

China goes multilateral

Probing new prospects

China's explosive economic growth has made it a more prominent player in global development. The question is still open as to how China will respond to its new status.



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Deng Xiaoping's guiding foreign policy maxim, 'Maintain a low profile and never claim leadership', has served China well since 1978. It now appears outmoded, however, following China's economic transformation

and its continuing rise in world affairs. But it has yet to be replaced with a clear alternative.

This question closely relates to China's rising prominence in global development. China is becoming more directly involved in global development, though this is not by any means reflected by any proactive Chinese imprint. The country's emerging role is at a relatively early stage and remains predominantly bilateral. Nonetheless, Beijing is increasingly expected by many around the world to play a more engaged role in promoting global public goods, one that assumes responsibilities more commensurate with its economic status.

Contending perspectives

China's foreign policy is in flux ahead of the 18th Communist Party Congress in late 2012, which will transfer power to a new, fifth-generation leadership. Uncertain power dynamics are playing out behind the political stage. Signs of tensions between, broadly, supporters of international cooperation and supporters of a more nationalist policy testify to the ongoing debate in China about its world role, including how its engagement with global public goods should evolve. It's not so much whether but how China manages the transition from a 'passive' to a more active foreign policy.

China's domestic situation remains its foreign policy centre of gravity. The country is undergoing transitions, at home, regionally and in the world. Its new 12th five-year plan

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summary

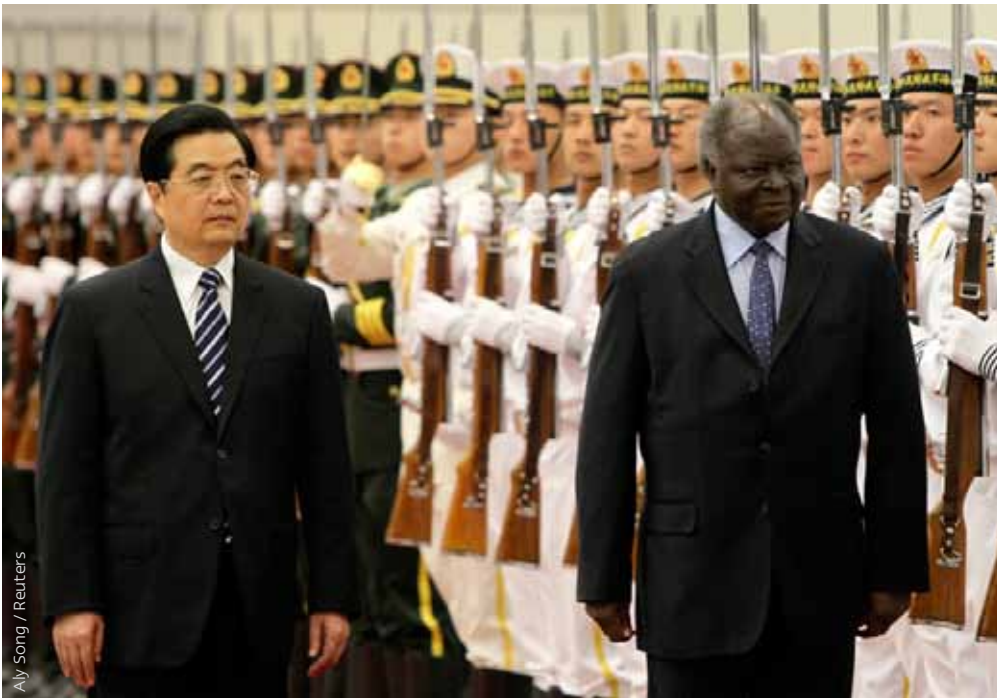
- China's rise as an economic power means it can no longer abide by Deng Xiaoping's foreign policy advice to lie low and not claim leadership.
- China is in the early stages of participating more directly and bilaterally in global development, but with evolving multilateral dimensions, such as participation in the forthcoming OECD-DAC Busan meeting.
- Accommodating China is becoming unavoidably important for sustainable global development.
- An open question remains on how far China will substantively engage in global public goods.

(2011–2015) sets out a revised domestic growth strategy. Just as the impact of China's policy reverberates internationally, so its politics is less insulated from the world.

