

CHAPTER 2

GERMANY

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Introduction

In recent years, on account of the growth of globalization, rising international competition, but also intensifying importance of the cooperation between countries and regions, great value has been assigned to the bilateral German-Chinese cooperation. The Federal Republic of Germany (FRG) and the People's Republic of China (PRC) established diplomatic relations in 1972. From that time, they have developed a great diversity and increasing political substance – since 2004, mutual relations have been transformed into the “Strategic Partnership in Global Responsibility” (*Partnerschaft in Globaler Verantwortung. Gemeinsame Deutsch-Chinesische Erklärung anl. des Besuchs des Ministerpräsidenten der Volksrepublik China, Wen Jiabao, 2004*), and this status was upgraded to a “Comprehensive Strategic Partnership” ten years later (*Joint Declaration between Germany and China, 2014*). In 2011, Sino-German government consultations, an exclusive mechanism for bilateral communication, was also implemented – consultations are held regularly every year and help to develop an interstate dialogue. This cooperation has also been built up by a series of bilateral agreements between individual institutions,

academic centres, and enterprises, which means that the **network of political, economic, cultural and social connections is very dense.**

Indisputably, economy has been the driving force behind this two-sided cooperation from the beginning – in 1978, the Federal Republic took the fourth place among global, and the first place among European trade partners for China (Hauschild et al., 2015). This is not surprising considering that at that time West Germany was the main exporter of technology and know-how in the world, and one of the largest producers of vehicles and machines. To this day, these areas are the most important fields of economic cooperation for both countries. At present, Germany is undoubtedly a **crucial trade partner for China in Europe.** On the other hand, China is the most significant partner for Germany in terms of trade and industry, both in Asia and around the world, because the PRC overtook the the United States and France and took the leading position in doing business with Germany (*Die Volksrepublik China ist erneut Deutschlands Wichtigster Handelspartner*, 2019).

Yet, the intergovernmental and economic cooperation does not exhaust the field of mutual cooperation – since the 1980s the regions have been pursuing a progressively more **intensified dialogue at the subnational level** as well. Support for these initiatives is provided by both the government in Berlin and the governments of individual German *Länder*, which are increasingly looking for partners for interregional cooperation in Asia.

The aim of this chapter is, therefore, to analyse how Germany cooperates with Chinese counterparts at the substate level. The authors try to highlight the background of the bilateral relations and answer a number of questions: what are the grounds for German multidimensional cooperation with China and how have they been transforming in recent years? What is the relation between the national foreign policy and external activities of German regions towards the PRC? What are the main goals and areas of the cooperation with Chinese partners at the subnational level?

As with the other chapters in this book, the research is based on an in-depth literature review, statistical data gleaned from a survey of German regions (conducted in the last months of 2016 and the beginning of 2017), and interviews with officials in selected regional authorities and in the German Ministry of Foreign Affairs. In the case of Germany, a few regions failed to fill out the questionnaire or directed researchers to the region's official website

to find extensive information about the substate cooperation. The researchers added data gleaned from these sites to the survey dataset. Moreover, the dataset was compared with the research presented by Goette and Qianlan (2018), who in the same period conducted a study about German-Chinese municipal partnerships.

The chapter consists of three main sections – the first concentrates on a description of the political, economic and social relations at the interstate level, the second discusses the position of German regions as policy actors in international relations, and the third presents the outcomes of the survey and describes German paradiplomatic relations with Chinese counterparts. The third and final section is supplemented by a case study of the land of Berlin and its cooperation with China.

Overview of German-China relations

Political cooperation

Since its establishment in 1949, the Federal Republic of Germany has considered in 1949, has considered a lasting alliance with the Western world and its integration organisations as an irrevocable direction of its foreign policy. Hence, the vital goals of Bonn's foreign policy were related to "Europeanisation" and the creation of a common Europe⁵. The end of the Cold War and the disintegration of the post-war international order in the early 1990s gave Germany new opportunities in both internal and foreign policy. The course of events led to the unification of the two German states in 1990 and brought full sovereignty, which only emphasized the European orientation of this new Germany (Stürmer, 1991). Yet, after rising up for independence and regaining autonomy, Germany perceived itself as a "normal state" for the first time in the post-war period, which can and should realise its own national interests, located both in Europe and outside the continent. This new

⁵ However, the primary goal in the FRG's foreign policy was to bring about reunification with the German Democratic Republic and the creation of a unified German state (Bahr, 1998, pp. 24–25).

potential was perfectly sensed by the social-democratic Chancellor Gerhard Schröder, who – taking over from Helmut Kohl in 1998 – sustained the work of expanding and deepening the European community, but at the same time called Germany a “great power” (*Grossmacht*), which should be aware and certain of its position and responsibility for the fate of not only the European continent, but also much more widely, for the fate of the world. In contrast, Schröder’s successor, Angela Merkel from the Christian Democratic Party (CDU), returned to the European course after 2005, focussing on a strong Europe and a powerful German-French tandem that set the tone for European Union affairs (Ciesielska-Klikowska, 2017). Nonetheless, events related to the economic crisis since 2008 and the financial crisis since 2010 in the EU, have meant that **Germany began to seek new political and economic players in countries outside the traditional circle**. In the face of the EU’s instability, the limited involvement of the United States in European affairs, numerous conflicts in its immediate vicinity and global challenges, Germany definitely started to show more initiative in foreign policy (Gauck, 2014).

The creation of a new category of partners – the “forming powers” (*Gestaltungsmächte*) was the evidence of the intention to develop the global dimension of German foreign policy and targeting it to emerging countries. The following concept appeared in the governmental foreign policy: “To shape globalization – to expand partnerships – to share responsibility” (*Globalisierung gestalten – Partnerschaften ausbauen – Verantwortung teilen*). Since 2012, this category has included countries with which Germany does not cooperate within the EU, G-8 or NATO, and which show significant economic potential or high rates of economic growth, a strong will to act in a variety of fields, and which can be regarded as central to shaping regional processes, international governance and/or global order (*Globalisierung Gestalten – Partnerschaften Ausbauen – Verantwortung Teilen. Konzept der Bundesregierung 2012*, 2012). Of all the regions that were depicted in the 2012 strategy, the Asian continent was seen as crucial, and in the category of the emerging powers, **the People’s Republic of China was perceived as an essential partner, labelled as a “key country”** (*Neue Macht – Neue Verantwortung Elemente einer Deutschen Außen- und Sicherheitspolitik für eine Welt im Umbruch*, 2013).

This Chinese direction seemed to be a natural extension of the cooperation with Russia, which was begun by Schröder, while at the same time it was

a pivot for a slower relationship with the United States. The interest of successive German governments under Chancellor Merkel in building relations with the PRC was primarily defined by economic development, as well as investment and business cooperation. Indeed, Germany has seen China as its crucial economic partner in Asia, mainly due to the impressive dynamics of growth.

However, the actual roots of the cooperation between the two states date back to 1972, when diplomatic relations were formally established (FRG-PRC)⁶, although intensive bilateral contacts had already taken place in the 19th century (Kitchen, 2011). In the years 1972–1989, the intensification of relations with China resulted from the *détente* policy pursued towards Beijing by Washington, which was imitated by the West German administration in Bonn.

