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The role of Europe and China in the global development architecture

Introduction

Development is widely seen as the cornerstone of an equitable global system and an indispensable precondition for world peace and stability. In his seminal report “In larger freedom,” UN Secretary-General Kofi Annan pointed to the inextricable interconnectedness of security, development and human rights (UN 2005a). Following his line of thought at the Millennium+5 Summit of September 2005, member states unanimously adopted an Outcome Document which emphasizes the Millennium Development Goals (MDGs) as the core of internationally agreed development targets (UN 2005b; Martens 2005) [use either “the centrality of the MGDs to internationally agreed development targets” or “the MGDs as the core of internationally agreed development projects,” but not both “centrality to” and “core of” in the same sentence]. The European Union and China have consistently been at the forefront of these developments. On countless occasions, both actors have expressed their firm commitment to international solidarity and poverty alleviation on a global scale.

This paper will take a look at the overall approach of European and Chinese development policies. At the bilateral level, relations with Sub-Saharan Africa deserve special attention. In its multilateral dimension, this comparative analysis will focus on the United Nations system where Europe and China interact on equal footing. The analysis of values, objectives and programmes will provide the material by which we will be able to identify the common ground as well as the points of contention between these key global players. Finally, I will present arguments for a joint European-Chinese agenda towards the international development system.

1 Development policies of Europe and China

1.1 European perspectives on development co-operation

The European Union recently passed its new Consensus on Development which, for the first time, provides a common vision for individual member states and European institutions in this policy field (EU 2005b). Support to poor countries and poor people is seen not only as a moral obligation but also as an important contribution towards peace and prosperity in an interdependent world. The document proclaims that "development policy is at the heart of the EU's relations with all developing countries" (EU 2005b, p. 1). Providing over half of the world's aid, the Union is committed to the overarching objective of poverty eradication in the context of sustainable development. It will contribute to the pursuit of the MDGs and to the action programmes adopted at major UN conferences.

EU development policies are strongly value-driven. A special emphasis is put on democracy, rule of law, good governance, human rights, and gender equality, as well as other political and environmental issues. The EU encourages all stakeholders in development, in particular those from civil society, to participate in its development programs/policies. European support aims at giving priority to the least-developed (LDCs) and other low-income countries (LICs), both to meet the MDGs and to compensate for the negative impact of globalization on this particular group.¹ The EU's programmes are to be built on the principles of ownership and partnership, implying that the conventional idea of conditionality is evolving towards the concept of a "contract" founded on mutual results-based commitments.

The EU wants to deliver more and better aid. Member states are determined to reach a quota of 0.7% official development assistance (ODA) in relation to gross national income (GNI) by the year 2015. Each of the old EU countries has agreed to reach a minimum of 0.51% by 2010. States which have joined after 2002 are expected to arrive at 0.17% by 2010 and 0.33% by 2015. The
ODA expansion translates into a collective target of 0.56% by 2010, or a doubling of annual EU aid to over 66 billion euros. For most countries, such an increase will be hard to accomplish by simply relying on public budgets and debt relief. Therefore, the search for innovative financing mechanisms has begun, with little tangible outcome so far. The notable exception is France and the United Kingdom’s decision to turn to an airline ticket levy while at the same time mobilising future aid resources through the capital markets.

Europe strongly supports the Paris Declaration of March 2005 on aid effectiveness and wants to take a lead role in donor coordination, harmonisation, alignment to recipient country systems and results orientation (DAC 2005). The EU is set on increasing general or sectoral budget support, including operating costs of health care and education budgets. In order to allow for effective planning by partner countries, European aid mechanisms will become more predictable, for example through joint multi-annual programming. Further debt reduction is high up on the European agenda, as is the untying of development assistance, particularly for food aid.

