a result of the joint production.

The interviewee clarified that the white paper is used to arrange appointments with Chinese government officials. The interviewee further explained: ‘we have several lobbying instruments. We produce a number of publications, the business climate survey and the White Paper. The White Paper is our number one lobbying tool and the second important thing we do are our provincial trips. We target usually five or six provinces or autonomous regions in a year. We select the regions based on the members survey and choices. We bring our White Paper and our problems to a province and present it to representatives from local economic development zones, local industries and the high-ranking officials of the government’ (Interview XIV, 2011). Another interviewee explains: ‘so if we target Chinese authorities, we usually use the thick book [Position Paper]’ (Interview XV, 2011). ‘We show the Position Paper to Chinese leaders so that they know what we are doing’ (Interview XV). This strategy leads to positive results: ‘they [the Chinese government] read our White Paper and they come to our office to see us face to face and to discuss difficulties’ (Interview XIV). This shows that the white paper is a door opener for the chambers. As the interviewee further explains: ‘with some other ministries we don’t maintain close ties. They request for extra information. They will request for example of what White paper is about’ (Interview XIV).

Both of the US chambers use presentation of the white paper as a lobbying tactic while also pursuing distinct lobbying strategies; AmCham China holds more meetings with member participation whereas AmCham Shanghai does not involve its members to the same extent. As argued in the previous section, it is likely that AmCham Shanghai’s lack of member involvement stems from its membership structure and absence of pan-Chinese offices.

The EUCCC engaged in different lobbying strategies with respect to indigenous innovation policies. The EUCCC most frequently utilised the outside strategy of meeting EU officials/with members, while briefings were the second lowest action. This is not to suggest that the position paper, the equivalent to AmCham’s white paper, is not a crucial tool for the EUCCC, but meetings are more important. There are several differences between the overall lobbying strategies employed by the chambers in their attempts to alter indigenous innovation policies. The AmChams launched press releases via Chinese and Western media outlets and held member events in support of changing indigenous innovation policies. AmCham Shanghai published articles on indigenous innovation policies in its membership magazine and produced reports on the topic. In total,

AmCham China and AmCham Shanghai pursued numerous media strategies to tackle the issue of indigenous innovation. As argued in Chap. 7, the pan-Chinese media system gives momentum to media strategies. The multi-sector nature of the issue gave momentum to media strategies in the US. Thus, when it comes to lobbying preference on indigenous innovation policy, AmCham in China seems to prefer media tactics, just as their US counterparts do. Indeed, interest groups in the US frequently create highly elaborate media campaigns (Mahoney, 2008).

In the same vein, the white paper also receives media coverage. The white paper is promoted by both chambers and used by local and foreign media as a source of information on the US business community in China (The American Chamber of Commerce in Shanghai, 2012). The previous section discussed an explorative search that was conducted with China's English newspaper *China Daily* (China Daily, 2015d) on the EUCCC's position paper. The same search was conducted for AmCham's white paper; 86 stories feature the white paper, which is 7 fewer than the EUCCC (93) results. Out of the 86 stories, AmCham Shanghai is only explicitly mentioned in 7 of them. This shows that AmCham China receives greater media attention on the paper even though its writing is a joint effort.

8.3.2 *AmCham Lobbying Targets*

The most lobbying actions target US policymakers and members (83 actions). This high number is a result of AmCham China's preference for briefings, a format where members invite policymakers to discuss political issues. As mentioned in the EUCCC section above, AmCham must provide services to ensure that the group stays vibrant. In other words, the group must provide sufficient benefits to members (Salisbury, 1969). Briefings not only serve the purpose of gaining access to policymakers but also provide a benefit to members, because they can be directly engaged. Furthermore, results show that US policymakers are more often invited to those briefings than Chinese policymakers. This suggests that it is easier to gain access to US policymakers than to Chinese policymakers. This tendency is also confirmed by the second most frequent target, US policymakers with 55 actions. US policymakers are mainly approached through meetings in which members participate. The main aim of these meetings is to exert influence or provide information to policymakers. This stands in contrast to a briefing where policymakers are invited to speak to and

interact with members. As argued in Chap. 7, US policymakers are not the holders of the policy in question, but they have aligned preferences. The Obama Administration is supporting foreign business to fight indigenuous innovation policies. As such, the Administration promised support for Western business in China as they attempt to favourably shape indigenuous innovation policies (China Brief, 2010). Sharing the same opinions not only makes access easier, but collecting information is also less expensive for Western business interests, meaning that networks can more easily be maintained. ‘AmCham China even share office spaces in the same building’ (Interview XVII, 2011). For example, AmCham China met with Tim Stratford, assistant officer of the United States Trade Representative (USTR) for China Affairs; Claire Reade, chief counsel for China trade enforcement at USTR; and various members from the Department of Commerce, Federal Trade Commission and US embassy in Beijing. It is crucial to note that members are generally the main driving force in these face-to-face meetings. During a meeting with USTR, members received first-hand information on the next meeting of the US-China Joint Commission on Commerce and Trade (JCCT) talks and members had the opportunity to provide comments on China–US trade issues that should be raised during the next JCCT. During this meeting, members brought up specific concerns about indigenuous innovation policies (Interview XIV,

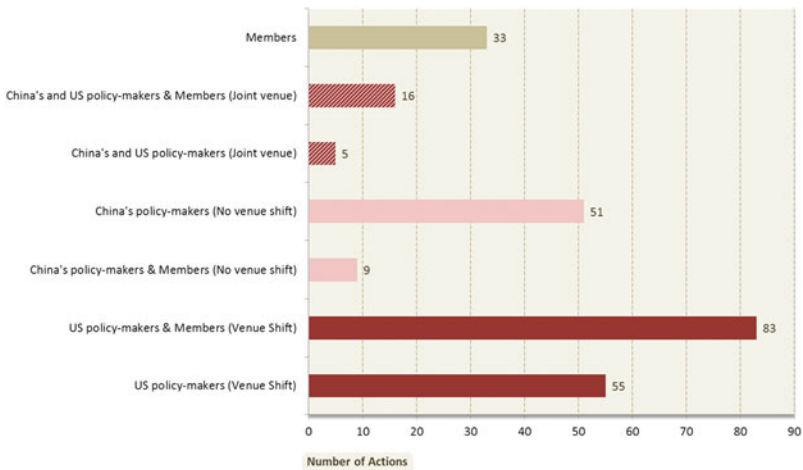


Fig. 8.12 Targets of AmCham China lobbying actions

2011). As one interviewee explained about making appointments with US delegates: ‘the difference in access is that one can make an appointment with the US Congress and the Senate easily’ (Interview X, 2013) (Fig. 8.12).

