

# CHAPTER 3

## ITALY

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### Introduction

Italy's policy towards China has visibly changed over the years. From reluctant, mercantilist, perceiving the invasion of cheap Chinese products as a threat to jobs and the standard of living (Fox & Godement, 2009), Italy has moved to a much more open and positive stance. Aspiring to become the end destination of the 'Maritime Silk Road', Italy signed up to the Belt and Road Initiative (Zaneli, 2019) and became a member of the Asian Infrastructure Investment Bank (AIIB). Together with the strengthening of bilateral relations through a number of high-level visits and various cooperation initiatives at the national level (Godement & Vasselier, 2017), the Italian government gave the green light also to developing regional links with China.

The aim of this chapter is therefore to analyse how Italy cooperates with China at the substate level. The authors try to highlight the background to the bilateral relations and then characterize subnational links, answering a number of questions: What are the main areas of cooperation with Chinese partners at the subnational level? What are the benefits and obstacles? What are the forms of Italian cooperation with China and how have they been transformed in recent years?

This research is based on an in-depth literature review, statistical data gleaned from a survey of all 20 regions in Italy, and a face-to-face interview conducted with an official from the Umbria regional authority. The survey was conducted in the last months of 2016 and the beginning of 2017. We collected data from 16 out of 20 Italian regions. The questionnaire was distributed in a paper version, as well as an electronic one to regional authorities (identified units responsible for international cooperation). We followed up the questionnaire distribution with telephone calls, to increase the number of responses.

The chapter consists of four main sections. The first concentrates on a description of the political, economic and social relations at the interstate level. The second briefly discusses the position of Italian regions as policy actors in international relations. The third part presents the outcomes of the survey and characterizes Italian subnational relations with Chinese counterparts. The final section, which is a case study of the Umbria region and its cooperation with China, is followed by concluding remarks.

## **An overview of Sino-Italian relations**

After Chairman Mao Zedong's proclamation of the People's Republic of China in 1949, all Italian diplomatic offices in China were closed. However, the Italian government remained open to extending recognition to the People's Republic of China in order to continue the diplomatic relationships. **The normalization of political and economic relations started in the mid-1960s.** The Minister of Foreign Affairs of the Italian Republic declared that "it was not a question of whether Italy should recognize the Beijing government [...]. It was only a question of when and how that recognition should take place" (Coralluzzo, 2008, p. 6). In 1969, Italy announced its intention to recognize the People's Republic of China. Finally, an agreement recognizing of the PRC was signed on November 6, 1970 and one year later – in October, the government of the Communist Party of China was admitted to the United Nations thanks, among others, Italy's vote.

Thus, Italian relations with China entered a new stage. A number of bilateral agreements were signed in the fields of military, trade, business,

technology and culture. In the mid-1980s, the Italian Republic, behind the West Germany, became **the second largest Chinese trading partner in the European Community** (Coralluzzo, 2008, p. 9). In 1986, a bilateral consular convention was signed, which was the first such agreement signed by China with a Western European state. In the same year, the first official visit of an Italian Prime Minister to China took place (Coralluzzo, 2008, p. 9). As a result of the Tiananmen Square massacre in spring 1989, Italy implemented sanctions ordered by the European Council (Crossick & Xiaobin, 2007). A few weeks later, a new Italian government decided that limiting relations with China was a mistake and called for the renewal of cooperation as soon as possible.

Political reconciliation was accompanied by the development of economic relations. At the beginning of the new millennium, Italian exports to China became the second largest in Asia, just behind Japan (Coralluzzo, 2008, p. 14). The dynamics of trade relations, however, started to be perceived as less and less favourable for the Italian side. Andornino (2012) called the Sino-Italian relationship “**asymmetrical competition**” because of the protectionism that allowed China to dominate the market in many sectors due to the competitiveness of their goods. For example, in the years 2001-2010, the Italian share of the global textile market fell from 8.70% to 6.62%, while in China in the same period it increased from 18.62% to 36.74% (Andornino, 2012, p. 90).

In contrast to other countries, such as the USA, France or the United Kingdom, Italy concentrated almost exclusively on the economic sphere in relations with China because they did not have any strategic interests in Asia. Political and security problems were less important, however, it is worth noticing that **during the discussion about lifting the arms embargo on China, Italy was in favour of such a political gesture towards Beijing** (Coralluzzo, 2008, p. 16). Sisci critically assessed the Italian foreign policy of that time stressing that “Italy has no foreign policy towards China or any other Asian country. It has only prejudices – positive and negative, but still prejudices” (Sisci, 2009). Italian right-wingers protested in defence of Italy’s small and medium-sized enterprises beleaguered by Chinese competition. Those on the left feared that workers might lose their jobs to China and blamed Beijing for low social security and practically no environmental protection standards.