All European policies likely to affect developing countries, for example in agriculture, trade, finance and security, should be coherent with development objectives and also assist in achieving the MDGs. Modest progress in this direction has been made with regard to quota free and tariff free access to EU markets— for all LDCs under the so called Everything But Arms initiative. However, for a number of sensitive agricultural products like sugar, complete market opening has been postponed. While European development assistance is focused on poverty reduction in low-income and middle-income countries (MICs), the development strategy also recognizes the relevance of other objectives towards the latter group: "Many MICs have an important role in political, security and trade issues, producing and protecting global public goods and acting as regional anchors." (EU 2005b, p. 19).

In December 2005, the European Union also agreed on a long-term framework for a strategic partnership with Africa in security and development (EU 2005a, c). The document focuses on the African Union (AU) and NEPAD (New Partnership for Africa’s Development) as crucial drivers for achieving the MDGs and emphasises Africa as a key partner for effective multilateralism. At present, European ODA accounts for 60% of all aid to the continent. At least half the European aid increase in the coming years will be allocated to Africa, thus implying an additional 20 billion euros per year by 2010 and 46 billion euros more per year by 2015. The EU is committed to securing long-term funding for the Africa Peace Facility and it will consider deploying EU-led civilian, military or joint civilian/military missions in support of UN or AU crisis management objectives. In this context, the EU puts special emphasis on addressing the role of natural resources in conflicts, like timber, diamonds and oil.

A critical analysis of European development policies should point to the following ambiguities and shortcomings. The Consensus on Development appears to be more of an idealistic vision than a realistic picture of present practices. To date, harmonisation is at a dismally low level because national interests and domestic priorities are being pursued with little inclination towards a common European framework. The European Commission often acts more like a 26th donor, parallel or even in competition with its member countries, rather than as the central authority watching over harmonisation and complementarity. Another weak point of EU relations with developing countries is its lack of coherence, despite all public pronouncements to the contrary. A glaring deficit in this regard concerns the Common Agriculture Policy, which still generates severe trade distortions. The promised fading out of all export subsidies by 2013 does not address internal support measures which will continue to negatively affect developing countries. The EU should also reconsider its insistence on liberalising service sectors within the Doha trade round and accept the right of developing countries to regulate all service providers as necessary to promote their national objectives. Of further concern are fisheries agreements, which endanger food security in some partner countries and threaten marine biological diversity.

On top of this, military exports from Europe in some instances have been accused of aggravating conflicts and contributing to the proliferation of small arms and light weapons. Moreover, European efforts to limit greenhouse gas emissions may be quite impressive compared to other industrialised
countries, but they are highly inadequate considering the need to combat climate change on a much more radical scale. Modest steps in the right direction notwithstanding, European consumption and production patterns are still inequitable and unsustainable. Overall, the "ecological footprint" of the region is far bigger than its admissible share, if global resources were distributed on a per capita basis within the carrying capacity of planetary ecosystem. One could also take into consideration the impact of migration policies, which make it almost impossible for citizens of developing countries to enter European labour markets even while goods and services originating from the continent are successfully penetrating the global economy. In the context of illegal immigration, non-governmental organisations fear that development funds will increasingly be directed towards transit countries to prevent entry into the EU.

1.2 Chinese perspectives on development co-operation

According to government pronouncements, China wants to build a new world order based on consensus and tolerance. The country takes a strong stand on respecting the independence and sovereignty of partner countries. As President Hu Jintao (2005c, p.7) recently emphasised: “We should respect a country’s right to independently choose its own social system and path of development.” Chinese concern for diversity and her strict adherence to the principle of non-interference in internal affairs appeal to political forces in the South which reject western “hegemonic” conceptions of human rights, democracy and good governance. In her international co-operation programmes China attaches no political strings, with the one exception that partners do not recognize Taiwan.

In a series of four speeches, Hu Jintao used the Millennium+5 Summit to announce the new Chinese concept of “building a harmonious world” which is based on the goals of worldwide peace, prosperity, justice and equality (Wu 2005, Tang 2005). He also disclosed a package of measures aimed at low-income countries with which it has diplomatic relations including (GoC 2005, p. 14):

- zero tariff treatment to certain products from 39 LDCs which covers most of the China-bound exports from these nations,
- debt relief on a bilateral level for Heavily Indebted Poor Countries (HIPC) with regard to overdue parts of their interest-free and low-interest governmental loans,
- US$10 billion in concessional loans and preferential export buyer’s credit to developing countries over the course of the next three years,
- increased assistance in the medical field, particularly to African countries,
- training of 30,000 personnel of various professions for developing countries within the next three years.

