

China: a developing country as a global power?

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China has risen to being the second-largest national economy in the world; in terms of purchasing power parity, it is even the largest. The country is a G20 member, on course to eliminating absolute poverty by 2020, and finances development projects worth billions in other countries. Nevertheless, China insists on its status as a developing country and the special treatment in international regimes that goes with it. In the Chinese narrative, this position is justified by a relatively low per capita income and tremendous social and regional differences in the country. This narrative, however, is criticised by industrial countries, above all the US, as deliberately misleading. The EU has also increasingly been calling for China to move away from its developing country status, while it emphasises China's role as a partner but also as a systemic rival.

In international regimes, China's positioning in this respect looks as follows:

1. WTO

China, along with around two thirds of WTO members, self-declares as a developing country and thus receives so-called 'special and differential treatment', under which the country is accorded, for example, longer implementation periods for agreements and the right to grant subsidies.

This is criticised by the US as a pretext for taking unfair advantage. Accordingly, a reform proposal has been made which would make special treatment dependent on specific characteristics. China, as well as other countries, would then no longer be able to claim special treatment. While Beijing vehemently rejects this proposal, the country does show some willingness to reform – partly as a result of increasing pressure from industrialised countries – so as to avert a blockade of the multilateral trade system.

2. Climate change

The Paris Agreement overcame the previous system of differential rules for developed and developing countries with respect to combating climate change – despite opposition from many developing countries. In the end, it was China, which had insisted on differential rules in the past, that helped bring about an agreement on uniform rules and thus broke with traditional allies among developing and newly industrialised countries. A prerequisite for China's agreement was the concession of a certain flexibility in implementation in cases of insufficient capabilities. It remains to be seen to what extent China, which is responsible for more than a quarter of global CO₂ emissions,¹ will itself be making use of that rule.

3. Development cooperation

Despite its role as a global power, China remains on the OECD list of recipients of Official Development Assistance (ODA) to this day. Germany is among those still granting ODA funds, e.g. by providing development loans; however, bilateral development cooperation in its original sense was discontinued as early as 2009. Many in Germany, and on the international stage, respond with

increasing stupefaction to the granting of ODA funds to China. At the same time, many actors continue their development cooperation with China, since it is seen as a necessary partner whose capabilities must be harnessed for global sustainable development.

4. South-south cooperation

In the cooperation between developing countries, China has established itself as a leading donor country, thus emphasising its willingness to take responsibility for the development of weaker countries. Cooperation here is said to rely on principles such as mutual respect of sovereignty and non-interference in domestic affairs.² When it comes to transparency and its criteria for granting aid, Chinese development aid differs greatly from the standards of 'traditional' donor countries.

The volume of Chinese development aid has grown significantly as a result of the country's economic rise (estimated gross value in 2016: USD 6.6bn),

making it the seventh-largest donor worldwide.³ China's activities as a donor, however, attract criticism both from western observers and domestically. Nevertheless, it is to be expected that China's significance as a donor will continue to grow.

Conclusion

So far, despite strong international opposition, China has been determined to defend its status as a developing country and the advantages associated with it. At the same time, given its obvious contradictions, China's narrative is under increasing pressure. In this situation, Germany and Europe should ensure that China's growing global engagement will lead to deeper integration into the structures of the rules-based international order - the advantages of which China has increasingly become aware of in times of trade conflicts.

The complete study can be found at: <https://www.kas.de/web/auslandsinformationen/artikel/detail/-/content/china-a-developing-country-as-a-global-power>

- 1 Ghosh, I. 2019: All the World's Carbon Emissions in One Chart. In: Chart of the Week, Visual Capitalist. Last accessed on 29/09/2019 at <https://www.visualcapitalist.com/all-the-worlds-carbon-emissions-in-one-chart/>.
- 2 Cheng, C. 2019: The Logic Behind China's Foreign Aid Agency. Last accessed on 30/08/2019 at <https://carnegie-endowment.org/2019/05/21/logic-behind-china-s-foreign-aid-agency-pub-79154>.

- 3 Kitano, N. 2018: Estimating China's Foreign Aid Using New Data: 2015-2016 Preliminary Figures - Contribution to AIB significantly increased China's aid volume. Last accessed on 22/10/2019 at https://www.jica.go.jp/jica-ri/publication/other/175nbg00000puwc6-att/20180531_01.pdf.

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