The weakness of political links with China might be illustrated by the **low number of official visits paid by Italian prime ministers to this country**. Since 2001, nine Italian prime ministers have made only seven official visits to China (see Table 11).

**Table 11.** The overview of official visits of Italian prime ministers to China

Prime Minister	Term of office	Tenure	Number of visits to China	Year(s) of visit
Giuliano Amato	2000-2001	1 year 47 days	1	2001
Silvio Berlusconi	2001-2006	4 years 340 days	1 (as the European Council President)	2003
Romano Prodi	2006-2008	1 year 357 days	1	2006
Silvio Berlusconi	2008-2011	3 years 192 days	0	-
Mario Monti	2011-2013	1 year 163 days	1	2012
Enrico Letta	2013-2014	300 days	0	-
Matteo Renzi	2014-2016	2 years 294 days	2	2014 and 2016
Paolo Gentiloni	2016-2018	1 year 171 days	1	2017
Giuseppe Conte	2018-now	Incumbent	0	-

Source: own elaboration

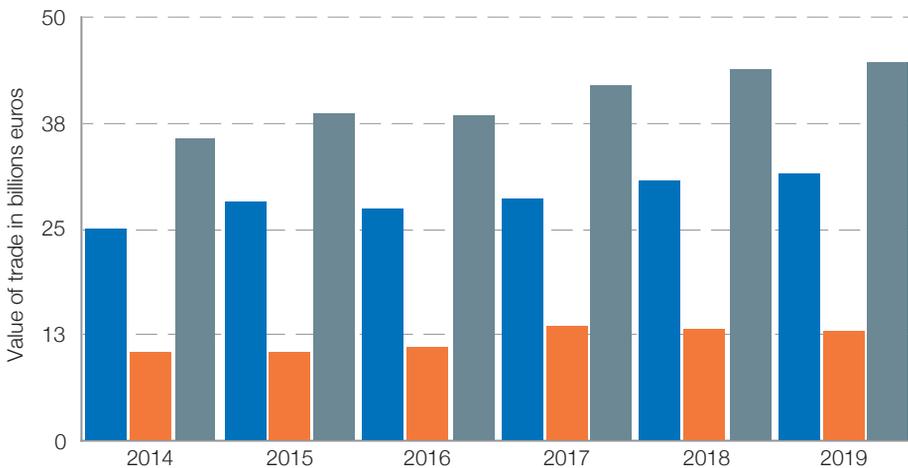
One of our interlocutors put it bluntly:

“Until the time of Mario Monti’s reign, nobody was interested in China. Berlusconi did not visit the country. Monti, only once. It was a time of distrust, caused by many factors” (*Interview with the Manager of the International Cooperation Office of the Umbria Region, personal communication, 21 September 2017*).

Political relations started to intensify after Xi Jinping took power in 2013. It might have been linked with the greater openness of China, and the Belt and Road Initiative, but also with the changing mood in Rome. **The policy based on distrust was replaced by a much more positive approach, driven**

**by hope for economic benefits of collaboration.** It is worth noticing that since Xi Jinping came to power in 2013, the government in Italy has changed five times and almost all of them wanted a close cooperation with China (Le Corre & Alfonsi, 2019).

Economic relations with China have visibly intensified in recent years due to the demand of the Asian state for Italian goods. In 2017, Italian exports increased by over 20% compared to the previous year. Machinery, nuclear reactors, boilers and vehicles account for as much as 36% of total exported goods to this country (*Italy Exports to China*, n.d.). In five years between 2014 and 2019 bilateral trade rose by about 25%. It makes China the largest Italian trading partner on the Asian continent. Although Italian exports have visibly increased, the trade deficit remains huge. In 2019 the gap was over 40% (see Figure 6).



