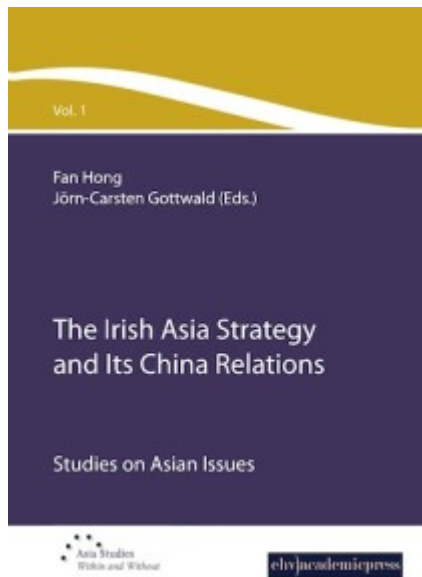


Chapter 7: Sino-Irish Relations - The View From China ~ The Irish Asia Strategy And Its China Relations



“Formerly we thought than the foundation of our wealth would be established if only western methods were stressed, and that the result would be achieved immediately...unfortunately, we are merely copying the superficialities of the western methods, getting only the name but very little substance...superficial imitation is not so good as arousing intellectual curiosity. The forges and hammers of factories cannot be compared with the apparatus of people’s minds.”

Wang T’ao 1870[i]

For much of the past thirty years both China and Ireland have been involved in radical reform programmes that have placed their respective governments to the fore. In taking the strategic decision to open their economies to the outside world, learning, experimenting with and harnessing new ideas and technologies to the service of their societies each can be said to have achieved an astounding level of success. Neither has allowed themselves the comfort of introversion, working with particular effectiveness since the end of the Cold War to move from the periphery to the centre of the international system. In doing so both countries have found greater opportunities to express and develop their own voice, discovering significant common ground along the way. Both are united in their commitment to a more balanced and effective international system, the maintenance of a peaceful international environment in which countries committed to economic development can seek, find and take advantage of opportunities.

While these distant neighbours find themselves on the opposite extremities of the Eurasian continent it is the similarities between them that draw them together.

Both call upon a considerable heritage of cultural and technological innovation in the crafting of their self image. If their political philosophies and social systems have developed along very different tracks then this should not diminish a profound respect for each others successes - few other countries can claim to have so successfully turned the forces of globalisation to the service of their societies.

What follows in this chapter is an insight into the way that China views Ireland. The chapter unfolds first by summarising the general perception of Ireland that exists in China today. Subsequent sections explore the different strands that have contributed to this perception setting these against larger trends in China's transformation. The final section suggests that for Sino-Irish trends to continue their positive arc much will have to be done to orchestrate an increasingly disparate and potentially fractious set of relations.

7.1 Ireland: A View from Afar

Perhaps unsurprisingly Ireland has not captured the imagination of the average Chinese citizen, most of whom have enjoyed only sporadic and limited encounters with things Irish. There is for example little awareness of the distinctive role Irish individuals have played in the shaping of Chinese relations with the rest of the world, whether through the intercession of Lord McCartney, first envoy of Britain to China or the intervention of Sir Robert Hart in establishing the Imperial maritime custom service which helped prolong the twilight of Qing dynasty. Aierlan, where it exists at all dwells in the collective imagination as a jumble of images and public figures spanning the breathtaking beauty of the Cliffs of Moher to Roy Keane, Riverdance and a host of Nobel Prize winners.

Among China's elite the conception of Ireland is more complex if still partial. The young tiger's colonial past, its consequent struggle for recognition, and determination to lift itself out of poverty strike a chord with Chinese experience. Beyond these impressions Ireland's desire to pursue a neutral path in world affairs based on the international rule of law, one respectful of the one-China principle resonates strongly with a Chinese worldview that places multi-polarity and cooperative, consultative approaches to problem solving to the fore. If there are nuances and occasional contradictions to this policy they neither detract nor deviate from Beijing's fundamental commitment to the creation and maintenance of a stable international environment, built upon the five principles of peaceful coexistence: mutual respect for sovereignty and territorial integrity, mutual non-aggression, non-interference in each other's internal affairs, equality and mutual

benefit, and finally peaceful coexistence sensitive to the needs of developing countries.

Such perceptions are both relatively new and tentative, being formed in the flurry of activity that began towards the end of the 1990s. It is during this period, the height of the Celtic tiger phenomenon that frequent Chinese trips, often with sponsorship from Irish state agencies such as Enterprise Ireland began to generate awareness bringing clarity and substance to what would have otherwise been a relationship of mutual indifference.

7.2 The Political Relationship

Reading too much into these perceptions might lend an unrealistically positive spin on the importance of Sino-Irish relations one that belies the reality that Ireland finds itself as just one of many, many suitors driven to China by competitive pressures, a quest for position before market share has been fully divvied out. Comparatively speaking, attention, at least from the top most levels of government has been sporadic at best with the tempo and status of contact dictated largely by Ireland's relative position within the international system, both in terms of the EU (particularly the presidency) and UN. As such wherever Ireland's profile within these institutions is raised the negotiating power of the Irish government becomes invested with more significant weight. With the exception of EU related issues that require anonymity, such as the lifting of the arms embargo or market economy status (both staples of discussions) the lack of political tensions between the countries has meant that Ireland is seen in both bilateral and multilateral terms, the latter reflected in its position within the western European desk of the foreign ministry.

If politically speaking Ireland's relative importance to China is not great this should not be taken to mean that Ireland is unimportant to China. Since diplomatic relations were formally established in 1979 Sino-Irish engagement has progressively expanded to cover a broad range of issues and interests outside of the political arena. The political capital which create room and bless these strands come from a number of avenues such that whether on the edges of the UN, as part of the European Union, or bilaterally there is considerable choice in terms of the channels of interaction with Ireland. Specific to the latter avenue the China-Ireland joint commission on economic, institutional, scientific and technological cooperation provides a specific steering mechanism, often acting as

a clearing house for issues to compliment normal embassy and ministerial lines of communication. Momentum has been ensured through the steady flow of diplomatic traffic between Beijing and Dublin, with visits from the Chinese side such as those Minister of Health Cui Yueli in May 1983, Minister of Culture Zhu Muzhi in May 1985, Minister of Agriculture He Kang in July 1985, Minister of Foreign Trade and Economic Cooperation Zheng Tuobin in May 1986, State Councillor and Minister of Foreign Affairs Wu Xueqian in May 1986, Vice Minister of Foreign Affairs Zhou Nan in September 1988, Minister of Civil Affairs Doji Cering in October 1994, Minister of Foreign Trade and Economic Cooperation Wu Yi in April 1995, Vice Premier and Minister of Foreign Affairs Qian Qichen in October 1995, Vice Chairman of the National People's Congress Standing Committee Tian Jiyun in March 1996 and Vice Premier Li Lanqing in April 2000, Vice Chairman of the Chinese People's Political Consultative Conference Song Jian in May 2001, Premier Zhu Rongji in September 2001, Vice Chairwoman of the Foreign Affairs Committee of the Standing Committee of NPC Li Shuzheng in September 2001, Vice Chairwoman of the Standing Committee of NPC and Chairwoman of All-China Federation of Women Peng Peiyun in October 2001, Vice Chairman of the Chinese People's Political Consultative Conference Ye Xuanping in October 2002 and Premier Wen Jiabao in 2004. Beyond these more high profile visits a range of contacts have developed to reflect a growing interest in the success of the Celtic tiger.

The results of these contacts have been a number of notable agreements, of particular relevance to the trends explored within this chapter are the agreements on *Cultural Cooperation* signed in May 1985 which marked the first concrete cooperation between the two, an *Agreement on Scientific and Technological Cooperation* (September 2000); an *Ireland-China Research Collaboration Fund Agreement* (December 2002); a *Memorandum of Understanding on Cooperation in Software Sector between the Ministry of Commerce of China and the Department of Enterprise, Trade and Employment of Ireland* (January 2005); and an *Agreement on Cooperation between China National Committee of Natural Sciences Foundation and Science Foundation of Ireland* (January 2005). Many of these have followed on from an initial *Agreement on Economic, Industrial, Scientific and Technological cooperation* (May 1986).

7.3 The Key Players on the Chinese Side

Before proceeding to explore the *what* of Sino-Irish engagement it is important at

this juncture to understand the *how* of China's foreign policy. At the theoretical apex of this policy making machinery stands the State Council which has traditionally been charged with dealing with the day to day direction of policy as well as the establishment of international agreements. Save where more elaborate policy departures necessitate the blessing of the party it is this institution and the different and shifting alliances within it that are primarily responsible for China's foreign relations. Beyond the Council the Ministry of Foreign Affairs has continued in its traditional role conducting day-to-day relations with China's partners. Innovation comes through experience and the growing influence of China's economic and foreign policy think tanks, such as the China Centre for International Strategic Studies, Centre for Contemporary International Relations, China Academy of Social Sciences and State Council Development Research Institute, the China Institute of International Studies (CIIS) and Shanghai Institute for International Studies which together with the various in-house research units of China's ministries (particularly MOFCOM and the ministry of Finance) provide much needed advice and projections. While these think tanks respond to requests from the State Council for research, analysis and proposals they have to a limited extent helped define the policy agenda, acting as occasional policy entrepreneurs that are now furiously courted by academic and governmental authorities from around the world.

The hierarchy of this institutional framework has become blurred further with the advent of international integration, Engagement has exerted a profound influence on China's pattern of governance such that functional, line ministries normally not associated with external relations (for example the ministries of Finance or Agriculture) have seen their portfolios assume more international dimensions. This latter trend has necessitated the establishment of internationally active bureaus and departments, each tasked with the management of such disparate tasks as technical exchange and policy coordination to service the more bland and complex demands of reform.

In terms of Sino-Irish relations these trends have placed the Ministries of Commerce (and its predecessor the Ministry of Foreign Economic Relations and Trade), Finance, Industry and the China Council for the Promotion of International Trade among the ranks of key state players, with MOFCOM playing the principle gatekeeping role in terms of cooperation and exchange. A focus on national level institutions provides only a partial account, further complicating matters has been the empowerment of local and regional authorities who in

exploiting the avenues created by past Chinese leaders focused on promoting growth have established their own international presence. Inevitably the involvement of, so many actors has had a dramatic impact on the development and proliferation of horizontal linkages, whether commercial, political, academic or cultural in nature. While most of these links are unlikely to have an immediate or dramatic effect on overall policy they have given relations a more practical, flexible vehicle to ensure there are always some win-win scenarios at play.

7.4 The Knowledge Pillar

Taking a narrow political focus would reduce Sino-Irish relations to a minor footnote but by adopting a broader perspective, one that takes into account the shift to a more pragmatic, bureaucratic brand of foreign policy that allows for the various interests of China's line ministries to come to the fore, a very different story is revealed. At its most essential the relationship is focused on the development of knowledge capital such that Ireland's development model, regarded as successful, and innovative is of great interest. To understand the *why* of this it is important to explore the context of China's reform process - its governance restructuring.

As is widely acknowledged the difficulties brought about by the *Great Leap Forward* and *Cultural Revolution*, coupled with decades of autarkic policies reduced China's economy to the point of bankruptcy. Lacking either the resources or know how to modernise on its own China took the prudent step of turning outwards and opening up to the world once more. Rather than seeking to reinvent the wheel the Chinese government has looked abroad for examples to follow, thus, beginning in 1978, Chinese elites began to actively solicit technical assistance and aid, raising the tempo of their courtship of foreign actors in search of capital, managerial expertise and technologies. In so doing China signalled a renewed willingness to engage with Western ideas, a willingness that reshaped its relationship with the outside world from one of exclusion and opposition, to integration and participation. The ensuing series of reform programmes, did not mean wholesale westernisation but rather involved an elaborate series of "(semi) contained" experiments, whose purpose has been to divine an appropriate blend of Chinese and Western ideas and institutions with which to lead China back to prosperity. In seeking to make China's economy more market orientated the Chinese government also accepted that development strategies would have to be adopted to encourage private investment both domestic and foreign. Achieving

such an objective, while dealing with the contradictions and consequences of previous development they realised would be impossible without overhauling and, perhaps, completely rebuilding the country's legal and institutional framework to create a climate of stability and predictability more suitable to investors. Broader governance and regulatory reforms intended to progress incrementally, by "crossing the river by feeling the stones" as Deng Xiaoping colourfully described the process has meant adopting a pragmatic approach. Inevitably the role of the Chinese state has adjusted in tandem, managing development, being able to survey, review, adapt and compensate for its consequences have become the key objectives for China's ministries increasing demand for new ideas.

Commerce in both ideas and capital has therefore become the driving force behind Chinese foreign policy, the later as a means of providing a substitute mechanism for China's previously nonexistent financial system in allocating investment funds, and the former, at first to retool, and subsequently radically overhaul crucial areas of China's economic governance system. This strategy has paid further dividends in helping to create sympathetic constituencies within China's partners who are willing to use their influence with their own governments in order to ensure stable relations with China, thereby reducing international and economic frictions, smoothing out tensions and maintaining a supply of funds, ideas and people.

Uniting the disparate strands of this strategy are the principles which have come to underpin China's development:

- *Scientific*, in terms of achieving sustainable development, based on advanced scientific and technological content, good economic return, low resource consumption, reduced environmental pollution and better use of human resources.
- *Innovative*, in promoting development through further reform and technological development and striving to build an innovation-oriented society with its appropriate accompanying institutional framework.
- *Harmonious*, in of the sense that promoting social progress and adjusting for the problems of development through the development of rule of law, and the principles of equity, justice, sincerity, amity, vitality, stability and order, and harmony between man and nature becomes vital.
- *Common*, in the sense of stressing the joint development of internal public ownership as the mainstay with other forms of economic ownership sectors as

supplement.

7.5 Peaceful Development

Each of these principles translates into a more practical orientation to China's engagement with the rest of the world. For example both harmonious and innovative principles commit the Chinese government to seeking technical and intellectual exchanges that focus on governance, in particular management components. While the emphasis on common development, an evolved acknowledgement of China's socialist roots has led to the evolution of a twin track economy, one intensely market orientated the other corporatist in nature, wherein the relationship between state and private remains blurred and commerce is put to the service of nation building. It is the convergence of these trends that brings countries such as Ireland back within the horizon of Chinese policy makers.

7.6 What then Are the Dividends to Be Reaped from This Shift?

Underpinning the political dimension of Sino-Irish relations are a range of commercial contacts both trade and investment in nature that have helped to build a more robust foundation for partnership. In terms of the former, the volume of trade has expanded from a miniscule US\$ 5.15 million in 1979 to a staggering US\$ 6.4 billion in 2007. To put these figures into perspective this has meant that as of 2005, China had replaced Japan as the biggest trading partner of Ireland in Asia. This trend is not uni-dimensional with Ireland now ranked 12th among the EU27 in terms of trade. The investment landscape has similarly begun to show signs of development, and as of 2007, China had introduced 30 Irish investment projects with a total contractual value of US\$ 228 million, and corresponding actual input of US\$61 million. As of the end of 2007, the total number of Ireland invested projects had reached 145 with a total contractual value of US\$ 490 million, with actual committed input totalling US\$ 144 million.

This courtship is set to be reciprocated with both Chinese and Irish officials keen to encourage Chinese investment to flow the other way. In this regard China's new policy of "going global" means that Chinese industry, as well as its sovereign wealth funds (under the umbrella of the Export/Import and Development banks) have begun to spread out in search of the opportunities and resources needed to sustain growth. Although still at an early stage there is a consciousness of the merits of using Ireland as a gateway for investment into Europe given its favourable corporate tax rate pivotal position between the US and European

economies and relatively open investment infrastructure.

7.7 What then Does China Want from Ireland?

While commercial interests draw the two peoples into contact it is ideas that they share, and sometimes disagree on which bind them together. The wider range of people to people contact has dramatically changed the character of the relationship generating momentum independent of political elites. Several trends have converged in contributing to this situation most notably:

- Ireland's establishment as a choice destination for Chinese students keen to learn English and expand their knowledge of the world.
- The determined efforts of the Irish Embassy, who have been instrumental in promoting Ireland's cause among a limited, but influential clique of policy and decision makers as well as exposing more local and regional points of contact to Irish technical expertise.

And finally and perhaps most importantly,

- Interest in Ireland's successful economic transformation.

This has meant that the pattern of engagement between Ireland and China although sporadic has not been without focus. In the terms of education Ireland benefits from having an English speaking environment. The university model in particular is perceived as providing a key link between education and development. Numbers reveal the origins of this perception, for example in 2004, about 30,000 Chinese students studied in Ireland, ranking Ireland No. 1 on receiving Chinese students in terms of proportion of the population. Current estimates place the number of Chinese citizens living in Ireland at between 60,000 and 120,000 making it the second largest expatriate community in Ireland. Reinforcing this trend has been the efforts of Irish universities keen to benefit from China's willingness to improve educational links, with a number of them, notably UCC, Trinity, UCD, and Maynooth helping to blaze a trail in establishing exchange mechanisms with their Chinese counterparts. This has helped to develop academic traffic with key universities such as Peking, Qinghua and Fudan.

China has also been keen to address the perception gap that exists among western countries in developing a global network of Confucian Institutes tasked with improving awareness and understanding of Chinese culture and language. These institutes are intended to act as the channels of soft power reflecting not

only China's new found interest in public and cultural diplomacy but its realisation that the best way to tackle advocates of the China threat thesis is to provide a broader education on modern China. Ireland has been among the early beneficiaries of this move with two Confucius Institutes having been established in UCD and UCC. Counterpart initiatives such as the establishment of the Irish studies centre at Beijing Foreign Languages University have also helped raise awareness on a more practical level among Chinese citizens.

Despite obvious obsessions with the material success of the largest states, interest in the role played by the Irish government in helping to create a suitably growth supportive economic environment is particularly strong. Both state and semi-state agencies have been keen to explore parallels between Ireland and China's opening-up policies with Chinese academia (sometimes leading but more usually finding themselves in tow to this trend) assessing the "how" of Ireland's investment in education, initiatives such as the Shannon Development Authority in attracting foreign investment, the process by which Ireland shifted its industrial structure, how it has attempted to balance development across regions and sectors. **[ii]** Ireland has been particularly successful in attracting the attention of Chinese reformers in its capacity as a software giant such that it has come to be considered the "silicon valley of Europe", a title that has quickly been reflected in the focus of more concentrated exchange.

Therefore while Ireland's relative importance varies it has become clear that there exists areas where its competitive advantage as a model of development can come to the fore, particularly in areas such as science, education and technology. In this regard while there is considerable competition for influence with similar programmes from other nations, more materially endowed and disposed to using political capital as leverage Ireland has carved itself a niche. This has impacted the agenda of relations with Chinese elites developing a long shopping list of objectives for the relationship whether involving the deepening of cooperation in the software sector, ICT, bio-pharmaceuticals, environmental protection, two-way investment, or agriculture and cultural exchanges. Such a wide range of interests now means that beneath the waterline of China's top officialdom there is, and will continue to be significant activity.

7.8 Conclusion

In terms of foreign policy China might appear to be relatively passive, it has wherever possible sought to avoid becoming bogged down in the drama of great power politics preferring instead to "suspend making important strategic

decisions” in favour of a more colour blind approach to international politics. **[iii]** This has meant that the transformation of its economy has taken precedence over all other issues with the result that any and all assistance, advice or examples of best practice have been considered. This has given shape to a policy of building up comprehensive national strength (*zonghe guoli*), composed of international competitiveness, an efficient and flexible diplomacy, and a compatible military capability. Success in the pursuit of these goals has created its own problems with the traditional Chinese approach of *taoguangyanghui*, (low-profile), becoming a less attractive policy option particularly in light of China’s increasingly obvious status as a rising power. **[iv]** This makes having an active foreign policy “a necessity, not a luxury.” **[v]** What this portends for the future is greater engagement of big powers and a more concerted courtship of those constituencies within those states that help create the positions and policies that affect China. This trend tasks Chinese diplomats with becoming more active in ensuring Beijing’s new found assertiveness is not mistaken for belligerence, a feat that requires more orchestration of ALL of China’s external agents. This attitude also ensures that countries like Ireland, embedded within the EU have the opportunity to assume greater importance than might have otherwise have been expected. Whether this involves Chinese elites making representations on behalf of Chinese companies against EU anti-dumping cases or securing votes at the UN, attention will continue to be given.

