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**Chinese Multinational Corporations' Impact on Chinese  
Foreign Affairs**

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*Thesis submitted in partial fulfillment of the requirements for the  
degree of Master of Arts in International Relations and Public*

*Policy at the University of Macau*

*June 10, 2011*

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## **Declaration**

I, Chen Shuying, hereby state that this thesis is my own and original work, apart from the sections where origins are clearly stated. All the materials in this thesis have never been used (partially or wholly) in fulfilling the requirements for any degree or qualification in this or other universities prior to this submission.

Student's Signature: Chen Shuying

Date: June 10, 2011



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## **Abstract**

This paper provides an overview about the development of Chinese MNCs in overseas investments, and its importance in China's overall economy. Furthermore, it gives a brief explanation about the growing power of Chinese stated-owned oil corporations over Chinese foreign affairs in terms of foreign policy making process, bilateral relations and Chinese national image through the Sudan-Darfur crisis and Unocal acquisition cases. Realism and neo-liberalism will be applied to analyze the influence of Chinese multinational corporations in foreign policy making process, bilateral relations and Chinese national image.

This thesis states that Chinese foreign direct investment is one of the important aspects of the overall Chinese economy, especially for its economic effectiveness and political role. According to overseas assets and revenue, Chinese state-owned oil corporations are the most powerful ones in terms of their economic and political influence among all Chinese MNCs. Meanwhile, In order to protect their interests, Chinese MNCs seek various ways to secure their overseas investments. Due to the economic scale and strategic significance to China, MNCs' borderless business activities will inevitably get involved in home country's foreign affairs as well as impact on and complicate their foreign policy.

This thesis concludes that Chinese MNCs are active factors in the process of making foreign policy. MNCs are putting effort to form foreign policy which is favorable to them. On the other hand, their investments were double-edged swords which could help to enhance or tense the bilateral relations and impact on Chinese national image. However, the complicated relations with Chinese government determine that MNCs are not yet autonomous economic actors that can operate independently from the Chinese state. Related to that, MNCs' overseas operations are

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often constrained by the government interest and policy preferences. Moreover, although MNCs' interests, Chinese state's interests, and policy preferences are not always the same, there are more cooperation rather than conflicts between Chinese government and Chinese MNCs.



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## **Acknowledgment**

This thesis would not be possible without the support from many people. First I would like to thank my supervisor Professor Wang Jianwei, whose encouragement, guidance and support from the initial to the final level enabled me to develop the understanding of this subject. Further, it is an honor for me to thank Dr. Song Weiqing and Dr. Chen Dingding for their insightful comments and suggestions on my thesis.

I am grateful that my parents and friends provide me emotional and mental support when I am writing this thesis.

Lastly, I offer my regards to those who support me in any respect during the completion of the thesis. For all that I am truly grateful.

**Chen Shuying**

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## **List of Abbreviation**

|         |                                                                                      |
|---------|--------------------------------------------------------------------------------------|
| ASEAN   | Association of Southeast Asian Nations                                               |
| AU      | African Union                                                                        |
| CNOOC   | China National Offshore Oil Corporation                                              |
| CNPC    | China National Petroleum Corporation                                                 |
| CPC     | Communist Party Of China                                                             |
| FDI     | Foreign Direct Investment                                                            |
| IEA     | International Energy Agency                                                          |
| MFA     | Ministry of Foreign Affairs                                                          |
| MNCs    | Multinational Corporations                                                           |
| MOFCOM  | Ministry of Commerce of the People's Republic of China                               |
| NDRC    | National Development and Reform Commission                                           |
| NEA     | National energy administration                                                       |
| NGO     | Non-Governmental Organization                                                        |
| NOCs    | National Oil Corporations                                                            |
| PLA     | Chinese People's Liberation Army                                                     |
| SASAC   | State-owned Assets Supervision and Administration<br>Commission of the State Council |
| SINOPEC | China Petroleum and Chemical Corporation                                             |
| SIPRI   | Stockholm International Peace Research Institute                                     |
| SMOCs   | State-owned multinational oil corporations                                           |
| SOEs    | State-Owned Enterprises                                                              |
| UN      | United Nations                                                                       |
| UNCTAD  | United Nations Conference on Trade and Development                                   |
| UNSC    | United Nations Security Council                                                      |
| WTO     | World Trade Organization                                                             |