After the events of June 1989 in Tiananmen Square, mutual relations cooled considerably, returning to their previous temperature only in 1993, when Helmut Kohl's cabinet presented the "Asian Strategy Document", which described in detail the strategy of German foreign policy towards Asian countries (Szczurowicz, 2013, p. 91). Due to the huge dynamics of economic growth in China since the 1990s, **the development of a trade between the PRC and Germany has become a high-priority goal.**

Taking into account the importance of exports for the development of the German economy, searching for new markets and partners in Asia was perceived as crucial. Henceforth it is possible to talk about the development of special German-Chinese relations. They were characterized by **high pragmatism**, which meant that the problems of human rights, Taiwan and Tibet – often complicating the relations of the PRC with other Western countries – did not play a significant role. This was due to Berlin's prevailing attachment to the economic nature of these relations and the mutual recognition of the role played by partners in the world. In Germany, for many years there was an awareness that in order to design an effective policy, it is necessary

⁶ In contrast, the German Democratic Republic was one of the first countries that recognized the People's Republic of China and maintained lively relations in the years 1949-1958. In the subsequent years, there was a sinusoidal wave of relations - after 1959 the connections loosened, which was followed by the years 1963-1980 with the official termination of cooperation, and in the decade 1980-1989 there was the phase of rapprochement (J. Krüger, 2002; Meissner, 1995)

to understand and consider the local conditions and enormous diversity of the country, which – as emphasized in the official document of the German Ministry of Foreign Affairs – “offers many opportunities and places important tasks” (*Aufgaben der Deutschen Aussenpolitik: Südostasien sowie Australien, Neuseeland und Pazifische Inseln am Beginn des 21. Jhd*, 2002, p. 3). Thus, the German *Chinapolitik* has developed over the years as a **strategy of silent diplomacy** (namely not touching the topics sensitive to Beijing), focused solely on building an intensive, also in the multilateral dimension, including relations within the G20, and G8+5 (*Wir Brauchen Einander*, 2007), but hoping at the same time that through the close economic with Western countries there will come a democratic transformation in China as well (change through trade – *Wandel durch Handel*).

Politically, a close relationship has been built only since the time of Chancellor Schröder, when in 2004 – together with Prime Minister Wen Jiabao – he declared the bilateral relationship as a “Strategic Partnership in global responsibility”. As mentioned, over the next few years (Merkel’s first term) a slowdown in political relations occurred. The intense dialogue returned in 2011 when the mechanism of intergovernmental consultations was introduced (agreed in 2010), pursuant to which these annually held meetings serve to develop an interstate dialogue on issues common to both governments in the dimension of domestic and international policy. During the first intergovernmental encounter, 22 bilateral agreements were signed to deepen the cooperation in the areas of trade, technology, transport, education, environment, and consumer protection (Heilmann & Schmidt, 2014, p. 182).

The dimension of the close political was raised to the status of “Comprehensive Strategic Partnership” during the state visit of the Chinese leader Xi Jinping to Germany in March 2014. Upgrading the relationship aimed at holding regular consultations on regional and global political and security policy issues, as well as global challenges such as climate, environment, energy and resource security, international development cooperation and food security (*Joint Declaration between Germany and China*, 2014).

In total, at the intergovernmental level there are now **more than 80 mechanisms for dialogue** between individual ministers, secretaries of state, heads of departments and heads of government agencies. The key formats of the political and economic include the strategic dialogue between foreign ministers

in security policy as well as the high-level fiscal dialogue of the finance ministers and presidents of the Federal Reserve. In addition, there are **more than 1,200 partnerships between universities** and an intensive exchange between NGOs from both countries (*Interview with German Diplomat*, personal communication, 17 April 2019).

Economic relations

The priority in mutual cooperation is undoubtedly accorded to economic affairs. In the post-war period, Germany displayed a preference for the United States and France in its economic relations, whereas China – mainly for political reasons – remained a second-class partner at the time. Yet, after the implementation of the aims of the “Asian Strategy Document”, mutual economic cooperation flourished, removing the deficit of German investment and representation in the region.

However, the implementation of the Belt and Road Initiative (BRI), a project proposed by Xi Jinping in September 2013 (Campbell, 2017) was the most important breakthrough in their bilateral collaboration. From the very beginning this *Grand Design* aroused enormous attention among Asian and European countries, and soon gained widespread political and economic interest in Germany. By means of intensive cooperation, which developed after 2013 at the level of the two states as well as their individual regions and cities, and in the area of individual sectors of economy, Germany and China became closest partners in the economic sense. The data shows that **bilateral economic transactions snowballed** – in 2013 amounting to EUR 142.45 billion, but in 2018 totalling as much as EUR 199.3 billion, thus transforming Germany and China into the most important trading partners (see Figure 2 and 3).

In 2017 the value of German direct investment in China amounted to EUR 81 billion. In contrast, Chinese investors spent EUR 12.2 billion in the same year in Germany, which was an increase of 9% compared to 2016 and the largest ever expenditure in this area. In 2018, investment fell (EUR 10.7 billion, down 22%), nevertheless Germany (along with the United Kingdom) was still **the most popular target country for Chinese investments in Europe** (Berthold & Sun, 2019).

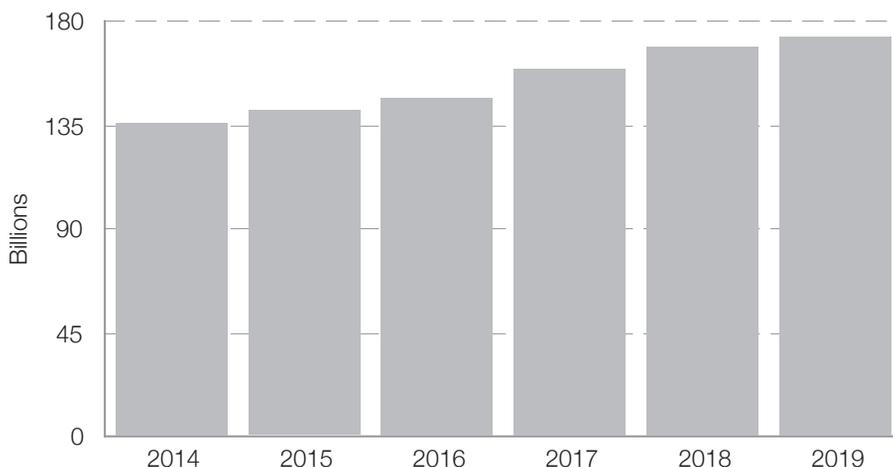


Figure 2. Trade in goods between Germany and China 2014-2019 (in billions of EUR)

Source: own elaboration based on Eurostat (2020)

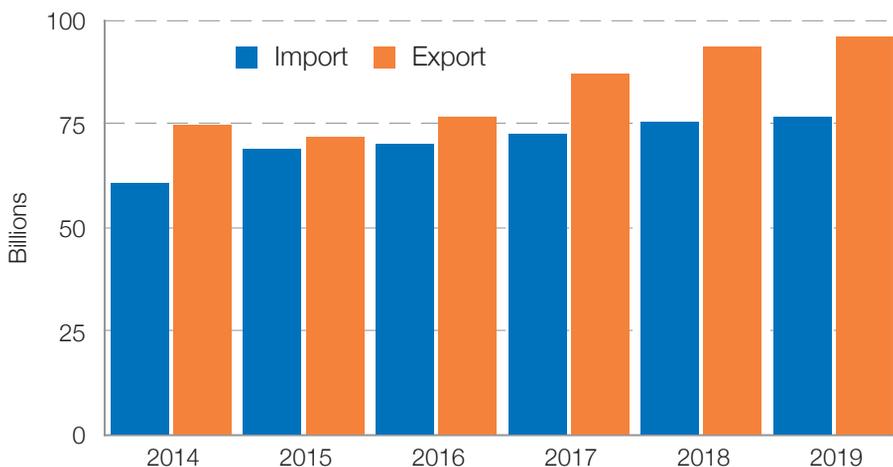


Figure 3. The amount of German imports and exports of goods from / to China 2014-2019 (in billions of EUR)