**Figure 6.** Sino-Italian trade from 2014 to 2019

Source: own elaboration on the basis of Eurostat

Apart from the growing trade, one can notice **Chinese investment expansion in Italy.** It has received about 23 billion dollars from Chinese foreign direct investment (FDI), making it the **third largest recipient in Europe**<sup>13</sup>. The Italian government counted on even more when, despite the protests of

<sup>13</sup> For example Chinese ChemChina took control of the famous Pirelli (Le Corre & Alfonsi, 2019)

Donald Trump's administration, it decided to declare participation in the China's BRI as the first of the Group of Seven (G7) in March 2019. The decision to sign the memorandum about Italy's accession to the BRI also shows Italian opposition to the increasingly rigorous EU policy towards China, in which the European Commission considers the People's Republic of China as a strategic competitor in the economic arena (Bogusz et al., 2019). The memorandum does not imply binding commitments from the Italian side, but it can be understood as the beginning of an even closer cooperation in the future. In order to improve the quality of cooperation, the Italian government created the China Task Force (operated by the Ministry of Foreign Affairs), which is responsible for maintaining bilateral relations with China, especially at the economic level (*Italy's Ministry of Economic Development Launches Task Force China*, 2018).

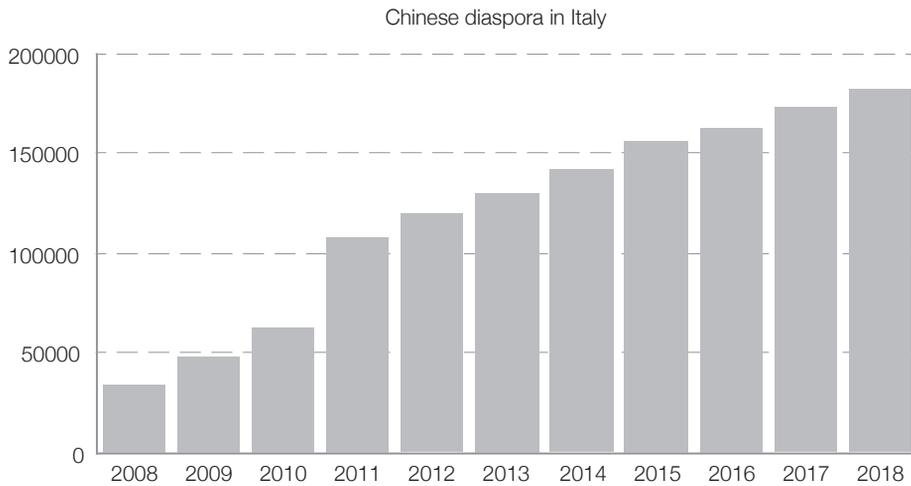
The development of relations with China has occurred despite the **rather unenthusiastic approach of the Italian society**. According to Eurostat, in 2018, 54% of Italians had a negative perception of such relations, with only 37% having a positive approach. At the same time there is a constant rise of the Chinese diaspora in Italy. **The number of long-term Chinese residents increased fivefold between 2008 and 2018, reaching more than 180 thousand people**. This is the biggest number in Europe – 30% of long-term Chinese residents in the EU live in Italy. For example, Spain, as the second largest European country in terms of the Chinese diaspora, recorded more than 50 thousand fewer people in 2018.

## Competences of regions in the Italian foreign policy

For several decades after the Second World War, Italian regions carried out foreign activities on their own initiative and without explicit legal limits. It was the Constitutional Court, which tried to set a balance between central government prerogatives and the regions' external actions<sup>14</sup>.

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<sup>14</sup> See, in particular, the Italian Constitutional Court's landmark decision no. 179/1987 and judgements no. 250/1988, 737/1988, 256/1989, 26/1994, 564/1988,



**Figure 7.** The number of long-term Chinese residents in Italy (2008-2018)

Source: own elaboration, based on data from Eurostat.

**The constitutional reform of 2001 reconfigured the relationship between the state and the regional administrations.** Art 117 of the Italian Constitution expressly reserves the foreign policy for the state. As Palermo (2007) explains: “all external activity performed by a Region can be interpreted as a potential violation of the unity of national foreign policy. Thus, the constitutional limitation should be read as preventing regions from undertaking foreign policy activities that run counter to the state’s foreign policy.”

The state overrides the regions, having the right of exclusive legislation. However, some duties are given to the regions, granting them the right to implement their own laws. Confirmation can be found in the same article:

“regulatory powers shall be vested in the State with respect to the subject matters of exclusive legislation, subject to any delegations of such powers to the Regions. Regulatory powers shall be vested in the Regions in all other subject matters.”

