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➔ **CHINA:**  
**EXPOSURE VISIT FOR OFFICIALS FACILITATES PROFOUND POLICY CHANGE**

**In a Nutshell**

Capacity development does not necessarily require extensive resources. Much depends on the appropriateness of interventions. In this case, a small grant to fund a carefully coordinated exposure and learning trip for a group of junior functionaries of the Chinese government influenced China's trade and macro-economic policies when, years later, the functionaries rose through the ranks to become important officials.

This short-term project, underpinned by a clear vision and strong commitment on the part of the recipient government, led to lasting and significant impact. It illustrates two aspects critical to projects involving governments: first, anchoring the project at an appropriately senior level; and second, choosing the right instrument of intervention. It also underscores that coordinated exposure by itself can be a significant capacity development initiative.

**The Story**

In 1980, China had only recently begun opening to the outside world. It had set up a foreign investment/import-export commission under the State Council in 1979, which had just decided to recommend to the Cabinet the creation of a number of special economic zones in China's south-east provinces of Guangdong and Fujian. The Guangdong administration had set forth a preliminary set of regulations for the operation of the zones. However, the central government wanted to gain a broader perspective by learning from the experiences of other countries. Chinese authorities had taken particular note of the successes of neighbours such as Singapore and Malaysia.

Consequently, the government contacted UNDP and UNCTAD about arranging a six-week study tour to educate a team of senior government officials about investment promotion. The leader of the Chinese delegation was the Vice-Minister of the newly created Foreign Investment Commission. A high-level mission from UNCTAD's International Trade Center (ITC) went to Beijing to discuss the project, and to speak about special economic zones.

Subsequently, a government/ITC workshop took place in Beijing to plan the mission and tailor it to the interests of the participants. It focused attention on specific areas and marked them for further investigation. In September, the group left for six countries: Ireland, Malaysia, Mexico, Philippines, Singapore and Sri Lanka.

Participants took part in over 75 meetings, concentrating on issues related to special export zones such as fiscal incentives, physical infrastructure, common infrastructure facilities and services for foreign investors, banking issues and investment promotion. An UNCTAD expert accompanied the group for the duration of the trip, offering independent observations and perspectives. At the end, a debriefing session took place at the ITC in Geneva, followed by a meeting in Beijing with UNDP before the Chinese participants prepared their final mission report.

The continuing discussions during the entire life cycle of the mission ensured clarity of purpose and a comprehensive understanding of the experiences. In Beijing, discussions centred on the formulation of clear recommendations to the government and the initiation of follow-up action, such as the drafting of national legislation.

As it turned out, the delegation leader, Vice-Minister Jiang Zemin, went on to serve as Mayor of Shanghai and then as President of the Peoples' Republic of China, where he became a major proponent of economic reforms. Other than Jiang Zemin, Qin Wenjun is now a member of the Politburo; Lu Zifen established the Xiamen special export zone; Huang Shimin set up the Shenzhen zone and currently heads the Hong Kong–Macao Political Committee; and Wu Jinqian is a member of the Party Central Committee.

## **Results and Critical Factors**

In helping to shape the vision and understanding of future leaders, it may be claimed that this initiative contributed in its own small way to the rapid – almost exemplary – growth that China has demonstrated in recent years, making it a model for the developing world. There were several ingredients contributing to the success of the project.

- The Chinese were fully committed and had a desire to see the initiative prove fruitful, partly because at that time there was no internal consensus within China about the strategy for economic reforms.
- Strong leadership from the Chinese side and selection of the right people to go on the mission was critical.
- The exhaustive meetings between Chinese and UNCTAD/ITC officials to plan and design a carefully targeted programme in terms of countries to visit, agencies to meet and questions and issues to discuss were all critical steps.
- The strategic debriefing and follow-up discussions with UNCTAD in Geneva and UNDP in Beijing helped to crystallize the experience and clarify understanding, as did the facilitation by the international expert in each country and his final report.

- Rigorous internal discussions, process documentation and debriefings ensured that the lessons learned were developed and communicated to those making the decisions. Formal reports were submitted to the State Council and later to the National People's Congress when it debated the legislation prepared by the government for the eventual establishment of China's first special economic zones.

**Further information**

Ministry of Foreign Trade and Economic Cooperation (MOFTEC), Peoples Republic of China ([www.moftec.gov.cn](http://www.moftec.gov.cn)).

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