

From careful participant to budding partner: China in the Sustainable Development Agenda

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Summary

China is an increasingly active player in the Sustainable Development Agenda. It has staked out a national Sustainable Development Goals (SDGs) plan that stresses comprehensive development with serious consideration to environmental issues. Internationally, China's development role is growing, manifested through increasing trade, aid, and investment and a stronger position within many international organizations. China uses SDG-related activities to promote and align its domestic and international development interests.

KEY CHINA FIGURES (YEAR 2018)

Population: 1.39 billion
GDP: USD 13,608 billion
GDP per capita: USD 9,771
Outwards FDI: USD 143 billion
Foreign aid: USD 6.4 billion*

Sources:
WB; Cn Min of Commerce; Kitano* aid estimate
(endnote 5).

The People's Republic of China (PRC) is an active partner in the UN 2030 Agenda for Sustainable Development, as formalized by the General Assembly in 2015. China maintains its dual identity as a major power and a developing country, and approaches Sustainable Development Goals (SDGs) with an interest to further both its domestic and international priorities. To be sure, the 2020 coronavirus crisis has once again exposed vulnerabilities in the PRC's disease prevention systems, but looking beyond 2020, China is likely to both further its investment in domestic development and expand international cooperation.

With its statuses as the world's most populous country,

second-largest economy, and Security Council permanent member, China's role in international development is already very significant. With increasing investment in SDG-related activities and organizations, China is now looking more like an active partner and less like the careful participant it has long been regarded within international development governance. Accordingly, this brief discusses China's overall priorities and contributions—with a relationship to the Sustainable Development Agenda, but without attempting to explicitly measure its impact against the 17 SDGs. The observations presented here build on studying relevant literature and policy documents and on extensive discussions with professionals and officials within academia, government, and international organizations primarily located in China, but also including US-based institutions. This work contributes to an emerging, but still limited and scattered, research-based discussion on what China does and wants with the 2030 Agenda.¹

China's growing roles

The PRC's role in international development is growing. In addition to trade and investment, China has a long tradition of South–South cooperation and is today a leading economic partner for many states, not the least in poorer world regions. In 2016, the total stock of Chinese foreign direct investment in least-developed countries reached USD 34 billion, which is three times more than the French, who are the second largest.² With its Belt and Road Initiative (BRI), China is showcasing past traditions and future ambitions for connecting the world. China is indeed a significant source of development and infrastructure finance, including market-based loans. Together, the two policy banks, the China Development Bank and the Export–Import Bank of China, provide more loans to Asia and Latin America than the World Bank (WB) and traditional regional multilateral development banks combined.³ For Africa, this varies, with Chinese total lending

counting between USD 10 and 15 billion in recent years, which is less than the WB. The exception is 2016, when Chinese–Africa lending reached USD 30 billion.⁴

The PRC is still a relatively modest aid actor and is not comfortable being called a donor. Nevertheless, its aid is increasing, although much of it remains tied to Chinese goods and services. China maintains an emphasis on bilateral cooperation, but multilateral engagements are flourishing too, albeit its voluntary contributions to the UN system are still relatively modest. Of the estimated USD 6.4 billion (not an official figure but a research-based estimate) China provided in aid in 2018, 23 percent went to multilateral organizations, reflecting a sudden but lasting jump in 2015.⁵ Notably, China is not a member of the Organization for Economic Cooperation and Development (OECD), but this estimate is adjusted to OECD definitions for aid. Much information regarding Chinese aid is not public, like details concerning projects and allocations, making it very hard to assess the effectiveness of Chinese development aid. The Chinese themselves have considerable experience receiving aid, and many UN organizations are still active in the country, although most have shifted focuses to working with China as an international partner. The PRC is now, corresponding to its economic size, the second-largest financial contributor to the UN's regular budget. Given China's growing roles, it has considerable potential to further the SDG agenda with consideration to its own priorities and principles.

Chinese domestic development priorities

The PRC maintains its status as a developing country, having to balance international engagements against domestic needs. China's own SDG priorities are outlined in a national SDG implementation plan (2016) and in two related progress reports (2017 and 2019).⁶ These are well aligned with China's overall development policies, and key priorities include: transitioning away from an industry- and export-oriented economy to more advanced technology and services; establishing effective welfare and health systems; eliminating poverty and reducing inequalities; ensuring a cleaner environment; modernizing energy, infrastructure, and resource management; and upgrading educational institutions. In the follow-up from the 2020 coronavirus crisis, we should expect increased investments in health but not a radical overhaul of these plans. China's national SDG plan also highlights the defusing of social problems and improvement of national governance, with continuing Chinese Communist Party (CCP) rule remaining obvious preconditions. Interestingly, national governance is one area where gender equality is clearly addressed, with the SDG plan calling for cultivating more women cadres for leadership positions.