Aside from the potential turbulence caused by China’s rise up the ranks of international society it is what happens in China that will largely determine the course of its foreign relations. Now that China’s elites have embarked on no less significant a task than the restructuring of governance and market structures in favour of the creation of a harmonious society demand for technical advice, policy learning and assistance takes on a new level of urgency. The rest of the world is of course aware of this with competition for access to China’s elites increasing accordingly. Individual European states as well as their American, Canadian, Japanese and Australian counterparts are being encouraged to assume a more individualistic approach in establishing dialogues and programmes of cooperation to ensure their message (and the interests of their constituents) reach the right elite. In such a climate the danger exists that despite its obvious merits Ireland will find itself crowded out of the queue. The question might well become whether there will be anything distinctive about China’s policy towards Ireland or whether it will simply follows the script of relations with the EU or other similarly sized

countries. Assuming a negative answer makes it incumbent upon Ireland's representatives to more forcefully distinguish Ireland's comparative advantage extolling the benefits to be gained from learning of its development experience, drawing greater attention to the synergy that exists between their knowledge based economies and providing a more institutionalised platform to sustain bilateral relations. Assuming a positive answer demands a pat on the back but continued vigilance against complacency.

What is certain is that beyond these issues the future trajectory of relations will depend much on the attitude of commercial constituencies on both sides of the partnership. It is worth remembering that the parameters of both Irish and Chinese foreign policy remain largely a derivative of the need to ensure economic prosperity. Much like China's political rise the increasing influence of her economy draws as much criticism as it does praise with protectionist temptations threatening to undermine much of the work that has already taken place. While Irish concerns regarding intellectual property and market access have become a recurrent theme, China's desire for market economy status and less obstructed access to European markets and technologies will prove equally critical. For its part, China has been keen to expand trade with Ireland, a country which possesses the kind of technology and technical expertise with which to make the market work. This means China will continue to look with respect and interest on its Celtic partner.

NOTES

[i] Wang T'ao cited in de Bary W.T et al., 1964, Sources of Chinese tradition, II (1960), Columbia: Columbia University Press, pp56.

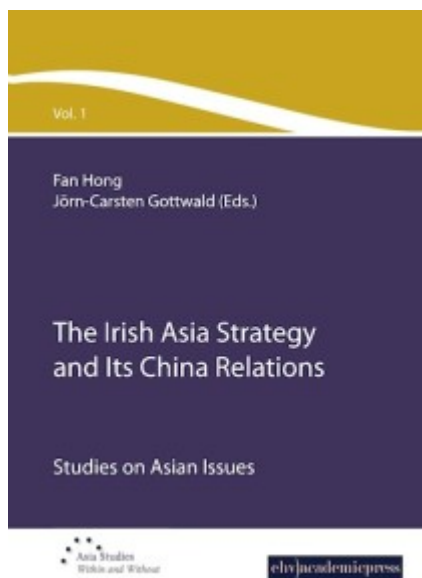
[ii] Peng, Jinian & Sun Hongyan, 2006, "Government function in Irish economic miracle in Ireland and its enlightenment for China", Journal of Hefei University (Social Science), May, 23:2.

[iii] There are notable exceptions to this trend however these are invariably been linked back to the sensitive and as yet incomplete process of national reunification.

[iv] This is not to suggest that such a classification is unproblematic particularly given Beijing's problems in maintaining domestic order at a time of rapid growth.

[v] Zhao, Suisheng, 2008, "Chinese Foreign Policy in Hu's Second Term: Coping with Political Transition Abroad", E-Note, 10th May, Foreign Policy Research Institute, available

Chapter 8: Promoting Irish Business In China - The Role Of The Government ~ The Irish Asia Strategy And Its China Relations



The Irish Trade mission that arrived in Beijing on January 16th 2005 was led by the Taoiseach Bertie Ahern. The fact that he was accompanied by no less than four cabinet ministers (Minister Micheál Martin; Minister Mary Coughlan; Minister Mary Hanafin and Minister Noel Dempsey) served to underscore the importance of this particular mission. The trade mission visited Beijing, Shanghai and Hong Kong and, while the overall management and logistics for the business events were handled by Enterprise Ireland, many other state agencies and private industry associations participated in the mission in some way.

Representatives of Irish agencies such as Bord Bia, Tourism Ireland and Shannon Development and members of associations such as IBEC, ISA, Chambers Ireland, and the Irish Exporters Association organised events, working closely with Enterprise Ireland to ensure the success of the visit.

This particular trade mission was in fact the largest ever organised in the history of the state until that time, involving a total of 121 Irish companies and institutions, primarily from in the ICT, Educational Services, Environmental and Engineering Services, Medical Devices and the Food and Drinks sectors. Around 300 Irish people (company executives and officials) travelled on what was an extremely successful but very complex mission. This event marked the culmination of the first stage of a process of engagement with China that had its

origins some 6 years earlier - with the publication of the Asia Strategy in 1999.

Enterprise Ireland was set up in early 1998 through the merger of a number of other agencies (including Forbairt and the Irish Trade Board) and charged with responsibility for the overall development of Irish-owned industry. While within Ireland the organisation is involved in many aspects of the growth and development of Irish companies, a very important role of the agency involves the promotion of exports by Irish companies in overseas markets. Though the core of the overseas work involves making introductions for Irish executives to potential customers and partners and providing on-the-ground assistance in countries around the world, in the more distant markets, and especially in Asia, trade missions led by high level Government figures are very important in raising the image of Ireland generally - and of Ireland as a source of top quality products and services.

In late 1998 the Taoiseach had made his first official visit to China and Enterprise Ireland organised its first trade mission to accompany that visit. On that occasion only around 20 companies accompanied the official delegation. Given the recent developments in the China market it was obvious that Ireland's overall level of engagement with the country was abysmally low and, following the visit, the Taoiseach requested a group of officials and private sector individuals to develop a coherent national strategy that would put Ireland on a stronger footing in terms of its overall relationship with Asia and with China in particular. The document that resulted from the deliberations of that committee was published in early 1999 as the Asia Strategy.

As the lead agency in terms of the development of Irish industry and the promotion of Irish exports, Enterprise Ireland was heavily involved in the development of the Asia Strategy - and its own plans for the growth of exports to Asia formed an integral part of the plans outlined in the published document.

Though the Irish Trade Board had initially established an office in Beijing in 1979, in the same year in which Ireland exchanged diplomatic relations with China, Irish exports to China were always at a low level due to the closed nature of the market and the difficulties faced by Irish companies in trying to access such a distant, different and under-developed market. By 1999 the situation was of course very different: China was developing rapidly and opening up to the global economy - and it was obvious that, in the years to come, the Chinese economy was going to continue to grow at a rapid pace. Following the publication of the

Asia Strategy in 1999, Enterprise Ireland moved quickly to strengthen its operations in China, with offices in Beijing and in Shanghai (the two most developed cities in the country) and a further office in Hong Kong, which covered the southern part of the country, including the industrial powerhouse of Shenzhen.

In comparison with other countries in the EU Ireland has had very little history of engagement at a business level with China. While multinational companies with operations in Ireland always traded with Asia, this was to a large extent dictated by their global business strategies. In the early days of industrialisation in Ireland our larger companies, such as those in the food and drinks sectors were generally confined to selling into European and US markets. It was not until the development of new processing technologies and the growth of the software and services sectors that Irish industry acquired the right products and the economies of scale required to tackle the more distant markets in Asia. In addition, unlike countries such as the Netherlands and the UK that have companies that can trace their origins back to older national trading empires and that have had operations in Asia for many years, Ireland lacked a basic network in the region upon which to build new business.

8.1 Building the Business

The Enterprise Ireland team was charged with opening up the China market for Irish industry and with making contacts in local companies and organisations that would be useful to Irish companies - and also with encouraging more Irish companies to become familiar with the potential of that market.

As mentioned above, a major part of the work carried out in Enterprise Ireland's overseas offices involves "matchmaking" for Irish business executives - setting up meetings with prospective business partners (local companies and local executives) for visiting Irish companies. However, given the low level of knowledge about China in Ireland at that time it was necessary to actually encourage more Irish companies to visit the market. Regular seminars were organised in various locations around Ireland with senior Irish executives speaking about their experiences in this very exciting market. Many trade delegations were organised to visit Ireland from China, allowing the Irish business community to establish links with Chinese business people and various media outlets were used wherever possible to promote the fact that China was now "open for business".

In more recent years, the enormous media attention devoted to the phenomenal

growth of China and its emergence as the “factory of the world” has obviated the need to publicise China within the Irish business community. Most Irish companies with products that can be exported to Asia have by now taken a serious look at the China market.

Within China itself, Enterprise Ireland initiated programmes to actively raise the awareness of Ireland through the Chinese media, organising journalists and TV crews to visit Ireland to produce features on Ireland in the Chinese media. Opportunities were sought to speak at various business events and it was decided to concentrate on the promotion of a number of business sectors where it was felt that Irish business had a competitive advantage in the China market.

Given the rapidly growing strength of China’s manufacturing sector and its very low cost-base, it was natural that the focus should be on promoting and selling the Irish service sectors, rather than on manufactured products. Awareness of Ireland as a leading source of software was growing within China and this was greatly helped by a visit made to Ireland by former Premier Zhu Rongji in September 2001. The team of economists that accompanied him compiled a report on Ireland’s IT sectors and they effectively spread the message within China that Ireland was a model for China to follow in the development of its own IT sectors. In the following years many Chinese people visited Ireland to see what could be learned about the software sectors and, from relationships developed in those years, a good number of Irish companies with strengths in the financial services, telecommunications and mobile applications software have since begun to prosper in the China market.

Education Services was also a focus of activity from the beginning of the Asia Strategy. Aside from the revenue generated from incoming students for the third-level institutions in Ireland and for the economy in general, Enterprise Ireland recognised that Chinese students completing their studies in Ireland could, when they returned to China, become a very important base of contacts upon which Irish trade could be expanded.

In recent years, as newly minted graduates are starting to return from Ireland, they are interested in keeping their links with Ireland. Enterprise Ireland has supported the formation of a number of local alumni associations to encourage these networks. Irish companies entering the China market can now find young executives who have a good understanding of Ireland – and in some cases even speaking with distinct Irish accents!

The massive infrastructure investments being made by the Chinese Government

also attracted Engineering and Construction services companies from Ireland and other companies producing a wide range of high-tech products began to find new markets in China.

In moving from a command economy to a socialist market economy almost every aspect of the Chinese economy has gone through very dramatic change. In 1995 the country had over 200,000 state owned enterprises, most of which were loss-making or technically insolvent. By 2006 their numbers had been reduced to around 60,000. While some were reformed and later listed on the stock exchange and some were sold to local and foreign companies, many were simply shut down. In some years more than 12 million people lost their jobs in Chinese state owned companies, but due to the massive infrastructure projects underway across the country and the very rapid development of the newly liberalised private sectors, many of them were able to find new jobs. The growing need for power has driven the Central and Provincial Governments to invest heavily in new power generation projects across the country and the completion of the controversial Three Gorges Dam in 2007 was an indication of the capability of China's new economy.

While the major cities along the east coast of China were the first to reap the gains of the liberalised markets, the Government was, and is, concerned that the new prosperity must reach the rural and western areas of the country - and in recent years much attention has been focused on bringing infrastructure and jobs to the central and western areas.

Because of the very low level of investment in the high technology sectors in the previous decades, China was able to move directly into the most modern technology available - without have to deal with the physical and financial burden of older legacy systems. For example, in the early 1980's it was difficult to get a telephone in China but by 2007 China Mobile was the largest mobile telecommunications company in the world and internal growth in internet usage continues to lead the world.

8.2 Market Entry Issues

Given such explosive growth in everything from infrastructure to services the opportunities within the China market are enormous, but the market itself presents some unique and unusual difficulties for novice exporters.

Given the low level of English speaking ability in China, communications can pose an obvious problem for foreign business people. While there are lots of

interpreter and translation services available in the major cities, unless the person hired to interpret has some understanding of business and can grasp the details of the foreign company's offer they will be of little use: it is worthwhile spending time with the interpreter prior to any business meeting to explain the business fully. If it is possible the same interpreter should be used on all business visits.

A more subtle (and problematic) issue is that of local cultures, related to the size of the country. China covers a huge area and the internal regional cultural and language variations within the country are very diverse. Aside from the fact that more than 20 different languages and dialects are in use, business etiquette and culture varies enormously across the country. It is always best to use local advisors and interpreters from the province or city in which the business is being discussed and not to assume that a person employed in Beijing will be of any use to you in the Guangzhou market.

The vast scale of the country and the internal regional variations of the China market is something that shocks most first-time visitors. After spending some time in the market visitors quickly come to realise that China is a very complex country and should in fact be thought of as being somewhat similar to the expanded EU, with all its regional and country-specific variations.

Trust is a major issue in doing business in China (and in Asia generally). People in China will do business with people they trust personally. Very little attention is paid to contracts or to the specific conditions contained in contracts. Business succeeds or fails based on people trusting each other; on delivering what they say they will deliver - and very importantly, on the ability to be flexible. To build trust between two people or two companies takes time - lots of time spent in company with the prospective partner(s), whether at banquets or dinners or (increasingly) on the golf course. The amount of time it takes to get to know someone personally may frustrate the occasional visitor to China but it is a vital aspect of the business process. Companies need to make a commitment to visit the market regularly over the first few years in order to create the necessary bonds.

In addition, for Chinese people nothing in business can be fixed or rigid - one needs to be prepared to change with changing conditions. To the uninitiated this can seem like continuous and interminable negotiation tactics and there is a common saying that in China "the negotiations start after the contracts are signed". If one is prepared for this fact and one trusts their Chinese partner then this is just one more way to conduct business. Both sides are expected to be

flexible. Trying to rigidly stick to written contracts simply does not work in China.

In order to conduct successful business in China (and in Asia-Pacific in general) it is very important to establish a local operation as soon as possible and, given the regional differences referred to above, it is usually not feasible to cover the whole China market from one office. Smaller companies are advised to focus on only one of the major centres in China such as Beijing, Shanghai or Guangzhou (all of which have populations in excess of 60 million in their hinterland) and to avoid looking at other areas until a successful foothold has been established in that region.

One Enterprise Ireland initiative which has proved to be a big asset to incoming companies is the provision of incubator space in each of our local offices. Using these incubators as a short term base, Irish companies can test the market at a reasonable cost, before committing to the establishment of an independent office.

Many Irish companies seek to enter China in a partnership with a local company and, while there are many Chinese companies eager to form such relationships, the process of selecting a local partner can present its own unique difficulties in China. Though many of the State-owned companies are eager to form partnerships with foreign companies, many are still suffering from the effects of the old command-style economy and are much slower to react to local business opportunities than the new private sector companies. On the other hand, many of the new start-up companies in China are still under-capitalised and, while they may seem to be very professional, they may be stretched financially and it is generally still not possible to do an accurate check on newer companies' financial performance. Again, as mentioned above, it is vital to get to know the individuals involved on the Chinese side and to get a real understanding of their intentions. It is also very important to spend time in their factories and offices to get a good feeling for how well they run their operations.

For anyone entering the China market for the first time, a very basic "rule of thumb" is to avoid dealing with any company that is not already doing business internationally. Aside from the fact that it is much easier to get performance references, if they are already doing business with other international companies successfully, then they will have learned a good deal about what is expected by their foreign partners.

Finally, getting into the Chinese market takes resources in terms of management time and money and unless companies are prepared to spend at least one or two

years on the effort it is simply not worth trying. However, most companies that have committed to the market have found the rewards they were seeking. China is a more open and unstructured market than many others in the developing world and the speed at which its economy is growing is astonishing.

8.3 Raising Awareness of Ireland

The focus provided by the Asia Strategy encouraged visits to China by a large number of senior political figures from Ireland in the early years of the decade, all of which helped to raise the awareness of Ireland. Where possible, Enterprise Ireland made good use of these visits to promote Irish exports. Following the initial 1998 trade mission, in 2000 Enterprise Ireland organised another mission (led by the then Tanaiste and Minister for Enterprise Trade and Employment Mary Harney) and later, in 2002, President McAleese's State Visit to China was the occasion for a third mission.

The numbers associated with these missions are in themselves evidence of the growing Irish interest in China - and of increasing engagement by the Irish business community with China. While the initial 1998 mission attracted only around 20 companies, the 2000 mission involved 58 Irish companies. The mission organised around President McAleese's State Visit attracted 85 participating companies - and the process culminated with the Taoiseach-led mission in January 2005 which brought 121 companies to China. Each of these events set records for participation by Irish companies in trade missions and provided many opportunities for the visiting executives to deepen their relationships with local customers and partners and to make new contacts across the country.

The accessibility of senior Irish Government figures during such missions is an important factor in their success. People in China very rarely have an opportunity to meet with, let alone talk to, their own top-level government officials. While it may not be seen as very important in the west, the opportunity for a photograph, or a discussion, with a country's leaders is highly prized in China - and during these missions the President, Taoiseach, Tanaiste and Ministers were very generous with their time and their accessibility was valued highly by the participants.

The working relationship between the two Governments is also very important in setting the agenda for increasing trade. In the case of Ireland and China the relationship is very good and the focus provided by the Asia Strategy was important in this respect. Since 1999 a number of important bilateral agreements in areas such as Food, Education, Science and Technology and Tourism have been

signed at Ministerial level, all of which have helped to develop a framework under which Irish companies can increase their business with China.

In the years since the Asia Strategy was published Ireland's official presence on the ground in China has developed rapidly: A new consulate was opened in Shanghai in 2000 and agencies such as Tourism Ireland, IDA Ireland and Bord Bia (the Irish Food Board) have all established offices in the market.

Aside from the existing offices in Beijing, Shanghai and Hong Kong, Enterprise Ireland also established a fourth office in Guangzhou in 2004 to better service Irish business in the south of the country. Guangzhou is one of the wealthiest industrial cities in China and a very important centre of manufacturing. This office handles the majority of sub-contracting requests received by Enterprise Ireland.

The presence of so many official Irish offices has greatly helped to raise the awareness of Ireland in China and to assist Irish companies in developing their business in the market.

8.4 Trade with China

In the years since the publication of the Asia Strategy trade between the two countries has blossomed, as shown by data from the Irish Central Statistics Office. As with all Ireland's trade statistics, these figures are dominated by the two-way trade of the large numbers of multinational companies with operations in Ireland and they do not truly reflect the position of Irish-owned companies, whose trade makes up only a small fraction of the total. In addition, these figures relate only to merchandise trade and do not account for trade in services, a rapidly growing sector of Irish business.

Ireland's exports to China grew by over seven times from, € 119million in 1999 to € 876 million in 2006 while exports to Hong Kong grew to € 627 million in 2006, up from € 333 million in 1999. Given that most of what we export to Hong Kong is later transshipped to the mainland Chinese market the combined figure of somewhat over € 1.5 billion is a close approximation of Ireland's exports to the China market as a whole in 2006 (the last year for which the full year figures are available).

China's exports to Ireland have shown even more remarkable strength over the same period, growing from € 656 million in 1999 to more than € 4.4 billion in 2006. While the balance of trade is strongly in China's favour, this is to be expected given the need of the Irish-based multi-national companies to import

vast quantities of parts, components and raw materials to feed their Irish production lines. In fact, without the input of low-cost components from China and other parts of Asia, it would be difficult for these Irish manufacturing operations to remain profitable. The situation is further tilted in China's favour because the vast majority of Ireland's clothing, footwear and consumer products are now originating in China.

Of more direct importance to Enterprise Ireland is the performance of our client base (Irish-owned and Irish-operated companies): Annual surveys of our client companies show that China is becoming an increasingly important market for Irish companies. Direct exports to China reached € 75 million and total exports to the Greater China market (including Hong Kong) in 2006 reached € 121 million, an increase of more than 20% on the figures for 2005. Greater China now accounts for 18.5% of total Irish exports to the Asia-Pacific region and for fully 25% of total Irish exports to the countries covered by the Asia Strategy.

Though starting from a low base, Irish-owned exports to the Asia Strategy area are growing at an annual rate of around 20%, whereas total Irish exports to the world are growing by about half that figure. Though the figures are not directly comparable due to differences in the means of data collection, the best estimate of Irish exports to Greater China were somewhat over € 8 million in 1998.