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739/1988, 924/1988, 276/1991, 472/1992, 124/1993, 204/1993, 251/1993, 290/1993, 212/1994, 332/1998, 427/1998.

The last two paragraphs of this article directly determine the competence of Italian regions to establish an autonomous foreign policy:

“in the areas falling within their responsibilities, Regions may enter into agreements with foreign States and local authorities of other States in the cases and according to the forms laid down by State legislation.”

The national law on the implementation of the constitutional reform, adopted in 2003, limits the regions' power to sign international treaties to activities “aimed at promoting regional economic, social and cultural development”<sup>15</sup>. It is forbidden to conduct any foreign regional policy that could expose the security or interests of the state and oblige the state legally or financially, which could be unfavourable to it. In practice, it works in such a way that regions cannot sign treaties with third countries, but only implement the arrangements for international agreements previously signed by the state and agreements of a technical and programmatic nature. **Regions are not entitled to make agreements of a political nature on their own or on their behalf** (Palermo, 2007).

Although the Constitution of the Italian Republic has normalized the division of competences between the two tiers of public administration, in practice the regions are very limited in their foreign policy, because their actions on the international arena may be objected to by the state due to the above-mentioned issues. Thus, the success or failure of regional authorities in shaping their own policies depends, to a large extent, on their relations with the authorities at the central level.

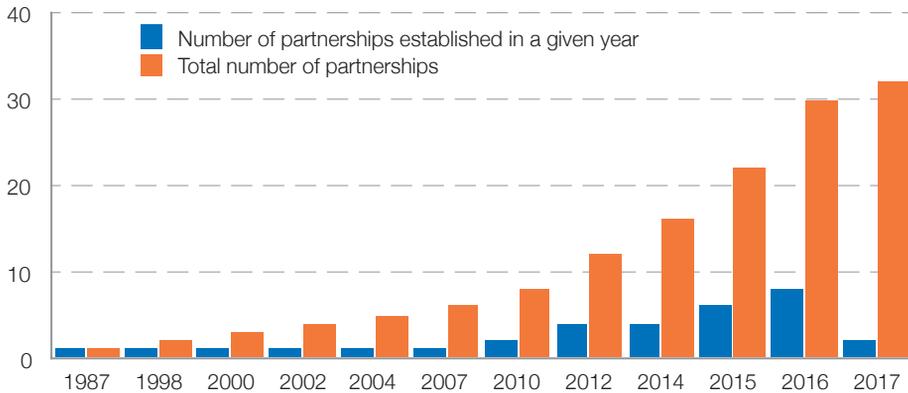
## **Regional relations with China – empirical findings**

The first official partnership between Italy and China was established in 1979 between the cities of Milan and Shanghai. It was followed by contacts launched by other cities such as Venice and Florence. The first regions started cooperation with China later. The longest lasting relations were reported by Veneto,

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<sup>15</sup> Art 4 of Law no. 131/2003

ongoing since the 1980s (with the province of Hebei). Importantly, **out of the 32 Italian partnerships with China identified in the survey, only two existed before 2000**. Six partnerships were established in the first decade of the 21<sup>st</sup> century and the remaining 24 were concluded after 2011.



**Figure 8.** The number of partnerships between Italian and Chinese regions

Source: own elaboration

The data show that **many partnerships between Italian and Chinese regions are relatively recent** – they have lasted for no more than a few years. It can be associated with a change in the government policy towards China as well as the “green light” to developing international contacts that Xi Jinping gave to provinces within the framework of the BRI.

“The situation started to change in 2012 and 2013. Not only on our side, but also on the Chinese one. The pivot means opening up for the Chinese market which was concurrent with Xi Jinping’s coming to power” (*Interview with the Manager of the International Cooperation Office of the Umbria Region, personal communication, 21 September 2017*).

As a result of this greater opening to collaboration, the majority of Italian regions set up partnerships with Chinese entities. In 2017, when we conducted our survey, 11 out of 16 examined entities<sup>16</sup> declared cooperation with partners from China. Among the five regions which did not cooperate with China

<sup>16</sup> We did not manage to receive information from 4 regions.

in 2017, four (Calabria, Basilicata, Abruzzo, Molise) had not had prior contact, but were interested in future cooperation. In addition, Calabria was in consultations in 2017 with a potential partner from China which later materialised in a tourism agreement (Xuan, 2018). The last of the non-cooperating regions, Aosta Valley (Vallée d'Aoste), had had earlier contacts with the Jilin province.