As explained in Chap. 7, US policymakers are not the holders of indigenuous innovation policies and cannot directly alter it. However, they can pressurise the Chinese government. As one interviewee explained: ‘so if the US government meets with the Chinese government this should be an issue to talk about. By lobbying the US government on a concern we have with the Chinese government it gets moved up as a priority. The US government, when they engage in bi-lateral negotiations with China, they make our issues a priority. When we talk to US policymakers we point to the issues they ought to be engaging in with the Chinese government’ (Interview XIV, 2011).

In terms of lobbying practices, the European and the US groups prefer to target their home policymakers rather than Chinese policymakers. As the section on EUCCC lobbying preferences described, this is a matter of access and having a strong network among EU/US policymakers. Unlike Chinese interest groups, Western interest groups do not hold regulatory power and are not embedded into China’s corporatist structures. Being part of government structures gives Chinese interest groups direct access to the government (Holbig & Reichenbach, 2005) and, conversely, access is constrained for foreign groups.

In ranking AmCham’s lobbying targets, addressing China’s policymakers is third with 51 actions. It was noted in Chap. 7 that both AmChams have sufficient money to lobby China’s policymakers, with AmCham China having more financial resources. It is assumed that financial means correlate positively with a chamber’s staff size. China’s leaders are quite sensitive to influence from the outside and propagate a policy of non-interference. Interest groups persuade policymakers by providing relevant information, something that is only possible with sufficient funds. Having disposable resources makes the interest group independent from preference congruence and enables the group to establish itself where policymakers do not share their viewpoints (Holyoke, Brown, & Henig, 2012). Both AmChams have sufficient means to invest time, effort, and research into convincing China’s policymakers directly rather than indirectly via the US network. However, applying the staff-financial means rationale, AmCham Shanghai should show a lower number of actions targeting China’s policymakers.

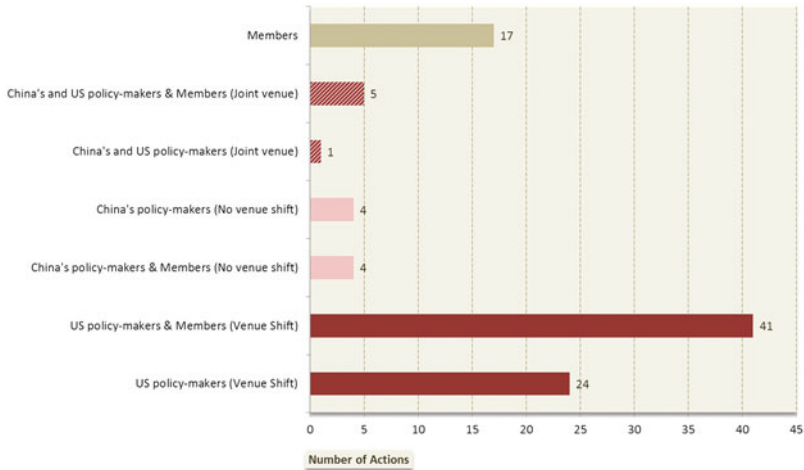


Fig. 8.13 Targets of AmCham Shanghai lobbying actions

The fourth-ranked targets are members with 33 actions, followed by 16 joint venue actions that target Chinese and US policymakers and members. The actions that target members are mainly China brief articles, seminars, forums, and calls for comments. The relatively high number of actions that target members can again be explained by the need to provide member benefits to ensure a large and active membership (Salisbury, 1969). Ranked last are actions that target Chinese and US policymakers (5) (Fig. 8.13).

Out of all the lobbying actions, US policymakers and members are most frequently targeted (41 actions), followed by actions that primarily target US policymakers (24). Members are the third most frequent targets (17). Lobbying actions that target China's and US policymakers and members (joint venue) rank fourth and actions that target China's policymakers (no venue shift) and China's policymakers and members share rank six with 4 actions each. As mentioned above, AmCham Shanghai targets China's policymakers less frequently than AmCham China with only 4 actions targeting them directly and another 4 actions that target China's policymakers and members. In contrast, AmCham China approached China's policymakers directly with 51 actions with an additional 9 actions that approached China's policymakers with members. By comparison, the EUCCC most frequently contacted China's policymakers with 135

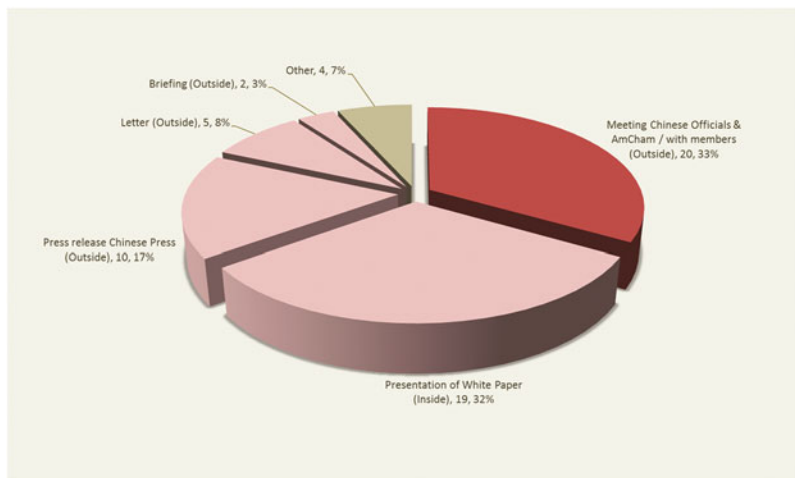


Fig. 8.14 AmCham China leading lobbying actions – China’s policymakers and members (no venue shift)

actions plus 7 actions that targeted both China’s policymakers and members. The indigenous innovation policy debate shows that the EUCCC includes strategies to influence China’s policymakers more often than its US counterparts.

8.3.3 *AmCham China: Leading Lobbying Actions that Target China’s Policymakers*

Figure 8.14 shows what kind of lobbying actions AmCham China employed to approach China’s policymakers. The results include actions that also target members. They clarify the extent to which the AmChams applied more confrontational or softer lobbying tactics.

Figure 8.14 shows the leading lobbying actions that target China’s policymakers (and members). It shows that China’s policymakers are approached most frequently in meetings with membership participation (20 meetings, 33 per cent) followed by the inside category ‘presentation of white paper’ (19 actions, 32 per cent). Press releases in the Chinese press rank third (10 actions, 17 per cent). All the other lobbying actions are far less frequent. The fourth ranked is action letters to China’s policymakers (5), followed by briefings (2).