As mentioned above, to compete successfully in the Asian and China markets it is very important to establish a local presence as early as possible, so the numbers of Irish companies with operations in the China market is another useful indicator for our level of engagement with the market. In 1999 Enterprise Ireland recorded only 5 companies with operations in China. By 2004 this had grown to twenty five establishments - and by the end of 2007 fifty nine companies had established operations in China, while a further twenty two companies had set up shop in Hong Kong to tackle the China market. While most of these are sales and marketing operations, a growing number of companies are setting up more complex organisations locally - and a small number have set up multiple operations to cover the most important regional markets in this vast country.

An analysis of the products being exported to China and Hong Kong reveal that in both markets food and drink products play a dominant role. In fact, some of our major food companies such as Glanbia and Kerry group have invested in production facilities in China to manufacture food ingredients that cannot be exported profitably into China and to get closer to their customers. International Services exports feature high in the ranks of Irish exports to China: This

classification covers a broad range of companies from software to engineering services to education services. Irish software in the China market varies from financial services software to mobile marketing products. A number of our engineering service companies have competed successfully to become involved in the vast amount of construction underway across China.

The growth of the education services sector in importance to Ireland is probably the most visible sign of increasing engagement with China as the number of Chinese students entering the third level system in Ireland has grown rapidly over the past few years: There are now over 4,000 students from China participating in degree level courses in Irish Universities and Institutes of Technology. The majority of these students are studying business or technology subjects and, while in previous decades most of these graduates would wish to remain overseas, with the tremendous opportunities being offered within the Chinese economy, most graduates return to China as soon as possible after earning their degrees.

Enterprise Ireland has been instrumental in supporting the Irish colleges in the development of Alumni Associations in the various centres around China and these young graduates are already proving to be a very useful resource for Ireland, and a number of them have been employed by Irish companies entering the China market.

8.5 A Decade of the Asia Strategy

Shortly after the Taoiseach-led trade mission to China in January 2005, the Committee of the Asia Strategy reviewed the progress that had been made in engagement with the Asia region over the previous five years. While the original strategy had proved effective in increasing Ireland's engagement with the region generally there had been an obvious concentration on developing the relationships at Government and business level with China, perhaps to the detriment of other regional markets. In announcing the second stage of the Asia Strategy, entitled "A decade of the Asia strategy" in April 2005, Micheál Martin, Minister for Enterprise Trade and Employment confirmed the intention of the Government to continue to focus on the development of relations with Asia with more emphasis being placed on other markets in the region including Japan, India and the ASEAN regional grouping.

After more than a decade of recession the Japanese economy has once again begun to grow at a respectable pace and, given that it is the second largest economy in the world after that of the US, it is of great importance to Ireland's business in the Asia Pacific region. Having gone through a lot of re-structuring in

recent years the economy is now much more open to imports and the internal markets are easier to access.

India has emerged as a second major powerhouse in the region, led by the dynamic growth of its Software services and Business Process Outsourcing sectors and, with its massive population growing increasingly wealthy, the internal market is now becoming quite sizable. In 2006 Enterprise Ireland established its first office in New Delhi to provide on-the-ground services to the growing number of Irish companies beginning to tackle the Indian market.

The ten countries that make up the Association of South East Asian Nations (ASEAN) are very diverse in terms of their economies and cultures ranging from the rich city state of Singapore through Indonesia, the largest Islamic state (and one of the poorest countries) in the world, to the rapidly growing socialist market economy of Vietnam. Most ASEAN countries now run a significant surplus in their trade with China and have a vested interest in the continued growth of China's economy. China is also emerging as a significant source of FDI as it begins to acquire resources and to invest in factories across the region. In recent years ASEAN has invited China, together with Japan and Korea, to join in its annual meetings, forming what is now known as ASEAN plus Three. Bilateral Free Trade Agreements with the three countries and ASEAN are now under negotiation and it is likely that Asian intra-regional trade, and freer trade within the ASEAN grouping itself, will boost the ASEAN economies in the coming years. The commitment of the Irish Government to join the Asia Development Bank (ADB) in 2006 was an important part of the second stage of the strategy.

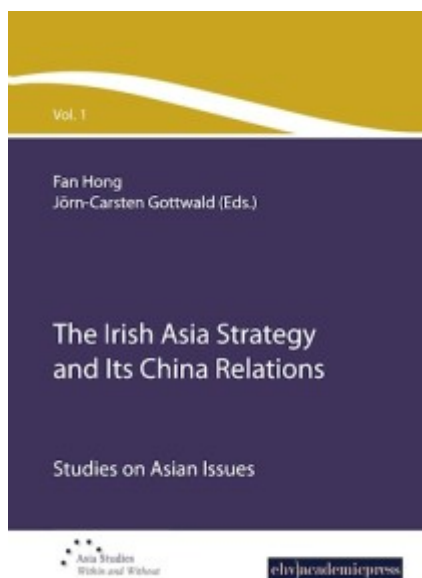
As a member of the Bank, Irish companies are now eligible to bid for a vast range of contracts awarded by the ADB throughout the Asia Pacific region. The ADB works with Governments across the region to develop detailed development plans for each country and, in the process of implementing these plans, there is a need for private companies to carry out both consulting and construction contracts. Enterprise Ireland is now implementing an annual programme to help Irish companies access these projects. With the need for massive investments in their infrastructure, China and India are the major recipients of financing from the ADB and in consequence will be priority targets for Enterprise Ireland in the pursuit of this business.

8.6 Conclusion

The second phase of the Asia Strategy ran until the end of 2009 but it is already quite obvious that it has had an enormously beneficial effect on the links between

Ireland and the region. The focused agenda of the strategy has allowed the various arms of the Irish Government and its agencies to coordinate their activities to good effect on behalf of Irish companies and exporters doing business across the region and in China. In an increasingly global marketplace the Asia strategy was a very timely and useful tool to allow Irish business people to access what is expected to be the most exciting and vibrant economic region of the globe in the coming years.

Chapter 9: Friendship Between Citizens - The Twinning Of Cities ~ The Irish Asia Strategy and Its China Relations



Introduction

In “A Decade of the Asia Strategy”^[i], it is noted that Twinning Initiatives between Irish and Asian cities, towns and regions can assist the further development of personal and business relationships. The concept is popular in Asia and it has a positive contribution to make in strengthening country-to-country ties, facilitating the development of business relationships that require a foundation of mutual confidence and trust. China is a priority country in the Asia Strategy.

On 19th May 2005, the Shanghai Municipal People’s Government and Cork City Council concluded a Sister City Agreement in Cork City Hall. The agreement was signed by the Lord Mayor of Cork, Cllr. Sean Martin and the Chairman of the Shanghai People’s Congress, Mr. Gong Xue Ping. The text of the agreement is set out in *Appendix I (see below)*. Key principles are the benefits that the relationship will bring to the citizens of both cities and the focus on collaborative projects that “*deliver tangible results*

and on co-operations that will give the citizens of both cities an opportunity to meet and work together, thus increasing mutual understanding”.

A Memorandum of Understanding establishing a further five year programme was signed on March 27th 2009 in the Shanghai City Hall by the Deputy Lord Mayor of Cork, Cllr. Patricia Gosch and the Vice Mayor of the Shanghai Municipal People’s Government, Mr. Tang Dingjie. This programme will focus on City Government, Education, Business, Culture and Tourism. A copy of the Memorandum of Understanding is set out in *Appendix II (see below)*.

This chapter describes Cork City Council’s experience of the Sister City relationship with Shanghai and the contribution of this process to the achievement of the objectives of the Asia Strategy. It will examine the background to the project, principal activities, barriers and future plans.

Background

The Shanghai - Cork Sister Cities Project is a formal agreement between the Shanghai Municipal People’s Government and Cork City Council to provide a framework for co-operation projects between the two cities. The purpose is to develop deep and long-lasting ties between the citizens and organisations of both cities that will promote mutual understanding and bring benefits to the participants. Whilst it is recognised that the development of trade is the primary objective of the Asia Strategy, the purpose of the Sister City Project is wider, encompassing local government, business, education, culture and tourism, in the development of close contacts between the two cities.

The initial contacts between the cities in 2002 and 2003 were fostered by the Irish Department of Foreign Affairs and the Chinese Ambassador to Ireland, Dr. Sha Hailin[**ii**]. The Irish Consuls General in Shanghai, Geoffrey Keating[**iii**] (2000-04), Nicholas O’Brien (2004-08) and Conor O’Riordan (2008-present) have also fully supported the process. Since 2002, the Irish Government has operated a Shanghai Intern Programme for officials from Shanghai. These officials visited Cork in 2002 and 2003 and, following preliminary discussions, both city administrations agreed to explore more formal links. University College Cork had also developed links with a number of Chinese universities and had over 100 Chinese students in 2003.

In February 2004, the Lord Mayor of Cork, Cllr. Colm Burke, made an official visit to Shanghai at the invitation of the Shanghai Municipal Government and was accompanied by the City Manager - Joe Gavin; President of Cork Chamber -

Robin O'Sullivan; Prof. Kevin Collins and Prof. Gabriel Crean of University College Cork. This delegation was met by Vice Mayor Yan Junqi (who is currently the vice chairwoman of standing committee of the *National People's Congress of the People's Republic of China* and the chairwoman of *China Association for Promoting Democracy*) and also visited Fudan University, which already has links with University College Cork.

On returning from Shanghai, Cork City Council established the Shanghai Project Group to manage the developing relationship with Shanghai. The members were drawn initially from Cork City Council, Cork Chamber and University College Cork. The current membership is set out in Appendix III. This project group meets quarterly to review progress and develop new projects.

The establishment of a formal relationship with Shanghai presented challenges to Cork City Council. Shanghai is a vast city with a population of c. 20m, a very different culture and located 12 hours flying time away. Shanghai had formal Sister City agreements with over 60 cities and used the process in a strategic way to build contacts in the wider world. In contrast, Cork had a population of 250,000 persons in the wider metropolitan area and had formal twinning arrangements with Coventry (England), Rennes (France), Cologne (Germany), San Francisco (USA) and Swansea (Wales).

However, both cities were ports, had a history of trade and placed a great emphasis on education. In addition, both cities are the "second cities" in their respective countries and both were located in traditional societies that, after periods of colonisation, were evolving rapidly and facing the challenges of globalisation, not just economic but cultural as well. There are lessons that can be learnt from each city's experiences of dealing with these issues.

In discussions, the Shanghai Government placed great emphasis on the relationship being established on a sound basis with tangible results, so that its value can be clearly demonstrated to the citizens of each city and to the respective national governments. Both cities appointed contact persons to progress the process - Ms. Lu Yingying for Shanghai (subsequently replaced by Ms. Tu Anyu) and Mr. Pat Ledwidge for Cork. The city governments would act as facilitators to initiate projects, which hopefully become self - sustaining. The initial focus of the relationship was to be on education, culture and business. It was also decided to extend the Shanghai Intern Programme to Cork. This programme involved two officials from the Shanghai Municipal People's

Government staying in Cork for a period of eight weeks. The officials would attend language classes in the mornings and work with the City Council in the afternoons.

Cork City Council identified a number of issues that were crucial to the success of the relationship. The difference in scale and the distance between cities created immediate barriers. For example, the Foreign Affairs Office in the Shanghai Municipal People's Government had a staff complement of over 300 people whilst Cork City Council's total staff number is c. 1,600.

However a basis strategy was devised to keep a momentum in the relationship over the long-term through:

- Contacts and relationships created through the Intern Programme;
- Carrying out at least two projects per year;
- Spreading the opportunities for contact as widely as possible within the city.

The Shanghai Municipal People's Government received approval to conclude the Sister City Agreement in late 2004 and Cork City Council approved in November 2004.

The Agreement itself was concluded in May 2005 as part of a three day programme of events that included a business forum and tourist forum. Over 130 delegates travelled from Shanghai to Cork including a full orchestra, 30 business people, 10 tourism enterprises and government officials. The events included a business forum; tourism forum; cultural performance in Cork City Hall (attended by 800 people); visit to University College Cork (including planting of a Magnolia tree - symbol of Shanghai) and exhibitions in the City Library and Millennium Hall. An hour-long programme of the visit was shown subsequently on Shanghai Television at prime time and attracted a large audience.

Since 2005, the relationship between the two cities has developed and been strengthened by the activities described below.

City Government

The Shanghai Internships Programme is a national programme that provides for exchanges of officials. It has been successful in developing important contacts within the Shanghai Municipal People's Government and the governments of the neighbouring cities of Suzhou, Hangzhou and Wuxi. The programme has two elements:

- 10 Chinese officials visit Ireland for 9-10 weeks in July and August each year
- Six Irish officials visit Shanghai and its neighbouring cities in late Autumn

The national programme began in 2002 and, since 2004, two interns have been based in Cork each year for eight weeks. Five Cork City officials have participated in the return delegations to Shanghai. Typically the Intern programme consists of a two week orientation period in Dublin and then the 2 officials travel to Cork. The eight-week Cork Programme involves language classes in UCC each morning and working in Cork City Council three days per week in the afternoon. The interns also make contact with local organisations and with organisations participating in co-operation projects with Shanghai. Since 2005, Cork City Council has funded the Cork element of the programme. An important element of the programme is that the interns stay with local host families and get a rounded picture of Irish life.

The Dublin-based interns make a three day visit to Cork each year for a typical programme of meetings with Cork City Council, IDA Ireland, University College Cork and Cork Institute of Technology with some sightseeing visits.

The Intern Programme has been particularly valuable in building contacts, which is very important in developing any relationship with Chinese organisations. There have been 12 Cork-based interns and over 40 in total since the project commenced. Contacts have been maintained with the Shanghai-based interns and they have proved very helpful in developing co-operation projects and facilitating visits.

One of the positive outcomes of these contacts is the number of delegations from the Shanghai Municipal and District Governments that visit Cork each year. In the period since the conclusion of the Memorandum of Understanding in March 2009, 13 delegations have visited Cork resulting in a rich diversity of contacts being established (see Appendix V).

Education

The principal goal of the Sister City Agreement between Shanghai and Cork is to develop deep and long-lasting ties between the two cities. Education is a vital part of this process as it is a primary process to developing mutual understanding and overcoming language and cultural barriers.

Both University College Cork and Cork Institute of Technology are members of the Shanghai Project Group (see Appendix III). University College Cork has very active links with a number of universities in China and was one of the key

contacts in establishing the relationship. These links are detailed by Prof. Fan Hong in Chapter 10. It should however be noted that UCC has established the Irish Institute of Chinese Studies (IICS) under the direction of Prof. Fan Hong. The IICS offers undergraduate and post graduate qualifications and evening courses for the public. The first group of students from the MA in Contemporary Chinese Culture and Business arrived in Shanghai in March 2008 to commence three months study in China. A second group spent one year in China starting in the autumn of 2008.

The International Students Office also plays a key role in the relationship between the two cities as it is responsible for attracting Shanghai students to UCC and ensuring they settle in their new surroundings.

For the past five years, Cork City Council has been working with nine schools in the city (five post primary schools, three primary schools and one post Leaving Cert College) on a twinning project with their schools in Shanghai. This project brings the partnership between the two cities alive at the level of the citizen and, through the schools, reaches into the centre of local communities.

In October 2007, teachers from these schools visited Shanghai, met their counterparts in their schools and exchanged ideas for co-operation projects. One year later in October 2008, these schools signed memoranda of understanding with each other. The participating Cork schools and their Shanghai partners are set out in Appendix IV.

This project will develop an awareness of Shanghai and Cork in their respective schools and will hopefully cultivate an interest in China in the Cork schools that will inspire some of the students to pursue this interest at third level through the qualifications offered by the Irish Institute of Chinese Studies. The IICS established a Confucius Institute in partnership with Shanghai University and is currently developing a pilot programme for teaching Mandarin in over 20 schools in Cork and also developing cultural awareness. It is also hoped to develop a programme at national level to organise and fund links with Asian schools such as those administered by Léargeas for European links. Cork City Council is represented on the board of the Confucius Institute.

Cork Institute of Technology is also developing links for some of its constituent colleges with similar institutions in Shanghai. The Crawford College of Art and Design visited Shanghai University in 2009 and a return visit is being planned.

Culture

The cultural links between Shanghai and Cork were established well in advance of the Sister City Agreement being signed in 2005. Two Shanghai cultural organisations performed in Cork in October and November 2004 as part of the build up to 2005 when Cork became the European Capital of Culture. A performance was staged by the Shanghai Dramatic Arts Centre at the Cork Opera House of “Chang Hen Ge” in October 2004, followed by a performance in City Hall by the Shanghai Percussion Ensemble.

To coincide with these performances, a delegation from the Shanghai Municipal Administration of Culture, Radio, Film and TV visited Cork and attended a reception hosted by the Lord Mayor and a meeting with Cork cultural organisations to explore future contacts. The delegation leader was Mr. Mu Duan Zheng. This meeting formed the basis of an excellent working relationship with this organization which oversees all cultural activity in Shanghai.

As part of the 2006 St. Patrick’s Day Festival, Cork City Council invited a Huju Opera Troupe from Changning District in Shanghai to perform in Cork. Huju Opera originated in the folk ballads of the countryside around the Huangpu River which flows through Shanghai and is sung in the Shanghai dialect. The Changning Troupe is famous in China and this was the first time it had performed overseas. The delegation was led by Ms. Wang Ya Ping, Executive Vice-President of the Shanghai Changning Chinese Overseas Friendship Association.

Thirty one members of the troupe visited Cork and performed in the theatre at Cork Institute of Technology. The reaction of the audience was very positive. The eight piece orchestra, which played traditional instruments, also held workshops in three local schools during the visit - Presentation Girls’ Secondary School Ballyphehane, Ursuline Convent Secondary School Blackrock and Coláiste Choilm Ballincollig. Members of the delegation also attended the Lord Mayor’s Ball.

The Shanghai Library and Cork City Library have also established links. The Shanghai Library presented a gift of 800 books when the Sister City Agreement was signed and an exhibition of some of these books called “Window on Shanghai” was held to coincide with the visit of the delegation from Shanghai. The Shanghai Library has made a further gift of books and visited Cork in 2007 to discuss the plans for the extension of the City Library in Grand Parade as the Shanghai Library is also commissioning a new building.

Other activities over this period have included:

- *September 2005* Participation of Ms. Wang Zhousheng in the Frank O’Connor

International Festival of the Short Story.

- *September - October 2005* Visit of Niamh Lawlor of Cork Artists' Collective to Shanghai.

- *November - December 2005* Visit of artists Da Fei and Sun Xin Cong to Cork for residency and exhibitions.

- *March 2006* "Shanghai Images" Exhibition held in Cork Vision Centre from March 3rd to March 28th displaying photographs presented to Cork by the Shanghai Archive.

- *March - June 2006* Photographer Mr. Robert O'Connor undertook a three-month residency in Shanghai supported by Cork City Council, the Arts Council and Culture Ireland. He produced many images in Shanghai and lectured at Fudan University, and the China Academy of Fine Art, Hangzhou. He held an exhibition in Hangzhou. Mr. O'Connor was assisted in Shanghai by the Consul General of Ireland, Mr. Nicholas O'Brien. He also received extensive advice and assistance from the Shanghai Foreign Affairs Office and the Shanghai Photographer's Association. He held a subsequent Exhibition in April 2007 at the famous Eastlink Gallery Shanghai.

- *May 2006* Visit to Shanghai by the Cork Children's Chorus with assistance from the Shanghai Foreign Affairs Office and Shanghai Association for Friendship with Foreign Countries. Contacts were made with the Shanghai Children's Palace, Shanghai Municipal Children's Choir and Shanghai Youth Centre.

- *November 2006* Visit to China by the UCC-based Vanbrugh String Quartet which included performances in Shanghai.

- *May 2007* Visit by delegation from Shanghai Library led by Mr. Zhou Dering, Deputy Director. The purpose of the visit was to develop ideas on provision of new libraries.

- *November 2007* Liz Meaney, Arts Officer with Cork City Council led a delegation of 10 Cork arts and culture organisations to Shanghai for a week-long programme of meetings with their counterparts.