**Table 12.** The list of Italian regions by GDP (2016) collated with the number of partnerships with China

No.	Name of region	GDP (2016)	Share of Italian GDP	Number of Chinese partners
1	Lombardy	366541	21.83%	3
2	Lazio	185935	11.07%	2
3	Veneto	155515	9.26%	4
4	Emilia-Romagna	153997	9.17%	2
5	Piedmont	129322	7.70%	no data
6	Tuscany	112239	6.68%	no data
7	Campania	106753	6.36%	3
8	Sicily	86998	5.18%	3
9	Apulia	72406	4.31%	1
10	Liguria	48287	2.88%	5
11	Trentino-South Tyrol	41104	2.45%	no data
12	Marche	40988	2.44%	2
13	Friuli-Venezia Giulia	36935	2.20%	no data
14	Sardinia	33556	2.00%	1
15	Calabria	33054	1.97%	0
16	Abruzzo	31959	1.90%	0
17	Umbria	21341	1.27%	6
19	Basilicata	11782	0.70%	0
20	Molise	6233	0.37%	0
21	Aosta Valley	4436	0.26%	0

Source: own elaboration on the basis of Eurostat and project survey

Analysing the economic potential of those surveyed regions it seems quite clear that **all of the most developed provinces collaborate with China**. Those which have no Chinese partners include the smallest and economically least developed regions of Italy (see Table 12).

As for the areas of cooperation, regions usually pointed out a few in the case of every partnership. **Besides the most common economic cooperation, many regions develop contacts in higher education, sport and tourism, environment and rural development** (see Table 13). Surprisingly, only the region of Puglia reported cooperation in the area of general education. It contrasts with e.g. German regions, where this domain of collaboration is much more important.

**Table 13.** The areas of cooperation of Italian regions with Chinese partners

Areas of cooperation	Number of responses
General economy	8
Higher education and research	7
Sport and tourism	6
Agriculture and rural development	5
Environment	5
Culture	4
Administration and region management	3
Municipal economy	2
General Education	1
Health and public policy	1
Number of regions answering the question	10

Source: own elaboration on the basis of the survey

We also asked if other local entities from a given region are engaged in the cooperation with the Chinese partners. Most respondents named universities as local partners, as well as businesses and city authorities (see Table 14). Similarly to the other examined countries, **in the case of Italy the model of the “golden triangle” or the “triple helix” seems to be important** (*Interview with the Project Officer in Eurocities*, personal communication, 30 January 2019).

In this model academia, business and local/regional government build a complex network of relationships in which they dynamically collaborate.

Interestingly, four regions indicated educational institutions as partners, which may mean that educational collaboration with China is not limited only to Puglia, as was suggested by the response to another question.

**Table 14.** Local partners for Italian regions engaged in cooperation with China

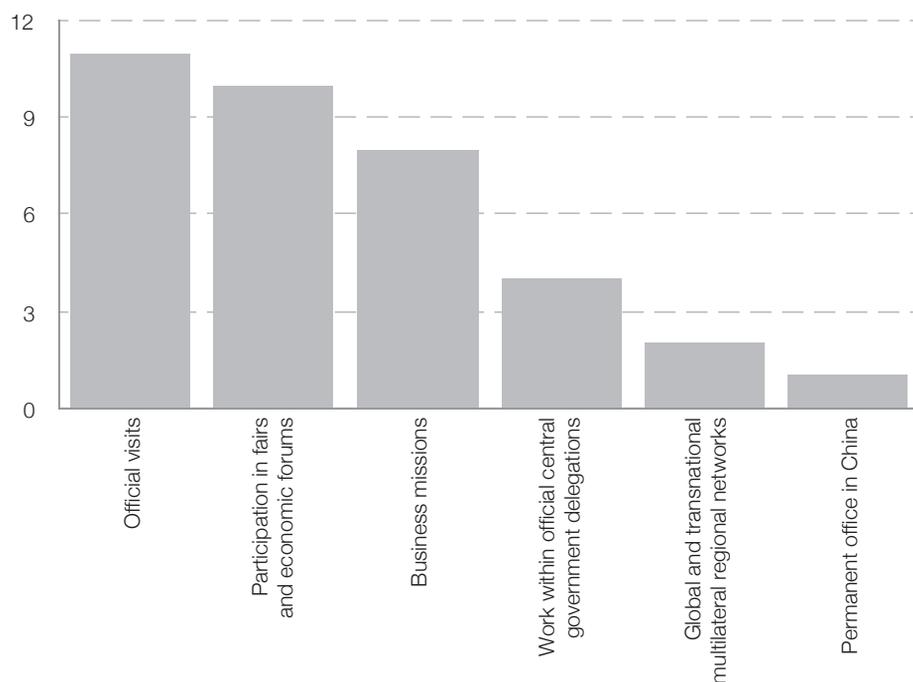
Local partners	Number of responses
Universities	8
Business partners	6
City authorities	5
Cultural institutions	4
Educational institutions	4
Other local self-government units	2
No local partners	2
NGOs	1
Number of regions answering the question	10