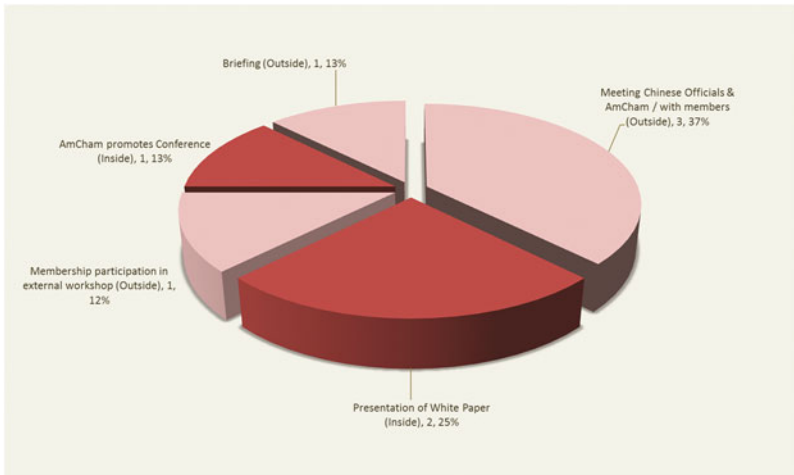


Fig. 8.15 AmCham Shanghai leading lobbying actions – China’s policymakers and members (no venue shift)

Figure 8.15 displays AmCham Shanghai’s most popular tactics for lobbying China’s policymakers on indigenous innovation policies.

As explained, the number of lobbying actions on indigenous innovation policies is small, indicating that AmCham Shanghai rarely targeted China’s policymakers (and members). The results show a positively skewed distribution, meaning that most of the scores cluster towards the lower end of the scale. AmCham Shanghai approached China’s policymakers by arranging three meetings in which the members also participated, followed by two lobbying actions where the white paper was presented. Third-ranked with one action each are ‘membership participation in external workshop’, ‘AmCham promotes conference’, and ‘briefing’.

Figures 8.14 and 8.15 reveal that both AmChams have a preference for the outside strategy of meeting Chinese officials with members, followed by presentation of the white paper. These results confirm that both US chambers opt for non-confrontational lobbying actions. Rather than mobilising members to protest, meetings are organised with members to discuss policy issues in a more private setting. The institutional variables of democratic deficit and the entire political system seem to have influenced lobbying strategies, as the US groups and the EUCCC all rely on non-confrontational strategies when approaching China’s policymakers.

The popularity of publishing press releases correlates with the fact that US groups like to use the media. Still, pursuing media strategies in China differs from the kind of nuanced media campaigns seen in the US. Clearly, a provocative media campaign would be censored by Chinese media regulators. As argued elsewhere, a media campaign that openly opposes the Chinese government is unlikely to result in a policy shift. Instead, it would lower the group's credibility and make lobbying in China more difficult. The US chambers do not want to jeopardise their access to Chinese media. AmCham China frequently receives media requests to comment on issues, such as the National Party Congresses and indigenous innovation policies. Referring to the white paper's media coverage, AmCham China reports that additional Chinese media, including *South China Morning Post*, *China Daily*, China's News Service, and China's TV channels CCTV also cover news from the chamber (China Brief, 2011).

Chapter 7 showed that US groups with a large corporate membership frequently used outside lobbying strategies. The study's results showed that chamber members are highly involved in meetings. Membership involvement also adds an additional dimension to lobbying Chinese policymakers. As Kenneth Jarrett, chair of the Board of Governors of AmCham Shanghai states: 'Our large membership ... are powerful attractions for Chinese government leaders' (Jarrett, 2011, p. 40). As such, a large membership is one way of gaining access to the Chinese leadership.

8.3.4 *AmCham Leading Lobbying Actions Targeting US Policymakers (Venue Shift)*

As described in Chap. 7, the US government wants to fight protectionist measures, and that requires reliable first-hand information. It is likely that the US chambers have provided US political elites with relevant information on indigenous innovation policies. The results below show whether this is true and what kind of lobbying strategies they applied.

Figure 8.16 illustrates the most frequently used lobbying actions when AmCham China targeted US policymakers.

AmCham China targeted US policymakers (and members) on indigenous innovation via the white paper 41 times (30 per cent), followed by 39 briefings. Meetings in which members participate rank third (19 meetings, 14 per cent), followed by 14 events that are organised by the forum (10 per cent) and 10 press releases in Western media (7 per cent). The remaining actions fall into the 'other' category.

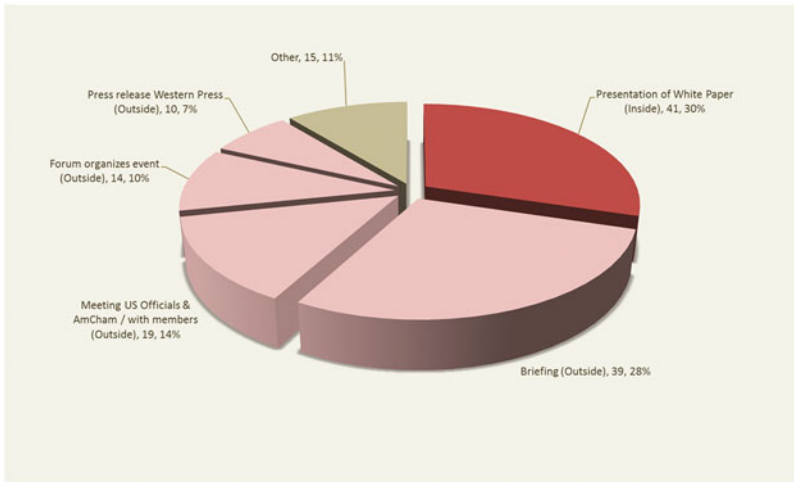


Fig. 8.16 AmCham China leading lobbying actions – US policymakers (venue shift)

Figure 8.17 shows that AmCham Shanghai approached US policymakers 35 times (54 per cent) by presenting the white paper, followed by 13 outside briefings (20 per cent), 9 press releases, and 4 outside action meetings between the chamber and US officials with membership participation.

These results demonstrate a clear preference for the lobbying action of presentation of white paper and briefing. Another shared preference of the two US groups is salience. As predicted in Chap. 7, grassroots mobilisation of the masses was not applied. This could be a result of the geographic distance and even more importantly, the shared opinions between the US groups and US political elites. This shows that the US chambers do not have to alter their lobbying strategy when approaching US policymakers. The frequent presentation of the white paper could be a result of the yearly lobbying trip to Washington where chamber members and staff meet with representatives of the Senate and House of Representatives, or their staffs, as well as with key officials in the president's administration (Murck, 2010) to present the white paper and to promote policy recommendations.