- *October 2008* Cork City Council participated in the Shanghai International Arts Festival where Cllr. Tony Fitzgerald, Chair of the Arts Committee gave a well-received presentation on the Cork's Year as European Capital of Culture.

- *October 2009* Exhibition "Shanghai & Cork: threads through history" opened by the Chinese Ambassador to Ireland, H.E. Liu Biwei at the Cork Public Museum. This exhibition paralleled the development of Shanghai and Cork from 1840 to the present. It contained material donated by the Shanghai Art Museum and the Shanghai Women's Federation.

- *January 2009 and February 2010* Celebration of the Chinese Spring Festival (New Year) in City Hall with performances by students and staff from University College Cork and visiting performers from Shanghai.

Business

Cork Chamber is an active participant in the Sister City programme. Increasing business contacts was identified as an objective of the Shanghai-Cork Sister City project from the beginning. It is not possible to record all of the contacts that have developed between individual companies. However, there have been important events:

- *May 2005* A Business Forum was one of the events held in Cork as part of the programme celebrating the conclusion of the Sister City Agreement. This event was organised by Cork Chamber and attended by 30 Shanghai companies and local businesses also. The Shanghai Chamber of International Commerce and Shanghai Federation of Industry and Commerce both sent delegations to this event.

- *October 2006* Visit to Shanghai by delegation of 20 organizations from Cork Chamber at invitation of Shanghai Chamber of International Commerce supported by Enterprise Ireland and the Irish Consul General in Shanghai. The members of the delegation were from the tourism, engineering, education, construction and software sectors. A Memorandum of Understanding was signed between the two organizations.

- *August 2009* Visit to Cork by the Shanghai Federation of Industry and Commerce, which included the conclusion of a Memorandum of Understanding with Cork Chamber and a business networking event.

In addition, the formal relationship between Shanghai and Cork has made it easier to work with the Chinese Embassy officials to assist individual businesses with inquiries.

Tourism

Tourism was also identified as a pillar of the Sister City relationship between Shanghai and Cork. Tourism links are still developing but face some of the barriers listed below. Under an agreement signed in 2004 with China, Ireland was accorded "Approved Destination Status". A framework has been established under the agreement which facilitates organised group tourism from China to Ireland. The first official tour from China visited Cork in 2005.

Tourism Ireland now has an office in Shanghai and Cork City Council has hosted a

number of delegations from Shanghai and its neighbouring provinces that have come to Cork to explore it as a tourism destination. Two film crews have also visited Cork from Shanghai TV and CCTV (the main tv company in China) and their programmes have attracted a combined audience of 22m people.

A more unusual event occurred on Wednesday October 24th 2007, when the Concert Hall in City Hall played host to the highly impressive “Rose Wedding Ceremony”. The Rose Wedding is a huge Chinese festival celebrating marriage, which takes place every October in Shanghai. The streets come alive during the festival, with street parties and entertainment, as the newlyweds are paraded like celebrities around the city.

As part of the experience, a Rose Wedding Committee works closely with a Chinese travel agency to select a destination for the Rose Wedding Honeymoon. As a direct result of approaches from Tourism Ireland, the Rose Wedding Committee was invited to Ireland on a familiarization visit and, as a result, Ireland was chosen as the destination for this year’s Rose Wedding honeymoon. The newlyweds, accompanied by Tourism Ireland, traveled around many of Ireland’s beautiful regions including Limerick, Cork, Clare, Waterford and Dublin. As Cork is Shanghai’s Sister City, Cork City Council was chosen to be an important link in this event. Every step of the trip, including the ceremony in City Hall was filmed by the Chinese Saturday night prime-time show, “Dating on Saturday”, which has an audience of over 1.6 m people.

Barriers

Notwithstanding the success of the co-operation programmes between Shanghai and Cork, there are significant barriers that need to be addressed if the overall project is to continue. There barriers are:

- a. Physical Distance
- b. Language
- c. Difference in scale between the two cities
- d. Work restrictions on bona fide students
- e. Visa requirements
- f. Graduate employment opportunities

The *physical distance* between the two cities places a constraint on visits. It can take 21 hours to reach Shanghai from Cork and basic air fare is in excess of € 900. In addition, the distance and time mean that visit times are extended to allow a recovery period, which in itself adds to the cost of projects that must at some

stage have a face to face element in order to be meaningful. Thus, a basic cost is added to all projects over and above that experienced in co-operation projects with European cities.

There are a number of ways to overcome this barrier, depending on the type of project proposed. Depending on the purpose of the visit, the Shanghai Municipal People's Government and/or Cork City Council are in a position to offer assistance. An extension of this approach would be the creation of a funding stream under the Asia Strategy, as twinning initiatives are specifically mentioned in the Asia Strategy.

It is also possible to reduce costs through "home stay" accommodation and this would be particularly appropriate in school exchanges. This has the added advantage that it allows the person experiencing the home stay to encounter the host culture at a deeper level. Home stay is an integral part of the Intern Programme.

For delegations from Shanghai, it is possible to include Cork in a programme of visits to a number of European Sister Cities, as Shanghai has in excess of 60 Sister Cities.

Language can also be a communication barrier and this can inflate the costs of projects through translation costs. However, the purpose of the overall project is to develop a deeper understanding of each other's people and culture and language is a fundamental element of this. It is hoped that, over time, language will become a decreasing barrier.

In Shanghai, most children commence English classes at age six to seven and there is a growing familiarity with English. Chinese courses have commenced in UCC as part of undergraduate and post graduate studies and in evening classes. Mandarin Classes are also currently being piloted in post primary schools in Cork and the schools currently participating in the Sister City Schools Programme are ideal candidates.

The *difference in scale* between the two cities can also be a barrier but it can be argued that this is primarily a perception issue, as the types of co-operation projects that are promoted will be generally between individual organisations such as schools or cultural institutions. In addition, contact have been made with some of the 19 District Governments in Shanghai and this gives a more local and citizen-based character to projects. These contacts have been developed through the Intern Programme and so far projects have been initiated with the Luwan, Changning and Zhabei Districts. The basic strategy in dealing with the scale of

the two cities has been to ensure that the relationship remains sustainable in cost and relevance terms. This has been achieved by concentrating on one or two large projects per annum and placing a premium on face-to-face contacts.

Education is one of the pillars of the Sister City Agreement and Cork benefits from Chinese students coming to Cork to pursue third level education and to learn English. These visits can be short- or long-term. This interaction is also an excellent way for individual contacts to be established between citizens of both cities and these contacts can form into long-term friendships. This is the overall goal of the Sister City Agreement. As Shanghai students are not EU residents, their tuition fees for third level education courses are doubled in general. Also, accommodation and living expenses are considerably higher in Cork than in Shanghai. The visiting students may thus need to supplement their income with part-time employment. The regulation introduced in 2005 limits work permits to students attending courses of at least one year's duration and recognised by the Department of Education and Science. This impacts negatively on shorter language courses in particular and will affect less well-off students in particular.

A barrier to the development of tourism contacts with China is the lack of direct flights between Shanghai and Cork (and between China and Ireland). This is compounded by the fact that Chinese citizens are required to have an additional visa for any country that they transit through en route to Ireland.

As the number of Shanghai students obtaining third level qualifications in Ireland continues to increase it provides an opportunity for the country to benefit from their skills when they graduate, particularly as labour shortages continue in key professional and technical areas. Providing graduates with additional time to gain employment experience will also deepen their contact with Cork which is the key goal of the Sister City Agreement.

Conclusion

Cork City Council is committed to the continuation of its productive relationship with the Shanghai Municipal People's Government. The past five years have demonstrated the potential for real, sustainable contacts between the citizens in both cities and the benefits that will accrue to each city. Under the terms of the Sister City Agreement concluded in 2005, it was reviewed in 2009 and a new programme agreed.

There are three basic challenges facing the project:

a. How to overcome the distance barrier?

- b. How to continue to make the relationship real for the citizens of both cities?
- c. How to identify issues of mutual concern to both cities and devise appropriate co-operation projects to deliver real benefits?

The people and organisations involved in the process in both Shanghai and Cork will continue to meet these challenges in developing the relationship between the two cities.

Appendix I - Text of Sister City Agreement

Agreement on the Establishment of A Sister-City Relationship between the City of Cork of the Republic of Ireland and the City of Shanghai of the People's Republic of China

Having worked over the past two years to promote a deeper affiliation between Cork and Shanghai, and in the context of the developing relationship between the Irish and Chinese peoples, the cities of Cork and Shanghai wish to develop a long-term relationship that will be of benefit to the citizens of both cities.

To provide a framework for this relationship, the Cork City Council and Shanghai Municipal People's Government agree to establish a Sister-City relationship that will focus initially on business, tourism, culture and education linkages.

The two cities will also place a high priority on collaborative projects that deliver tangible results and on co-operations that will give the citizens of both cities an opportunity to meet and work together, thus increasing mutual understanding.

Both cities will record the activities carried out under this Agreement and review the programme every two years. Opportunities to strengthen the relationship between the two cities will be identified and realised on an ongoing basis.

This Agreement has been signed in the City of Cork on May 19th 2005 in the Irish, Chinese, and English languages with all three texts being equally authentic.

Cllr. Seán Ó Martín
Lord Mayor of Cork ,
Representative of Cork

Mr. Gong Xue Ping
Chairman, Shanghai People's Congress

Representative of Shanghai

Appendix II – Text of Memorandum of Understanding

Memorandum of Understanding on the Future Development of the Sister-City Relationship between the City of Cork of the Republic of Ireland and the City of Shanghai of the People's Republic of China (2009 – 2014)

Cork City Council and the Shanghai Municipal People's Government signed a Sister-City Agreement on May 19th 2005. That Agreement focused on business, tourism, culture and education links. Having carried out a review, both city governments are very pleased to note that many activities have been carried out between both organisations and individuals from Cork and Shanghai under the aegis of the Sister-City Agreement.

Given the growth in contacts between the two cities, Cork City Council and the Shanghai Municipal People's Government have decided to implement a Memorandum of Understanding to identify future activities. The Agreement signed in 2005 governs the Sister-City relationship and this Memorandum of Understanding is subsidiary to that Agreement.

The following activities will be pursued during the next five years:

I. City Government

- Continue to support activities under the Sister City Agreement.
- Continue the Intern Programme.
- Support visits by delegations and individuals to examine local government issues.
- Cork will develop further contacts with the District Governments of Shanghai.
- Participation by Cork in the Irish Pavilion at the Shanghai EXPO 2010.
- Maintain a record of activities under the Sister City Agreement.

II. Education

- Support the further development of academic links, both teaching and research, between the higher education institutions in the two cities.
- Support the development of the University College Cork (UCC) Confucius Institute which is in partnership with Shanghai University.
- Encourage and support scholarly exchanges by undergraduate and postgraduate students from higher education institutions in the two cities.

- Continue the Shanghai - Cork Schools programme.
- Support the establishment of the Confucius Classroom Programme for schools in Cork.

III. *Business*

- Explore the potential of Cork as a destination for Chinese companies locating functions in overseas locations;
- Develop opportunities to support work placement/internships for undergraduate and postgraduate students in companies in Cork and Shanghai.
- Development of business links between indigenous companies based in Cork and companies in similar business segments in Shanghai.

IV. *Culture*

- Support cultural contact between organisations in both cities through visits by individual organisations, attendance at festivals and activities which will deepen artists' understanding of each city.

V. *Tourism*

- Continue to build on the work and relationships fostered to promote both cities as attractive leisure and business destinations, communicating the assets of the each city through organised seminars, shows and festival attendance.

Progress under this Memorandum of Understanding will be monitored annually and formally reviewed in 2014.

This Agreement has been signed in Shanghai on March 25th 2009 in the Irish, Chinese and English languages, with all three texts being equally authentic.

Tang Dengjie Cllr.
Vice Mayor Deputy Lord
Representative of Shanghai

Patricia Gosch
Mayor of Cork
Representative of Cork

Appendix III - *Shanghai Project Group 2010*

Cllr. Patricia Gosch - Cork City Council (Chair)
Cllr. Mary Shields - Cork City Council

Cllr. Ger Gibbons - Cork City Council
Mr. Joe Gavin Cork - City Council
Mr. Patrick Ledwidge - Cork City Council
Ms. Liz Meaney Cork - City Council
Ms. Noreen Mulcahy - Cork City Council
Ms. Mary Mannix Cork - City Council (Secretary to the Group)
Mr. Conor Healy - Cork Chamber
Mr. Michael Delaney - Cork Institute of Technology
Mr. Ed Riordan - Cork Institute of Technology
Prof. Paul Giller - University College Cork
Prof. Fan Hong - University College Cork
Ms. Louise Tobin - University College Cork
Ms. Hilary Creedon - Fáilte Ireland South West

Appendix IV - Cork Schools and their Shanghai Partners 2008

1. St. John's Central College - Zhonghua Vocational School
2. Presentation College - Bi Le High School
3. Christ the King Girls Primary School - Seven Colour Flower Elementary School
4. Scoil Mhuire Jianqing - Experimental School
5. Scoil Mhuire Fatima - Shanghai Hengfeng Middle School
6. Mayfield Community School - Shanghai Shibeijunior Middle School
7. Ashton School - Shanghai Lingnan Middle School
8. Presentation Secondary School Ballyphehane - Shanghai Xijiao School
9. Ursuline Secondary School - Shanghai Kaiyuan School

Appendix V - Shanghai Municipal and District Government Delegations since March 2009

1. Shanghai Municipal Transport Bureau (July 1st)
2. Shanghai Pudong Construction & Transport Committee (July 5th & 6th)
3. Shanghai Civil Affairs Bureau (September 21st & 22nd)
4. Shanghai Baoshan District Government (September 24th)
5. Shanghai Municipal People's Congress Standing Committee (October 12th)
6. Shanghai Women's Federation (October 15 & 16th)
7. Shanghai Xuhui District Government (October 19th)
8. Shanghai Minhang District Government (October 21st)
9. Shanghai Putuo District Government (November 2nd)

10. Shanghai Zhabei District Government (November 5th)
11. Shanghai Luwan Sports Bureau (November 23rd)
12. Shanghai Putuo District Government (November 2nd)
13. Shanghai Zhabei District Government (November 5th)

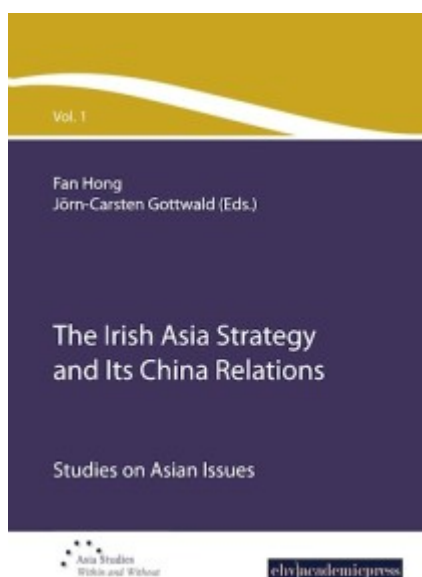
NOTES

[i] “A DECADE OF THE ASIA STRATEGY 1999-2009” Department of Enterprise, Trade and Employment, Dublin, 2006.

[ii] Since 2005, Dr. Sha has been Governor and latterly Part Secretary in the Shanghai Luwan District. In early 2008, he was appointed Deputy Secretary General of Shanghai Municipal Government.

[iii] Mr. Keating is current the Irish Ambassador in Bulgaria.

Chapter 10: Connecting Cultures - The Role Of Education ~ The Irish Asia Strategy and Its China Relations



Introduction

Throughout the 1990s education increasingly became an export commodity for “first world” nations. This growth in the international education market was enabled by the increasing wealth in developing nations. The drivers of the trend also included limited availability of higher education places in developing nations; desire to access knowledge and technology; to learn respectable English language skills; and to make foreign contacts. In addition, the roles of fashion and the societal pressure to have foreign educated offspring should not be under-estimated.

Ireland is an English speaking nation with a credible education brand and it was well positioned to benefit from this trend. In recent times, therefore, education has naturally been a constant thread in the main political speeches on Irish/Asian relations and in the key strategy documents on the matter.

The Irish government's Asia Strategy has been the touchstone of the Irish government's efforts to build relations and support and stimulate economic and cultural activity with Asia. This short paper reviews and considers the role of education in the Irish government's Asia Strategy over the decade from its inception in 1999 towards the end of its second 5 year period in 2009, specifically in connection with China. It also reviews the political will, some key events and finally UCC's practical experience with its Institute of Chinese Studies.

It will be seen that education has assumed an importance wider than simply that of a valuable export sector; rather that it is increasingly recognised as an agent of intercultural awareness and a key enabler of future business relationships.

Ireland's Asia Strategy has been supported by high level political exchanges. Education was highlighted by these exchanges. Bertie Ahern, Prime Minister of Ireland (the Taoiseach), visited China in January 2005. The Taoiseach was accompanied by the Minister for Education and Science, Mary Hanafin and by the heads of Irish Universities and Colleges. One of the objectives of the visit was *"To increase awareness of Ireland's education system and the links being established between Chinese and Irish institutions"* and in the course of the visit agreements were signed in matters of education and scientific research. Bertie Ahern's speeches were laced with references to education and culture and he made reference to an agreement that had been signed between Shanghai Fudan University and Trinity College Dublin.

When Brian Cowen visited China in 2008 he was similarly accompanied by the Education Minister, this time Batt O'Keeffe. Mr Cowen recognised achievements in the development of educational ties between Ireland and China and concluded, "There have been some important milestones in the rapid development of our bilateral educational cooperation". He noted the level of activity of Irish Institutions in China and the importance of Chinese students to Ireland.

He hoped the numbers of Chinese students in Ireland would grow but also stated that he wanted to see more Irish students come to study in China as well.

The prominence given to education in speeches on these visits demonstrates awareness at the highest levels of the importance of education in Ireland's

dealings with China. Mr Cowen was speaking at a later moment in the decade of the Asia Strategy and was able to draw on specific examples of progress. Mr Cowen's wish to see more Irish students studying in China appears to evidence a growing awareness that the opportunity in education in terms of the strategy extended beyond education as an export commodity for Ireland; and that the human contacts he referred to would be the foundation of Irish-Chinese business into the future beyond the impetus of the initial Asia Strategy.

The Asia Strategy, Education and China

The Irish government report "A Decade of the Asia Strategy" reflected on the achievements of the Strategy in its first 5 years from 1999 to 2004. It recognised dramatic increases in key measures including exports from Ireland and the number of Irish companies established in Asia. It also noted that high level reciprocal political visits had taken place and that much effort and resource had gone into raising awareness and into forging long term institutional connections. The document went on to set out the targets and priorities for the second 5 years of the strategy.

This section of this chapter specifically reviews the relevance of education and China in this key document:

1. It recognised that further development of bilateral trade would require "advancement not only of economic and trade relationships but other across... social and cultural dimensions." The value of Education as an economic and trade commodity will be understood, but it should also be understood that education has relevance in that it is a forum in which social and cultural relationships can be developed.
2. The primary objective for the next 5 years was established as "to intensify the levels of political, business and other forms of interaction with the priority Asian countries so that Ireland benefits to a significantly greater extent from the trade and other benefits." The potential of education in business and other forms of interaction will be readily appreciated.
3. The report identified China as one of 8 countries for prioritised attention and support. The other priority countries are Japan, Korea, Singapore, India, Malaysia, Indonesia and Vietnam but this paper focuses on China.
4. It noted that the successful establishment of businesses in Asian markets requires "proper planning and resource commitment"; and that "this can present significant challenges for smaller companies." The reference to resource

commitment would include human resources, which would also of course do the planning. Education and academic research have significant roles in providing the required knowledge and human resources for businesses both large and small.

5. It noted the role of ASEM (the Asia Europe Meeting) in political, economic, trade and people to people issues.

6. The report noted projections in increase in students studying abroad and that the greater part of the increase is expected to come from the priority Asian countries. Specifically in relation to China it anticipated 5,000 students by 2009.

7. It advised an Institute of Chinese Studies to enhance the understanding of Chinese language and culture in Ireland was in the process of being established. The outcome of this was the establishment of two Institutes in 2006; one at UCD (University College Dublin); the other at UCC (University College Cork).

