

# The Developing World

WHAT IS CHINA'S INTEREST IN THE DEVELOPING WORLD?

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## Background

- Despite its substantial economic achievements over the past 25 years, China still refers to itself as the “world’s largest developing country.”
- Developing world relations have risen in relative importance in Chinese foreign policy in recent years. In practical terms, China’s engagement of the developing world serves several Chinese interests: ensuring access to critical energy and natural resources and overseas markets; securing its periphery to prevent cross-border challenges to its stability; isolating Taiwan internationally; and promoting a multipolar world to advance a more “equitable” international order and constrain U.S. global power.

## Current Situation

- China has appealed to developing world sensibilities through provision of development assistance without conditions; regular attendance at meetings with a range of regional organizations worldwide; affirmation of its commitment to “win-win” solutions and equality among states; and repeated proclamation of fealty to fellow developing post-colonial nations.
- Decline in world opinion of the United States in recent years has contributed to China’s relative attractiveness as an alternative source of financial support and leverage against unwanted external pressure.
- China’s model appeals to many authoritarian leaders seeking legitimacy for their rule and protection from external interference in their affairs, particularly by the West.
- China is focusing on developing its soft power in the developing world. But little evidence exists that China’s attractiveness, rather than normal geopolitical calculations and economic interests in the face of China’s rise, has driven developing nations’ policies toward China.

- China is providing tangible benefits to local communities in the developing world, including debt relief, loans, and the construction of schools, roads, and other infrastructure.
- Some observers note that some of China’s high-profile pledges may prove more politically sensational than economically feasible.
- Other frictions in China’s relations with the developing world have emerged, particularly at the popular level, due to perceptions of
  - Economic and political policies that often buttress dictatorships and that benefit Chinese businesses and imported workers more than local citizens;
  - Poor treatment of local labor, disregard for environmental degradation, and shoddy construction by Chinese firms;
  - Competition from low-quality Chinese imports that may undermine local industries.
- China is beginning to recognize the growing importance of monitoring the way its government and people interact with the world. To complement and improve its “go abroad” (zou chuqu) policy of encouraging Chinese corporate activity overseas, Beijing promulgated in 2006 new regulations demanding that companies pay attention to issues of corporate responsibility, respect for local customs, and safety and labor standards.

## Implications

- U.S. and Chinese interests in the developing world overlap substantially and often complement each other. Both countries benefit from
  - The narrowing of the wealth gap between the developed and developing worlds.
  - Forestalling the emergence of failed or failing states that could become breeding grounds for terrorism, infectious diseases, and international crime.

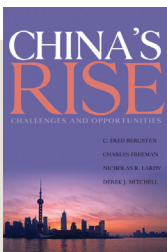
- Chinese and U.S. interests in the developing world diverge in important areas. China's no-strings-attached aid has sometimes clashed with Western efforts to promote good governance and democratization in developing nations.
- Fundamental disagreements between the United States and China on developing world-related issues will neither lead to overt conflict nor dissipate substantially. It is unlikely that China will seek to directly challenge the United States around the world in an aggressive or high-profile manner, at least in the near term.

### FACTS

- China–Southeast Asia (ASEAN) trade—\$202 billion in 2007 (20 percent annual increase since 2002)
- China–Africa trade—\$73 billion in 2007 (sevenfold increase over 2000)
- China–Latin America trade—\$102.6 billion in 2007 (42 percent increase over 2006)
- China–League of Arab States trade—\$59 billion (2007)
- China–Central Asia trade—\$19 billion (2007)
- China has signed free trade agreements with Chile, Pakistan, New Zealand, ASEAN, Hong Kong, and Macau. The pact with ASEAN will take full effect by 2010, and a separate pact with Singapore is expected in 2008.
- China's foreign minister has established a policy of visiting Africa as his first official overseas visit annually.
- China has launched Confucius Institutes to encourage Chinese language study worldwide; since establishing the first in 2004, the number of institutes has increased to nearly 300, although fewer than half of these may be in operation.
- 2008 saw the publication of China's first policy white paper on Latin America and the Caribbean, follow by Hu Jintao's third visit to the region, signaling greater attention to relations with the region.

### CHINA'S RELATIONS WITH PARIAH STATES

- China has remained one of Zimbabwe president Robert Mugabe's staunchest supporters.
- China has been a leading supporter of Burma's military junta, providing massive aid through grants and investment in resource extraction industries and more than \$1 billion in military hardware over the past two decades. China in return receives critical natural resources and access to the Indian Ocean for its military. China vetoed a 2007 UN Security Council Resolution targeting Burma's military leadership.
- Despite the horrific genocide in Darfur, China has provided Sudan's government with weapons as well as investment funds for Sudan's national oil industry. China's buys 90 percent of the country's oil exports. However, China persuaded Sudan's leadership to accept a peacekeeping mission—an apparent break with China's noninterference policy—and has deployed 315 military engineers to Darfur. It is too soon to determine if such actions are a harbinger of change, a realization of the risks to investments in unstable countries, a demonstration of concern about its international reputation, or an anomaly reflecting the extraordinary nature of the Sudanese genocide.



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SEE CHAPTER 10: "CHINA AND THE WORLD" IN *CHINA'S RISE: CHALLENGES AND OPPORTUNITIES* BY C. FRED BERGSTEN, CHARLES FREEMAN, NICHOLAS LARDY, DEREK J. MITCHELL &  
CHAPTER 5: "CHINA'S FOREIGN AND SECURITY POLICY: PARTNER OR RIVAL?" IN *CHINA: THE BALANCE SHEET: WHAT THE WORLD NEEDS TO KNOW NOW ABOUT THE EMERGING SUPERPOWER* BY C. FRED BERGSTEN, BATES GILL, NICHOLAS LARDY, DEREK J. MITCHELL &  
CHAPTER 6: "CHINA AND THE DEVELOPING WORLD" IN *THE CHINA BALANCE SHEET IN 2007 AND BEYOND*