From the results, it is clear that the US groups prefer to invite US policymakers over China's political elites to their briefings. This could

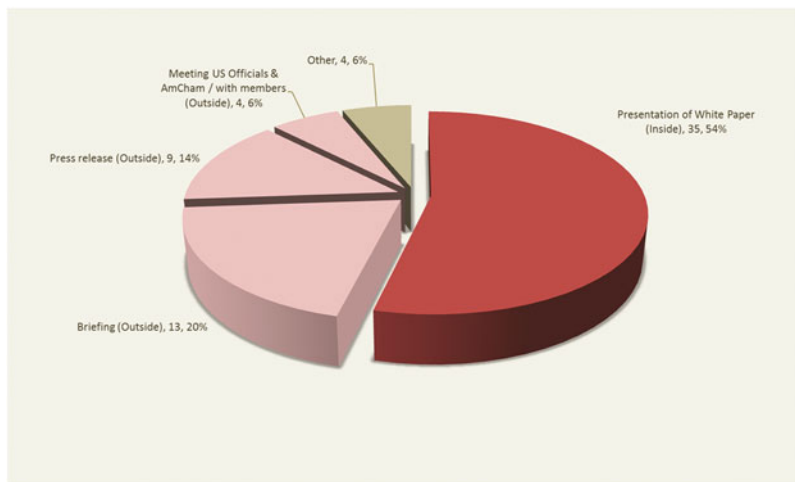


Fig. 8.17 AmCham Shanghai leading lobbying actions – US policymakers (venue shift)

be due to the strong network with US political elites or the high democratic accountability of US policymakers. As explained in Chap. 7, the re-election motive of US policymakers gives momentum to outside strategies, such as briefings.

The large number of press releases sent to Western media underscores a preference for media strategies. While this is in line with lobbying strategies used by groups in the US, it distinguishes the US chambers' lobbying behaviour from the EUCCC's. For example, AmCham China organises events such as happy hours with the international press at which members can engage with media representatives.

8.3.5 *AmCham Strategies by Venue Choice*

Figures 8.18 and 8.19 shed light on inside and outside lobbying strategies by venue. They indicate a preference for lobbying styles in relationship to the lobbying target which is defined with venue shift (US policymakers), no venue shift (Chinese policymakers), joint venue (US/Chinese policymakers simultaneously), and members.

Figure 8.18 shows that AmCham China prefers to approach US policymakers with outside strategies (87). China's policymakers are

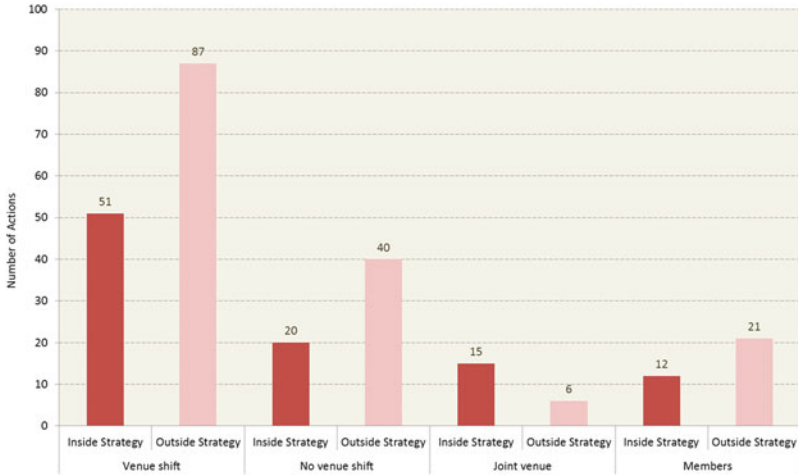


Fig. 8.18 AmCham China strategies by venue choice

approached with outside strategies (40) twice as often as with inside strategies (20). In the case of joint venue actions, the trend is reversed with more inside actions (15) than outside actions (6). When approaching members, outside actions are pursued 21 times and inside actions 12 times.

Figure 8.19 shows that AmCham Shanghai prefers inside strategies (37) over outside (26) when approaching US policymakers (and members). The chamber rarely targeted China's policymakers (no venue shift). The chamber approached China's policymakers with 3 inside lobbying actions and 5 outside actions. Joint venue strategies comprised 4 inside and 1 outside action. Members were targeted with 10 inside actions and 6 outside actions.

The democratic accountability variable accounts for AmCham China's preference for approaching US policymakers with outside strategies. The high number of outside strategies targeting members results from the outside grassroots mobilisation action call for comments in which members are asked to provide information or to draft a letter that targets China's policymakers. AmCham Shanghai targeted members through events rather than asking them to provide input for letters.

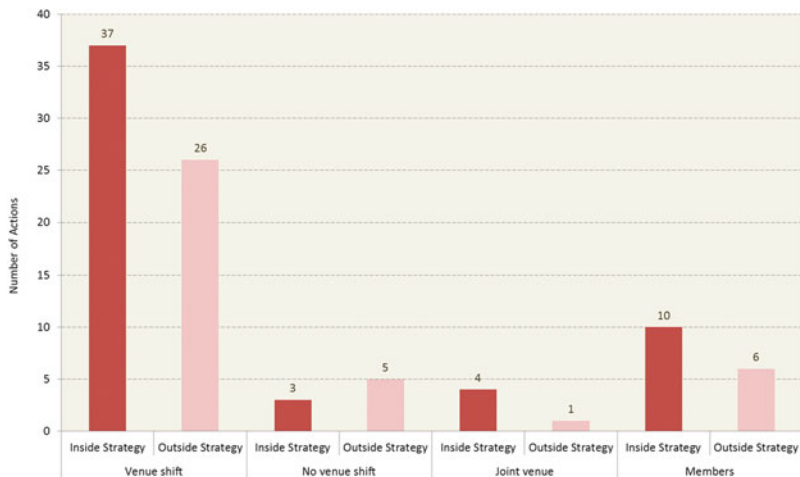


Fig. 8.19 AmCham Shanghai strategies by venue choice

8.3.6 *AmCham China Leading Lobbying Actions that Target Members*

Recalling the importance of the members in the EUCCC section, Fig. 8.20 reveals AmCham China's lobbying actions that target members.