Source: own elaboration based on Eurostat (2019)

Vehicles are the basis of German exports to China, since China is by far the most important market for German car manufacturers. The “big three” – **BMW, Daimler and Volkswagen** – sold almost 5.5 million new vehicles in 2018 and

earned up to 50% of their global profit in the PRC (*Deutschland und China*, 2019). The Volkswagen group alone sold 4.21 million vehicles in 2018 in China. Apart from cars, German exports to the Middle Kingdom are based on machinery, nuclear reactors, boilers, electrical equipment, pharmaceutical products, and chemicals (*Germany Exports China*, 2019). The PRC is also **the most important market for Germany's mechanical engineering industry** (*Deutschland und China*, 2019). The Federal Republic imports from China mainly electronic equipment, machinery, clothing, furniture, medical and technical equipment, toys and footwear (*Germany Imports from China*, 2019). Currently **over 5,200 German companies are active in China**, while around 900 Chinese enterprises are operating in Germany. This intensive cooperation relies, on the one hand, on bilateral cooperation agreements, and, on the other hand, on the framework created by the European Union. Even though there are difficulties in mutual affairs – mostly related to still unequal access to the Chinese market for companies outside the PRC, as well as the acquisition of strategically important German companies or shares in them by Chinese corporations in recent years i.e. KUKA, Deutsche Bank, Daimler (Stanzel et al., 2016) – both countries are key partners in economic relations for each other.

German-Chinese perception and people-to-people contacts

The German views China positively. This trend can be seen particularly strongly in recent years, when mutual economic cooperation has been increasing, the activity of German companies in the PRC and vice versa has been rising, and the media often report about Chinese investments under the aegis of the Belt and Road Initiative.

According to a 2014 study on behalf of Huawei Technologies, the largest Chinese company in Germany, **the social attitudes in Germany towards China were optimistic**, although they showed divergent values for bilateral political and economic relations and attitudes of the general public, economic entities and political elites: the PRC was then seen as dynamic global economic power, but perceived with caution (or even fear) by about half of all German respondents (49%), including 43% of politicians and 51% of

economic decision-makers. Over half of the German population (60%) believed that China's influence on the German economy is large or very large, and 35% of them that both countries benefit the technological cooperation. 58% of Germans also indicated that domestic producers are being forced out of the market by Chinese manufacturers. According to the results of the study, China's growth was perceived in 2014 as an **opportunity, not a threat to the German economy**, and the significance of the PRC was identified with the huge sales market for German products (*Deutschland und China – Wahrnehmung und Realität. Die Huawei-Studie 2014*, 2014).

These results changed only slightly in a study repeated in 2016, just when several key German companies were taken over by Chinese corporations (primarily the robotics leader – KUKA), which admittedly caused criticism and extensive discussion on providing greater access to German investors on the Chinese market (Popławski, 2017), but at the same time did not negatively change the perception of China in Germany. Only 44% of the total population emphasized reservations about China, while among politicians and entrepreneurs the fear of Chinese economic power dropped by about 1/4 (among politicians to 35%, while among businessmen to 34% in 2016). Yet, the Huawei study showed that **stereotypes are still strong in both societies** – when asked about spontaneous associations, Chinese respondents answered that they associate Germans with “a strong economy, the automotive industry and German character traits”. On the other hand, many Germans pointed out that China brings about associations such as “economic strength, demographic growth and Chinese food” (*Deutschland und China – Wahrnehmung und Realität. Die Huawei-Studie 2014*, 2014).

Certainly, a better perception of Chinese activities by Germans – despite the undoubted challenges of selling shares in key companies – was associated with increased access to scientific publications, as well as a wide press offer, frequent media reports and political discussions related to the BRI and Chinese activity in Europe and the world. After 2015, numerous specialist publications appeared in German and English, which presented the wide spectrum of Chinese foreign policy, including the ideas of President Xi Jinping, Prime Minister Li Keqiang, Foreign Minister Wang Yi and other representatives of Chinese political life (Ghiasi & Zhou, 2017; Schiek, 2017; Schüller & Schüler-Zhou, 2015; Stanzel et al., 2016).

It should be noted, however, that recently – mainly due to media news about the situation of ethnic minorities in China – **the positive perception of the PRC has decreased**. The study conducted in spring 2018 by the Pew Research Center indicated that more than half (54%) of Germans have unfavourable views of China, and 88% are perfectly aware of the issue of non-respect of human rights in the Middle Kingdom – this topic is indeed one of the most important points of interest of German public opinion, oriented very strongly towards the issues of democracy, rule of law, protection of human rights and ecology. Yet, it must be admitted that the general perception of Chinese people, Chinese culture and Chinese involvement in the world is positive in Germany (Wike et al., 2018b).

Without doubt, the issue of the increasing number of Chinese who come to Germany – mainly as tourists and students – has had a large impact on the awareness of both nations. **The Chinese diaspora in Germany is small in comparison to other countries**, but it has grown rapidly in recent years (Yü-Dembski, 1997). At the time of the division of Germany into two states, several thousand specialized workers (e.g. nurses) inhabited both Western and Eastern Germany (F. Christiansen, 2003; Gütinger, 1998) an area of exotic sensations or a business venture? What makes a European Chinese, Chinese? The histories of Chinese communities in Europe are diverse, spanning (among others). Following the unification of the state in 1990, the number of Chinese citizens living in the Federal Republic began to increase, reaching an official level of 143,000 by the end of 2018, of whom over 7,000 were born in Germany (*Ausländische Bevölkerung nach Geburtsort und Ausgewählten Staatsangehörigkeiten am 31.12.2018*, 2019), although their actual number is certainly higher due to illegal immigration (Giese, 1999).

Figure 4 shows that the largest number of the Chinese live in the western regions of Germany (Nordrhein-Westfalen, Baden-Württemberg or Bayern), where it is much easier to find a job, even in Chinese enterprises active in Germany. Migrants are mostly young – the average age is 32 years old (*Ausländische Bevölkerung nach Geburtsort und Ausgewählten Staatsangehörigkeiten am 31.12.2018*, 2019). The majority are people studying in Germany and taking a job there after graduating.

By the year 2000, **Chinese citizens had built the largest group of foreign students in Germany** – with 10,000 in 2002 and 27,000 in 2007. At present, the

Chinese study at almost all universities in the country, although Darmstads, Braunschweig, Heidelberg, Erlangen, Dresden, Göttingen, Jena, Ilmenau, Bernburg and Freiberg have the largest number of exchange students. Almost 43,000 Chinese nationals were enrolled at German higher education institutions in the winter semester 2018/19 (they constituted about 10% of all foreign students in Germany). At the same time, there were 8,150 German students at Chinese universities (*Anzahl der Ausländischen Studierenden an Hochschulen in Deutschland im Wintersemester 2018/2019 nach Herkunftsländern*, 2019). This **extensive academic cooperation** is possible thanks to bilateral agreements that were signed between German and Chinese higher education institutions within the framework of the “Comprehensive Strategic Partnership”, allowing a widespread exchange of students and scientists.

The academic exchange with the PRC is predominantly mediated by Deutscher Akademischer Austauschdienst (DAAD) – an organisation dealing with international student exchanges practised by German universities, which acts as an ambassador for German education, science and culture abroad. Exchanges also take place at the high school level, and the route of sending Chinese students to German schools, in which they take their final exams in Germany and enrol at university immediately after passing them, is becoming more and more popular. Two schools aimed specifically at Chinese children were set up as early as 1998 in Berlin, one financed by the city government, and the other established privately. Currently, this solution is also practised in other German cities, although most students attend junior high schools together with their German peers (*Interview with Dr. O. Franke*, personal communication, 24 June 2019).