Academic analysis of Chinese foreign policy is divided about whether China is a status quo power supporting the present international system, or a revisionist power wanting to change the rules of the game. In other words, China is either a strategic partner or competitor, and merits engagement or confrontation.

Much debate continues to be framed by the words of Robert Zoellick, current president of the World Bank, who in 2005 called for China to be a 'responsible stakeholder' in international affairs. Beijing bought into this language and sought to answer affirmatively. Some discerned a clear trend towards promoting international public goods (economic growth, non-proliferation and regional security).

Much has changed in recent years, catalysed by global economic turbulence and events in China. There is a rising concern about the business climate, exemplified by Google's problems in China, the human rights crackdown and increasingly assertive regional military action. The previous Western broad consensus on constructive engagement, seen in the United States under the Clinton administration and in the European Union's 'strategic partnership' with China after 2003, is strained, amid calls for reciprocal engagement or strategic challenge. For some, China is 'a revolutionary power' or 'existential threat' to the United States.



African leaders who visit China receive the red carpet treatment

Beyond Washington, there is greater receptiveness to the apparent re-emergence of a more multipolar world. China's neighbours, notably India, harbour concerns about Chinese competition. Others, such as Iran, see China as a counterbalance to the United States. Attitudes vary widely. The anxiety of US or EU policy makers contrasts with the sense of opportunity China represents for many governments in the developing world.

Going global on development

Previously a hands-off champion of the developing world's collective right to development, China is becoming more engaged in global development. In effect, it is 'going global'. This trend is inseparable from China's world economic role.

Now the world's second-largest economy, with foreign exchange reserves of over US\$3 trillion, China continues to invest abroad. Amid continued financial woe in the United States and the Eurozone, arguments about the valuation of the renminbi and Beijing's greater willingness to criticize Washington, China is central to an ongoing process of global economic realignment towards the East.

China accounts for a significant share of global manufactured exports (13.7% in 2010) but non-members of the OECD are projected to become China's primary export market in 2012. Chinese demand for natural resources and energy continues to rise, and its energy security is a notable part of regional engagements with the Middle East, Latin America and Africa. Developing countries look more to China for trade, investment, development assistance and policy inspiration.

The prevailing Chinese role in overseas development is economic but encompasses support for education, training, technology transfer and infrastructural projects, whose financing and construction are often undertaken by Chinese corporations. Core aspects of China's role, like new economic zones in Africa, are primarily driven by economic factors. The China-Africa

Development Fund, for example, is an equity investment vehicle encouraging Chinese companies to operate in Africa.

Chinese 'economic cooperation' is linked more explicitly to poverty reduction efforts, however. Beijing has supported the Millennium Development Goals, providing crucial input into the process through its domestic progress. There has been increased interest in academic and policy quarters recently in the possibility of exporting select aspects of China's domestic experience. In this regard, the International Poverty Reduction Center, established in Beijing in 2004 with support from the UNDP and the Chinese government, stands at the fulcrum of policy research and international dialogue.

Much of its focus has been on Africa, where China's engagement continues to deepen. In April 2011, the Chinese government released its first white paper on its foreign aid, and in August, its efforts to engage civil society saw the first China-Africa People's Forum in Nairobi, Kenya. Many policy issues confronting China in Africa converge on the state. A quiet but potentially significant policy evolution with regard to the institutional aspects of development has seen Beijing engage more in 'enhancing African government capacity', which appears to herald capacity building Chinese-style.

Beyond poverty reduction

China's wider role is not part of a coherent global development foreign policy, but it does reveal an emerging set of policy engagements. This is occurring amid the reform of multilateral institutions, which reflects an underlying changing distribution of power. It is now the IMF's third-most-important member after the United States and Japan, following historic reforms aimed at making the Fund more representative. China's contribution to global public goods is a key barometer of its substantive international commitment. Despite participation in numerous development-related forums, its most active role, and default setting, remains bilateral. ➤

Food security is one area. With some 20% of the world's population, but only 7% of its farmland, China became a net importer of agricultural goods in 2003. Consumption has been growing significantly. Agricultural supply is a national security issue in the face of social unrest caused by rising food prices. China is more dependent than before on agricultural imports and international markets. The Chinese government has been encouraging an agricultural 'go global' policy.