The highest subtotal with 31 per cent or 10 actions is call for comments, followed by member event/seminar and AmCham China brief article, both with 27 per cent or 9 actions. AmCham China published 1 report to inform members about indigenous innovation policies and a member forum organised an event on indigenous innovation policies for members. The remaining 3 actions fall into the category of other. It is crucial to note that members of AmCham China published on indigenous innovation policies (McGregor, 2011a, 2011b)).

It can be seen from Fig. 8.21 that AmCham Shanghai's most frequent action is the inside strategy member event (9 actions, 56 per cent), followed by member magazine article (6 actions, 38 per cent), and 1 report on indigenous innovation policies for members.

Results show that AmCham China sent more letters with member comments to policymakers than AmCham Shanghai. The EUCCC also included members in many calls for comments. AmCham China and the EU chamber even coordinated their letter writing. As such, AmCham

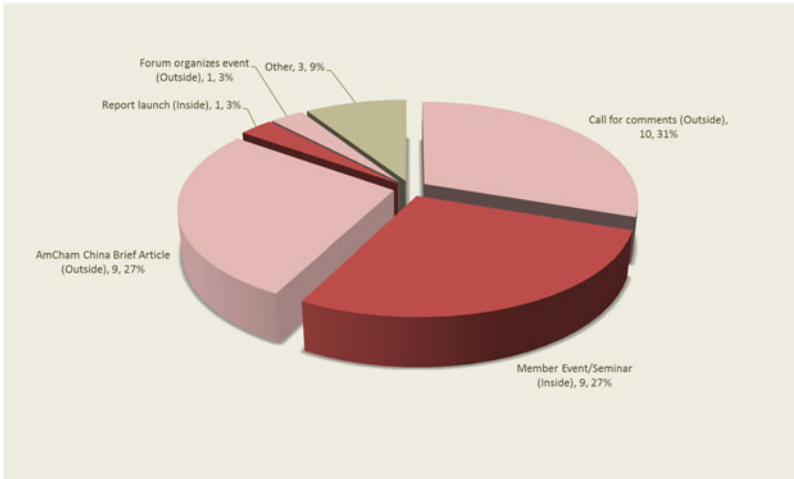


Fig. 8.20 AmCham China leading lobbying actions – members

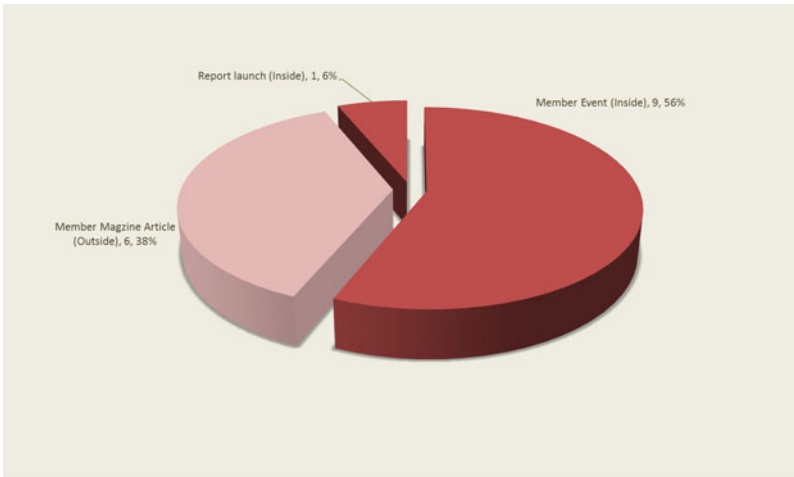


Fig. 8.21 AmCham Shanghai leading lobbying actions – members

China and the EUCCC collaborated with other chambers and trade associations to submit a letter to authorities to lobby against policies favouring Chinese products.

The frequent member of events organised by both AmChams can be interpreted in two ways. First, events provide a member service. Second, the events educate members on indigenous innovation policies and therefore create awareness of the topic and potentially lead to more lobbying actions on indigenous innovation.

8.4 AMCHAM AND THE EUCCC: CONTRASTING LOBBYING TECHNIQUES

The EU chamber and the US chambers share a number of similarities in their lobbying behaviour in China. The US chambers as well as the EU chamber do not rely on outside strategies, such as protests and grassroots mass mobilisation. Rather, they employ strategies that involve members and set up meetings with EU/US policymakers and Chinese policymakers to a lesser degree. The US chambers' lobbying behaviour deviates from lobbying in the US where outside strategies such as grassroots mobilisation and protests are much more prevalent.

It is safe to say that institutional variables, such as democratic deficit, the absence of a free media system, and the constraints of China's state-corporatist system, are reflected in the groups' lobbying behaviour. The number of meetings that take place without members participating is very low for all three groups. Like members of AmCham China, members of the EUCCC are involved in meetings, briefings, and creating publications. Foreign chambers in China are not fully co-opted by state-corporatist arrangements and can prioritise their members. They not only strongly rely on membership funding, but a large membership body also increases pressure on the Chinese government. The research showed that Western groups can act freely on behalf of their members without, or with very little, governmental constraint.

The European and the US groups prefer to target their home policymakers over Chinese policymakers. Considering indigenous innovation policies as a whole, the EUCCC includes strategies that aim to convince China's policymakers more frequently than the two US chambers. AmCham China shows some similarities with groups in the US in making use of the media. The EUCCC also frequently makes use of the

Chinese media. AmCham China launched more press releases on the topic of indigenous innovation policies.

This can be explained with the variables ‘aligned preferences’ and ‘financial resources’. All three groups have excellent networks connecting them with their home policymakers. This is also reflected by the EUCCC and the US chambers in inviting US policymakers instead of Chinese political elites to their briefings. They never invited Chinese policymakers to lead briefings on topics related to indigenous innovation policies. In contrast, EU policymakers led 25 briefings for the EUCCC, and 39 US policymakers for AmCham China, and 13 for AmCham Shanghai.

There are, however, a few differences in lobbying styles. In contrast to the EUCCC, the US groups do not fear engaging with political issues. Although the US chambers did adapt their tone to China’s circumstances. Nonetheless, the European side still perceives the lobbying actions of the US groups in China as more aggressive compared to their style.