Source: own elaboration on the basis of the survey

As for the forms of cooperation with the Chinese partners, “official visits” were, not surprisingly, mentioned in all cases. That is by far the most common form of contact in all the analysed countries. Regions usually also collaborate through participation in fairs and economic forums, as well as organising business missions to China (see Figure 9).

**The Marche Region has the only permanent office in China.** The Representative Office in Shandong was set up in 2012 and is dedicated to “the development of international relations and institutional relations between China and the Marche Region in order to structure an efficient platform facilitating the business development for companies from China and Italy” (*LinkedIn Profile of Project Manager in Italy Marche Region Office in China*, n.d.). Interestingly, according to the Italian Statistical Office (ISTAT), Marche is one of the less important regions in terms of Italian GDP (only 2.4%) as well as exports (2.6%)<sup>17</sup>.

<sup>17</sup> Data from 2016 (GDP) and 2017 (exports).



**Figure 9.** The forms of Italian regions' cooperation with Chinese partners

Source: own elaboration on the basis of the survey

The reason why other regions do not have offices in China was explained by an official in Umbria who claimed that there are government instructions which block opening offices abroad:

“There are regulations that prevent the creation of regional offices abroad. There was a time when regional authorities opened a lot of their offices (...) But in 2013 a ban was introduced, limiting the emergence of these offices. This was one of the last provisions introduced by the government of Silvio Berlusconi” (*Interview with the Manager of the International Cooperation Office of the Umbria Region*, personal communication, 21 September 2017).

What is also interesting, regions (apart from Campania) do not cooperate with NGOs. The situation is similar in the other analysed countries – only about 10% of the regions indicate NGOs as partners. It is probably a result of

the Chinese political system which does not create a friendly environment for non-governmental entities:

“We do not cooperate with non-governmental organisations. Not in connection with China. In all other cases yes, but not with China” (*Interview with the Manager of the International Cooperation Office of the Umbria Region, personal communication, 21 September 2017*).

Asking about the main benefits of the cooperation with Chinese partners we expected that regional officers would concentrate on economic aspects. Indeed, in the case of Italy, **economic benefits** are important, but **cultural promotion** was indicated almost as often (see Table 15). It might suggest that cultural exchange at the regional level has been an important part of bilateral relations. It was confirmed by stressing the significance of cultural cooperation also at the national level during president Xi Jinping’s visit to Rome in 2019 (‘China, Italy Facilitate More Cooperation in Culture and Tourism’, 2019).

**Table 15.** The main benefits of collaboration with China indicated by Italian regions

Benefits	No. of responses
Trade development	8
Cultural promotion	7
Better position for business	7
Tourism promotion	7
Exchange of experience	7
Attracting Chinese investment	6
No benefits	1
Number of regions answering the question	10

Source: own elaboration on the basis of the survey

In the case of Italy, the promotion of culture is closely related to **attracting Chinese tourists**. Italy, with its long history and rich cultural heritage, has become one of the top destinations for Chinese tourists. Even if it

had problems with attracting the Chinese in the past (Corigliano, 2011), in 2018, Italy ranked second after Russia and was far ahead of Britain, France and Germany (Mei, 2019). The unique Italian culture and rich history are cited as the main factors luring Chinese tourists (Mingjie, 2016). Most Chinese tourist visits were recorded in Veneto (785,000), followed by Tuscany (670,000) and Lombardy (554,000). It is worth noting that four regions which do not cooperate with China (Basilicata, Aosta Valley, Abruzzo, Calabria) are also the last in the ranking of numbers of Chinese tourists, with fewer than 2,000 a year (*Number of Chinese Tourist Arrivals in Italy by Region 2017, 2018*).