As a clear indication of its prime interest in Africa, the Chinese government published its first ever White Paper on the continent in January 2006, thereby adding a political dimension to an already blossoming economic relationship (GoC 2006). In it, Chinese authorities extend an offer to coordinate positions on international and regional issues and to stand for mutual support on major issues concerning state sovereignty, territorial integrity, national dignity and human rights. Launched in 2000, the Forum on China-Africa Co-operation has been used as a mechanism to institutionalise dialogue. During his recent visit to Africa (Morocco, Nigeria and Kenya), Hu Jintao consistently underlined the desire of his country to forge a strategic partnership with Africa. In 2002, China gave US$ 1.8 billion in development aid to its African allies (Eisenman/Kurlantzick 2006). Since then, the country stopped publicly accounting for its aid, making an accurate assessment impossible. China’s record in debt relief towards Africa is significant: The bilateral liabilities of 31 countries were cancelled, writing off US$ 1.2 billion in 2000 and another US$ 750 million in 2003. Trade between China and the continent has tripled to US$ 37 billion over the past five years with Africa enjoying a surplus of US$ 2.4 billion in 2005. Some 750 Chinese enterprises have invested a total of US$ 1.25 billion in the continent (The Hindu 2006).

China’s renewed diplomatic efforts are reminiscent of its previous support in the anti-colonial struggle of the continent after World War II. This time around, the motives and the resources driving the Chinese engagement are strikingly different. It is not grounded in ideological conflict with the west but to a certain extent driven by the strategic need to secure natural resources for its booming economy. Lately, the country has moved from securing raw materials to a more
comprehensive economic approach, including investments in mostly state-owned African enterprises (Melville/Owen 2005). Chinese leaders emphasise the complementarities in Sino-African relations which allow for a broad scope of “win-win” situations, China's favourite configuration in international relations. In many parts of Africa, however, the wide range of low-cost Chinese products could become a threat to local industries such as textiles.

China benefits from siding with developing countries in their opposition to western dominance and interference by receiving political support in international controversies, for example in past struggles over resolutions in the United Nations criticising human rights deficiencies in China. There are also immediate economic gains. Due to the lack of critical public opinion at home, Chinese companies can engage with countries of dubious political and human rights records where their western counterparts cannot tread. This competitive edge provides a strong incentive for China to concentrate on bilateral policies. If, for example, China were to join multilateral efforts in support of Africa, western insistence on good governance and transparency could impair existing commercial relations with countries like Zimbabwe and Sudan.

2 Development policies at the United Nations
Since China does not play an active role in the OECD's Development Assistance Committee (DAC), the UN system provides the multilateral setting where Europe and China interact most intensely on development issues. They see each other face-to-face in main organs like the General Assembly and the Economic and Social Council (ECOSOC) as well as in intergovernmental oversight bodies of Funds and Programmes (UNDP, UNICEF, UNFPA etc.) and specialized agencies (WHO, FAO, ILO etc.). Since western donors generally prefer to channel their multilateral ODA through the World Bank and regional development banks, the UN is chronically short of funds. Still, the world organisation has assumed an important role in defining universal values and in setting the norms for development policies at both the national and international levels. In general terms, Europe and China have demonstrated a tendency towards effective multilateralism, but their actions still lack the consistency and determination to enhance the UN's role in development.