Institutes of Chinese Studies and other academic associations with a focus on China are located in multiple German university cities (a total of 33 institutions, situated e.g. in Berlin, Hamburg, Duisburg, Kiel, Göttingen, Cologne, Munich), and some of them – like the German Institute of Global and Area Studies (GIGA) and the Mercator Institute for China Studies (Merics) – are leading European think tanks dealing with Chinese affairs.

Confucius Institutes, very active in Germany, help the countries to get to know each other as well. There are 19 of them in Germany (in Berlin, Bremen, Bonn, Göttingen, Düsseldorf, Erfurt, Frankfurt am Main, Hamburg, Hannover, Heidelberg, Freiburg, Leipzig, Munich, Nuremberg, Trier,

Paderborn, Ingolstadt, Stralsund and in the Ruhr metropolitan region), and Confucius classes are organized in selected schools too⁷. There are also **schools in Germany with the Chinese language as a subject**.

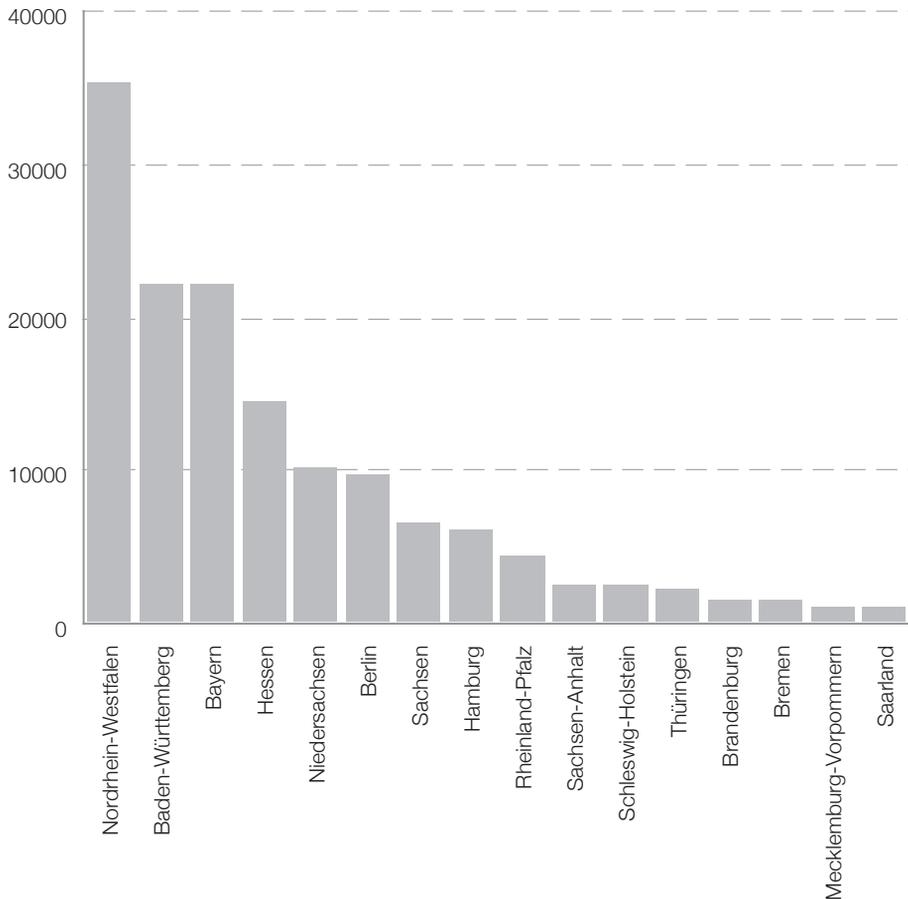


Figure 4. The number of Chinese citizens in Germany by federal state (as of 31 December 2018)

Source: own elaboration based on Statista (2019)

⁷ <http://www.konfuzius-institute.de/?pid=kontakt>, accessed: 19.08.2019. In contrast, the Goethe Institute has only three outposts in China – at the embassy in Beijing, in Hong Kong and by the consulate general in Shanghai.

Chinatowns, known from world metropolises, have not existed in Germany since the so-called “Chinese action” carried out by the NSDAP in 1944 in Hamburg (Güttinger, 1998). Nevertheless, in individual cities there are clusters of Chinese communities, centred around specific companies or individual residents. Since Hamburg maintains institutionalized relations with the People’s Republic of China, there have been attempts to revive the Hamburg Chinese quarter in St. Pauli (Amenda & Hamburg, 2006). As the largest cities in Germany, Berlin and Hamburg are ahead in the number of events organized as part of bilateral cooperation, and act as connectors between the two countries. Every two years, the German-Chinese Summit “China Meets Europe” is held in Hamburg at the highest political level, while the “Asia-Pacific Weeks” take place annually in Berlin, focusing on the exchange of knowledge in the fields of business, science, culture and society.

High-level meetings are an opportunity to promote Germany among Chinese tourists, who have been visiting Germany in increasing numbers recently, often combining a business trip with a few days touring the country (so-called “bleisure”, a combination of business and leisure stay). The German Tourist Centre indicates that **in 2018 more than 3 million overnight stays were booked by tourists from China** (*Chinese International Travel Monitor 2018*, 2018), which is a significant rise compared to previous years. In 2013 there were 1.74 million overnight stays of Chinese citizens in Germany, in 2015 over 2.54 million (*Deutschland Beliebtestes Reiseland für Chinesen in Europa*, 2016). Top destinations include Berlin as the capital city, Munich with the Neuschwanstein Castle, Heidelberg because of the old town, and Trier as the birthplace of Karl Marx. According to United Nations World Tourism Organisation research, Trier was visited by over 150,000 Chinese tourists in 2017 (Smith, 2018). As the potential for Chinese travellers is growing, the German government hopes that their numbers will rise significantly in the coming years (*Tourismuspolitischer Bericht der Bundesregierung*, 2017).

Undeniably, the mounting number of schoolchildren, students, employees and tourists from China in Germany is associated with the growing level of bilateral economic cooperation, but at the same time it drives this cooperation as well, since people-to-people (P2P) contacts stimulate bilateral relations in many dimensions and enable intercultural encounters, independently of political turmoil.

Regions in the German political system – *Bundesländer* as actors in international relations

Germany is a republic where federalism is regarded as a principle of state-structure and a fundamental part of the political system which, according to the eternity clause, is irrevocably fixed (Detterbeck et al., 2009). The German federal system determines **a more complex structure and organisation of public administration than a unitary state** – the state (*Bund*) is divided into semi-sovereign member states (Germ. *Bundesland*, Pl. *Bundesländer*). Politically, since the German reunification in 1990, the FRG is divided into 16 federal states, three of which are named city-states (*Stadtstaaten*), or cities with Land-status: Berlin, Bremen and Hamburg; and the remaining 13 states are called area states (*Flächenländer*).

The division of competences between federal authorities and the state authorities is precisely defined in the German Basic Law (*Grundgesetz*) and is based on two assumptions:

- the necessity for the state authorities to submit to the arrangements made at the federal level in matters reserved to it,
- ensuring the influence of states on the final outline of these arrangements through participation in the *Bundesrat* (a legislative body that represents the federated states at the national level) and creating a space of great freedom for shaping national affairs (including the self-government system), however with respect and compliance with the *Grundgesetz* and other general provisions (Plöhn & Steffani, 1994).