8. It noted that “a better understanding of Asia and its peoples is important to the development of sound economic and trading relationships.” The Department of Foreign Affairs would advance proposals for an Institute of Asian Affairs. In practice Irish Educational Institutions have collaborated to establish in an Asia Studies Ireland Association.

9. The report recognised value in international students beyond simply the direct education and accommodation fees:

a) “Graduates and students from the priority Asian countries will now be a valuable resource as this country seeks to strengthen its research and technological base.”

b) An “important network of contacts and trade partners.” It advised that such networks would be supported through alumni associations.

c) It noted a scholarship scheme to attract top Asian graduates and students to Ireland.

d) It recognised the economic benefits of developing education links extend far beyond the tuition and accommodation income. Rather, that there are immediate benefits in additional expenditures by foreign students and a wide range of longer term benefits. The longer term benefits include human resources equipped to drive business between Ireland and its Asian markets.

10. It records a number of measures to encourage development of sustainable educational links including scholarship schemes and the establishment of new Asia-specific Irish Institutes.

It also committed political will behind the strategy and the next section of this paper touches on this aspect.

Guided by this Strategy, the past decade saw rapid growth of exchanges between universities, institutes of technology and independent colleges in Asia and Ireland. The growing number of Asian students who study in Ireland's higher education sector, especially the increase of Chinese students, is one of the many examples. The Higher Education Authority, the supervisory body for universities and colleges, has reported dramatic increases in the numbers of foreign students in the last decade, especially from China and other Asian countries. **[i]**

According to a survey conducted by the International Education Board Ireland, 6,314 students from Asia registered for 2003/4 academic year in Ireland's higher education sector. 2,874 of which were Chinese. By the end of 2004, 35% percent of the international students in Ireland's higher education sector were from Asia. The number of Asian students registered for the 2005/6 academic year had increased to 8,097 of which the number of Chinese students was 3,411. **[ii]**

Today, the foreign student market has become a big money spinner for Ireland and Asia is a key market. The students who bring real revenue (about €26,000 each per academic year) to institutions and the economy are students who come from outside the European Economic Area (EEA) and who engage in full-time, long-term study. Even US students, for whom this country is popular, only tend to stay for a semester or a year. The Asian students are the ones who come and complete their degrees, masters and PhDs. **[iii]**

In addition to the flourishing foreign student market which benefited from the growing number of students from Asia and China, the past decade also saw the rapid development of Chinese studies in Ireland and exchanges between Chinese and Irish higher education institutions.

Below are some of the major achievements:

- An intergovernmental agreement on the Mutual Recognition of Qualifications between China and Ireland was signed in February 2006.
- The establishment of the Irish Institute of Chinese studies in UCC and UCD in 2006.
- The establishment of the Association of Chinese Studies in Ireland in 2006.
- The opening of two Confucius Institutes in Ireland. The Confucius Institute, also known as "Hanban," is a cultural outreach organisation, funded by the Chinese Government. It operates by supporting partnerships between Chinese and foreign universities. The first Confucius Institute in Ireland had been opened at University College Dublin (UCD) in 2006 in partnership with Renmin (People's) University.

The second opened at University College Cork (UCC) in 2007 in partnership with Shanghai University.

- The establishment of Irish Studies in China. National University of Ireland Maynooth (NUIM) and Beijing Foreign Studies University cooperated to launch an Irish Studies Centre in Beijing in Spring 2007.
- The Establishment of the Sino-Irish Education Centre between NUIM and Beijing University in 2008.
- The signing of an agreement on PhD cooperation between Ireland and China in 2008. The

Irish Universities Association (IUA) and the China Scholarship Council were already active in this area with an agreement for the exchange of PhD students between Ireland and China. The aim was to develop long term strategic research links. Funding was made available for PhD students through the Higher Education Authority's (HEA) Strategic Innovation Fund and Chinese Scholarship Council.

- The establishment of the Asian Studies Association Ireland (ASIA) in 2008. It aims to develop networks of Asian Studies among Ireland.
- The establishment of the Irish Association of Chinese Teaching and Learning in 2009.
- The establishment of UCC's School of Asian Studies in September 2009. The School of Asian Studies aims to develop comprehensive undergraduate and postgraduate programs on all aspects of study within the Asian region.
- The establishment of 8 Confucius "Classrooms" in Cork in 2010. The Confucius Classrooms offer Chinese culture and language courses in 24 local primary and secondary schools with over 850 students.
- The establishment of a Confucius Classroom in NUIM in May 2010.

In addition to the above achievements, UCC's experience will be presented to help understand how Ireland's Asia Strategy was implemented in universities and the achievements in Ireland so far.

The UCC Experience

Unsurprisingly, the international commercial community is obsessed with China and understanding China has become increasingly globally important. The need for quality education on Chinese matters will be readily appreciated in the context of the consistently growing importance of China, most commonly illustrated by

figures for GDP magnitude and growth.

UCC had the vision and ambition to develop the Chinese and Asian Market. With its well developed academic courses; teaching and research expertise; a large and attractive campus; a long-established scholastic tradition; credibility; and a record of delivery at international level, UCC was well equipped to enter the Chinese and Asian markets.

The creation of the Asia Strategy provided UCC with the opportunity to establish the Irish Institute of Chinese Studies (IICS) in June 2006. This section will give some insight into the practical experience of the IICS at UCC.

Given that the impetus for the IICS was the Asia Strategy, the overall objective of the Institute was to implement the “Asia Strategy” and to directly and indirectly contribute to the economic, educational and cultural development of Ireland. This objective would be achieved through the following areas of activity:

1. *Produce an Irish generation* who can effectively deal with China in the 21st Century.
2. *Educate the general public* and enhance mutual understanding between Ireland and China.
3. *Promote multi-disciplinary research* on contemporary issues in China and Greater China.
4. *Assist the International Education Office* to provide educational opportunity for Chinese students and create a Chinese constituency with knowledge of, affection for, and links with Ireland.

Produce an Irish generation who can effectively deal with China in the 21st Century

The IICS at UCC initiated in just under three years four taught degree programmes in which the students spend their third year at one of our Chinese partner universities including Shanghai University and South China Normal University in Guangzhou. The courses are BA in Chinese Studies, BCom (International) with Chinese Studies, HDip in Contemporary Chinese Culture and Business and MA in Contemporary Chinese Culture and Business.

In order to allow students to develop their academic expertise in a particular area of interest relating to Contemporary China, the IICS also introduced MPhil/PhD & Post-Doctorate Programme. The programme is of particular interest to graduates in social sciences and humanities preparing for a career interacting with China.

The quality of the Institute’s teaching was publicly recognised. The European Award for Languages, a Europe-wide initiative supported by the European

Commission, named the IICS at UCC as a winner in 2008 for its excellence, dedication and innovation in Chinese language teaching and learning in Irish Higher Education. By the end of 2009, 165 students were taking BA, BCom, MA and HDip degree courses. The number of PhD students had reached 19 by September 2009.

In addition to delivering degree programmes, the IICS at UCC encouraged integration of the University's ethnic Chinese and other nationalities. This happens via various media e.g. a learning "buddy" system, where Chinese and Irish students pair and help each other in their studies. A Chinese Studies Society was also established by students from the IICS at UCC. The quality of international relationships formed at UCC demonstrates an intercultural ease that bodes well for the future relationship of the geographical areas.

Educate the general public and enhance mutual understanding between Ireland and China: the role of the UCC Confucius Institute

In this area, in particular, the IICS was assisted by the UCC Confucius Institute which is a joint venture between UCC and Shanghai University since November 2007. Through this medium UCC is privileged to receive support of visiting language teachers and volunteers from Shanghai University; executive support and a library of 4,000 Chinese books. The Confucius Institute also supplies funds for language and cultural activities. It offers a rich programme of language teaching and cultural activities that reaches out to the wider university and public.

The UCC Confucius Institute offers non-degree courses in Chinese aimed at part-time and adult learners in Cork region. The Institute also offers Chinese culture and language courses within 24 local primary and secondary school to over 850 students. In 2009, the Institute introduced a Chinese Language Teaching Centre and HSK Examination Centre into the university giving students the opportunity to take the official Chinese language proficiency tests.

The Confucius Institute at UCC has organized a series of promotional Chinese language and cultural based activities, which has received positive feedback from local government and organisations. Major events and activities involving the UCC CI include:

- Co-hosting the 2009 Spring Festival Chinese Cultural experience with the Irish Chinese Contact Group. Approximately 130 Irish Chinese Contact Group (ICCG) families, all together five hundred parents and children celebrated Spring Festival

and experienced Chinese language and culture together.

- Organized a Chinese language and culture experience for secondary and primary school students of Cork. Over two hundred students and teachers were invited to the Confucius Institute at UCC for a glimpse of Chinese Culture and language. This helped promote the teaching of Chinese language and culture in secondary and primary schools.

- Held the second "Chinese Bridge" language competition in Ireland, which was also the preliminary competition in Ireland for the 8th Chinese Bridge Language Competition of Worldwide College Students being held in Changsha, China. UCC Student Kenneth

Brown won the opportunity to represent Ireland in the next stage of the competition.

- In summer 2009, the Institute organised a Summer Camp in China for Irish university students and 60 Irish students participated. This was the first programme of its kind to be co-ordinated out of UCC.

- Presented scholarships to enable 9 Irish university students to study either half or full year terms in Chinese universities. The scholarships were co-organized by the Confucius Institute to encourage further scholarly exchange between students of both countries and to further highlight interest in Chinese language and culture.

- Organized a pairing study party for the Chinese and foreign language learning students, who are currently studying in UCC in October 2009. The party stimulated communication between Chinese students and students of Chinese.

- Co-hosted the 60th Chinese National Day Anniversary Reception with UCC International Office. The reception attracted over four hundred people from UCC and from the general public.

- Co-hosted the Cork & Shanghai "Threads Through History" exhibition at Cork City Public Museum with Cork City Council in October 2009. The exhibition lasted for 7 weeks and attracted more than 1,000 visitors.

- Co-organized a public lecture on Acupuncture and Chinese Medicine on 20th January 2010. More than 70 people attended the lecture.

- Co-organized the 2010 Spring Festival Party in January 2010, attended by over 800 people at the City Hall in Cork City. The event presented to the Cork public an array of musical, theatrical and artistic presentations from Shanghai University Arts Troupe representing different multi-cultural facets of Chinese life. It brought together official representatives including the Lord Mayor of Cork Councillor Dara Murphy, the Ambassador of the Peoples Republic of China HE

Mr. Liu Biwei and President of UCC Dr Michael Murphy.

Promote multi-disciplinary research on contemporary issues in China and Greater China

The IICS has become a significant centre of Chinese Studies in Europe. The Institute emphasizes its research plan and actively cooperates with other UCC departments and with universities in UK, Europe, China, Indonesia and other Asian countries. During the past four years, the IICS held a series of high level academic communication activities concerning China and Asia. By inviting contributions from academics and researchers culminating with the Irish Asia Ambassadors Roundtable Forum in 2009, the Institute has grown in stature and has become a key organization at the centre of Chinese and Asian studies in Ireland.

Aimed at promoting research on China and its relationship with Ireland, Europe and the World, the IICS held its inaugural international conference, entitled "CHINA in the 21st Century: Culture, Politics, Business", in June 2007. Delegations from China, UK, South-East Asia, the US, and Europe participated in the event at UCC.

IICS's second annual international conference, The Rise of Asia and its Challenge for Europe, was held by UCC in November 2008. The aim of the conference was to bring academics from Asia and Europe together with representatives from Irish government and business. The Lord Mayor of Cork, Mr Brian Bermingham, UCC President, Dr Michael Murphy, Micheál Martin, TD, Minister for Foreign Affairs and Ambassadors from several Asian countries attended the conference.

Together with the International Journal of the History of Sport (IJHS), Routledge, the Asia-Europe Foundation (ASEF) and the UCC Confucius Institute, the IICS at UCC organised the international conference: "Post Beijing 2008: Geopolitics, Sport, Pacific Rim" in March 2009. Distinguished academics from over ten universities, including Cornell University, Pennsylvania State University in USA, UCC and Shanghai University China, presented and contributed to the conference on the following topics: The Relationships Between Sport and Politics; Influence on Sport with Development of the Society; and the Significance of the Beijing Olympics for the Geo-Political Future of the Pacific Rim.

A Roundtable Forum of the Asian Ambassadors was organised by the IICS in October 2009. Ambassadors of China, Japan, Korea, India, Iran and Malaysia presented upon invitation. Delegates from the Irish Ministry of Foreign Affairs,

the president of UCC, and scholars and researchers from UCC also presented.

The IICS co-presented the third annual conference of the Asian Studies Ireland Association (ASIA), entitled *The Transformation of Asia in a Changing Global Environment*, with the Asian Studies Ireland Association in November 2009. The conference saw some 60 participants, including academics from Britain, France, USA, and China as well as teachers and students from UCC. The conference ran a series of panel-based workshops and seminars, which focused on the impact of the global economic crisis on the Asian economies, the different responses of the various Asian governments to the crisis and the different perceptions of the crisis between European and Asian societies.

Besides the above academic conferences, the IICS also promoted multi-disciplinary research on contemporary China by carrying out scholar and student exchange programmes. The Institute has received 6 visiting scholars from the Chinese Service Centre for Scholarly Exchange, Ningxia provincial government, Yunnan University and South China Normal University since 2008. Since 2009, the Institute has actively taken part in the State-Sponsored Postgraduate Project of China for Advanced Universities, by receiving four PhD students from China People's University, Shanghai University, Suzhou University and Beijing Sport University.

Assist UCC'S International Office

The IICS at UCC and the International Office have supported each other to create an environment in which the traditional role of accepting students has been changed and where interconnected global culture is celebrated at UCC- a 21st century international university.

Reflecting now on the Government's 'Asian Strategy'

- *Marketing Education Services*- The IICS is providing ongoing support and adding to the attractiveness of UCC.
- *Establish an Irish Institute of Chinese Studies*- Done and ongoing.
- *Increase the number of College to College links*- Ongoing at several levels including student placement and research co-operation.
- *A scholarship scheme for top Asian graduates*- The IICS's PhD programme is already attracting graduates and the Institute will be pleased to play an active role in expanding post-graduate activity.
- *Promote Alumni associations and networks*- the IICS at UCC will enhance the

value and sustainability of these networks by virtue of the cross-cultural relationships that our activities build.

- *A focused Placement Programme of Irish Graduates*- we carry this out at undergraduate level.

- *To advance proposals for an Institute of Asian Affairs*: UCC has already established its school of Asian Studies. In addition, as a platform of cross-cultural communication between China and Ireland and having received over 20 various visiting delegations from China in 2009, the IICS at UCC has been functioning successfully as a bridge over cultures, and as a promoter of Sino-Irish communication in politics, economy, culture and education. The delegations are listed below:

- South China Normal University Delegation (March 2008)
- Shanghai Sport University Delegation (November 2008)
- Delegation of Shanghai Shanghai Municipal Transport Bureau (July 1st 2009)
- Shanghai Pudong Construction & Transport Committee (July 6th 2009)
- Shanghai Federation of Industry and Commerce (August 17th 2009) - Cork Chamber
- Shanghai Chamber of International Commerce (August 27th 2009) - Cork Chamber
- Shanghai Civil Affairs Bureau (September 21st & 22nd 2009)
- Shanghai Municipal People's Congress Standing Committee (October 12th 2009)
- Shanghai Women's Federation (October 15 & 16th 2009)
- Shanghai Xuhui District Government (October 19th 2009)
- Shanghai Minhang District Government (October 21st 2009)
- Shanghai Putuo District Government (November 2nd 2009)
- Shanghai Leadership Association (November 3rd 2009) - Cork Chamber
- Shanghai Zhabei District Government (November 5th 2009)
- China National People's Congress Delegation (November 14, 2009)

Overall, the process of building the Irish Institute of Chinese Studies at UCC has been an immensely rewarding one. It has clearly fuelled a demand for the subject and our students have a strong sense of mission that they are preparing to pathfind for Ireland in the changing economic and political landscapes of the 21st Century.



The Future of Education in a Strategy for Asia

The present Strategy is clear on the basic educational tools for developing Ireland's capacities and on the opportunities to do business with Asia. It acknowledges both the immediate commercial educational opportunities and also the longer term importance of relationships. It has focused on developing business volumes, relationships and institutions.

The globalization of economy, cultural, political and intellectual institutions is a major force for change in education. In an era of globalization and with the rise of Asia, the world is moving towards the challenge and opportunity of the East. Education moves there too. Asian studies, especially Chinese studies, are becoming more and more popular around the globe. In the higher education sector, almost all the leading universities in America, Europe, Asia, Oceania and Africa have established their centres for Chinese Studies. The rising demand for Chinese language and culture teachings has been receptive to hundreds of Confucius Institutes. The first Confucius Institute was established by Hanban in South Korea in November 2004. By March 2009, a total of 256 Confucius Institutes and 58 Confucius Classrooms had been established in 81 countries around the world.

Chinese language teaching is also flourishing in Primary and Secondary education sectors in the West. In England in 2007 more than 10% of secondary schools were teaching Mandarin at some level and 1,827 children sat Mandarin Chinese at General Certificate of Secondary Education (GCSE) level in 2006. In addition 3,034 adults sat the GCSE examination and 392 students were admitted to Chinese undergraduate programmes. Meanwhile, the UK's "Specialist Schools and Academies Trust" has signed an agreement with Hanban, the executive body of the Chinese Language Council International, to promote Mandarin in UK Schools.

England is an example of the context in which Ireland Inc must compete for future market share in China. To continue to proactively respond to Chinese opportunities, Irish efforts in Chinese education must be redoubled by formally promoting Chinese language and culture in the curriculum of secondary schools in Ireland and should be included in the "Language Initiative" programme.

The 2004 review concluded that the most important indicator of success at the end of 2009 will be the extent to which Ireland has further developed its export

trade with the priority Asian countries. However, the business levels and relationships envisaged by the strategy will increasingly be sustained and developed by new generations. Therefore, in the years to come, Ireland should aim also to judge the success of the Strategy by measuring the number of its citizens that it has educated for these endeavours.

The recently formed Asia Studies Ireland Association is a positive move in promotion of Asian Studies in Ireland. The Asia Strategy intimated the creation of the Irish Institute of Asian Affairs. However, the experience in UCC shows the natural progression from Chinese Studies to Asian Studies. In practice this work is already underway. The UCC school of Asian Studies offers the opportunity to the Government in this regard. It will work with relevant parties to consolidate its educational, research and outreach programmes. It will continue to work with its various partners including the Asian embassies in Ireland; the Confucius Institutes in Asia; and partners in China and other Asian countries to promote education and cultural exchange between Ireland, China and Asia. It will continue in its endeavours to play the educational role envisaged in Ireland's Asia Strategy and will do its part to ensure that Ireland is globally competitive in terms of its ability to deal with China and Asia.

NOTES

[i] Abel Ugba, 'Active Civic participation of Immigrants in Ireland', Country Report prepared for the European research project Politics, Ildenbug 2005.

[ii] International Education Board Ireland, 'International Students in Higher Education in Ireland 2004'. July 2004.

[iii] 'Has Ireland dropped the ball on attracting international students?' *The Irish Times* - Tuesday, January 26, 2010.