2.1 The MDG agenda and ECOSOC reform
In regard to norm setting in development, the relevance of the UN system has been enhanced significantly by the Millennium Declaration adopted in 2000 and the MDGs derived from it. At the Millennium+5 Summit, governments even agreed on some remarkable extensions of the established objectives, for example in reference to reproductive and women's rights and decent work standards (Fues/Loewe 2005). The Summit'sOutcome Document also spells out some innovative ideas on elevating the status of ECOSOC in the global system. For one, it was decided that ECOSOC should organize annual ministerial reviews of MDG progress at national, regional and global levels. A second innovation concerns the establishment of a biennial Development Co-operation Forum under ECOSOC leadership which would call on all relevant actors to coordinate their efforts. Clearly, important non-OECD donors like China, India, Brazil and South Africa would rather participate in a dialogue under the UN umbrella than be drawn into the DAC where industrialised countries call all the shots. After some initial reluctance, even DAC chairman Richard Manning (2006) has come around to recognize the potential of the proposed Forum.

As stated above, the European Union strongly supports the MDG agenda and is committed to raising its ODA to 0.7 % of GNI by 2015. By contrast, European countries are ambivalent towards the future role of ECOSOC. While they tend to support a gradual strengthening of the body, with Germany and Belgium taking the lead, they are not yet ready to question the pre-eminence of donor-driven institutions like the World Bank and DAC. So far, there is also little support for making concrete steps towards inclusive global governance structures by linking the innovations of the summit architecture, G7/8 plus the emerging powerhouses of the South, with UN reform (Cooper/Fues 2005).

Apart from its stand against the expansion of the Security Council, in particular with regard to Japanese membership, the Chinese government has taken a low profile in the current UN reform process but has clearly spoken out in support of the MDGs (Qin 2006). In particular, China calls for
the building of “a fair, rational and effective MDG evaluation framework” (Hu 2005c, p.2). In May 2005, the China International Poverty Reduction Centre was launched in Beijing in order to support worldwide efforts in this field. So far, the bilateral focus of Chinese development activities has precluded a stronger financial commitment to multilateral agencies. For example, the Chinese aid programme announced at the Millennium+5 Summit stays within a bilateral framework and does not include additional contributions to UN development agencies. However, Feng (2006) is convinced that the Chinese focus on bilateral approaches is giving way to a stronger interest in multilateral co-operation. In a historical perspective, Wang (2003) also sees a clear trend of China deepening its engagement with international organizations since the beginning of internal reforms in 1979.

2.2 System-wide coherence
The development activities of the UN system suffer from serious fragmentation, mandate overlap and duplication. Since the Millennium+5 Summit, reform efforts have accelerated. Responding to the Outcome Document, Kofi Annan established a “High-level panel on UN system-wide coherence in areas of development, humanitarian assistance and environment” (UN 2006a). The panel, in its final report, suggested the merger of oversight boards for key development agencies like the UN Development Programme and UNICEF while preserving their institutional integrity (UN 2006b). The experts also put their weight behind ongoing incremental reforms to strengthen the overall effectiveness of the UN development system (“One UN at the country level”). Now, intergovernmental negotiations in the General Assembly will determine if there is sufficient political will by member states to advance this agenda. These decisions will determine the status of the UN within the international development architecture for a long time to come. If member states cannot agree on substantive institutional innovations they will jeopardise the very survival of UN agencies, since donors will look for more effective channels in a rapidly changing environment for international co-operation.

Most European countries join in the sharp criticism of the UN’s present shortcomings and have come out as strong supporters of structural reform. While the EU as a whole has not yet taken a position, individual member countries have voiced their preferences. For example, the Netherlands leans towards a solution of three institutional pillars charged with comprehensive responsibilities in the fields of development, humanitarian affairs and environment, respectively. The German Development Ministry speaks out in favour of a unitary funding body through which all financial flows would be channelled, while implementation at the country level could still be handled by separate agencies (BMZ 2006).

