

The Political Economy of China's Aid, Trade and Investment Policies to the South

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Brief History of China's relationship with the South

- Before the Eighties
 - Mao's three worlds and third worldism
 - Ideological division during the cold war
 - 1955, the Bandung Conference, non-alignment movement
 - International solidarity with African states
 - against colonialism and support national liberation
 - China gave political and economic support for African countries struggle
 - for national independence and construction, i.e. Tan-Zam Railway
 - African countries gave their full support in the UN to restore the seat of the PRC in the UN.
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- Ambivalent relationship with South and South-East Asia
 - Border and political conflict with India
 - Export of revolutions to South-East Asia
 - Conflict with Vietnam and patronage in Indo-China in 70's
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Deng's reform and open door policy

- ❑ Decision to re-join global economy in the Eighties
 - ❑ Global factory: hub for processing for markets in Northern countries, in the low end of value chain
 - ❑ labor intensive and resource intensive industrialization
 - ❑ Crisis of energy and resource shortage, environmental degradation
 - ❑ Crisis of over-production
 - ❑ Un-balanced growth between coastal and inland regions
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- Development of the Western Region
 - Exploitation of natural resources in the West, indigenous areas
 - Coal, oil and mineral mining, Hydro-power
 - Serious deforestation
 - Intensive market penetration in the West
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90's: Diplomacy in the South

- End of three worlds and only one Super-power dominates the world
 - Pursuit for a multi-polar world order, the Shanghai Cooperation Conference
 - China-Taiwan Relationship
 - To counteract Taiwan's aid diplomacy to re-gain seat in UN
 - Diplomacy in a globalized world
 - To learn the games of multi-lateral negotiations
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Economic Diplomacy

- Energy and Raw material Security
Diversify China's energy imports away from domestic supply
 - Development of new markets in the South
 - Promote South-South cooperation and South-North dialogue
 - Normalization of diplomatic relationship
 - Trade with ASEAN states
 - 1978 859 million
 - 1991 7.96 billion
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Official Discourses of the Political and Economic Diplomacy with the South in the New Millennium

- China shares the political and status as others in the developing world
 - Importance of South-South cooperation
 - Equality and mutual benefit (win-win cooperation)
 - Mutual trust and peaceful development cooperation
 - Sincerity, mutual support and common development in cooperation
 - Non-interference in other's internal affairs
 - No conditionality
 - China seeks no dominating power
 - China has suffered from similar semi-colonial past, and therefore, will not become a colonizer
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China and Africa

- The Forum on China-Africa Co-operation-Ministerial Conference 2000
 - China issued the first white paper on a political and economic region in 2006
 - The Beijing Summit of the Forum on China-Africa Cooperation (2006)
 - Eight measures promote and strengthen China's relationship with Africa, including a package of aid.
 - Recent tour of President Hu
 - African Development Bank Annual Conference in Shanghai
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- Double its 2006 assistance to Africa by 2009,
 - US\$ 3 billion of preferential loans
 - US\$2 billion of preferential buyer's credits
 - Set up a China–Africa development fund, which would reach US\$ 5billion, to encourage Chinese companies to invest in Africa
 - Cancel debt for HIPC
 - Increase from 190 to over 440 the number of export items to China for HIPC
 - Establish three to five trade and economic cooperation zones in Africa
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- Other aid items:
 - train 15,000 African professionals
 - send 100 senior agricultural experts to Africa
 - set up 10 special agricultural technology demonstration centres in Africa;
 - build 30 hospitals in Africa
 - Fighting malaria: grant of RMB 300 million for providing artemisinin, and build 30 malaria prevention and treatment centres to fight malaria in
 - 300 youth volunteers
 - 100 rural schools
 - Increase Sponsorship of African students to study in China from 2,000 to 4,000 per year by 2009.
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ASEAN