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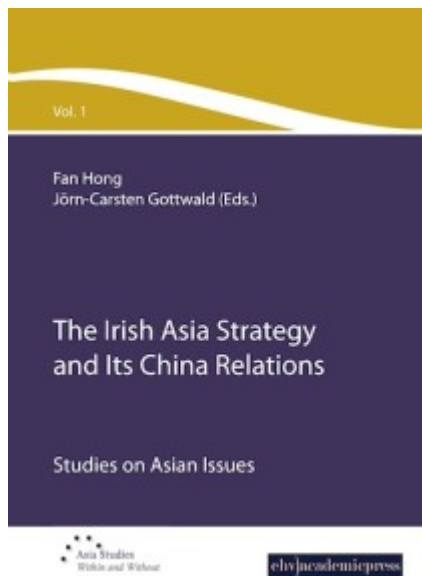
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See also: <http://www.confuciusinstitute.uwa.edu.au/>

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Chapter 11: Comparing Irish And Chinese Politics Of Regulation ~ The Irish Asia Strategy And Its China Relations



In its Asia Strategy, the Irish Government calls for closer cooperation between Europe and Asia and a higher profile of Irish business, society and politics in this core region of the global economy. While the focus in general rests on trade and investment, there is one area where Ireland as Europe's Celtic Tiger has much to share with its distant partners: regulatory reform and innovation as a key driver for economic modernisation and competitiveness. From an academic perspective, the analysis of regulatory regimes, states and capitalisms has enjoyed years of impressive development. While some have focused on

a better understanding of the evolution of regulation and their impact on political systems or the world economy, a second stream in regulation research seeks criteria for an evaluation of existing regulation and the promotion of better regulation. Case studies from different jurisdictions are frequently used to highlight practical and theoretical issues. In this paper, the experience of two states experiencing impressive rates of economic growth but exhibiting contrasting political systems are analysed to isolate areas of convergence in regulatory development. China and Ireland are of vastly different size but the Middle Kingdom dwarfs most other states. The comparison is, however, made more plausible by Ireland's need to accommodate EU regulatory strictures and China's adjustment to an open market economy. Further, though small, Ireland does not operate in an international political vacuum. Like other western democracies that are "open, integrated, and rule-based, with wide and deep political foundations" [i] and, as such, represents a typical liberal democracy. Nevertheless, to acknowledge the clear differences between the cases chosen, the paper concentrates on aspects of the Irish experience that might signal useful insights for China in the areas of transparency, innovation and competition.

Thirty years after the Chinese leadership initiated the policies of reform and opening up to the outside world, the People's Republic of China (PRC) is a remarkable economic success story and an increasingly opaque puzzle for academic research. Its 'Socialism with Chinese Characteristics' has seen average annual growth rates of more than 10% since 1980. By World Bank standards, China in 2006 was the fourth largest economy in the world, a major trading nation and holder of the largest foreign exchange reserves. At the same time, its

'Socialist Market Economy' exhibits fundamentally contradictory features: while there are comparatively free markets in some sectors of the economy that tempt observers to compare today's China with the Manchester of the early 19th century, private property rights have only recently found their way into the constitution and are still subject to the interpretation and protection by a judiciary under direct control of the political leadership. China's rule by law - not to confuse with the concept of rule of law - is executed by courts and bureaucracies under direct control of the Leninist apparatus of the Communist Party of China, which, according to the constitution, leads all Chinese political institutions and exerts the democratic centralism as part of the dictatorship of the people.

The interdependence of social orders that links the existence of a market order with a pluralist democratic system that guarantees rule of law points at an implicit instability of China's political and social order. But, while doomsayers had their fair share of academic and public interest in the 1990s, the survival of CCP rule in spite of fundamental changes in the economic and social system requires further analysis. There is no consensus among China watchers on the nature of its political order. Characterisations include soft authoritarian, adaptive authoritarian and neo-consociational. Similarly, opinion on the direction of its future development ranges from enhanced state capacity stabilising party rule to decreased state capacity destabilising the CCP. It is obvious nevertheless that somehow China's hybrid political and economic order is a survivor.

Part of an explanation how exactly the Chinese leadership has managed to maintain political control and economic dominance in an increasingly pluralist social and market economic environment lies in its proven track record in institutional learning and innovation. At the same time, a global trend towards the introduction of new forms of governance, particularly of quasi-independent regulatory bodies, is recalibrating the traditional relationship between governments, societies and markets in well-established OECD countries as well as in emerging markets.

While the rise of the regulatory state, the post-regulatory state and regulatory capitalism has led to an intensive debate about efficiency and legitimacy, its implications for non-democratic states with emerging market orders has been painfully neglected.**[ii]** The global trend to redefine the relationship between governments and markets, between state and non-state actors in the area of economic activity, however, has changed the perception of social orders and has a

direct impact on the institutional and policy change of states in an interdependent world.

11.1 *The Rise of Regulatory Capitalism in China*

Property rights, the rule of law and a stable institutional framework are usually taken as a *sine qua non* for a functioning market economy. In the PRC, nearly thirty years after the leadership embarked on an encompassing programme of economic reform, none of these are fully in place.**[iii]** In rural areas in particular, privatization of land is still resisted 30 years after Deng Xiaoping ordered the “household responsibility system” giving farmers leaseholders’ rights including that of keeping and selling surpluses. The exact impact of the transformation from a socialist state *à la Chinoise* towards a modern and open authoritarian market economy still is one of the most controversial issues in current China research.**[iv]** Fundamental differences persist in the perception of China’s political system after reform with regard to the issue of democratisation. But even in analysing individual aspects of social life and various sectors of the Chinese economy, a diffuse set of potentially incompatible institutional arrangements emerge. The fundamental issue of China’s political and economic order is far from resolved.

At the same time, research on established western market democracies has brought forward a better understanding of path dependencies within national and regional institutional frameworks, creating a great ‘variety of capitalisms’.**[v]** Further, a major side effect of globalisation seems to be a universal trend from traditional government to modern governance.**[vi]**

Admittedly, a clear and broadly accepted definition of governance is still open to consideration. The debate has, however, been instrumental in shedding light on the relationship between ‘steering’ and ‘rowing’ in modern societies, i.e. between decision-making and socio-economic activities. Interestingly enough, while China-watchers still discuss the impact of marketisation on China’s democratisation, the debate on the rise of the regulatory state in the age of governance in established Western market democracies questions exactly the compatibility of participatory decision-making in representative democracies with efficient market oriented regulation.**[vii]**

11.2 *The Rise of the Regulatory State and the Evolution of Market Economies*

After the breakdown of the socialist states in Eastern Europe, social scientists engaged in an extensive debate on the unforeseen implosion of the main

alternative to Western democratic market economies, **[viii]** provoking the notion of the 'end of history'. **[ix]** Mankind was rushing towards market economy and pluralist democracy based on certain prerequisites - rule of law, active guarantees of competitive markets, stable macro-economic framework. A market economy seemed to depend on the existence of democratic political institutions. For neo-institutionalist theories in economics and political science, the significance of property rights, relational contracts and trust for economic and social development provided further support of the presumed close linkage between market economies and a representative pluralist democracy. The case was proven in the simultaneous restructuring of the economic and the political order in most socialist countries after 1989 - with the one astonishing exemption of the People's Republic of China.

Given the breathtaking speed of economic and social developments in China, the dominant theoretical approaches characterise the Chinese political order as unstable because of a dissonance between the deepening and broadening of economic reforms and its nominal 'socialism'. Indeed, there is ample empirical evidence for the growing pressure on China's political order to adapt to the new unleashed forces of market activities. But while series of administrative, inner-party and governmental **[x]** reforms confirmed the need for restructuring the political order, the CCP manages to preserve a basically unchallenged dominance **[xi]** over political processes and institutions.

Confronting this theoretical and empirical puzzle, some observers still perceived a slow transformation of China's political system, **[xii]** while others claimed somewhat paradoxically that the deepening and broadening of market oriented economic reforms had not only left basic mechanisms and instruments of political control by the CCP in place, but that overall the CCP seems to have improved its capacity to dominate the political order. In different words, the Leninist party system has not only shown a surprising resourcefulness for institutional and organisational innovation, **[xiii]** but seems to come out of the great transformation as a clear benefactor of change - and not as its victim.

The fact, that nearly thirty years of market oriented reforms in China have not led to the expected downfall of one party rule, but might even have contributed to an increase in state capacity under the leadership of the CCP, is one the most fundamental puzzles in current politics and academic research. It raises significant questions: First, whether the productive co-existence of a Leninist party-state with an evolving market order is *sui generis* and, if so, what are its main characteristics. Secondly, how can one best explain the *stabilising* impact of

market reforms on the Chinese polity?

11.3 *Regulation, Governance and Capitalism*

Analysing China's Socialist Market Economy raises the fundamental issue of the concept and role of the state. In traditional i.e. 'Western' perspective, the basic notion of the modern (nation-) state and its role in economic activities usually refers to the political order in Europe after the devastating religious wars in the first half of the 17th century, the emerging political order after the Peace of Westphalia of 1648 established the notion of a sovereign state, governed by an administrative apparatus, with unchallenged control of clearly defined territory, within which the sole legitimate use of force rested with the ruler. **[xiv]** This context of the modern state formed the basis for fundamental legal and political theories concerning government, society and market activities. In the second half of the 20th century, several developments led to a fundamental revision of this early concept: the politics of European integration jarred with the concept on sovereign states preserving their independence and relative power; then, all the processes usually subsumed under the term 'globalisation' undermined the capacities of modern governments to pursue their policies independent from the interest of other governments and an increasing number of non-state actors, **[xv]** particularly enterprises and civic organisations. Finally, the rise of East Asian economies from developmental to industrialist status re-invigorated the debate concerning the different attitudes of public-private interactions, replacing the traditional dualistic perception of 'the state' and 'the society' or 'the economy' to a rather inclusive perception of close-knit network comprising bureaucrats, parliamentarians, NGOs and enterprises. **[xvi]** These led to new complex forms of rule-making by national law-making, trans-national standard setting, inter- and intra-national consultations and negotiations or simply a privatisation of rule-making through increased reliance on non-majoritarian forms of decision-making. **[xvii]**

Diffuse as the literature on governance remains, at its core are new forms, mechanisms and ideals about the development, implementation and revision of sector-specific policies. This paper looks at these issues through the narrow prism of 'regulation' and the 'regulatory state' though it draws on the macro-scientific debate on governance in sociology, economics and politics. **[xviii]** The regulatory state is interpreted here as a specific form of market creation and market correction, a political act to shape the relationship between state and private

actors.

Following the positive theory of regulation as introduced by Stigler and Peltzman[xix] and combining it with an actor centred institutionalism in the Cologne tradition,[xx] the paper interprets regulation as the formulation, implementation and revision of specific rules for narrowly defined policy fields or aspects of social activity. Regulation in this sense is the outcome of interactions between individual or collective actors trying to realise their preferences within a dynamic institutional framework.

Following North, the paper distinguishes between actors as “players of the game” and institutions as “rules of the game”. Social groups - and sometimes individual actors-simultaneously strive to realise their preferences and to modify the institutional framework to their advantage.[xxi] Thus, regulation by definition is dynamic and characterised by a flexible approach towards problem solving including and combining various norms and mechanisms of governance. Regulation in this understanding goes beyond the traditional centrality of state law

as it combines state law with other forms of formal and informal contracts. Especially in the area of financial markets, institutional change is fast and competition between interest groups vying for profits is sharp, often leading to a race between market intervention, business crisis and re-regulation. This is especially true for dynamic multi-level polity entities that undergo a process of institutional change - such as the PRC or the European Union.

In this context, it seems necessary to merge research on China’s new political and economic order with these new approaches in regulation and capitalist theories and turn the attention from ‘Government’ to ‘Governance’.[xxii] But, while the concept of ‘governance’ has proved to be an effective approach to integrate social and economic non-hierarchical forms of decision-making into the classical analysis of the workings of the state apparatus or political systems, the paper acknowledges that it suffers from a lack of clear cut assumptions and workable definitions. Only too often the analysis of Chinese governance turned out to be a simple combination of analysing the CCP’s rule with various trends in economic development. Besides, work on economic policies in established market economies has shown a broad diversity of arrangements within existing capitalisms, varying from sector to sector and sometimes even within.[xxiii] The paper accepts McNally’s[xxiv] interpretation of China’s rise as the evolution of a capitalist socio-economic order and seeks to develop a new analytical

framework.**[xxv]**

If different organisational arrangements within capitalist orders are common, then the co-existence of different regulatory regimes within a political economy loses its uniqueness. Instead, the distinctive element of current varieties of capitalism is the incorporation of independent agencies.**[xxvi]** The global and sectoral diffusion of this post welfare state form of policy making clearly contradicts early claims of a neo-liberal global marketisation. Quite to the contrary, the opening up of national sectors of the economy to foreign competition and the introduction of global standards have led to a worldwide wave of re-regulation - introducing new ideas of regulation, new rules, new regulatory organisations and new instruments. As a by-product, technocratic expertise has gained an important stake in the global search for optimal regulation. Real markets seem to be in a constant need for rule-making, implementation and revision of rules. Thus, formal and informal institutions set the incentives for rational actors pursuing their interests to compete for maximum gains within the existing framework and for changing the institutions to their best advantage.

The ongoing process for regulatory innovation is inseparably linked with competition and transparency.

11.4 Regulation, Competition and Institutional Change

Each political system must address both internal and external pressures within the context of a competitive world economy in which extremely mobile investment is a key driver. Since the success of the Asian miracle economies, starting with Japan in the 1960s, openness for the inflow of capital, know-how and technology has become the dominant paradigm for the pursuit of economic modernisation. Today, emerging markets compete with the well-established OECD countries stimulating an exponential growth in worldwide capital flows. The question now is not whether to open up an economy to global markets but how to best organise the regulatory framework for domestic and foreign actors for economic activity.

The process of liberalisation must not be misinterpreted as an ongoing de-regulation.**[xxvii]** Substantial political and economic research provides ample evidence that the creation of new markets requires a combination of re-regulation and de-regulation.**[xxviii]** Regulatory reform has, therefore, become an integral part of macro-economic policies. Due to the dynamic nature of not only capital but most global markets, regulatory frameworks can be perceived as permanently in the making. The issue of adopting, re-organising, improving existing regulation

requires a high degree of state or political capacity. Crisis management, day-to-day adaption and innovative relaunching of regulatory regimes is a fundamental task for all economies which deal with multinational enterprises.

The importance of sound decision-making and successful political management of regulatory reform is nowhere clearer than in countries which embark on a course of radical modernisation. A well-documented case for this point is Ireland, where the industrial strategy chosen in the 1960s stressed infrastructural investment, tax concessions and other incentives to attract foreign direct investment and integrate these into a liberal trading regime. The state deliberately opted for a policy change, turning to global markets and using substantial subsidies from the EU for improvements in infrastructure and education. This process was clearly government-driven, notwithstanding the crucial role of US investment and EU transfers. This role of the Irish political leadership reflects Porter's model of comparative advantage with the state acting as a catalyst to higher levels of competitive performance by companies, mediating between domestic social and economic interests and assuring a supportive business environment. **[xxix]** A reputation for good governance is, for Ireland, a comparative advantage though this might be offset if too intense a regulatory regime imposed higher compliance costs on firms operating there than in rival jurisdictions. **[xxx]** The balance between the governance benefits and compliance costs is hard to quantify as is that between internal and external pressures but each is discussed here with reference to three recurring themes in the discourse on regulation - transparency, competition and innovation.

Transparency, innovation, and competition all have an internal as well as an external dimension and they are all interdependent. In this paper, it is argued that it is especially the area where these three issues are interconnected that proves characteristic for the working or failure of regulation. It is important to keep in mind the crucial role of public actors, i.e. the government, business and consumer organisation and regulatory agencies, in shaping the interconnectedness of transparency, innovation and competition.

11.4.1 *Transparency*

Transparency has become a guiding concept in the lexicon of governance though frequently honoured more in the breach than in the observance. In relation to regulation, transparency is thought to offer citizens, companies and other political actors clear lines of accountability. **[xxxi]**

Accountability then is crucial requirement for the preservation of legitimacy and

the possibility of effective political management of regulatory reform. Similarly, for relevant external actors, particularly potential investors and intermediaries, transparency is the prerequisite for rational decision-making. In addition, it equates to reassurance that competition is fair, assets safe and profits recoverable. Investors should be able to take a reliable institutional framework ensuring rule of law and enforcement as a given. Thus, internally, transparency's foremost importance is political while externally it is economic.

Transparency is not among the traditional virtues of either public bureaucracies or business. For civil servants, personal anonymity and ministerial responsibility are prized characteristics that the public sector reforms, captured by the term 'new public management', have only recently challenged. For senior politicians also, the idea of transparency is a threat to the promises, bargains and compromises that are their stock in trade particularly when dealing with domestic entrepreneurs and potential inward investors. From a business perspective, the balance between a minimum of transparency to be attractive for investors and customers and the maximum of protection of know-how and technology has always been uneasy. Even the highly sophisticated networks of investment bankers, rating-agencies, free media and governmental and non-governmental regulatory bodies have failed to disclose the manipulations of ENRON and WorldCom. As the US sub-prime mortgage crisis demonstrates, modern financial products have become so complex and, thereby, non-transparent that even the top management of the big global banks seems unable to understand their own dealings.

In the case of Ireland, the political, administrative and business elites have developed a close working relationship. While this might be beneficial for internal transparency, where a close network of local elites allow a Celtic version of London's famous 'Gentlemanly Capitalism', [xxxii] its impact on non-domestic actors is problematic. Informal networks tend to shape official regulation according to local interest, traditions and loyalties. Non-members of these networks encounter a gap between formal and informal rules and regulation. Closing the gap increases the costs and the risks of their activities. Thus, the introduction of autonomous statutory regulators and the ongoing adoption of global standards and regulatory practices enhance the level of transparency in relation to the general business environment and particularly levels of competition.

11.4.2 *Competition*

Competition itself is also used as an axiom. Indeed, among regulators, the benefits of competition for the maximal use of resources and the process of wealth creation are unchallenged. For politicians, interest groups and even citizens the benefits are not always so clear especially in their constituency, in the short term or in the faces of personal readjustments. The main thrust of competition policy in most political systems is the removal of barriers associated with restrictive trade practices, monopolies and access to financial and other resources. For inward investors, the key is often consistency in the application of policy when applied to non-local enterprises. In Ireland, the combination of a generic regulator for competition and a number of sectoral regulators has ensured that almost all business areas are covered. Nevertheless, competition may be compromised by regulatory capture, with the interests of potential competitors being crowded out by the vested interests of the existing incumbents. An interesting case study in competition in Ireland is offered by the development of single electricity market spanning the two jurisdictions on the island - the Republic and Northern Ireland. Energy is important for an island with little natural resource and which is at the end of Europe's gas supply lines. Electricity prices for businesses are significantly higher than elsewhere in the EU. Central planners, who forecast demand and influenced investment decisions, have made way for the market. The dominant player on the island, the Republic's Electricity Supply Board (ESB), has divested 1500 MW worth of plant as part of the reform. New suppliers or distributors, as distinct from the generating companies, have emerged. The crucial test for long-term investors, in what remains a small market, is whether the Republic's government can separate its role as owner of ESB from that of the statutorily independent regulator when politically sensitive decisions have to be made.

11.4.3 *Innovation*

Innovation is regarded as a major driver of the economy and so a great deal of the thrust of regulation is aimed at encouraging it. Public policy is designed to facilitate the introduction of new goods, methods of production, market opportunities, sources of supply or, though less often recognised, new forms of business organisation by indigenous companies. Potential investors, particularly from outside, will look to regulators to offer protection to their intellectual property, research investment and license income. The area of innovation is particularly sensitive for regulators in part because of the necessary levels of confidentiality but also because R&D needs to frequently challenge existing

standards. In this context, EU business complains that the US regulates in the R&D function with a much lighter touch in many areas. In Ireland, making sure industry complies with regulations is tempered by the need to assist firms manage, protect and extract full value from their intellectual assets to strengthen their competitiveness. Thus, both critics and admirers use the term “light touch” to describe Irish regulation.

There is a presumed tension between regulation and innovation which is summarised in the maxim that government-backed rules undermine creativity. This is again based on the idea that the market rewards new ideas and business solutions. Innovation has, however, always depended upon certain kinds of regulation. In Ireland, the authorities has tried to use regulation to encourage indigenous companies, especially SMEs, by countering both the resistance of existing suppliers to competition and the propensity to anticompetitive practices. While ensuring that innovators comply with regulations, Irish governments seek to help firms gain competitive advantage. Entrepreneurs complain that regulation damages innovation by making it harder to cut costs or organise more flexibly. In this respect, overcoming the impact of regulation may itself be a fillip to innovation.

The ability of the Irish authorities to facilitate innovation is substantially narrowed in areas of high standardisation at EU level as is increasingly true in the area of financial services. In such areas, experimentation and the development of new techniques is inhibited and, critics allege, a “race to the bottom” is encouraged by so-called “jurisdictional competition”.**[xxxiii]** The Irish experience is that, for the most part, EU member state financial regulators cooperate extensively, regularly share information on best practices and keep up both formal and informal dialogues and technical consultations. Ireland has sought to reassure investors by cost justified regulation and while encouraging innovative financial products. This search for equilibrium speaks to the issues of intersecting pressures discussed below. It is important to note, however, that the Irish principles-based regulatory regime in this area is vulnerable to pressures on it from events in other jurisdictions with a similar approach. Thus, for example, the Northern Rock crisis in the UK in 2007/8 increased calls for a pan-European regulator operating a system closer to the tightly specified American model that inhibits innovation.