China's overall policies are paved out in grand five-year plans, which are followed up with sector-specific and local regulations. In line with Chinese policy-making traditions, China is setting up a network of SDG pilot zones for

experimenting with solutions for ecofriendly agriculture, low-carbon industry, land deterioration, ocean management, and other issues. China's overall development ambitions are framed around two key thresholds: reaching an overall modest level of welfare by 2020 and being recognized as a modern and strong country by 2050. These goals are associated with realizing the "Chinese Dream" and "national rejuvenation," slogans the CCP has promoted extensively since 2012. Although lofty, these concepts are based on careful considerations and fit well with the national sustainability discourse, emphasizing comprehensive development and domestic priorities combined with budding international ambitions.

Traditional foreign policies

From a foreign and development policy perspective, China may appear remarkably stable. It is still the Five Principles of Peaceful Coexistence that officially frames foreign policy, stressing mutual respect and sovereignty, non-aggression, non-interference, equality and mutual benefit, and peaceful co-existence. The Eight Principles for Economic Aid and Technical Assistance, moreover, emphasize non-conditionality, self-reliance, quick results, targeted loans and resources, and Chinese experts living as locals.

Although traditional principles are maintained, the actual interpretation of some of them has certainly evolved, as illustrated with China in 2008 agreeing to international intervention in the Darfur conflict. Most notably, the PRC has since scaled up its contributions to UN peacekeeping operations. China, however, remains cautious about intervention and reluctant to criticize other countries' domestic affairs. It remains highly opposed to instigating regime change. These attitudes materialize both when China itself faces criticism, for instance, regarding Xinjiang, Hong Kong, and the South China Sea, and concerning international issues, like the crisis in Syria and Venezuela. That said, China has also recognized sustainability problems associated with its activities. Not the least concerning the BRI, Chinese leaders and institutions are paying more attention to environmental and financial sustainability concerns. The specialized China International Development Cooperation Agency (CIDCA) was established in 2018 to better coordinate Chinese aid. This may showcase China becoming a more responsive player internationally.

Promoting Chinese interests

The overall SDG agenda offers opportunities for the PRC to promote and align its domestic and international development interests. China is proactively pursuing this in several ways.

First, China promotes a comprehensive approach to development, emphasizing economic growth, political stability, and common but differentiated responsibilities. This can be seen in China's own SDG plans and state-

ments, where many goals and targets crisscross and are strongly interconnected. It still works strategically to be recognized as a developing country, in part through nurturing a special relationship to the G77, where it is not formally a member but a regular associate. China's international development initiatives are typically rooted in domestic experiences and interests. Illustratively, when addressing security issues, Chinese leaders often talk about comprehensive and sustainable security, which includes traditional security among states, but also incorporates internal risks, like terrorism, separatism, and extremism. This helps China legitimize the measures it has taken toward ethnic minority groups in Xinjiang and Tibet, for which China faces international condemnation, to be sure, but also collects support among its developing-country peers.⁷

Second, Chinese diplomats have been busy working to enlist support for the BRI, in part by clearly aligning the BRI with SDG-related activities and leading international institutions. The results are mixed. China has been very successful at initiating BRI programs within many multilateral organizations, and the two BRI forums, in 2017 and 2019, included high-profile SDG-related themes and discussions. However, although more than 130 countries have signed up for BRI-related cooperation, few among the most developed countries have formally done so, and many remain skeptical about the environmental and financial sustainability of BRI- and China-funded projects.

Third, within the UN, China is working to incorporate more of its development principles into resolutions. It has successfully done so with the concept "building a human community with a shared future," which does resonate, albeit vaguely, with comprehensive development and common but differentiated responsibilities. Furthermore, in 2017, China for the first time ever tabled a resolution in the UN Human Rights Council, stressing sovereignty and comprehensive development regarding human rights. This resonates well with the Chinese traditional emphasis on the rights to development and collective rights rather than individual political and civil rights. The resolution passed, supported by a majority of mainly developing countries and protested, ineffectively, by a minority of developed countries arguing the text shifts focus away from established human rights principles. China submitted development-related resolutions to the Council again in 2018 and in 2019.

Fourth, during the CCP National Congress in 2017, many took notice of Xi Jinping talking about China's development successes as a "new option" for other developing countries to consider. Xi's remarks resonate well with other developing country advocates, but they also stir reactions, particularly among actors championing democracy and civic freedoms. Most notably, the EU labeled China a systemic rival in its 2019 strategic outlook, although also pointing to many areas primed for SDG cooperation. China-US relations have for some similar, but also many

different, reasons turned decidedly conflictual. Building tensions complicate cooperation in areas where shared interests related to SDGs get overshadowed by conflicting norms and geopolitical competition.

