

## **Session 2. Roles of Northeast Asian countries to facilitate multilateral cooperation: China's approach**

**Talking Points by Dr Shafqat Munir, Research Fellow, SDPI, Pakistan**

### **Shift in China's approach from centralist to multilateral cooperation**

Since its accession to the World Trade Organization (WTO) in December 2001, China adopted a pro-active approach to multilateralism; practically, Beijing has done away with 7000 tariff lines, quotas and other trade barriers.<sup>1</sup>

This is in fact is a paradigm shift in China's approach in recent years as there has been a strong protectionist regime in China; to accede to WTO, China had agreed to rules and procedures of WTO which were framed even without China's say as prior to acceding to WTO China has different trade rule based largely on the bilateral and regional approach.

To strengthen, regional and multilateral cooperation, China has also played a key role in establishing Shanghai Cooperation Organization (SCO) and its expansion taking Pakistan too in the fold with other countries in the region, in setting up Asian Infrastructure Investment Bank (AIIB), and the New Development Bank.

### **China's Global Engagement (different in modus operandi than other NorthEast Asian economies)**

#### **President Xi's Vision on Shared Future Prosperity**

For the last few years, Chinese President Xi Jinping has been pushing for his vision of 'Shared Prosperity' which focuses on addressing global development challenges. The vision calls for an open, inclusive, clean and beautiful world that enjoys peace, universal security and common prosperity. The 'Shared Prosperity' idea calls for treating each other as equal with respect by rejecting the power politics of the cold war and suggests a new approach to developing state-to-state relations with communication and building partnerships by rejecting confrontation.

For this purpose, China's approach is to invest in huge infrastructure development which is critical for developing countries being infrastructure deficit. Huge Chinese Investments in Asia US\$ 456 Billion alone in Iran, and sufficient sums in Afghanistan, Pakistan, Bangladesh, India and other countries in the region are largely in the large-scale infrastructure development. This investment is mostly routed through the government to government (G to G) mechanism even if the sums come from the Chinese private sector. China has started a slow but steady process of giving aid to the developing countries largely in Africa. In 2001, Chinese development aid has been 1.8% of the total contribution of DAC donors. It has grown at an average rate of 21.8% annually. In 2013, China contributed 3.9% in aid of the global development assistance. This is 6.6% of the total assistance provided by the DAC countries and 26% of the total U.S. foreign aid. *So, in nutshell, Chinese approach to multilateralism is somewhat different from other North East Countries which spend direct to communities.*

#### **How China generates synergy between the development cooperation conducted by bilateral agencies and multilateral agencies they fund?**

China is among leading contributors/funders of the world which fund the multilateral agencies but Beijing feels that is being treated somehow discriminatorily. Despite being a defender of

---

<sup>1</sup> Zhou, Xizhou (2019); China's Commitment to Global Institutions, Caixin Global, 16<sup>th</sup> September 2019. <https://www.caixinglobal.com/2019-09-16/opinion-chinas-commitment-to-global-institutions-101462561.html>

multilateralism, China has been given a limited and not enough role at the International Monetary Fund (IMF), though its role has been accepted as emerging economy which the Chinese leadership believe that the not enough role to emerging economies will fail the multilateral global system run by the International institutions.

In China's view, failure to adjust to the growing clout of emerging and developing economies undermines international institutions' legitimacy. In 2014, China launched the Asia International Investment Bank (AIIB), a multilateral lender with dominant role of China. The AIIB's management and governance systems are at par with other global institutions such as IMF and the World Bank. The senior management of AIIB largely comprises of those professionals who have served with IMF and the World Bank. Practically AIIB is not rival to the existing global system rather is playing a supportive role. In 2016, both the World Bank and AIIB signed an agreement for co-financing of investment project. So, in this way China is supporting the multilateral development system.

### **How other countries in Asia and the Pacific view China's approach**

There are mixed views on China's approach to multilateral cooperation. As long as China's multilateral approach to cooperation and development is concerned, global analysts, though some categorize Chinese approach as selective towards the multilateral cooperation, believe that Beijing largely is a multilateralist. China's approach is to build, to develop and to benefit together in a conflict free businesses friendly environment. The leadership in China expresses commitment toward environmental sustainability and financial disciplines as part of the multilateral cooperation regime.

Despite its active participation in the global initiatives China is seen with some sort of suspicion by the West as if it along with Russia may create an authoritarian model of governance where human rights violations and deficit of democracy prevail and internet remain in control by a controlled governance model that cause a compromise on accountability, transparency and human rights.<sup>2</sup> China has its own point of view regarding the international order as it feels that it does not reflect the realities of our lives; it should reflect greater multipolarity, globalization and technological change without giving monopoly to some vested interests.<sup>3</sup>

**Pakistan fully backs China's approach** to multilateral cooperation and President Xi's 'Shared Future Prosperity Vision and has closely been working with China on China Pakistan Economic Corridor (CPEC) which is not just a mega road and rail connectivity project but it also focused on agriculture, power generation and setting up small economic zones along the CPEC route.

---

<sup>2</sup> Piccone, T. (2018), China's Long Game on Human Rights at the United Nations, Washington, DC: Brookings Institution, [https://www.brookings.edu/wp-content/uploads/2018/09/FP\\_20181009\\_china\\_human\\_rights.pdf](https://www.brookings.edu/wp-content/uploads/2018/09/FP_20181009_china_human_rights.pdf)

<sup>3</sup> Parton, C. (2019), China-UK Relations: Where to Draw the Border Between Influence and Interference? RUSI Occasional Paper, February 2019, London: Royal United Services Institute, p. 30