Its new policy engagement in this area is partly informed by recognition that international cooperation in grain production is linked to maintaining food security within China. Having graduated from being a recipient of World Food Programme assistance in 2005, Beijing has made occasional gestures, most recently its August 2011 donation of US\$16 million to the Programme for Somali. While not a major multilateral donor, China has been developing its own overseas assistance, sending wheat and rice to the Horn of Africa.

China's external environmental policy is prominent. The world's leading CO2 emitter, heavily reliant on fossil fuels, it was widely fingered as being at odds with global moves to tackle climate change after negotiations broke down at the 2009 Copenhagen Summit. This upstaged China's efforts to address the environment, propelled by an interest in gaining recognition for its role, but also pressing domestic factors.

China's domestic vulnerability to destructive climate change impacts, underlined by its first National Assessment Report on Climate Change in 2006, is widely accepted. The potential repercussions for long-term economic growth, social stability and the Communist Party's rule are clear, and have galvanized efforts to promote greener capitalism with lower carbon characteristics. Beijing's concern reflects a more pressing logic of global environmental interconnectedness.

As Copenhagen showed, China has also failed to convert changed domestic policy objectives into the international policy arena. Overall, despite better paper policy, and greener rhetoric, domestic implementation has been flawed; economic growth has trumped serious environmental action.

China's developing role in global security is anchored in its own military modernization, and it features expanding international horizons. China has been deepening its military experience abroad, as naval patrols off Somalia and the recent extraction of Chinese nationals from Libya shows. China's contribution to UN peacekeeping has also been growing. This allows China not just to demonstrate commitment to the UN but also to gain experience and project the benevolent face of the People's Liberation Army within and outside China. At present, China lacks the military capability of a superpower; it cannot project force on a global scale. However, recent military assertiveness in the South China Sea and expanding overseas naval facilities contribute to the persisting uncertainty about how Beijing will use its growing capabilities.

Conflict and political instability pose threats to China's economic interests in Africa. Military exposure in Sudan and political risks of economic assets in North Africa exemplify the vulnerability of more established Chinese economic interests. Beijing supports regional security organizations like the African Union. Elsewhere in the Middle East, China remains willing to

let the United States assume the role of security hegemon. China has been developing its own engagement with conflict. This features a select role in conflict negotiations, humanitarian assistance and post-conflict assistance.

New South-South cooperation

China's participation in South-South cooperation is a defining aspect of its global development role. The seminal 1955 Asia-Africa Conference in Bandung, Indonesia, is a distant memory now. Anti-imperialism has long been supplanted by a new incarnation of Asian-African 'strategic partnership' in which technical issues, like trade and investment policy negotiations, are the norm. Beyond government or corporate elites, the post-socialist Chinese business expansion in the developing world is accompanied by opposition: it may offer benefits but also brings charges of exploitation.

Aspects of China's development participation cross-cut with, and support, South-South cooperation within established international organizations, some of which, like the UNDP, have their own South-South programmes. Beijing has been cooperating with governments and regional organizations of the global South and also with other international donors. The idea of a 'G2' with the United States was unpalatable and premature, but China's multilateral diplomacy within the changing G20 and G77 has become more involved.

This raises an overarching and, thus far, unanswered question about China and its changing world role. It remains a self-ascribed developing country (and WTO member). Yet clearly it has developed aspects and is a beacon for development aspiration around the world. More than its traditional role as first among equals, Beijing is looked to for leadership by developing country allies. It has yet to forge a role that assumes greater international leadership responsibility in a way that transcends its identity as a developing country.

Delicate balance

Far from operating in a vacuum, China's role is bound up in relations with others. Certain governments want to have their cake and eat it: they seek to 'engage' China on development, most prominently in Africa, and affirm their moral superiority in the process, but they also want to expand business – with China. Having led the largest British trade delegation to China for 200 years in November 2010, for example, Prime Minister David Cameron warned Africa against China's 'authoritarian capitalism' in July 2011 while in Lagos, Nigeria.