Chinese international initiatives

China is ambitious and is launching new international initiatives and building stronger partnerships, many with a clear relationship to the 2030 Agenda.

China has in recent years both increased and somewhat shifted its foreign aid and development assistance contributions. Prioritized areas for China include infrastructure, industrial and agricultural development, education, health, and peacekeeping. Notably, all of this is not included in China's own aid-specific budgeting. During the UN SDG summit in 2015, China announced the establishment of the South-South Cooperation Fund, now managed by CIDCA, and in 2016 initiated the UN Peace and Development Trust Fund, which includes two sub-funds, one called the 2030 Agenda for Sustainable Development Sub-Fund. Chinese enthusiasm for multilateral cooperation is sprouting concerning SDGs, with its share of multilateral funding significantly increased from 2015, although voluntary contributions to the UN remain limited, especially compared to OECD country levels.⁸

China is a leading contributor to development finance, mainly through its domestic banks, but also through multilateral bodies. In the last few years, China has initiated two new international development banks, the Asian Infrastructure Investment Bank and the New Development Bank, plus a string of other funds and financial vehicles. The core of BRI is infrastructure, for which China makes available loans, credits, and some aid. There is increasing debate about Chinese lending practices and corruption regarding large infrastructure projects. Although the gravity of related issues remains a point of contention among observers, China has started to address them.⁹ Finance was a profiled topic under the last 2019 BRI Forum, during which China also pushed plans for establishing a multilateral cooperation center for development finance. The PRC has, moreover, installed stricter regulations for Chinese companies' overseas operations. To be clear, however, Chinese companies and state institutions still face frequent criticism over inadequate corruption, environmental, and social protections, as well as a lack of transparency.

One area where China has clearly gained more recognition is within international climate governance. The PRC did commit to the Paris Agreement, although it opposed strict verification regimes and emphasized, as always, differentiated responsibilities. China announced the setting up of its own South-South Climate Cooperation Fund in 2014. By establishing, first, in 1992, the China Council for International Cooperation on Environment and Development, and in 2019, the BRI International Green Devel-

opment Coalition, China has invited international experts to provide their advice on sustainability issues. The Chinese city of Kunming is preparing to host the 2020 UN Biodiversity Conference.

Regarding international SDG governance, China is building its standing within many key organizations. Since 2007, China has maintained the top position in the UN Department of Economic and Social Affairs, which is responsible for many SDG activities. China has increased its voting shares and secured management positions within the Bretton Woods Institutions, also scaling up its funding to the WB International Development Association. Chinese citizens serve, or have in recent years served, as top leaders of several UN organizations, including the Industrial Organization, the Food and Agriculture Organization, and the World Health Organization. China is also expanding its role in UN peacekeeping operations. Already the second-largest funder of the UN regular budget, China has also scaled up voluntary contributions to many organizations, but this remains a modest share of China's overall aid and development assistance. Last, China takes the initiative in promoting a stronger role for the G20. These steps are surely indicative of budding Chinese ambitions within international and SDG-related governance.

Conclusion

China is an increasingly active player within the Sustainable Development Agenda. With growing trade, investment, lending, and aid, China is strengthening its relations with countries and within many institutions with leading responsibilities for SDGs. Engaged and showing initiative, China is behaving more like an active partner and less like a careful participant in international development governance—willing to increase its contributions, but also working harder to promote Chinese interests and principles.

Notes and select references

1. For a concise overview of some scholarly contributions, see Mao, RuiPeng (2020): "China's Growing Engagement with UNDS as an Emerging Nation: Changing Rationales, Funding Preferences, and Future Trends," Discussion Paper 2/2020, German Development Institute.
2. UN Conference on Trade and Investment (2018): "World Investment Report."
3. Gallagher, Kevin (2016): *The China Triangle*, Oxford University Press (New York).
4. China Africa Research Initiative, John Hopkins School of Advanced International Studies, <http://www.sais-cari.org/data-chinese-loans-to-africa>, (accessed 5 February 2020).
5. See Naohiro Kitano (2019): "Estimating China's Foreign Aid: 2017–2018 Preliminary Figures." Note that estimates of Chinese aid vary considerably between sources and are subject to uncertainty.
6. Chinese Ministry of Foreign Affairs (2016): "China's National Plan on Implementation of the 2030 Agenda for Sustainable Development."
7. One example is the joint letter, dated July 12, 2019, to the Office of the UN High Commissioner for Human Rights expressing support to China concerning the situation in Xinjiang.
8. For details about Chinese funding and specific funds, see Mao in note i. above.
9. See World Bank (2019): "Belt and Road Economics: Opportunities and Risks of Transport Corridors."