According to the jurisprudence and prevailing view of the law, the *Bundesländer* have an original state power, are parliamentary republics and thus have state quality – Article 20 of the German Constitution states clearly that the Federal Republic should be regarded as the constitutional connection of its states and is thus a federal state in the actual sense.

The sovereignty and fundamental decision-making authority of the federal states is based on Article 30 “Sovereign powers of the *Länder*”, which states the following: “Except as otherwise provided or permitted by this Basic Law, the exercise of state powers and the discharge of state functions is a matter for the *Länder*” (*Basic Law for the Federal Republic of Germany*, 2019). However, they differ from ordinary states in so far as their (partial)

subject-matter of international law is “derived [derivative] and non-original” from the federal government. In this regard they are given powers in foreign affairs by the Federal Constitution. Therefore, **states are able to conclude treaties with other subjects of international law**, yet, as a rule, only with the consent of the federal government and as far as they are responsible for the legislation (H. Krüger, 2009, p. 7).

The *Länder*, as legal institutions, conduct economic, social and cultural policies, and also maintain contacts with regions in other countries, establish foreign representations, become members of international organisations and associations, and sign international agreements. These permissions were confirmed in the **Lindau Agreement** of 14 November 1957, where the German federal government and the states regulated the competences of the *Länder* for the conclusion of international treaties and the transformation of federally concluded treaties with other subjects of international law (*Stellungnahme des Bundesrates zum Entwurf eines Gesetzes zu dem Abkommen vom 2. Mai 1992 über den Europäischen Wirtschaftsraum (EWR-Abkommen, 1992)*⁸).

At present, beyond the area where treaties are completed, political representatives of states are often referred to as partners, responsible for maintaining informal relations with foreign states, below the level of formal diplomacy (Jeffrey, 1998). In the Basic Law, there is nothing to prevent neglect of the rules of the federal order, as long as political contacts established by the federation in foreign relations are respected. With regard to foreign affairs concerning relations with political and/or administrative partners below the level of nation states, the German states have always considered themselves free from constitutional constraints. Their right to direct communication with foreign

⁸ The Lindau Agreement governed cases in which an international treaty of the Federation could affect the legislative competences of the federal states and provided that, with the permission of the federal states, the federal government would be given comprehensive contracting authority for an international treaty. This led to the assumption that the federation acted on behalf of the *Länder* when negotiating or signing foreign treaties, which either partly or wholly regulated matters of their competence. In exchange for allowing the federation to act on their behalf, the *Länder* secured for themselves wide-ranging rights of participation which denied the federation the right to sign such treaties without previously securing their undisputed approval (Leonardy, 1999).

regions, provinces or autonomous communities was confirmed in a decision of the Federal Constitutional Court in 1992 (Leonardy, 1999).

Today, the *Länder* are **major players in the political decision-making process** – and this also applies to German foreign policy. Indeed, the federal states conclude many international agreements. The border states – Baden-Württemberg, Bayern, Saarland, Rheinland-Pfalz and Nordrhein-Westfalen – are particularly active in this dimension, although their potential to develop foreign activities is not the same due to the huge differences in terms of population and the size of economy (e.g. **Bayern alone would be the ninth largest state of the EU by population**). Differences also apply to the expenditure of individual *Länder* on matters related to foreign policy – for example, small and rather poor, Sachsen-Anhalt planned to spend EUR 1.6 million in 2018 on international affairs (a rise from 0.2 million in 2009) and at the same time Bayern expended EUR 14.7 million on European affairs and relations with foreign regions plus EUR 4.7 million on their bureaus in Berlin, Brussels, Prague and Quebec (*Freistaat Bayern Haushaltsplan 2017/2018 Einzelplan 02 Ministerpräsident und Staatskanzlei*, n.d.; *Haushaltsrechnung des Landes Sachsen-Anhalt für das Haushaltsjahr 2009 Gesamtrechnung*, n.d.; Nagel, 2010) n.d.; Nagel, 2010. Apart from the disparities in the size of the economies of individual *Länder*, these differences indicate their interest in and opportunities for conducting joint international cooperation, often created with the support of the government in Berlin.

At the scientific level, researchers have put a lot of emphasis on the clarification of the process the German paradiplomatic cooperation, which resulted in multifaceted theoretical approaches (Leitermann et al., 2010; Roters & Wolf, 2013). In one of the first comparative studies of the international role and activities of regions in democratic federal states, Hans J. Michelmann and Panayotis Soldatos (1990) examined the phenomenon of paradiplomacy in, among others, Austria, Germany, Switzerland and the United States, and evaluated the implications of paradiplomatic activities for the conduct of foreign policy in these countries. In a more recent analysis, Rainer J. Schweizer and Stephan C. Brunner (1998) compared the role and competences of states in Germany and Austria, considering their position and tasks within the framework of the European Union. Furthermore, Rudolf Hrbek explored the role of regions and the *Bundesrat* in German foreign policy (Hrbek, 2017),

and Christian Athenstaedt (2011) investigated the commitment to and the numerous developments in the cooperation at the national and international level to show the distribution and interlocking nature of competences of the various state actors. Moreover, the topic of town twinning projects has been developed by Leitermann et al. (2010), who assumed that the idea was derived from personal encounters in the past, but has now turned into a business and strategic thinking model.

Table 8. German regional partnerships with China

Region	Chinese partners (year of establishment)		
Baden-Württemberg	Liaoning (1982)	Jiangsu (1984)	
Bayern	Shandong (1987)	Guandong (2004)	
Brandenburg	Hebei (2015)		
Bremen	City of Dalian (1985)	Guandong (2004)*	
Federal State of Berlin	Beijing (1994)		
Hamburg	Shanghai (1986)		
Hessen	Jangxi (1985)	Hunan (1985)*	
Mecklenburg-Vorpommern			
Niedersachsen	Anhui (1984)		
Nordrhein-Westfalen	Jiangsu (1986)	Shanxi (1984)	Sichuan (1988)
Rheinland-Pfalz	Fujian (1989)		
Saarland	Hunan (2006)*	Hubei (1996)	
Sachsen-Anhalt	Shanghai (2017)	Heilongjiang (2003)*	
Sachsen	Hubei (2007)		
Schleswig-Holstein	Zhejiang (1986)		
Thüringen	Shaanxi (1997)*		

* – non-active or probably non-active partnerships (pointed out as non-active by regional officers in the survey or in cases where no information about any form of activity in recent years was found)
 Source: own elaboration on the basis of the survey (2016/2017) among all regional offices responsible for the cooperation with China, combined with Goette and Qianlan (2018, pp. 25–26) and followed by a review of official websites of German *Länder*

In the German political system, **the transfer of competences to the regions**, accompanied by the decentralization of the state, opens wide fields for a practical cooperation between regions. It complements the intensive cooperation between the governments, since one of the most important features of German regions' external relations activities, observed by Michelmann (1988, p. 30) is their complementary character. Regional authorities do not challenge the primacy of the federal government in German foreign policy, but rather try to cooperate and support it. Using the classification presented by Panayotis Soldatos (1990), we can say that **Germany follows the cooperative-coordinated pattern (regions are involved in international relations under a formal or informal coordination with the federal government)**. Germany is a very inclusive federal country in terms of paradiplomacy and the federal units genuinely participate in the country's foreign relations. Due to this fact, paradiplomacy has positive consequences for the development of the nation as a whole, and lead to the rationalisation⁹ and democratisation¹⁰ of the decision-making process in the national foreign policy (Schiavon, 2018, p. 47).