China is stimulating Western re-engagement in Africa, where China's role has been scrutinized most. It is still seen by some as anti-development, especially with respect to governance. US Secretary of State Hillary Clinton, speaking in Lusaka in June 2011, expressed her wish not to see a 'new colonialism' in Africa.

There are well-founded concerns about Chinese arms exports, its environmental footprint and the export of dysfunctional domestic issues such as rogue Chinese business practices to the developing world. Some of these concerns are shared by Beijing, whose ability to control distant Chinese corporations is being tested as it tries to address its business



Christopher Herwig / Reuters

reputation through regulation. Africa's economic development prospects, meanwhile, are being rejuvenated.

Some even argue, somewhat prematurely, that China is already transforming Africa through current business ventures, the potential export of industry and its integration into the East Asian economic model. China's role in Africa is still mired in controversy, but in development policy circles at least there has been a shift in attitude regarding development.

A striking process of political ferment is underway. Alongside efforts whose subtext seems to be aimed at socializing China into prevailing OECD development norms, there is mounting interest to better understand China's own development experience. Efforts to get Chinese support for established standards continue, through different forms of critical advocacy or more measured interaction.

In practice at a policy and academic level, however, the interchange of ideas and experience is becoming multi-directional. Mutual learning is more the tenor of the day, with Chinese academics and policy makers looking to the experience of others in Africa. The conversation about aid cooperation continues, including through the China-DAC Study Group prior to the 4th High Level Meeting at Busan, South Korea.

China is increasingly seen by development agencies and developing countries as not just an economic force but also a new, important development partner. Donor recognition of China's increasing centrality to a range of development goals is widespread. Established development agencies have a new reality to deal with, one that is multi-dimensional, and competitive, but one that offers scope for cooperation as well.

Policy engagement continues. Beijing is inundated by a development policy scramble to China. There has been much talk of trilateral cooperation between China, Africa and assorted development agencies. Examples include the European Union, the United Kingdom, and French and German governmental initiatives. There has been far less action, however.

There remain political barriers to China's involvement in development. Its competitive advantage partly lies in its very distinctiveness and safe distance from the traditional

development system. Beijing can mobilize its own brand of development as a tool of soft power and legitimacy, and regards its bilateral track as being more cost-effective and efficient.

At the same time, China's role is pragmatic and adaptable. On the back of greater vested interests and questions about the sustainability of its economic links, it has more and more reason to engage. Its new prominence and perceived power means it can no longer simply call on the international community to do more on international development. Whether it can be different in terms of substantive outcomes, as opposed to political rhetoric, is an open question.

Vital engagement

China's role in global development is evolving. It remains subject to myriad pressures, constraints and challenges linking its domestic path with an uncertain overseas role.

Furthermore, as seen in Africa, China is being redefined through experience: the unintended consequences of its open-ended role could well be as significant as its stated aims.

As yet, no clear foreign policy path is evident before the new Chinese Communist Party leadership assumes power. If recent trends continue, China could become a more active participant in shaping the post-2015 development regime and perhaps emphasizing development effectiveness – as opposed to narrowly conceived aid – in line with the thrust of China's economic approach. Development in this sense, however, remains a primarily economic, material phenomenon linked to, but bracketed off from, normative concerns and politics.

For the established development system, the challenges of accommodating China are now fundamental. Amid uncertainty about its political direction, the sustainability of China's global economic rise presents major challenges. For African governments, these importantly involve managing China's role to yield optimal development benefits in order to enhance broader, sustainable developmental goals.

Chinese engagement is vital and central, not optional or incidental, to effective multilateralism and the future of global trade, the environment, security and world development in general. An open question, however, remains how far China will substantively engage on global public goods. This would require China to energize its multilateral role in global development. China's approach to the international system has been largely one of instrumentally serving its own national interests. Despite domestic challenges, a more powerful China will need to square its rhetoric with greater practical responsibility, including assisting the developing world.

Maintaining a low profile on global development no longer appears tenable in the face of China's expansive role and elevation in international expectations. What will emerge from this transitional phase is less clear, but China must define the responsibilities of its changing status. Beijing may not wish to be encumbered by multilateral responsibilities, but they come with the territory. The more China is seen to advance (and the West decline), the more the world will look to China to act. ■

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