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Conclusion

At first glance, China's political elites seem unwilling to give up their monopoly of the policy-making process. China's authoritarian state is rarely responsive to societal pressures, either from Chinese or Western interest groups. However, this analysis of European and US lobbying for business interests clearly showed that Western groups are involved in the policy fight. There was consistent evidence suggesting that the power of Western businesses should be reconsidered, given the Chinese response to Western pressure. Evidence suggests that indigenous innovation policies were toned down as a result of complaints from foreign interest groups. This book's central focus concerns European and US lobbying power and techniques in China. It demonstrates that Western groups are actively lobbying, although they apply techniques which they are accustomed to using in the West. As such, they apply numerous inside and outside lobbying techniques and, most importantly, lobby through the back door. This means that EU and US lobbying groups in China aim to shape China's business environment by appealing to their home political systems and political elites. These, in turn, put pressure on China's authoritarian system through high diplomacy. The quantitative and qualitative evidence presented throughout the chapters suggests that the democratic accountability of policymakers partially determines which lobbying tools are selected, not only in the EU and the US but also in China. While there are some differences in lobbying preferences between EU and US groups, it was shown that they both favour non-

confrontational lobbying techniques, such as face-to-face meetings, briefings, and membership-guided meetings with Chinese and Western political elites.

The next section provides chapter conclusions in the context of how Western interest groups attempt to alter policies in China. The discussion then shifts to the impact of Western groups on China's state–society system, followed by an elaboration on lobbying success. Finally, considerations for further research are provided.

9.1 LOBBYING IN CHINA'S POLITICAL SYSTEM

China's economic opening has facilitated Western business in engaging with China's authoritarian system. Western participation in policy-making, and in society more generally, increases societal pressure; a side-effect of foreign investments that the Chinese government aims to curtail. This stands in stark contrast to the US and EU political systems in which interest groups are active players in the policy-making process. This book demonstrated that EU and US interest groups are aware of political constraints in China, on the one hand, and of their power to influence political decision-making in their home political systems, on the other.

The comparative analysis in Chap. 2 on policy-making in China, the EU, and the US showed that China's fragmented policy-making process constrains its political elites from enforcing pure top-down policies. This empowers below-the-centre policymakers to negotiate policy issues with societal actors. This impacts on Western advocacy strategies because local policymakers can reform policies, making them an attractive lobbying target, rather than centre-driven political institutions, such as the National People's Congress. Moreover, government ministries can modify a number of regulations that are of interest to industry. It was shown that ministries invite representatives from the Chinese industry, either specific firms or associations, to discuss a policy issue; or vice versa, the industry invites government officials. This is important for Western and Chinese businesses alike because policymakers from Chinese ministries have the power to shape policy. It was further shown in Chapter 2 that the EU/US and the Chinese political systems exhibit distinct approaches to institutionalised access points for lobbying groups. Lobbying in the US and in the EU is welcomed by multiple players who can influence the policy-making process. Although there are differences between the political systems of the EU and the US, interest groups interact with a set of political

institutions that share a certain degree of similarities. In contrast, interest groups in China have to lobby a different set of institutions. The Chinese system provides institutionalised access points, which are non-binding for China's political elites. The EU has an interest in obtaining policy advice from Western business in China. As such, it established institutionalised access for European business in China to the EU through the Market Access Team (MAT). The analysis in Chap. 2 showed how EU and US business groups can contribute to the China policies of their home countries through institutionalised access points. This is an important finding as all three case studies heavily rely on their connections to home policy-makers in attempting to shape indigenous innovation policies.

Chapter 3 illustrated how trade barriers for foreign business in China mean the end of the golden age for Western business in China. EU and US businesses must fight for a favourable business environment. China's new model of domestic growth is based on services, value-added production, and innovation. China's attempt to become a global innovator is beneficial to domestic businesses but leads to greater restrictions for Western business in China. Western companies are now facing barriers in numerous fields and sectors, such as public procurement, intellectual property protection, and certification. As a result of China's investments to upgrade its industrial sectors, Chinese companies are becoming strong competitors for Western businesses. China's innovative approach has also drawn attention in the international arena. This is crucial for Western groups lobbying in China, because they can rely on the support of multiple international institutions in their attempt to shape China's business environment.

China's corporatist state was presented in Chap. 4. China's state-society relations have remained state-corporatist, meaning that China's Communist Party (CCP) restricts the bottom-up interest articulation of its groups. Nevertheless, Chinese groups that do not directly threaten the state apparatus have some leverage to influence policy-making by framing a policy issue. Framing in this sense implies that stories are conveyed in a way that does not threaten the Communist Party. This finding is crucial for unravelling Western lobbying in China because it provides initial clues about the lobbying environment in China. Chapter 4 also introduced explanatory variables along corporatist lines – such as the establishment of the organisation and type of membership, mission of the organisation, structure and leadership of the organisation, activities of the organisation, and publications—which reveal whether the Chinese government can limit Western lobbying activities.

Drawing on evidence presented in Chap. 4, Western interest representation was discussed in Chap. 5, with an in-depth comparative analysis on EU, US, and Chinese interest groups. China's interest groups are embedded in the state-corporatist system, which affects their lobbying strategies. For them, acting purely on behalf of their members is highly constrained by the system. In contrast, Western groups in China are organised according to their memberships' needs. The findings in this chapter help to clarify that Western interest groups are not part of China's state apparatus and are less constrained in their lobbying efforts. Western groups are established from the bottom up with the clear mission of shaping the business environment on behalf of their members. Along these lines, they are able to introduce pluralist elements into China's mostly top-down system. It is clear that foreign groups face distinct obstacles compared to Chinese groups, and this is reflected in their lobbying strategies.

Chapter 6 covered lobbying tools that hinge on the relationship between foreign groups and the Chinese state and introduced possible lobbying strategies, which are employed by groups in the EU and the US. Western interest groups in China mimic groups in their home country with regard to their organisational structure. China's political system, however, needs to be taken into consideration when unravelling Western lobbying practices in China. Chapter 5 discussed how inside and outside lobbying categories, as well as the concept of venue shopping, are useful for studying EU/US groups in China. These pivotal findings show that EU/US groups in China maintain a close link with their home countries rather than creating connections between Chinese policymakers and Western groups in China. Building on findings from previous chapters, it becomes clear that Western lobbying in China is distinct from the Chinese style of advocacy. EU/US groups in China reproduce lobbying strategies from the West. Chinese and Western groups in China tend to follow distinct rules, with the latter enjoying greater freedom from top-down Party regulations.