Developing countries have expressed strong reservations regarding such ideas. They suspect cost savings are the main motivation behind the donors' drive, with cost savings implying reduced contributions to the UN. They also fear that a unified UN system would be even more dominated by western countries that could then use the power of the purse to introduce strict human rights and environmental conditionalities. On top of this, developing countries also resent the loss of influence and power inherent in present staff positions and intergovernmental bodies. In a letter to the co-chairs of the panel, clear warning signals were issued: “The G77 and China believe that the exercise of system-wide coherence should not erode the mandate, resources and activities of organisations and units that play an important role in development” (Khor 2006). On a slightly more conciliatory note, Hu Jintao (2005c, p.2) wants to “strengthen the role of the UN in promoting international co-operation on development … The United Nations should … improve institutional set-up to enhance its functions.” Up to this point in time, China has not specified its preferred reform model for the UN's operational development work or engaged in any sort of pro-active initiative on the issue.

3 Potential for a joint agenda in international development
3.1 Diverging positions of Europe and China
Europeans are keenly aware of the growing importance of non-OECD donors like China, India, Brazil and South Africa, which threatens established patterns of influence towards developing countries, especially in Africa. The recipient countries, by contrast, appreciate the new options and policy spaces opened up by competing forces and alternative concepts. Western countries are
also preoccupied by their perception that China’s international co-operation is driven by the primary objective of securing natural resources and energy. They themselves, however, have a long tradition of mixing diverse political and economic interests with development activities. Furthermore, they cannot not disregard the legitimate nature of Chinese resource needs, particularly with regard to energy security, to support growth and social development (He/Qin 2006). Considering global resource limits and the critical stability of the global ecosystem, there is an urgent need for a negotiated equitable distribution of natural resources on this endangered planet.

There is also a conflict lurking between Europe and China over the future shape of the global system (Foot 2006). Hu Jintao calls for a fundamental restructuring: “A fair and rational new international economic order is … a prerequisite for sustainable development… We must cooperate closely to facilitate the reform of the international economic, trade and financial regime … in the interest of narrowing the gap between the North and the South” (2005a, p. 2-3). Despite all public pronouncements in support of an equitable world order, the European Union, in practical terms, still has a long way to go to leave behind the historic pattern of dominance and imposition and to genuinely embark on collaborative efforts for a post-colonial architecture of global governance.

With regard to international development co-operation, there are basically three contentious issues which need to be addressed before Europe and China can build a common agenda:

**a) Non-interference in internal affairs:** One fundamental difference in European and Chinese understanding of international relations relates to the concept of state sovereignty (Humphrey/Messner 2006). However, the reference to Article 2 (non-interference) of the UN Charter, often heard from Chinese voices in this respect, does not take into account the dynamic evolution of international law. Moving beyond the so called Westphalian notion of absolute sovereignty as an unconditional right, the international community has lately come to recognize the obligations of nation states towards their own populations. By adopting the new norm of Responsibility to Protect at the Millennium+5 Summit, all member states have subscribed to a significant modification of the non-interference principle (Slaughter 2005). For China, this implies a rethinking of one of the five principles of peaceful coexistence.

**b) DAC standards and procedures:** Western countries show considerable apprehension about the perceived erosion of DAC norms such as good governance, democracy, human rights, anti-corruption and other political criteria as a consequence of the competing paradigm of Chinese development co-operation sometimes called the Beijing Consensus (Ramo 2004). They also lack basic information on the quantity and quality of Chinese aid transfers measured according to DAC statistical conventions (Manning 2006). So far, China in its role as donor has shied away from the Paris process on aid effectiveness. The full potential of harmonisation within the global development system can only be realised if all relevant donors seriously enter into coordination procedures and joint approaches.

**c) Multilateral development system:** With her strong focus on the bilateral level, China has demonstrated little inclination so far to invest in multilateral programmes. European donors will begin to question why they should spend scarce public resources on UN agencies with limited national benefits while China harvests the political and economic fruits of its bilateral co-operation efforts.

### 3.2 Common ground

These differences notwithstanding, it is obvious that the overriding interests of Europe and China in development co-operation strongly converge. With regard to underlying values, Chinese policies also rest on normative foundations as, for example, articulated by Hu Jintao: “We should actively promote and protect human rights.” (Hu 2005c, p.6). Both players are highly integrated into the world economy and thus equally dependent on global stability. They understand that their own prosperity and security can only be maintained on a long-term basis if the development needs of the global South are addressed through an inclusive multilateral system. There is a growing awareness in China of global interdependencies and of the need “to make domestic political
decisions more and more from a global perspective” (Ruan 2005, p. 45).