Subnational relations between Germany and China

The German *Länder* have a great tradition of bilateral cross-border cooperation (*Grenzüberschreitende Zusammenarbeit*), which became a new phenomenon in the post-war Europe – especially in relations with France, Israel and, after 1991, with Poland as well (Bachtler et al., 2004; Giordano, 2002; *Städtepartnerschaften – Den Europäischen Bürgersinn Stärken. Eine Empirische Studie*, 2018). Since these paradiplomatic activities of the regions were fruitful, the regional authorities, out of pragmatic considerations,

⁹ Rationalisation reflects the principle of subsidiarity, which means that the central government should delegate all the tasks that can be effectively performed at this lower level to the subnational level.

¹⁰ Democratisation brings more plurality to decision-making in foreign policy and allows better representation of various interests.

developed consultation and coordination with foreign partners also outside the European continent (Michelmann, 1988)¹¹.

The Sino-German cooperation started at the subnational level in the 1980s, when nine Western German regions, excluding Saarland, established partnerships with Chinese provinces and cities. After the reunification of Germany, the majority of Eastern regions followed suit.

In accordance with the data collected in 2016-2017 by the authors of this analysis, compared with the almost parallelly conducted study on communal relations by Goette and Qianlan (2018), these subnational relations look as follows: **all German Länder, except Mecklenburg-Vorpommern, reported official links with Chinese partners**, some of them with more than one (see Table 8). However, five partnerships are not active, meaning that there have been no bilateral activities in the last two years. In practice, sometimes it may be problematic to assess if a partnership is actually active or not. In the case of Thüringen, for instance, authorities responded in the questionnaire that the cooperation with the Shaanxi province is not active, although there was a visit by Chinese officials from the province in 2015 (*Chinesische Delegation zu Besuch in der Thüringer Landesvertretung*, 2015).

Out of 23 identified partnerships between German and Chinese regions, more than half dated back to the 1980s. **German regions have been in the vanguard of European sub-national units seeking opportunities in China**, which started to be more and more open as a result of the reforms initiated by Deng Xiaoping in 1978. Only two partnerships were established after 2010, so, contrary to some other countries analysed in this book, **the cooperation with Chinese provinces has not been launched with any relation to the Belt and Road Initiative**.

The year 2004 is important in linking subnational cooperation with bilateral contacts at the national level. At that time Sino-German relations were

¹¹ Since the 1990s, when the two German states were united, an enormous increase in foreign activities of the *Länder* was observed, the main goal of which being the search for new economic partners. In 1997, German embassies all over the world had to deal with a total of 584 trips by German *Länder* executives and parliamentarians. Subnational entities established 130 representations and offices abroad that aimed at investment and tourism promotion, and tried to facilitate international trade (Nagel, 2010, p. 127).

upgraded, as mentioned above, to the level of “Strategic Partnership in global responsibility” (Zhongping & Jing, 2014), and Chancellor Gerhard Schröder battled, unsuccessfully, to lift the European Union’s arms embargo against China (Kamiński, 2015, p. 137; Malzahn, 2005). In the same year, two new links between provinces and as many as 20 new partnerships at the local level (between cities) were established (in comparison, in 2003 there was only one). Nine more city-to-city partnerships were added in the year 2005 (see Figure 5).

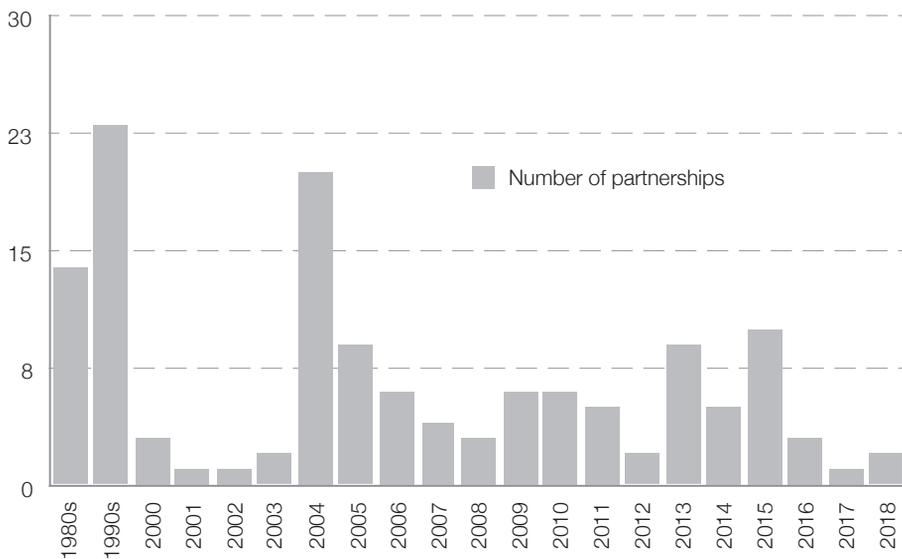


Figure 5. The number of established links between German and Chinese cities

Source: own elaboration on the basis of Goette and Qianlan (2018).

It suggests that **the development of bilateral links at the national level the cooperation of subnational actors**, which means a kind of synergy with the federal policy. However, this effect was not visible in 2014 when the Sino-German partnership was upgraded to the “Comprehensive Strategic Partnership” (*Joint Declaration on the Occasion of Chinese President Xi Jinping’s State Visit to Germany from 28 to 30 March 2014: Establishment of a Comprehensive Strategic Partnership between Germany and China*, 2014).

It may mean that the hierarchy of strategic partnerships (partnership, strategic partnership, comprehensive strategic partnership...), which seems to be very important for the Chinese, is less clear and important for Western partners. The Chinese, well-known for their emphasis on formalities, use the upgrading of partnership status in order to stress the importance of key diplomatic occasions (Zhongping & Jing, 2014, p. 14). As a German diplomat confirms:

The Chinese give great weight to the wording; for them, there's a difference between strategic, comprehensive strategic, or comprehensive and deep. In turn, on our side these subtleties are often lost (Interview with German Diplomat, personal communication, 17 April 2019).

In 2017 there were more than **130 local actors cooperating with Chinese partners** (Goette & Qianlan, 2018). The number of partnerships between cities in different German states may indicate the intensity of links with Chinese partners. It varies significantly, from 30 in Nordrhein-Westfalen to zero in Saarland. In some regions, subnational contacts with China are flourishing, in others they barely exist. Searching for an explanation, we have looked at the economic statistics. Clearly, the greatest number of partnerships have been established in the most economically developed regions of Germany. **The number of partnerships strongly correlates with the size of the regional economy** as well as the value of exports to China (Table 9). In the first case the correlation indicator is 0.88 and in the second – 0.70.

The influence of economy on ties with China is understood particularly in the light of the fact that the economic cooperation is the most important area of German-China relations. **By 2017, China had become Germany's biggest trading partner**, just ahead of the US and France – crucial economic partners for the Federal Republic in the previous 40 years ('China Remains Germany's Biggest Trading Partner in 2017', 2018). It also resonates at the subnational level. The findings of our survey, the results presented by Goette and Qianlan (2018), as well as the interviews with regional officials clearly show that **economy and trade dominate the agenda of collaboration with China**. All regions which answered the questionnaire indicate economy as an area of cooperation – in a survey carried out among German municipalities,

Table 9. The number of partnerships in German regions, the size of regional economy and the value of exports to China

Region	Number of partnerships	Share of GDP	Exports to China (2017)
Nordrhein-Westfalen	30	21.20	11 187 953
Bayern	22	18.20	16 009 107
Hessen	18	8.60	3 667 175
Niedersachsen	14	8.80	4 916 000
Baden-Württemberg	11	15.10	14 746 300
Sachsen	10	3.80	5 973 661
Mecklenburg-Vorpommern	9	1.30	233 543
Rheinland-Pfalz	8	4.40	1 966 138
Bremen	3	1.00	1 320 985
Brandenburg	3	2.10	295 000*
Schleswig-Holstein	2	2.90	1 100 000
Thüringen	2	1.90	894 718
Sachsen-Anhalt	2	1.90	756 000*
Hamburg	1	3.60	5 900 000
Berlin	1	4.20	900 000*
Saarland	0	1.10	843 262*

* – latest available data from 2016

Source: own elaboration on the basis of Goette and Qianlan (2018) and statistical data from German regional statistical offices.