The relationship between innovation and regulation is complex but external investors generally seek assurance that their innovations and innovatory capacity are protected. Innovators may look elsewhere to develop new projects if they have

doubts about the regulatory environment. On the other hand, Ireland is party to EU regulations[xxxiv] on the abuse of dominance, clearly a danger associated with large multinational companies. Further, governments themselves cannot force innovation particularly through regulation. In relation to external interests, the Irish government may seek to influence innovation by encouraging industrial clustering or proximity to educational facilities using regulation but these constraints are never used to inhibit investment. The regulatory burden is seldom severe or costly to maintain and the right to innovate is protected mostly by forms of regulation that hinder power to control new initiatives.

11.4.4 *Intersection*

This paper proposes that the significant analytical areas for understanding regulation in Ireland and China can best be identified by the intersection of transparency, competition and innovation. It suggests that much of the political tension that surrounds the area of regulation in dialogue between China and its trading partners, particularly in the EU, arises from the conflicting imperatives of transparency, competition and innovation. Further, the intersecting areas are those most likely to present challenges for China as its developmental model changes. Again, the paper suggests that the Irish growth strategy based on productivity and innovation rather than using more labour and other resources more intensely, which informs much regulatory reform, may be illuminating for China.

Accession to the WTO has highlighted the need for a more rigorous approach to regulation in China, especially to comply with the Agreement on Traded-Related Aspect of Intellectual Property Rights (TRIPs). In the early 1990s, the low cost/low skill developmental model was much to China's advantage in competitive terms. For example, the so-called "China price" was the unbeatable sourcing benchmark for American, Japanese and European retailers. The regulatory framework could afford to be weak. Since the mid-1990s, however, competition from other Asian economies has suggested the need to go beyond low cost by increased efficiency. Issues of pollution, energy costs, trade imbalances and skills shortages now point to the need for a new developmental model in which quality standards and technological transparency and innovation become clearer. Foreign companies for whom it is an asset to be protected and rent extracted own the majority of IPR in China.[xxxv]

Some observers have criticised the "regulation-lite" policies of the Irish financial services regulator. The Irish principle-based and permissive policy illustrates the

tension between competitiveness and transparency. In capital markets, for example, there is a significant enforcement gap between Irish and some foreign practice especially other common law jurisdictions such as the US, Canada and Australia. In broad terms, the dilemma faced by Ireland is between attracting trading volume and reducing the cost of capital. The regulatory and disclosure environment in Ireland reduces compliance costs and the low levels of enforcement mean increased business but both features risk greater insider trading and market manipulation. In China, however, the state's less transparent political structure might mean that stricter enforcement will be needed to engender greater trust and confidence and lead to higher capital valuation.

While emphasizing good governance, the [current Chinese] reform [of the civil service] cannot achieve the ultimate objectives of "good governance" practices because the administration is not sufficiently insulated from political influence.**[xxxvi]**

Further, despite the opening of foreign stock exchange offices in China, The Economist reports that Chinese regulators are "pressing domestic companies to list at home".**[xxxvii]** If China is to adopt a developmental model that calls for increased local generation of IPR then the reassurance that foreign companies expect from a transparent regulatory system may need to be matched by some protection for Chinese innovation in R&D.**[xxxviii]** There will be increased demands internally for support for indigenous companies, especially in the non-state SME sector. The central and provincial governments are already looking at the South Korean and Japanese models but the Irish experience may be more relevant because of Ireland's high dependence on foreign research funding. This has, in recent years, caused the Irish government to increase very significantly its support for scientific research in key industrial sectors and in the Republic's universities.

Similarly, as China passes out of a period in which imitation was a viable strategy for local enterprises, regulations governing barriers to internal market competition that currently inhibit the free movement of labour and goods to protect local enterprises will have to be removed. In the short term, this may lead to the relocation to less expensive parts of China of relatively low-tech, labour-intensive, less time sensitive industries but these will be replaced by research and development lead enterprises. The need to make regulations transparent and consistent will reduce the ability to shelter local industries or impose differential cost of compliance. In Ireland, a constant feature of the business interest groups' commentary on regulation is a comparison of the cost of "red tape" in the various

member states of the EU. Naturally, each jurisdiction claims that others are less strict in their application of regulations. In some areas, especially food, medical devices and pharmaceuticals, where the US market is crucial both China and Ireland have had to conform increasingly to American regulatory standards and costs.

China not only needs continued access to the global capitalist system; it also wants the protections that the system's rules and institutions provide. The WTO's multilateral trade principles and dispute-settlement mechanisms... offer China tools to defend against the threats of discrimination and protectionism that rising economic powers often confront... Chinese leaders recognize these advantages. **[xxxix]**

The overlapping imperatives of transparency and competition have recently been highlighted by clashes between China and its trading partners. The achievement of market economy status is a goal for China that has clear implications for the development of regulation. China is the focus of much suspicion by foreign governments especially of countries with a high level of dependence on exporting. Technical and non-tariff barriers to exports, especially in textiles and light industries, are resented by the Chinese authorities which retaliate through what their critics allege are selective use of regulatory measures. These tensions are likely to be exacerbated by the trend, familiar to Ireland, for exports with a high domestic content, such as toys, to become less significant than those with more imported components such as electronics. Ireland has for the most part avoided trade issues becoming political by granting statutory autonomy to its regulators, though clearly government departments do retain both informal and legal powers to influence them. Like China, Ireland retains the right to direct regulators to have regard to broad public policy objectives but it does not seek to protect "key Chinese brands" or prevent acquisitions involving "economic security".

The scale differences between Ireland and China in size, population and domestic natural resources are vast. For Chinese companies, their home market is huge and provides the basis making local brands global. Many are expanding sales and production internationally and are leveraging rapid growth at home to invest abroad. Ironically, the experience of operating in an emerging economy may make Irish and Chinese managers more adaptable and resilient abroad. Competition from major international companies in their home markets, which puts pressure on local dominance, also exposes them to best international practice and encourages them to seek expansion abroad. In some cases, the proximity of large

international companies has helped Irish firms to develop new and better business models that facilitate expansion abroad. In such circumstance, both Irish and Chinese entrepreneurs have adopted a more aggressive attitude to outward investment and to regulation abroad. Innovative excellence at home can be exploited abroad through acquisitions, joint ventures and direct investment only in a permissive transparent regulatory framework. This is particularly true for companies seeking a global reach in narrow product or service categories.

China may well feel that the achievement of market status has more to do with politics than economics but trade frictions will continue if regulators are seen to privilege state owned enterprises. In Ireland the government has also found it difficult to disengage from former state companies and the electorate has similarly been reluctant to accept some market decisions as outside political influence. Corruption and local protectionism at the provincial levels in china are also an inhibition to effective regulation that has resonances in Ireland. Though the scale is

different, the impact of local officials, national civil servants and politicians eliding the public interest with that of particular enterprises was at the core of Ireland's corruption scandal associated with the beef industry. At root, this and other incidences of corruption and localism arise from a failure on the part of politicians and regulation enforcers to administer with an "arm's length relationship" [xI]. In Ireland, reform has involved increased resources and training for enforcement officials, tribunals of enquiry and a change of public attitude regarding the economic and social impact of lax regulatory enforcement. [xli]

11.5 Conclusion

President Hu Jintao has made the promotion of good governance a key political priority and advocated a drive to build a "harmonious society". The fate of the Chinese Communist Party and its version of socialism are at stake. He has rejected Western-style political reforms, warning that they would lead China down a "blind alley" but has identified prosperity and engagement with the global economy and something else as the *sine qua non* of the Party's survival. Ironically, many of the same regulatory instruments that in liberal democracies have seemed necessary to sustain elected government in the face of a neo-liberal critique of their function are now central to the longevity of communism.

Any comparison of the Chinese and Irish experience of adapting to integration in the world economy must acknowledge the contrasting geopolitical realities of a global power and a small EU member state. The PRC is in a position to resist

changes that are judged by its leaders as “interference” in its domestic priorities, the most important of which is preserving the current order in the face of rapid and intense social change. On the other hand, both China and Ireland have accepted the constraints of the major established institutions of western capitalism. Ireland has also faced the consequences of openness with the loss of some industries that were dependent on protectionist policies and the decline of others. China has been less willing to do this and still displays neo-mercantilist approaches to trade by, for instance, keeping its currency artificially low to raise its trade surplus and lower its costs of production relative to its competitors.

NOTES

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[vi]. See Jacint Jordana/David Levi-Faur (ed), *The Politics of Regulation. Institutions and Regulatory reforms for the Age of Governance*. Cheltenham, UK.

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[ix] Fukuyama (1992), *The End of History and the Last Man*. Penguin.

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[xi] See Ding Ding (2000), *Politische Opposition in China seit 1989*, FfM.

[xii] Will China democratize? Special edition of the *Journal of Democracy*, 3/2003.

[xiii] Sebastian Heilmann 2005, 'regulatory innovation by Leninist Means: Communist Party Supervision in China's Financial Industry', in *The China Quarterly*, 181/2005, pp1-21; ders. (2005a), 'Policy-making and Political Supervision in Shanghai's Financial Industry', in *Journal of Contemporary China*, 14(45), 2005, pp643-668.

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[xvi] See Robert H. Wade (2005), 'Bringing the state back in: Lessons from the East Asia's Development Experience', in *IPG* 2/2005, pp98-115.

[xvii] See Lütz, Susanne (2003a), *Governance in der politischen Ökonomie*. MPIfG Discussion Paper 03/5, Mai 2003. Köln: MPIfG Governance; Laurence, Henry (2001), *Money Rules. The New Politics of Finance in Britain and Japan*. Ithaca und London: Cornell University Press.

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[xxv] Although the underlying assumption of China thereby following a similar process of development as the UK, Prussia, the Netherlands or France in the 19th and early 20th century is highly debatable for empirical reasons (international context) as well as normative one (risking to enter again a one-way perspective towards the evolution of a Western market economy).

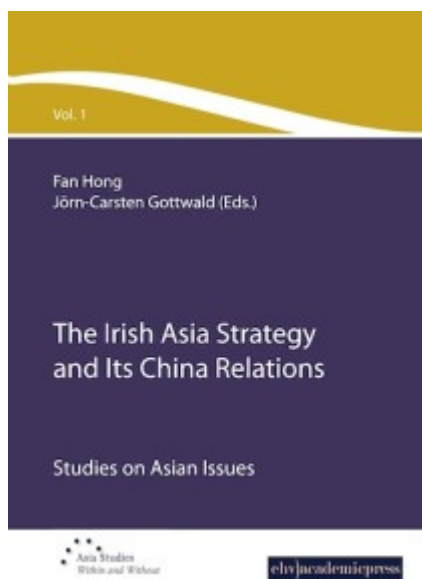
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- [xxxvii]** *The Economist* 15th December 2007.
- [xxxviii]** See Chinese White Paper on IPR Protection at www.chinadaily.com.cn/english/doc/2005-04/21/content_436276.htm
- [xxxix]** G. John Ikenberry, "The Rise of China and the Future of the West: Can the Liberal System Survive?", *Foreign Affairs* , January/February 2008.
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Chapter 12: Ireland And The ASEM Process: The Case Of The Asia-Europe Foundation ~The Irish Asia Strategy And Its China Relations



Ireland’s Asia Strategy is also embedded in the context of the wider relationship between the European Union and Asia. The relationship has been dramatically transformed from one of European political and economic dominance to a partnership of equals”. Dermot Ahern, Minister of Foreign Affairs, 2006.[i]

The inaugural Asia-Europe Meeting (ASEM)[ii] was convened in Bangkok, Thailand, in 1996, in a uniquely ambitious endeavour to build a multi-faceted platform where Asia and Europe could encounter each another in a modern context. This innovative model of engagement, with its emphasis on a flexible structure and informal dialogue, arose from a mutual recognition that the relationship between the two regions needed to be strengthened in light of the increasing interdependence in the economic, social and political spheres. The

ASEM process as it has developed is based on an equal partnership and its activities are grouped into three pillars: political, economic and socio-cultural.

ASEM has its roots in the recognition in Asia and in Europe that the relationship between the two regions requires strengthening taking into account the growing importance of Asia and the integrating and enlarging Europe.

The three pillars of ASEM - political, economic, social/cultural/intellectual - have allowed for increasingly intensive engagement between the two regions since the outset of the process.

The process was driven largely from the Asian side with much of the initial impulse coming from Singapore. On the European side the push for improved interaction and greater co-operation came from the European Commission. Despite preoccupation with the implementation of the Maastricht Treaty provisions for the launching of the single currency programme, the European Commission responded positively and facilitated the inaugural meeting of the Heads of Government from the EU and East Asia in Bangkok. The fact of the meeting taking place was an important indicator of a readiness to engage more effectively in mutually beneficial interaction. Subsequent discussion between officials from both sides set out tentative procedures to be pursued.

In the words of Kishore Mahubani, the Singaporean diplomat charged by his Government with the task of convincing the European and Asian Governments to join in the initiative to develop ASEM, the rationale was simple. "There were three major growth centres in the world: North America, East Asia and Europe. In this triangular relationship, the connection between North America and Europe was strong, so too was the transpacific connection between North America and East Asia. The missing link was the relationship between Europe and East Asia" [iii]. Three years into the process, a review of the progress by a Vision Group of eminent persons was initiated. The report of the Vision Group makes interesting reading; the Group saw

"the gradual integration of Asia and Europe into an area of peace and shared development, a prosperous common living sphere in the 21st century, a sphere in which our knowledge, wealth, cultural heritage, democratic ideals, educational assets, intellectual aspirations are closely intertwined and exchanged without barriers or constraints. [The group] envision the active integration of our intellectual forces and a vibrant exchange of culture and the arts between Europe and Asia...[and] also visualise the progressive opening of markets with the

eventual goal of free flow of goods and services by the year 2025”. **[iv]**

These ambitions stretch well beyond the conventional call for economic co-operation and friendly relations and reflect a deeper commitment to the development of civil links in the broadest sense. Implicit in the rhetoric is the hope for the globalisation of the social values that have characterised the European idea from the outset.

The Asia-Europe Foundation (ASEF) is the sole substantive institution of the ASEM process. ASEF was established in 1997 as a not-for-profit entity to function in accord with the ‘Dublin Principles’ agreed during the Irish Presidency of the EU in the second half of 1996. The Dublin Principles charge ASEF with promoting cultural, intellectual and people-to-people exchanges between the two regions. As one of the founding countries, Ireland has been a strong supporter of the ASEM process and ASEF. Ireland’s participation in the activities of ASEF has been an important element in Ireland’s Asia Strategy. ” **[v]**

12.1 Contributing to the ASEM Process

The overall strategy of the ASEM process is approved by the biennial meetings of Heads of Government convened alternately in the EU and in Asia. The *political* dimension of the ASEM process is realised through an agenda determined by senior officials from the partner states meeting biannually, elements of the agenda being implemented by individual partner states. It is regrettable that the ASEM process itself does not have a basic secretariat even as the interaction expands and deepens and the process grows increasingly complex. The Vision Group identified the need for a point of co-ordination, a focus for continuity to ensure a continuing momentum in the ASEM process. The ‘virtual secretariat’ proposed at ASEM 5 in Hanoi in 2004 does not meet the need for effective coordination.

The principal element of the *economic pillar* of ASEM is the Asia Europe Business Forum (AEBF) which had its inaugural meeting in 1996 and is concerned with trade and investment. The Forum convenes annually, alternately in the EU and in Asia, with participation by experienced business persons from each of the partner states. Continuity in strategy and thinking between the meetings is, however, not helped by the absence of a secretariat. This inevitably leads to a lack of consistency and a lacuna in the follow up of agreed recommendations. The evident inadequacies of the present arrangements were identified by a core group of partner states which took the view in 2004 that the AEBF should convene

biennially pending the putting in place of a 'lean' secretariat.

The *social/cultural/intellectual pillar* of ASEM is evident in ASEF. ASEF has a high quality secretariat in Singapore and is funded by voluntary contributions from the member states. With concentration on the younger people in the two regions, ASEF has put in place worthwhile programmes in accord with the Dublin Principles that can be seen also to fall in with the ambitions expressed by the ASEM Vision Group. The scope of the ASEF effort is small in relation to the evident need but ASEF has proven its worth and it is to be hoped that the experience of the first decade will prompt the ASEM Heads of Government at the ASEM 7 Summit in Beijing to seek a significantly expanded ASEF effort.

In the broader context, ASEM itself, being a non-statutory intergovernmental forum, seems to function in a largely informal environment with broad objectives relating to politics and administration, economic development through improved flows of trade and investment and enhanced social/intellectual/cultural exchange[**vi**]. The establishment of ASEF on a substantive basis within one year of the inaugural convening of ASEM was very important in reaching out to a wide audience and strengthening the interaction of the peoples of the two regions, in particular the younger generations on both sides.

At its inception in 1996, the ASEM process brought together 26 partners, namely, the 15 EU member states and the European Commission, together with ten Asian countries (Brunei, China, Indonesia, Japan, Korea, Malaysia, the Philippines, Singapore, Thailand, and Vietnam). At the ASEM 5 Summit, 10 new EU members and three Asian countries become part of the process: Cambodia, Cyprus, Czech Republic, Estonia, Hungary, Laos, Latvia, Lithuania, Malta, Myanmar, Poland, Slovakia and Slovenia. The subsequent round of ASEM enlargement in 2007 brought in India, Pakistan, Mongolia, Romania, Bulgaria and the ASEAN Secretariat. Thus, ASEF's constituency increased to a total of 45 partners in a unique, informal structure which had the following key characteristics:

Informality (complementing rather than duplicating the work already being carried out in bilateral and multilateral fora);

- multidimensionality (devoting equal weight to political, economic and cultural dimensions);

- emphasis on equal partnership, eschewing any "aid-based" relationship in favour of a more general process of dialogue and co-operation, and;

- high-level focus, stemming from the ASEM Summits themselves.

Preparations for the ASEM 4 Summit that was held in Hanoi, Vietnam, in 2004, were co-ordinated by the Irish Presidency of the EU in preparing for the accession of 13 new countries, including Myanmar. The prospect of Myanmar's entry into the ASEM process created some tensions between European and Asian countries. Under the Irish Presidency, the EU formulated the following requirements to be fulfilled by Myanmar as the basis for proceeding with the enlargement of ASEM:**[vii]**

- The release of Daw Aung San Suu Kyi and leaders of all political parties.

The National Convention procedures modified and a time frame established.

- The National League for Democracy and other elected representatives allowed participate freely in the National Convention.

The EU also conveyed a determination not to attend the Hanoi Summit should General Than Shwe, the leader of the military regime of Myanmar, participate, causing ASEAN members to retaliate by promising to block the entry of the 10 new EU member countries into the ASEM process. A last-minute compromise was reached with Myanmar agreeing to send a lower-ranked official to the meeting Myanmar was admitted into the partnership without addressing the EU's concerns fully. However, discussions regarding human rights violations in the country as well as other political issues continue.

12.2 The Institutional Framework and Structure of ASEF

The ASEM Intergovernmental Dialogue is marked by its ever-growing list of subjects covered. ASEF has been mandated by ASEM to respond to significant international trends and emerging policies as set out in the Millennium Development Goals of the United Nations (UN), growing environmental challenges and the Development Co-operation Instrument of the EU. It is noted that the mandate of ASEF is intentionally wide, so that it can be politically responsive to changes and able to adjust its functions in a flexible way.

The governance of ASEF is a shared responsibility between the Board of Governors (BoG) and the Executive Office which is managed by the Executive Director and the Deputy Executive Director. The Board of Governors determines ASEF's strategy, policies and priorities. It is responsible for the finance and budget of the Foundation and transmitting annual reports of its activities and finances to ASEM governments. The BoG is also responsible for the election of its

Chair and Vice-Chair, the Executive Director and the Deputy Executive Director, as well as the appointment of any other Committee that it considers necessary. Ireland's representative on the ASEF Board of Governors is Dr. T P Hardiman who succeeded the late Sean Ronan, the distinguished public servant and the former Ambassador of Ireland to Japan. Dr Hardiman, who has a distinguished record in the public and private sectors in Ireland, maintains a presence in various EU representative groups including those concerned with EU Asian relationships.