**Table 16.** The main obstacles in cooperation with Chinese partners indicated by Italian regions

Obstacles	No. of responses
Cost	5
Distance	4
No obstacles	4
Language barriers	3
Cultural differences	3
Low commitment of the Chinese partner	1
Low commitment of the local partners in your region	1
Number of regions answering the question	10

Source: own elaboration on the basis of the survey

The last question in our survey regards the main obstacles in cooperation with Chinese partners (see Table 16). Similarly to regions in other countries, Italians indicated **costs and distance**. In comparison with other countries, **a surprisingly high number of Italian regions declared that they see no obstacles in relations with China**.

For some regions also cultural differences and language barriers matter. An Umbrian official stressed that cultural differences have hindered mutual understanding and negotiations:

“Negotiations with the Chinese are very difficult, and the relationship is very complicated. Even if there is a lot of enthusiasm and approval on their side, cultural differences still divide us” (*Interview with the Manager of the International Cooperation Office of the Umbria Region*, personal communication, 21 September 2017).

Language barriers may any deeper discussion almost impossible and meetings do not go much beyond simultaneously translated formal exchanges. These problems, which were reported by the European regions, are similar to the problems appearing at the EU level in dialogues with China (Dąbrowski et al., 2018).

## The case of Umbria

Umbria is a region in central Italy. The largest city and capital of the region is Perugia, with 150,000 inhabitants. The region is famous for medieval towns such as Assisi and Orvieto, as well as for its cuisine and the production of olive oil, truffles, and wine.

**Umbria cooperates with several Chinese partners, both provinces and cities** (see Table 17). The first contact began in 1997 on the initiative of the Chinese side between a small town in Umbria and Changning, which later became a district of Shanghai. The beginnings of the next partnership date back to 2006. Establishing cooperation was the response of the Umbrian authorities to the investment of an automotive company from Umbria in the province of Shantung. In both cases, the partnerships were then renewed in 2016 and 2012, respectively. Contacts with other partners (Yunnan, Chongqing, Zhangjiajie, and Hunan) were established after 2014.

Umbria’s partnerships in China are based on the activities of different local entities and cooperation with the Italian embassy and consulates. In the case of Shantung, cooperation was initiated because of the needs of the local automobile company. **Regional authorities supported business relations but, on the other hand, also used them to develop cooperation in other fields.** Partnerships with Yunnan and Chongqing were built on the basis of **existing academic agreements**

with the University for Foreigners of Perugia (Università per Stranieri di Perugia).

**Table 17.** The list of Chinese partners of the Umbria Region

No.	Province/City	Status of the Chinese partner	Beginning of cooperation	Agreement/no Agreement	Active/not active
1	Changning	District of Shanghai	1997	agreement	active
2	Shantung	Province	2006	agreement	active
3	Yunnan	Province	2015	agreement	active
4	Chongqing	City with a provincial status	2015	agreement	active
5	Zhangjiajie	City in Hunan province	2016	agreement	active
6	Hunan	Province	2017	no data	active

Source: own elaboration

The latter case is also a good example of the **impact of central government activities on regional cooperation**. When Italy opened a consulate in Chongqing in 2014, the existing academic cooperation facilitated this process and Umbria used this opportunity to develop relations with the city of Chongqing.

“And precisely through this facility, the Italian side was able to establish new relations with China. We – as the only region in Italy – supported this initiative of the Ministry of Foreign Affairs. Also, because we already had a stabilized university structure there. Our Institute of Cultural Anthropology had kept in touch with the universities of Sichuan and Chongqing. It was the starting point” (*Interview with the Manager of the International Cooperation Office of the Umbria Region, personal communication, 21 September 2017*).

In 2012 a political opening towards China was initiated in Italy, symbolised by the first visit of the Italian PM to Beijing since 2006. In the same year, Umbria took part in a project by the Italian MFA, whose aim was to establish regional partnerships in specific areas. The Umbria region participated in a programme supporting the development of cooperation in tourism, protection of cultural heritage, and the supervision of food quality.

For the local-government authorities, the **promotion of the region through culture** is an important goal of the cooperation with China. Regional authorities very actively encourage Chinese people to visit Italy through organising special editions of flagship festivals in Chinese cities ('Umbria Jazz Fest Travels to China', 2017).

