China’s Role in Global Development

Jing Gu
j.gu@ids.ac.uk
China’s economic and political influence in low income countries has increased in recent years

already has a major impact on low income countries through different channels

has emerged with increased influence in global fora and international institutions (such as G20)

will increase its relative presence and influence in the poorest countries esp. in Asia and Africa

So better dialogue and mutual understanding is needed among the global development community
Channels of influence

• Trade 贸易
• FDI – inward (to China) and outward 境外投资 - 流入（到中国）和流出（到其它国家）
• Finance – capital flows, foreign reserves, exchange rates 金融 - 资金流向、外汇储备、汇率
• Development assistance (linked to trade and investment) 发展援助（连系著贸易和投资）
• Governance: Global, regional and local 治理：全球、区域、本地
• Migration 移民
• Environmental impacts 环境影响
Challenges of Global Economic Governance and Global Development

- Fundamental realities of today’s globalizing world:
  - The growing **interconnectedness** in the domain of economics but, significantly, also in political, social and cultural spheres;
  - With globalization, **authority and power** over development policy is negotiated between the various agencies making it all a much more complex process to work through;
Challenges of Global Economic Governance and Global Development

- Fundamental realities of today’s globalizing world:
  - The world is changing. Beyond the immediate consequences of the global financial crisis, a major shift is underway in power towards the developing world and emerging economies.

Analysis is needed to capture the dynamics of change. New thinking and practices are needed to respond to change.

- There are Common global challenges that need global responses.
Global challenges – Constraints to Growth and Development

- The issue of resource scarcities and global instability
  - Natural Resources: food, water and energy; Climate change
  - terrorism, insecurity and fragile states

- How is this to be managed?
  That is the fundamental challenge of global development.
The "Perfect Storm" of global events

1. Increasing population
2. Increasing levels of urbanisation
3. The rightful goal to alleviate poverty
4. Climate Change

Increased demand
Energy

Climate Change

Increased demand
Food
50% by 2030 (IEA)

Increased demand
Water
30% by 2030 (IFPRI)

Source: Presentation by Professor John Beddington, Former Chief Scientific Adviser to the UK government, London
Implications for development Cooperation

Global development has reached a critical turning point. With the growing role of China and other non-traditional donors, many have asked what the future of development might look like and whether a new post-2015 global partnership might be possible.
China: Key issues

• Where does China as a growing power, investor, consumer and donor fit within specific regional and global development regimes?

• What can we explain and understand by ‘development’ as it is understood and practiced within China?
Four key features distinguish development aid to Africa by traditional donors from China

• First, traditional donors impose policy reforms as preconditions for aid delivery whereas China do not impose policy conditions.
• Second, unlike traditional donors, China generally deliver aid to Africa through projects rather than general budget support.
• Third, traditional donors increasingly provide more support to the social sectors while China focus more on infrastructure and productive sectors.
• Fourth, while China link aid to trade and investment activities, traditional donors do not mix aid with commercial activities.

(Source: UNCTAD Africa Economic Development Report)
Towards a new global economic order?

- China’s emergence as key global actor in international governance institutions (G20)
- China as partner of choice for low income / developing economies?
- How will China adapt to new responsibilities in global system?
- What does this mean for other countries, OECD/DAC, development institutions..?
Conclusions: Key points

- There is a great deal of debate over the question of ‘how to work with the emerging economies to include them in the existing system of global governance and development cooperation?’ But we should be asking a different question here.

- The real question should be ‘what lessons can the existing system of Global economic governance and development cooperation take from South-South cooperation in order to draw together more closely the processes of South-South and North-South cooperation’?

- The need to have some common understanding of the principles of this partnership and also create a network supporting multilateral dialogue and cooperation at all levels.

- ‘Opportunity knocks but once, so we must make the most of it’ 机不可失，时不再来