12.2.1 *Contributing to ASEF Activities*

ASEF has been mandated to organise a large number of seminars, workshops and activities in four core areas, intellectual exchange, cultural exchange, people-to-people exchange and public affairs. ASEF is involved from the conceptualisation to the implementation stages of the projects, often acting as the secretariat of the series/project and in other cases is also consulted and provides substantial inputs on the themes and topics for discussion, as well as on the selection of participants and speakers.

The *Intellectual Exchange* programme brings together representatives from civil society in its broadest sense, including the business sector, and government officials to contribute to the creation of networks and to strategic thinking and policy debate on themes including international relations, environment, governance (including human rights, justice and democracy), and intercultural/interfaith dialogue.

The *Cultural Exchange* programme provides young artists and cultural professionals with a platform to encourage the exchange of techniques and the creation of networks and promotes cultural policy development in Asia and Europe.

The *People-to-People Exchange* programme strengthens youth networks, in particular among the next generation of leaders. Activities cover two main areas: educational exchanges, and cooperation and dialogues between youth and their organisations (e.g. Asia-Europe Young Political Leaders Symposium and Asia-Europe Young Entrepreneurs Forum. Cooperation and interaction between educational institutions, including those at third level, is increasingly featured in the work.

The *Public Affairs* programme provides publicity and press support for ASEF

activities and seeks to raise public awareness of issues pertaining to Asia-Europe relations through media activities, such as television documentaries, public lectures, the use of the Internet (the ASEM Infoboard website), and the publication of newsletters and the high-quality academic *Asia-Europe Journal*.

In the past ten years of operation, ASEF has implemented over 310 projects, which have brought together more than 13,500 participants and reached out to an even wider audience in the countries of Asia and Europe.

To date, Ireland has contributed €520,000 Euro to ASEF's operating funds and has hosted nine ASEF projects, the most recent being the Asia-Europe Forum for Young Photographers 2007 held in Dublin (IADT Dun Laoghaire) and Cork (Cork Institute of Technology) in November 2007, the 22nd Asia-Europe Lecture Tour which brought Professor Kenneth Chan from Hong Kong to Cork (Irish Institute of Chinese Studies) in February 2008.

In addition, under the Asia-Europe Environment Forum the first lecture series includes Ms. Ella Antonio visiting Dublin in May 2008 to deliver a lecture at the Institute of International & European Affairs.

In addition, Ireland has made an important contribution to the program content and the management of ASEF. Peter Ryan, a diplomat with good experience in Asia, was seconded in September 2006 by the Department of Foreign Affairs to the Executive Office at ASEF to take responsibility as Director of Intellectual Exchange.

12.3 *Contributing to the Challenges Confronted by ASEF*

As highlighted in the 2007 ASEF Evaluation Report commissioned by the EC, "ASEF is moving to exploit its potential as an information hub, also giving visibility to and creating synergies with initiatives promoted by the EC and the other ASEM partners".**[viii]** Indeed, the impact of ASEF activity over the last 10 years can be measured through the thousands of participants who have attended seminars, conferences, workshops, summer schools, etc. Similarly, many thousands of readers have benefited from the books, journals, studies and papers produced for or as a result of ASEF-administered events.

12.3.1 *Visibility*

The 2006 ASEM 6 Summit held in Helsinki, Finland, highlighted the need to improve visibility and establish an effective communication strategy for ASEM. The visibility of ASEF is intrinsically linked to the ASEM process, and as such, ASEF has successfully developed highly managing since 2005, is a key official

medium for the visibility of the ASEM process. There were some 40,000 visitors to the ASEM Infoboard website in 2007. However, more needs to be done if the Infoboard is to be the premier source of information on the ASEM process.

12.3.2 Financial Sustainability

Financial sustainability has been an area of concern for ASEF. Since its establishment, ASEF has struggled with unpredictable financial contributions from ASEM partners. The initial expectations that it would become sustainable through the establishment of an Endowment Fund were not fulfilled and were judged five years ago to be unrealistic. The EU enlargement in 2004 brought a consequential enlargement to 45 members in ASEF. Taking into account that the enlarged ASEF included many less developed states, Ireland has been active in promoting the funding of ASEF and has increased the annual Irish contribution to €100,000 Euro.

12.3.3 Enlargement of the ASEM Process vis-à-vis the Expansion of ASEF Activities

While the increased membership is significant - the recent accession of India, Pakistan and the new EU Members has raised ASEM's population by some 40%, this is accompanied by a limited increase in resources (an estimated 20% from 2007 to 2009) which will present a challenge for the fulfillment of ASEF's mission. At the same time, ASEF is called upon to respond to new emerging themes in an increasingly complex global reality. Climate change, interfaith confrontation, the impact of media, the role of culture-related perceptions and identity all call for attention and reflection.. Furthermore, the dynamism marking today's world requires at times a swift response from ASEF to often unpredictable developments, as was the case with the "prophet cartoon" controversy in 2006.

ASEF's current plans seek establish the programmes/projects indispensable for ASEF's credibility vis-à-vis its highly diverse constituencies (policy makers, academics, youth leaders, media, artists, civil and business leaders.). This can be achieved through the reinforcement and creation of series, rather than one-off events, aiming at building networks of ASEM stakeholders.

Against this backdrop, ASEF is managing a long list of projects with limited staff. As of 2007, there are 37 permanent staff at ASEF, including six diplomats seconded by their respective Ministries of foreign Affairs.

12.4 Conclusions

Some key questions arise when examining the impacts and opportunities facing Ireland in relation to the ASEM process, in particular Ireland's involvement with ASEF.

12.4.1 *How can Ireland leverage on multi-national platforms such as ASEM/ASEF?*

The second phase of the Government's Asia Strategy specifically refers to the ASEM process and the opportunities which the various political level meetings offer for building links with Ireland's Asian interlocutors. This phase, from 2005-2009, sought to "maintain the momentum in strengthening our relations with Asia" and will maintain the strong focus on political level visits in both directions. The initial impetus for the wide-ranging strategy arose from the visit of former Taoiseach Bertie Ahern to China in 1998 when he was accompanied by a large business delegation. This visit was built upon by the exchange of State Visits between Zhu Rhonji and President McAleese as well as a sustained series of bilateral visits by Irish and Chinese Ministers and official delegations.

This year is a key year for the ASEM process due to, China hosting ASEM 7 in October following closely on the heels of the Olympic Games in Beijing. In support of the ASEM 7 ASEF will organise significant events, which follow similar successful initiatives in Hanoi (2004) and Helsinki (2006);

- *Connecting Civil Society*; ASEF plans to organise the third in the series of its "Connecting Civil Societies" conferences as a side event of the ASEM 7 Summit on the theme "An Asia-Europe Dialogue on Economy and Society" to look at the critical nexus between economic progress and social development, continuing the tradition of building a sense of community among ASEM's key constituents. **[ix]**

- The Editors Round Table and the Model ASEM Summit for Youth. The Editors Round Table will be organised by ASEF's Public Affairs Division and will bring together the Chief Editors of leading newspapers in Asia and Europe. The Model ASEM Summit for Youth will be organised by ASEF's People to People Division and seeks to replicate the summit for young leaders involved with national and regional youth networks.

China has been an active supporter of the ASEM process which it doubtless views as part of its policy of "soft power" in the East Asia Region and its evolving role in multilateral organisations. ASEF has benefited from the active support of the Chinese authorities and the resulting myriad of partnerships with Chinese institutions and networks such as the prestigious Chinese Academy of Social

Sciences, a partner in ASEF's Asia-Europe Environment Forum, the Chinese Foreign Affairs University which hosted an ASEF conference on Regional Integration in Beijing in November 2006 and the Chinese Institute of International Studies which has worked in close collaboration with ASEF in preparation for the ASEM 7 in Beijing in October. **[x]**

There is considerable scope for Ireland to leverage ASEM events in support of its policy objectives and in doing so help Irish institutions develop lasting partnerships with Asian members. There are a number of specific areas of interest amongst ASEM partners, where Ireland can play a leading role, the area of conflict resolution being an interesting example. In organizing the Asia-Europe Roundtable (AER) series together with the Friedrich-Ebert-Stiftung Office for Regional Co-operation in Southeast Asia, ASEF seeks to identify and share among key officials and civil society actors the best practices on solutions to common or contrasting problems in the area of conflict prevention.

The roundtable conferences typically bring together some nationals from the ASEM partners in a rich mix of participants from civil society as well as government ministries and inter-governmental multilateral institutions in Asia and Europe. One such Asia-Europe Roundtable conference displays directly the leading role Ireland can play in specific areas, in this case conflict resolution. The 5th AER was held in Singapore last year on the subject of 'post-conflict reconstruction' - the two case studies examined were Northern Ireland and Aceh **[xi]**.

12.4.2 How can Ireland's Asia Strategy objectives be supported by closer engagement with ASEM and ASEF activities?

The review of the first phase of the Asia Strategy recognised the importance of education links as a key to Ireland's future prosperity. However, the focus on education links extends beyond attracting increasing numbers of students from Asia - "The objective of promotional efforts is not only to increase the overall number of Asian students coming to study here, but also to increase and diversify the number of college-to-college links and cooperative arrangements in place". **[xii]**

The report also sets out ambitious targets to be achieved during the second phase of the Asia strategy, 2005-2009, which includes increasing the number of incoming students from priority Asian Countries from 5,500 to 14,000. **[xiii]** These expansive figures can be achieved through cross-regional co-operation offered in

many of ASEFs existing extensive programmes organised to link European institutions with their Asian counterparts.

This vast educational exchange not only offer the chance for students to study in and experience life in Ireland but also offers Irish institutions important networking opportunities with Asian universities emerging in a unique and competitive new educational environment. For many Asians, education is the key to future prosperity - and the policies being pursued in the region are largely geared toward developing leading universities at home, thus reversing the traditional "brain-drain" to North American or European universities. Governments across Asia are devoting significant resources to the upgrading of their Third Level systems.

Increasingly, leading US and European universities are seeking wide-ranging alliances with their Asian counterparts - and this is not only because universities like Qinghua, Beijing, Fudan, Seoul National, the National University of Singapore and Atteneo de Manila Universities are the leading ones in their countries but because they stand high in world ranking. The rapid ascent of these universities contributed to the growth of East Asia - the Wold Bank estimates that "rising education levels were also important, boosting Asian growth on average by 0.75 to 2 percentage points" **[xiv]** For these reasons, educational exchange between Ireland and Asia's top universities offers significant opportunity.

In terms of increasing Ireland's trade relations with Asia there is widespread agreement that the best way to realise these goals is through a partnership between the public and private sectors, drawing together all relevant networks and ensuring the best use is made of our resources. The private sector has an important role to play - "There is substantial potential to increase Ireland's level of trade with Asia. In addition to increasing sales of computer, pharmaceutical, food and drinks products, Ireland should also be targeting growth in new emerging sectors such as medical devices and financial services. If Ireland does not move to exploit these opportunities, the business will simply go elsewhere. The Asian economies are set for enormous growth over the coming years and IBEC will be working closely with the Irish business sector to benefit from this. Irish exports of goods and services to Asia are now valued at around € 8.5 billion per annum but there is scope for increasing this above the € 10 billion mark over the next two years.

Over recent years the trade in services, including financial and computer

services, have been over € 2 billion. New opportunities are constantly emerging in these areas and Irish companies must be able to take advantage of these.”**[xv]** It is these opportunities in the Asian markets that will drive greater linkages between Ireland and the Asian region. Whether through the partnership of the AEBF or ASEF itself Irish interests in Asia have the chance to understand better the culture of the region and the process of cross-regional co-operation.

12.4.3 How can Ireland’s profile be enhanced across ASEM members by engagement in the ASEM process and ASEF activities?

The “EU through the Eyes of Asia” study is the inaugural project of ASEF’s European Studies in Asia (ESiA), initiated in 2005 to stimulate European studies in the Asian region by creating synergies and partnerships between European studies academics, institutions and networks. It attempts to rigorously and scientifically measure the media, public and elite perceptions of the European Union (EU) in Asian countries of the Asia-Europe Meeting (ASEM) process.

Phase I and II of the study were undertaken in China, Hong Kong, Japan, Korea, Singapore and Thailand from January 2006 to December 2007, in partnership with ESiA research teams at the National Centre for Research on Europe, Fudan University, Hong Kong Baptist University, Keio University, Korea University, National University of Singapore and Chulalongkorn University. The final conclusions were presented in the new publication “The EU in the Eyes of Asia: Media, Public and Elite Perceptions of the EU in China, Japan, Korea, Singapore and Thailand”.

This substantial body of work has given the opportunity for both better-established as well as emerging Asian institutions to contribute meaningfully to European studies scholarship. It is not only a demonstration of European studies academic excellence in Asia, but also contains concrete recommendations for policy-makers in Asia and Europe. Thus, a timely and wide dissemination and distribution of copies of the book to targeted audiences in Asia and Europe is crucial.

A soft launch for the book was organised in late November 2007 on the occasion of the visit of H.E. José Manuel Barroso, President of the European Commission to ASEF in Singapore. Following that, ASEF successfully held a formal book launch in Manila, the Philippines, in December 2007, in partnership with the NCRE, the University of Warsaw and Ateneo de Manila University. H.E. Alistair MacDonald,

Head of the EC Delegation to the Philippines, delivered a keynote speech at the event. Further publicity for this important study was gained from 22nd Asia-Europe Lecture Tour “The EU through the Eyes of Asia: The Case of China and Hong Kong” which brought Dr. Kenneth Chan from Hong Kong to Warsaw, Prague, Vienna, Budapest, Ljubljana and Cork in February 2008. Dr Chan delivered his lecture at the Irish Institute of Chinese Studies[xvi].

Raising awareness of Ireland in Asia is a key objective of the Asia Strategy and a wide range of activities have been undertaken towards this goal - inward media visits, familiarization tours, official level exchanges and cultural activities. By their nature, these projects have targeted specific sectors but, interestingly, there has not to date been a detailed analysis of awareness of Ireland amongst Asian elites.

One of the most effective methods of raising awareness of Ireland in Asia has been through cultural activities - a point recognized in the latest phase of the Asia Strategy - “there is complementarity between developing cultural relationships with priority Asian countries and the key trade promotion objectives”[xvii]. The reciprocal programme of cultural events organized with their Chinese counterparts by the Department of Arts, Sport and Tourism in 2004 was timely and wide-ranging as was the special programme to mark the 50th Anniversary of the establishment of official relations with Japan in 2007.

The staging of “Riverdance” at the Great Hall of the People in Beijing, one of a few such western performances to take place at the venue, provided a unique platform for the showcasing of Irish music and dance culture. ‘Lord of the Dance’, a highly successful show in the same genre, played to capacity audiences in major theatres in Tokyo, Osaka, Singapore and Taiwan. These events were successful commercially and, as cultural exchange, were undoubtedly helpful in promoting an improved awareness and understanding of Ireland in the region.

An extensive range of projects by Irish artists and cultural performers, many of which have been supported by Culture Ireland, were successfully realised over the past few years. Interestingly, some of the largest Irish cultural events in Asia are organized by voluntary effort - 2008 saw over 20,000 attend St. Patrick’s Day Parades across the region - including for the first time in Beijing as part of a broader Festival of Ireland. These events are excellent vehicles for the promotion of Ireland’s economic interests as they provide a platform for the Irish private sector as well as agencies such as Tourism Ireland and Enterprise Ireland to

promote Irish services. In Singapore, the event which is now just three years in existence, the focus has been on involving young Singaporeans and in 2008 the event had over 2,500 participants with a strong participation from the local education sector.**[xviii]**

The most successful annual event in Asia in raising the profile of Ireland is the Asian Gaelic Games which has been staged successively in the Philippines (1997 and 1998), Singapore (1999), Thailand (2000-2002), Hong Kong (2003 and 2004), Shanghai (2005 and 2006) and Singapore (2007). This event brings together young Irish, expatriate and Asians to play Ireland's national games of football and hurling and demonstrates how Ireland can "punch above its weight" in Asia by leveraging the goodwill and enthusiasm of the Irish Community. There is also strong potential to further align events such as this with official Irish efforts to build closer links with their Asian counterparts.

A good example of how existing events might be leveraged was the Asia Ireland Business Forum which was organised in Singapore in June, 2007 to coincide with the annual Asian Gaelic Games. The event combined a strong networking element with a platform for the exchange of information between and amongst Irish business people based in Asia, Ireland and public officials and agencies. The objective was to provide a unique networking opportunity for Irish business people operating across the Asia-Pacific region. The presence of Dick Spring, former Tánaiste and Minister of Foreign Affairs as the keynote speaker, gave a welcome and newsworthy prominence to the event. The day long meeting was preceded by a meeting of Irish Ambassadors based in the region and was sponsored in part by Enterprise Ireland and organised under the auspices of the Irish Business Association of Singapore**[xix]**.

Drawing over 120 participants, the Asia Ireland Business Forum is likely to become a fixture in the calendar of the Irish business community in Asia and for those companies doing business with Ireland. The success of the event has also given the impetus to the setting up of an informal network of Irish business groups in the region to share resources and promote opportunities for collaboration.

NOTES

[i] 1 Extract from a speech delivered at the Royal Irish Academy, reprinted in the Asia Europe Journal, June 2007.

[ii] ASEM partners are Austria, Belgium, Brunei, Bulgaria, Cambodia, China, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, India, Indonesia, Ireland, Italy, Japan, Laos, Latvia, Lithuania, Luxembourg, Malaysia, Malta, Mongolia, Myanmar, the Netherlands, Pakistan, the Philippines, Poland, Portugal, Romania, Singapore, Slovakia, Slovenia, South Korea, Spain, Sweden, Thailand, United Kingdom, Vietnam, the European Commission (EC) and the Association of Southeast Asian Nations (ASEAN) Secretariat.

[iii] Kishore Mahubani: The New Asian Hemisphere - The Irreversible Shift of Global Power to the East. Public Affairs 2008.

[iv] Report of the Vision Group - Ireland's representative was former Taoiseach Albert Reynolds.

[v] <http://foreignaffairs.gov.ie/home/index.aspx?id=25763>

[vi] A good reference for the first five years of the ASEM Process is available in "Asia-Europe, Do they Meet" by Michael Reiterer, a European Commission Official (published 2002). A more recent publication is a collection of essays edited by Peter Anderson and Georg Wiessala - The European Union and Asia published in 2007.

[vii] http://burmaactionireland.org/pdf/autumn_2004.pdf

[viii] *ibid.*

[ix] Co-organised with the prestigious Chinese Academy of Social Sciences.

[x] Ireland was represented in these events respectively by Frank McDonald, Environment Editor of The Irish Times who served as European Rapporteur at the Shenzhen Asia-Europe Environment Forum and by Professor Dermot McAleese, Pro-Vice Chancellor of Trinity College, Dublin.

[xi] Willie McCarter, former Chairman of the International Fund for Ireland, presented at the June 2007. Roundtable in Singapore and highlighted the importance of building trust and understanding in conflict societies by focussing initially on economic development for mutual benefit. This was the theme of McCarter's article in the April 2008 edition of the Asia Europe Journal.

[xii] A Decade of the Asia Strategy 1999-2009.

[xiii] Priority Countries for education services are Malaysia, China, India, Korea and Japan - A Decade of the Asia Strategy 1999-2009 pp8-9. In addition the Centre for Irish Education in Singapore is actively promoting Ireland as a destination for students.

[xiv] World Bank Report 2007 "Global Economic Prospects".

[xv] Opening Doors to Asia - A Review of the Asia Strategy by IBEC, the Irish

Employers' Organisation, February 2007.

[xvi] The event was co-organised by Professor Fan Hong, Director of the Irish Centre of Chinese Studies, UCC.

[xvii] A Decade of the Asia Strategy 1999-2009.

[xviii] In total, some 26 groups took part, including representative groups from most of Singapore's Third Level Institutions as well as schools with traditional links to Ireland through the work of Irish missionaries.

[xix] Irish Business Association of Singapore - established in 1992 and now with 120+ members. Website: www.irishbusinessassociation.com