Having contrasted Chinese and EU/US lobbying, Chap. 7 explained EU and US lobbying activities in China against the backdrop of advocacy differences from their home countries. Explanatory variables helped to show that institutional level variables, such as democratic deficit and media landscape, affect Western lobbying in China. China's political elites are not motivated by the re-election motive, which has a similar impact on the lobbying strategies of EU and US groups. On the basis of results on lobbying actors in the EU, it was made clear that China's democratic deficit

affects the outside strategies of EU and US groups in China. As such, they should refrain from confrontational outside strategies. China's media landscape is also accessible to a certain extent. Drawing on evidence presented in Chap. 4, Western interest groups must positively frame a story in their attempt to alter policies. Combining these findings with evidence provided in earlier chapters, it becomes clear that, although EU and US groups are less controlled by China's state-corporatist system, institutional variables matter in regard to lobbying. Consequently, the Chinese networking culture affects the inside strategies of Western groups. Moreover, issue-level variables lead to increasing outside strategies in the case of EU and US groups. The analysis of the explanatory variables also showed a general tendency towards grassroots mobilisation of the members for EU and US groups. The venue shopping concept clarified that EU and US groups tend to approach their home policymakers, given their shared preferences. However, Chinese political venues have jurisdiction over indigenous innovation policy and thus should remain an important lobbying target. The comparison of EU and US groups conducted in earlier chapters shows that political circumstances affect the lobbying strategies of these groups, regardless of their country of origin. Thus, there is not a substantial difference between EU and US lobbying groups in China regarding their propensity to go public. National differences are less prevalent when lobbying in China.

In analysing Western lobbying techniques, the data presented in Chap. 8 confirmed the effect of China's political system on Western lobbying strategies. Groups refrained from using techniques that could be perceived as a threat to the Chinese government. Evidence suggests that the democratic deficit in China makes policymakers less receptive to outside strategies. This confirms the comparative finding that EU/US interests lobby in their home countries. In the US, where policymakers are motivated by re-election, there is an increase in outside strategies, such as grassroots mobilisation. Conversely, in systems where policymakers are not motivated by re-election, there is a lack of grassroots mobilisation of the masses such as protests.

One of the most salient findings of Chap. 8 is that EU and US groups tend to approach EU/US policymakers rather than Chinese policymakers. They attempt to alter policies indirectly by involving their home policymakers or reaching out to international institutions in the policy battle on China's business environment. This means that they increase pressure from the outside. Data presented in Chaps. 7 and 8 described this

phenomenon with the explanatory variable of aligned preferences. Groups prefer to target venues that share their perspectives. Conversely, groups aim to shift the policy debate to a political venue that is more receptive to their goals. Interest groups prefer to target policymakers with shared viewpoints, because more resources are required to change the viewpoints of opposing policymakers. As such, rather than providing information to change viewpoints, information is organised so as to inform Western policymakers about business developments in China. The evidence in this book clearly confirms this.

EU and US groups prefer to increase international pressure on China through actions targeting their home policymakers rather than directly addressing issues with China's policymakers. EU and US policymakers are approached through direct face-to-face meetings, presentation of white/position papers, briefings, and workshops. The EU Chamber organised numerous meetings with EU policymakers and members in which indigenous innovation was discussed. Lobbying actions without members are not ranked among the top six actions. In contrast, using the position paper to address indigenous innovation policies with EU policymakers is the second most common lobbying action. For the US chambers, using the white paper to lobby appears to be even more important because this was the top-ranked strategy when approaching US policymakers.

In the same vein, empirical and qualitative evidence showed that Western interest groups in China have distinct relationships with the government. The autonomy of Chinese interest groups is restricted, whereas China's party state is not able to fully curtail the freedom of Western interest groups operating in China. Earlier chapters showed that Chinese interest groups are embedded in party structures. This is not to say that they are unable to exert influence on the policy-making process. Officially, many Chinese interest groups take on the role of mediators between the political centre and society at large, attempting to fulfil the task of establishing or implementing policies on behalf of the government rather than on behalf of their members.

Mapping this evidence with variables on state-corporatism, the EU and US groups do not show signs of corporatist arrangements. They are organised in the same way as groups in pluralist systems. This book showed that Chinese groups lack autonomy and have little incentive to represent their members, while fully autonomous groups are constrained in gaining access to and the trust of government officials. Connections to the

government are seen as an advantage since groups with few connections face institutional discrimination. While Western groups are less incorporated, their ability to influence policies is restrained, because gaining the trust of Chinese policymakers is more difficult. This might be another reason to explain why foreign interest groups prefer to approach their home policymakers.

9.2 WESTERN PLURALIST ELEMENTS IN CHINA'S STATE-CORPORATIST SYSTEM

In contrast to China's interest groups which are organised along the lines of the CCP, EU and US groups are clearly organised according to their members' needs. Data presented in this book showed that China's political elites cannot entirely contain the lobbying power of Western groups in China. As EU and US groups are not funded by the Chinese government, they face fewer operational constraints than their Chinese counterparts. It is a common practice in China for (former) government officials work at interest groups. The government installs them as an instrument of control. Western interest groups do not face similar problems. Thus, there is evidence to suggest that Western business groups introduce certain pluralist elements into China's corporatist system.

Empirical data evidenced that Western interest groups clearly focus on member services and needs, which is also reflected in their lobbying strategies. Membership needs and preferences determine which policies are lobbied. Indigenous innovation policies concern multiple sectors in a wide range of industries. Thus, influencing these policies considerably improves market conditions for business members associated with foreign interest groups. All three chambers provide platforms, such as working groups, forums, and briefings, where members can meet with Western and Chinese policymakers in an appropriate environment. Meetings with policymakers in China as well as in the EU/US were arranged with members. While this is a common lobbying practice in the EU and the US, membership involvement is not evident in China's state-corporatist system. Rather, it is found in pluralist systems, such as the EU and the US, where interest groups are established from the bottom up. Similarly to democratic-pluralist systems, Western interest groups in China have created membership-based organisations which form the basis of their efforts to create a beneficial business environment. However, China's political elites are aware of these pluralist

tendencies within their state-corporatist framework. With the 2015 draft law, the Chinese government aims to curtail the freedom of Western groups in China. If the law passes, all foreign groups will be closely monitored by the departments of the State Council and the local people's governments. As the law will go into effect in 2017, it remains to be seen whether China follows through with these proposals.

This book showed that foreign groups understand that they are lobbying in a political system which tries to suppress oppositional social forces. Members of interest groups are asked to target policymakers directly or to take a leading role in meetings. This allows concerns to be conveyed in a more personal environment, so the government can react and argue behind closed doors. By contrast, outside strategies, such as protests, might aggravate the situation and therefore not achieve the desired policy change.