- A Sino-ASEAN free trade zone
 - Tariff reduction for approximately 1,700 categories of goods.
 - EHP (Early Harvest Program) in tropical fruit
 - China's investment in ASEAN
 - 1991 150 million
 - 2005 1.08 billion (official figure only)
 - More than 1000 enterprises (excluding financial ones) have set up their branches in ASEAN countries.
 - Economic assistance and concessional credit
 - 3 billion from 2000 to 2005
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Issues

- Concerns about China as a 'model' Vs hopes on China as an alternative
 - Model of what? By whom?
 - As a success of economic development?
 - As a success of neo-liberalism?
 - As a success of state developmentalism?
 - Is the Chinese model a myth?
 - High Expectations on China as Alternatives, to:
 - Neo-colonialism
 - Neo-liberalism
 - Globalization?
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Concern the negative outcomes of Chinese trade and aid model...

- Regulating China Vs Globalization
 - About China, or about globalization?
 - What's special about China as a global player in the globalization game rules?
 - As bad as the West Vs Not as bad as the West?
 - How about the other regional power/competitors? South Africa, India, Brazil....and the impact of local economies?
 - Structural imperatives and problems of globalization...
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- Regulating Chinese State Vs Chinese Enterprise?
 - The discourse of Responsible global/regional power
 - Collaboration with Northern Powers
 - Neo-liberalism
 - Green/White-washing globalization
 - Regulating TNCs
 - Regulating Chinese TNCs or TNCs in general, if all TNCs from the South and North play freely in the global free trade regime
 - Is the current capitalism/ globalization with a human face, only a mask?
 - Green, white-washing without effective outcome?
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□ Whom to regulate?

- Multilaterals? UN, WTO, IMF, WB, ADB, dominated by the North
 - Regional partnership: AU, China-Africa Cooperation Forum, China-ASEAN, APEC?
 - Industry wide social and Environmental standards – self discipline
 - Chinese government monitoring overseas activities?
 - Improvement of local government's ability to regulate any investment activities including China?
 - What about the local communities, the vulnerables in the South?
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- Statism Vs PeopleS' perspective
 - Regional interest
 - AU, China factor weakens Regional Body
 - National interest
 - Whom represents the nation?
 - Special interest groups
 - Local communities?
 - The vulnerables?
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□ China as Alternatives?

- Not as a collaborator of the North
 - Not to commit the same mistakes as Northern powers
 - Not to export the same mistakes of China to the South
 - economic and social polarization
 - serious ecological problems
 - Depletion of natural resources
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- To avoid the problems of North-dominated globalization
 - To export Chinese current experiences as alternatives to neo-liberalism
 - Hu-Wen New Deal
 - Aggressive social programs
 - Social and economic equality
 - heightened environmental protection
 - Sustainable development
 - EIA, public participation
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- To seek a genuine South-South Collaboration
 - reforming trade regimes to avoid commodity crisis, establish fair trade regimes in RTAs, or regional partnerships...
 - Reforming ODAs, not aid-for-trade/ PRSP, not conditionalities....
 - Reforming TNCs
 - Exploring models and practices of more localized economic development
 - More exchanges, joint exploration and collaboration among civil society organizations...
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Influencing through whom?


- African/ASEAN States
 - African Union/ASEAN, unified positions?
 - Key governments in African Union with major stakes
 - National governments
 - Civil societies in Africa/ASEAN states
 - Chinese governmental agencies
 - Like-minded officials, foreign relations officials, embassies
 - Chinese civil society groups
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Influencing on What?

- Chinese government
 - Export of the development model? Neo-liberal model, Neo-Keynesian model?
 - Development, diplomatic, investment or aid policy?
 - regulatory framework for enterprise behavior overseas?
 - Chinese enterprise
 - CSR or subscription to certain international framework on environmental and social standards
 - Behavior or practices complying to local laws, or enterprise's CSR
 - Concern for Branding strong enough?
 - Chinese civil society's capacity to influence these two?
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A Typology of possible actions

	The Chinese government	The Chinese enterprises	The Chinese Civil Society
African/ASEAN States			
African/ASEAN Civil Society			
Like-minded Chinese governmental agency			
Chinese civil society			



Questions and comments
welcomed !