76% pointed to economy and trade in the group of the four most important areas (Goette & Qianlan, 2018, p. 53).

The economisation of the dialogue might be also explained by the fact that **China is a very important trade partner and export destination for many German regions.** In Sachsen, exports to China amount

to almost 15% of all overseas sales, in Hamburg – 11%, and in Bayern, more than 8% (Table 10). This land is also the biggest exporter to China, followed by Baden-Württemberg and Nordrhein-Westfalen. Those three *Länder* account for almost 60% of German exports to China (and more than half of German GDP).

The growing importance of ties with China is clearly visible in the region of Hamburg. China is the second most important trade partner for this city with Land-status. 700 regional companies operate in China and 520 Chinese companies have offices in Hamburg (Goette & Qianlan, 2018, p. 55). China is by far the biggest partner for the Hamburg port, responsible for about 1/3 of all trade (measured in TEU), which makes this seaport the most important for German trade with China – about 50% of trade goes through Hamburg. **The case of Hamburg shows the crucial importance of collaboration between regional authorities and local partners.** For many years relations with China have been fostered by the regional office in Shanghai, run by the region of Hamburg, together with business partners (the Chamber of Commerce) as well as the Port of Hamburg and Hamburg Travel. Due to this fact, the office has stimulated not only business and trade, but also tourism, as well as an academic, educational and cultural cooperation.

Education is the second most important field of interest for subnational units. **74% of municipalities declared the development an educational cooperation with Chinese partners**, mainly in the form of school partnerships and youth exchange programmes (Goette & Qianlan, 2018, p. 54). Programmes of youth exchange started in 2006, when governments agreed to develop this form of cooperation. A decade later it became the main topic of the first meeting of the Sino-German High-Level People-to-People Dialogue to promote and support social and cultural exchange, held in Beijing on 24 May 2017. Attended by several hundred people, the meeting was co-chaired by Germany's then Foreign Minister, Sigmar Gabriel, and China's then Vice-Premier, Liu Yandong (*Deutschland und China Verstärken Ihren Jugendaustausch*, 2017).

As mentioned, the cooperation in higher education is well-developed too. German universities cooperate in research and teaching projects, as well as exchanging students and scientists with Chinese partners. The strong cooperation is to some extent coordinated by the central government, which

in 2015 published a strategy that established a political framework for collaboration (*China Strategy 2015–2020. Strategic Framework for Cooperation with China in Research, Science and Education*, 2015).

Table 10. German exports to China in 2017 by regions

Region	Exports to China	Total exports	Share
Bayern	16 009 107	190 695 834	8.40%
Baden-Württemberg	14 746 300	200 234 900	7.36%
Nordrhein-Westfalen	11 187 953	190 342 885	5.88%
Sachsen	5 973 661	41 257 407	14.48%
Hamburg	5 900 000	53 402 818	11.05%
Niedersachsen	4 916 000	87 820 891	5.60%
Hessen	3 667 175	63 237 179	5.80%
Rheinland-Pfalz	1 966 138	54 832 819	3.59%
Bremen	1 320 985	21 238 591	6.22%
Schleswig-Holstein	1 100 000	21 999 530	5.00%
Berlin	900 000*	15 100 000*	5.96%
Thüringen	894 718	15 157 700	5.90%
Saarland	843 262*	15 467 138*	5.45%
Sachsen-Anhalt	756 000*	14 830 000*	5.10%
Brandenburg	295 000*	13 224 000*	2.23%
Mecklenburg-Vorpommern	233 543	7 215 073	3.24%

* – data from 2016

Source: own elaboration based on data provided by German regional statistic offices.

The significance of university cooperation is rising even in peripheral regions without major academic institutions, such as Schleswig-Holstein and Sachsen-Anhalt. Daniel Günther, the Prime Minister of Schleswig-Holstein, pointed to academic cooperation as the most important area of cooperation besides trade relations during his first international visit to China (Günther, 2018). An official from Sachsen-Anhalt also stressed the increase in the number of Chinese students:

“We currently have 350 students at the Otto von Guericke University in Magdeburg, but we expect more. Considering that there are about 14,000 students at the university in total, the group is already large. In addition, there are nearly 1,000 vocational teachers, vocational school directors, managers and members of management who attend seminars here in Magdeburg on school evaluation, school management, digitization, operations management, etc.” (*Interview with Head of International Office for Economic Development, City of Magdeburg*, personal communication, 22 May 2018)

The third most important area of cooperation is **art and culture**. Half of the subnational units in Germany some cooperation with China in this field. Many of them see it as the “catalyst and basis” for the development of economic ties (Goette & Qianlan, 2018, p. 54). Similarly to sport and education, **cultural cooperation is much better developed at the local rather than regional level**, because of the fact that cities have more competences in these areas.

The list of the most significant sectors of cooperation also suggests the crucial local partners for subnational units. In the case of Germany, **the model of the “golden triangle” or the “triple helix”** (*Interview with the Project Officer in Eurocities*, personal communication, 30 January 2019) is visible and seems to be important for successful cooperation with China. In this model, **academia, business and local/regional government build a complex network of relationships in which they collaborate dynamically**. According to one of the experts working as a facilitator of city-to-city links with China:

“And at times, they ‘take the role of the other’ by adopting new, non-traditional roles; for example, companies become educators, the university becomes more entrepreneurial and the local government – a business facilitator. In the triple helix model, knowledge does not only flow from university lab to business (the traditional ‘linear’ model of innovation): there are multiple links, flows and backflows between multiple partners that make up a complex tissue of public, private and knowledge actors.” (*Interview with the Project Officer in Eurocities*, personal communication, 30 January 2019)

The engagement of different actors brings a lot of benefits. Firstly, it increases the number of cooperation opportunities within the framework of

a partnership and makes it more attractive for both sides. Secondly, it gives flexibility and effective use of resources. For example, some degree of **joint representation can be created** and when a local government cannot take part in a meeting, it may be a local university or chamber of commerce that represents the interests of the whole city/region. Thirdly, **the broader platform of stakeholders makes the cooperation more sustainable**. Politicians tend to limit the cooperation to official visits and the exchange of letters of intent, while business partners and universities prefer to implement concrete projects (Kontinakis et al., 2019).

As for the topics covered in official contacts with Chinese partners, the results of our survey as well as the study by Goette and Qianlan (2018, p. 75) show that although economy dominates the agenda of bilateral talks, environmental issues and climate change are almost equally important. At this point, it is worth stressing **the subnational cooperation with China is also an element of the German foreign policy**. Cooperating in the area of climate-friendly and sustainable urban development has been an important area of bilateral contact for many years. Against this backdrop, the Sino-German urbanisation partnership was launched in 2013 by the German Chancellor Angela Merkel and the Chinese Premier Li Keqiang. This political project aims to support the cooperation between German and Chinese cities, through various instruments such as organising an annual Mayors Summit, study visits, etc.¹² The environmental dialogue with Chinese subnational units can be seen as the practical implementation of the national policy goals.