"In 2017, we completed all the formalities related to two projects in China. The first one is the Festival dei Due Mondi from Spoleto, the second one is Umbria Jazz. These two festivals are our flagships. Umbria Jazz, although it does not (usually) fit into the popular tastes of the Chinese audience, has already achieved great success there" (*Interview with the Manager of the International Cooperation Office of the Umbria Region*, personal communication, 21 September 2017).

The Umbrian authorities assume that people taking part in music events in China are more likely come to see the "original" festival in Italy.

Umbria also focuses on religious tourism, because of the city of Assisi – the birthplace of St. Francis, who founded the Franciscan religious order. This place, important for Catholics, attracts about 4 to 5 million visitors from all over the world (*Assisi, Italy*, n.d.). China, with about 12 million Catholic population, is a target of these promotional activities. In 2017, Umbria was visited by more than 89,000 Chinese tourists, which made it the sixth most popular among all the Italian regions (*Number of Chinese Tourist Arrivals in Italy by Region 2017*, 2018).

The desire to reach as many potential tourists as possible and to promote flagship regional festivals in China determines the shape of the network of partnerships in China. Instead of concentrating on extending relations with one partner, like the vast majority of European regions, the **Umbrian authorities intend to build a wide net of cooperation with Chinese provinces.**

Widespread activities in China are costly and the Umbrian regional government has limited resources for international cooperation and no separate budget for cooperation with China. Consequently, it has to very actively and successfully search for different sources of funding; according to a local official, regional funds cover only about 15-20% of expenditures on cooperation with China (*Interview with the Manager of the International Cooperation Office of the Umbria Region*, personal communication, 21 September 2017). The delegations to China are paid for from their own resources. Larger events are co-financed by local entities, such as universities, Italian or Chinese sponsors, or funds from Chinese partner provinces. The region also uses funds for the promotion of Italy in China (these are generally funds from EU programmes).

When asked about the main obstacles to regional cooperation with China, an Umbrian official indicated **cultural differences and Chinese bureaucracy**. Despite the commitment and willingness to cooperate on the part of the Chinese partners, bureaucracy and cultural differences hinder the dialogue, and even the organisation of cultural events. Cooperation with local entrepreneurs already present in China is one possible solution, mainly because they can use their contacts and experience.

“That is why—this is what it looks in my experience—it is best to organise something with entrepreneurs who are there and can find Chinese partners. It is a completely different model of action than in all other countries with which we cooperate” (*Interview with the Manager of the International Cooperation Office of the Umbria Region*, personal communication, 21 September 2017).

To sum up the Umbrian case, it is worth stressing the key element visible in all the activities of the region – **pragmatism**. The regional authorities cooperate practically with a wide array of partners: from the national government, through academia, business and local partners, engaging 10 different Umbrian self-governmental entities in collaboration. They identify their **regional strengths and niche opportunities** (such as sacral tourism and jazz festivals) and put them at the centre of all their activities in China. Finally, they cool-headedly assess the activities undertaken together with the Chinese, having in mind that some of them might not be successful.

“I think that at least half of the actions we have already taken will be established. But this selection takes place in a natural way. Projects that do not produce the results expire naturally” (*Interview with the Manager of the International Cooperation Office of the Umbria Region*, personal communication, 21 September 2017).

Taking into account the fact that pragmatism is greatly admired in Chinese culture and policy practice, the Umbrian approach seems wise and might be recommended as good practice for other regions.

## Conclusions

The paradiplomacy of Italian regions is marked by a high dynamic. Enabled by the constitutional reform from the year 2001, which defines the division of competences between the state and the regional administrations, Italian substate entities started to be more and more active in the international sphere.

In cooperation with China, most of the partnerships are active and relatively short-lasting. The vast majority were established after 2012 when the Italian government changed its cautious and unenthusiastic China policy towards a much more open approach. Regions followed suit and started to look for opportunities on the huge Chinese market.

The most common forms of cooperation are official visits, participation in exhibition events, and business missions. They are intended to promote local companies in China, but also attract Chinese visitors to Italy – both tourists and students.

Academic partnerships and economic collaboration represent the next most important areas in relations between Italian regions and China. Universities are also mentioned frequently as the most important partners for regional authorities. Local government officials use the expert knowledge of scientists, as well as their contacts in China and knowledge of the language.

Establishing permanent representations in China is legally complex and, as a rule, not supported by the government. That is why regional authorities often work closely with state institutions, in particular the embassy and consulates in China that support the implementation of regional and local initiatives.