While a comprehensive global pact which balances the interests of all countries will take some time, the development arena could become the testing ground for enhanced co-operation between Europe and China. They could and should become key players for the timely achievement of the MDGs. To resolve the existing differences listed above, they should turn to the framework of the UN. It is in this context that a common understanding beyond the western-dominated DAC can be established. The ECOSOC could provide the appropriate political forum for agreeing on a UN conditionality which is acceptable to all development partners. Since almost all states signed the relevant conventions, linking co-operation to these universal norms would still respect the principle of mutual non-interference.

ECOSOC’s new Development Co-operation Forum (DCF) could become the platform to negotiate a global agreement in this respect. The statements of Western countries as well as of the G77 and China at the DCF launch in July 2007 give reason to hope for a dynamic process in this direction. The G77/China (2007, p. 3) spoke out for “the development of agreed criteria and benchmarks to measure the implementation, effectiveness and results of development cooperation.” The group also made a positive reference to the DAC inspired Paris Declaration on Aid Effectiveness but suggested that the ensuing process should be anchored with the DCF and, at the administrative level, with the Department of Economic and Social Affairs within the UN secretariat. China, in its national statement, demonstrated an surprising openness to the multi-stakeholder approach in global governance by bringing together “the government, private sector and civil society” in the DCF (GoC 2007, p.2).

The European side should quickly respond to the major shift in Chinese global policies towards “building a harmonious world” as articulated by Hu Jintao during the Millennium+5 Summit. According to these pronouncements, China is ready to accept her share of responsibility for an equitable and stable world order. In similar terms, Europe has emphasized, over and over again, its interest in effective multilateralism as the only sensible response to growing interdependencies in the global system.

The objective requirements for managing an ever more complex global governance architecture brings both sides together and calls for a shared purpose in global affairs as well as for new modes of interaction. The time has come to translate analytical insights and policy announcements into practical steps, as recently underlined by a high-ranking official of the Chinese Ministry of Foreign Affairs: “China and the EU, as two rising forces, now have become the most active factors in international relations... Both China and the EU attach great importance to the international multilateral system with the UN at the core and to the rule of global governance.” (Zhengde 2005, p. 104 and 107).

Their collaboration should, of course, not be directed against any third party but focus on support for the MDGs and on strengthening the UN's role in the international development architecture. Together, Europe and China could make a decisive difference in all developing regions (for example in the form of triangular programmes) and at the global level, particularly within the UN system. The reform of ECOSOC and UN agencies could thus serve as an effective catalyst to realise a new quality of co-operation. Once incremental success has been accomplished here, the momentum could be carried forward to other fields of UN and global governance reform.

Literature:


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Going beyond the targets of the Paris Declaration, the EU has made four additional commitments: a) provide all capacity building assistance through coordinated programmes; b) channel 50% of government-to-government assistance through country systems; c) avoid new project implementation units; d) reduce number of uncoordinated missions by 50%.

Mutual non-intervention in each other’s internal affairs is one of the five principles of peaceful coexistence which provide the foundation of Chinese bilateral relations since the year 1954. The other four are: mutual respect for sovereignty and territorial integrity, mutual non-aggression, equality and mutual benefit, and peaceful coexistence.

As the Africa strategy demonstrates, in programmatic terms China has arrived in the realm of transnational politics of the 21st century. The document emphasises the rule of law in international affairs and universal values like equity and human rights. It also calls on actors outside the core structures of the nation state to get involved in international relations, like legislative bodies, political parties and people-to-people exchanges, and favours a multi-level approach by engaging local and sub-national regional entities in twinning arrangements. Furthermore, Chinese-African relations are meant to cover a broad range of thematic issues including culture, science and education.