Data presented in this book made clear that China's growing integration into the global economic system is creating more opportunities to pressure China on its economic policies. China has signalled that it will conform to international norms and institutions. This commitment increases the lobbying power of foreign groups in China. All foreign interest groups argued that China's government procurement practices violate World Trade Organization (WTO) regulations. While they addressed this issue with China's policymakers, they lobbied EU institutions and the US government more actively. China's WTO membership marked its international integration and gave additional leverage to foreign interest groups in their advocacy efforts. The prevailing opinion of Western groups and the international community is that China must refrain from protectionism. This means that EU and US political venues are open to information from interest groups in their attempt to put pressure on China.

This investigation suggested that China's media landscape is not completely closed to foreign interests, as all three groups garnered at least some media coverage. In line with the variable salience, broad interest in indigenous innovation policy gives momentum to Western engagement of the media. However, this research verified that the two US chambers refrained from using the media extensively. This stands in contrast to lobbying groups in the US where broad media campaigns are frequently applied. This phenomenon is rooted in the US's broad media system. AmCham China did exhibit a tendency towards using the media, but its efforts were not comparable to a wide-reaching media campaign. Although China has a far-reaching and united media system, it remains

governmentally controlled. Data did suggest that positively framed stories about foreign groups receive media coverage. As long as stories are not perceived as threatening the political order, there is limited access for foreign groups.

9.3 MAPPING RESULTS: IS LOBBYING IN CHINA A SUCCESS STORY?

China's economic openness and the ability of foreign groups to interact with China's political elites are growing, although the final decision-making power remains with China's ruling party. However, local political elites can exert influence over policy implementation because power is fragmented. This also creates opportunities for foreign groups to play a more active part in the decision-making process. Moreover, China's political environment has changed towards institutionalised access in the form of hearings and letter-writing campaigns. While these access points are certainly positively noted and used by foreign groups, recommendations remain non-binding. This book showed that foreign groups face constraints in using these access points because the required response times are mostly too short and groups often learn too late about the call as a result of the government's poor information practices.

Policy negotiations in China primarily remain behind closed doors, with inner party policy battles, rather than allowing outside actors to influence policy results. China's ruling party would not admit that foreign groups have successfully altered policy. In the course of this research, EU and US groups repeatedly raised concerns about indigenous innovation policies, such as intellectual property issues, certification, or government procurement practices. Some of these policies were successfully altered in favour of foreign business. Given the above arguments, positive policy changes cannot be directly traced back to one or multiple variables. However, it seems likely that policy shifts are due to the lobbying actions of EU and US groups in China, as they claim.

China's growing international economic integration is creating opportunities for foreign business interests to increase pressure on China to comply with international standards. This points to the fact that foreign groups can also exert influence via political venues outside of China.

China's political environment gives momentum to collective-interest group bargaining as individual companies fear repercussions when openly

confronting the government. Conveying grievances through interest groups protects individual companies from direct governmental constraints. A cautious messaging approach is conveyed by both EU and US groups. The US groups are more direct in their tone. The comparison of US and EU advocacy approaches in China showed that the political system significantly impacts their lobbying strategy. They share many similarities in their lobbying practices, such as the preference for membership engagement, the extensive use of the white/position papers, and targeting Western policymakers. The difference is that the US groups are bolder in their engagement of political issues. Overall, lobbying by EU and US groups remains constrained by political circumstances.

There is no clear answer to whether lobbying by Western groups is a success story. Foreign interest group lobbying in China is relatively rare, with only a few groups actively engaged in the policy fight. This means that China's political system has a deterrent effect on lobbying attempts by Western groups. The softened lobbying approach shows that China's political system affects lobbying strategies. The data analysis demonstrated that EU and US groups face fewer constraints in gaining access to their home policymakers. On a positive note, the West supports the advocacy of foreign groups in China. On a more negative note, foreign groups must rely on this external support to successfully alter policy. Thus, much of their lobbying capacity is targeted towards Western rather than Chinese policymakers. Broadly speaking, foreign interest groups are successfully lobbying by actively engaging member companies in their advocacy efforts. With the help of foreign groups, Western governments are well informed about economic and political developments in China.

9.4 LIMITATIONS AND FURTHER RESEARCH

Future research can certainly build on the findings presented, as this book provided insights on a rarely new phenomenon. The findings are based on a small-scale sample. As more business lobbying actors emerge in time, a broad-scale quantitative analysis with more Western interest groups would animate the debate on Western lobbying power in China. With an increase of Western business interest groups, future scholarship will broaden to complement the existing research and demonstrate whether the results of this in-depth case study are applicable to other Western interest groups. More specifically, a quantitative analysis with a large number of Western

interest groups would enable the research to further examine how the different variables affect lobbying behaviour. Based on the limited number of cases, the explanatory variables could not be tested against the background of a large data set, which makes it difficult to make generalisations from the results.

China's fear of being politically threatened significantly impacts lobbying strategies. Business groups are less threatening than foreign non-governmental organisations (NGOs) lobbying for human rights or other politically sensitive issues. Research on more confrontational lobbying by foreign groups in China could deliver important insights.

One of this book's discoveries is that Western interest groups do not employ confrontational outside lobbying strategies in China. Future research could focus on outside tactics that aim to mobilise the public rather than the group's constituency. Building on the results of this work, a comparative study of the EU, the US, and China could examine what factors lead Western interest groups to apply confrontational outside strategies, such as mobilising the public to demonstrate. This would close the research gap and reveal whether the institutional structure of the political system, the nature of the issue, or organisational structures facilitate outside lobbying tactics in China (Mahoney, 2007). Such a large-scale study would advance relevant research on lobbying practices in China as well as in Europe and the US.

Data presented in this book provide rich information on the organisational structure of interest groups in China. A large-scale comparative study of the organisational structure of Western interest groups in China and Chinese interest groups would provide a scientific assessment of how Western interest groups are embedded into China's political structure. Understanding the parameters that underpin an interest group's structure is particularly interesting, considering that the organisational system of the American Chamber of Commerce in Brussels built a foundation for successful lobbying within the EU (Green Cowles, 1996).

In the past, other types of interest groups have protested against China's political system, such as trade unions seeking to create a stable environment for the working class. However, China's political system has successfully kept China's people in the dark about this opposition movement (Chan, 1993). Further research on Western interest groups in China could investigate the extent to which Western interest groups can openly oppose the Chinese government and bring attention to the way China's political system deals with opposing viewpoints.

Further research concerned with the concept of venue shopping (Baumgartner, Berry, Hojnacki, Kimball, & Leech, 2009; Baumgartner & Jones, 2009) could examine whether Western interest groups in China aim to change the policy from one Chinese political venue to another. Research could explore institutional links between the venues and consider the likelihood that more receptive venues thwart the power of the sub-system at the national level (Baumgartner & Jones).

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