Berlin. A case study of cooperation with China

Berlin is the capital city of Germany and with a population of over 3.7 million inhabitants it is the second most populous city of the European Union after London. The city is also one of Germany's federal states. **The state of Berlin is very active in international relations, maintaining partnerships with 17 cities from all over the world**. Except for Los Angeles, with which

¹² More information is available on the official website of the initiative: <https://www.sustainable-urbanisation.org/en>

cooperation has lasted the longest (since 1967), all of them are capitals of their respective countries.

The first official contacts with China date back to 5 May 1988, when an agreement on friendly cooperation was signed by the East Berlin city government, and its counterpart in Beijing. In April 1994, the now-united City of Berlin signed a joint declaration and a memorandum on exchange programmes with Beijing. Furthermore, there are several partnerships on the level of city districts between Berlin and Beijing (e.g. District Mitte in Berlin / Chaoyang District in Beijing) as well as cooperation agreements on specific topics such as justice (P. Schwarz, personal communication, 19 February 2018).

A broad range of stakeholders are involved in the collaboration with the Chinese. Alongside the Senate Chancellery, there are business circles (e.g. the Chamber of Commerce and Industry), universities, specific districts of Berlin, NGOs and cultural institutions.

The Berlin case is interesting because **the partnership with the Chinese goes well beyond the economic cooperation**. Petra Schwarz, the person responsible for the contact with the Chinese in the city administration, indicated that the list of topics includes urban development, traffic infrastructure, smart cities, Industry 4.0, economy, start-ups, vocational training, schools, sports, public security, justice, and health management, as well as culture and the arts. Plans are already underway for a stepped-up cooperation in the areas of tourism, climate/environmental protection, health and administration (P. Schwarz, personal communication, 19 February 2018).

One special feature of the relationship between Berlin and Beijing is **an exchange in the legal field**. This includes, for instance, training for notaries, and an exchange between the Senate Chancellery and the High People's Court in Beijing. One of the topics discussed in this context is anti-corruption measures. From 2002 to 2011 Berlin organised two-week education programmes for high-level judges and civil servants from Beijing. Later, in 2014, a seminar for judges from Beijing was held in Berlin and both cities agreed to continue the cooperation in the future (*City Partnership Beijing*, 2019).

Another important field of common interest is the educational cooperation. 18 schools in Berlin have partnerships with their Chinese counterparts (14 from Beijing). Pupils learn about the partner's culture, and schools

organise language courses. **Chinese can now be taken as a student's third foreign language in 10 schools in Berlin and as the second foreign language in another one.** As one of the coordinators of a school exchange explains: *“For our students, contact with Chinese peers and Chinese culture and language is an integral part of the holistic learning experience of teaching Chinese.”* (Rath-Kastrinogianni, n.d.)

Arts and culture are relatively new areas of cooperation, but with some spectacular results. The partner cities marked the 20th anniversary of their relations by launching an exhibition of contemporary art entitled “The 8 paths: Art in Beijing” (*Second Round Table China – SKEW*, 2017). In 2014, Berlin hosted the largest solo exhibition of the famous Chinese artist Ai Weiwei. The Chinese dissident later lived in Berlin, but in 2019 decided to leave the city with rather bitter feelings (Rodek, 2019).

Schwarz explains that exhibitions about contemporary art in Beijing and Berlin help to interconnect the artistic communities in both cities and facilitate building a better mutual understanding (P. Schwarz, personal communication, 19 February 2018).

Berlin's cooperation with Beijing is, to a large extent, a bottom-up initiative, without many links with national and European relations with China. Nowadays, all the activities with Chinese partners are financed from Berlin's own funds. As Schwarz stressed:

“European funding programs exist but do not play a role in the city partnership. The European Union plays no concrete role in our specific cooperation with China.” (P. Schwarz, personal communication, 19 February 2018).

When asked about the attitude of the central government towards regional cooperation with Chinese partners, Petra Schwarz underlined that although the central government defines the general strategy of international relations, German federal states have a lot of independence in forging their own partnerships with cities and regions around the world. Interestingly, the relations with China at the governmental level have no direct influence on the Berlin cooperation with Beijing, but she thought they might indirectly benefit from the good bilateral relations at the national level (P. Schwarz, personal communication, 19 February 2018).

The case of Berlin shows that cooperation with Chinese partners can go well beyond economy and business. People-to-people relations with China, built on school or cultural exchanges, may also be successfully developed by the local government, despite different political systems. The analysed case shows that **sub-state relations with China might contribute to the EU strategic goal to strengthen P2P links and attract more Chinese students and tourists** who “would contribute to fostering inter-cultural dialogue and promoting cultural diversity and civil society participation”. **In this context, the fact that the EU is in no way engaged in the development of subnational links with China might be a significant omission.** To implement its strategy, the EU should cooperate more closely with subnational actors.

Conclusions

The investigation indicates that German-Chinese relations – although they have been going on continuously for almost 50 years – have been mainly based on deepening the economic in recent times. This is particularly evident in the past three years, when the FRG and the PRC have been key economic partners for each other. At the same time, an increasingly extensive and multi-dimensional cultural exchange is taking place, based on progressive social contacts (e.g. student exchanges or tourism). These intense socio-economic relationships are both the result and cause of increasing cooperation at the regional level, which is supported by the federation.

According to the results of the analysis, all German states (with the exception of Mecklenburg-Vorpommern) have established a partnership with at least one Chinese province in the last 40 years. Contrary to the situation in some other countries in Europe (e.g. Poland or Spain), subnational links with China had been established in Germany well before the Belt and Road Initiative was launched in 2013. More than half of the partnerships between German and Chinese regions date back to the 1980s.

Besides regions, also local communities – particularly cities – are developing links with their Chinese counterparts. In 2017, there were more than 130 local actors cooperating with China. The data show a strong correlation between the share of GDP, the level of exports to China and the number of

partnerships established by the individual *Länder*. In the regions which have an extensive network of links with the PRC's provinces, there are usually factories producing cars, machines, and electronic equipment, as well as medical and technical equipment, that are the main export goods of Germany. For many regions, China is a very important trade partner even accounting for more than 10% of exports. Bayern, Baden-Württemberg and Nordrhein-Westfalen have the strongest trade links with China. They comprise almost 60% of German exports to China.

Without a doubt economy remains the key area of collaboration, but issues such as school education, higher education, urbanization and environment, as well as climate change, play an increasingly important role. *Länder* are gradually more interested in cooperation in the field of education and the reception of Chinese students. The number of Chinese students at German universities is increasing and local authorities are involved in attracting new ones.

The growing intensification of contacts is possible thanks to the tripartite involvement of local authorities, universities and businesses. This so-called "triple helix" forms the basis for the construction of comprehensive relations, enabling the identification of fields of cooperation, the possibility of political support for their development, and the creation of a theoretical and practical framework. The school sector in which German and Chinese students are educated together also allows for the building of consensus, a common experience as well as *guanxi* – invaluable in contacts with the Chinese side.

The growing dynamics of the dialogue with Chinese subnational units creates opportunities for the national government in Berlin as well as for the EU. Regions and cities may help with the practical implementation of the national as well as European policy goals towards China in low policy areas such as environment or people-to-people dialogue. **The German government does communicate with regions, trying to formally and informally coordinate their activities. However, the question to what extent the federal government uses subnational actors as instruments of its foreign policy, remains unanswered.** In the case of the EU, we have not found any activities aiming at making political use of the growing network of communal partnerships with China.