

## China's role in the Sustainable Development Agenda: Considerations for Norway

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### Summary

China's role as an international development actor is growing, with real and increasing potential to impact Sustainable Development Goals (SDG). On some issues, Chinese initiatives align well with Norwegian interests, but China's approach to development also diverges on some key practices and norms. While Chinese international efforts meet mixed reactions, Norway should stake out its own course for when and how to engage with China over SDGs.

The People's Republic of China (PRC) is an active partner in the UN 2030 Agenda for Sustainable Development, as formally adopted by the General Assembly in 2015. As the world's second-largest economy with an expanding network of activities around the globe, China is demonstrating increasing interest in cooperation, but also stronger ambition for promoting its priorities and development principles. For countries that share many common goals with China, but are also diverging on many political norms, this presents dilemmas for when and how to engage as potential SDG partners. This brief discusses relevant considerations and options for Norway.

### Recognizing China's growing roles

Any feasible policy for how to engage with China on SDGs should be grounded in what Chinese activities already mean for international development.

Looking beyond the year 2020, the coronavirus crisis is not likely to substantially change China's growth trajectory or reduce its interest in international development. China's trade, investment, and aid are growing but are already very important for many countries, including much less-developed states for which China is the leading economic partner. In 2018, China's official figure for outward direct investment was USD 143 billion, and its foreign aid totaled USD 6.4 billion—which is not an official figure

but a research-based estimate.<sup>1</sup> To be clear, calculating China's gross economic figures is tricky, as standards vary between domestic and international institutions, and some key data are not publicly available. China is not a member of the Organization for Economic Cooperation and Development (OECD) and does not apply its standards for budgeting and reporting, but the above referenced aid figure is aligned with OECD definitions. Calculating total foreign lending is even more difficult, but many observers agree that, in some developing regions, including Asia and Latin America, Chinese lending surpasses that of the World Bank and the largest regional multilateral development banks combined, while Chinese loans to Africa most years stay below World Bank levels.<sup>2</sup> The point here is not to discuss figures but to point out that China already plays a significant role in international development.

While the PRC's main mode of development assistance remains bilateral and South–South cooperation, its work within multilateral institutions has increased substantially in recent years, now representing around 25 percent of its aid, according to the abovementioned estimates. Chinese aid and other forms of development assistance are concentrated on infrastructure, industrial, and energy development; agriculture, health, and education; and peacekeeping. Significantly, all this is not included in China's own aid-specific budgeting. China maintains its status as a developing country, having to prioritize its international engagements against domestic needs. The PRC, moreover, is nurturing strong ties to the G77, where it is not formally a member but remains a close associate. Nonetheless, China also identifies as a major power and has taken many proactive steps to enhance its position within international governance, both upgrading its membership in traditional organizations and initiating new institutions. Only considering the last five years, the list of Chinese initiatives relevant to international cooperation on SDGs is relatively long.

China has initiated two new international development banks plus a string of other funding vehicles. In 2018, it established the specialized China International Development Cooperation Agency. The PRC is now the second-largest funder of the UN regular budget and has increased, albeit modestly, its voluntary contributions to many multilateral organizations. China has gained more voting and managerial influence in the World Bank (WB) and the International Monetary Fund (IMF), and it has nominated and won top leadership appointments in several prominent organizations. The PRC also maintains the privilege of having Chinese nationals lead the UN Department of Economic and Social Affairs. In the UN, China has worked to include more of its development principles in resolutions, and it has tabled, for the first time in 2017, three resolutions in the UN Human Rights Council. Last, China has scaled up its contributions to UN peacekeeping operations.

Besides resourcing its colossal Belt and Road Initiative (BRI) with money and political prestige, China has in recent years worked to align the BRI with the UN Sustainable Development Agenda. It has arranged two BRI forums in Beijing (2017 and 2019), attended by top leaders from the UN, the WB, the IMF, and other organizations, in addition to state leaders from many, though mostly developing, countries. During the 2019 BRI forum, China formally launched the BRI International Green Development Coalition, and it pushed a new initiative to establish a multilateral cooperation center for development finance. On the environmental SDG front, China has committed to the Paris (climate change) Agreement and rolled out a domestic carbon market. It set up an international advisory panel for its domestic environmental policies already in 1992 (China Council for International Cooperation on Environment and Development).

To be sure, all Chinese initiatives may neither be equally important nor prove successful in the long run, but they clearly demonstrate budding interest and ambition regarding international governance, with obvious relevance to many SDGs.

### **Navigating complex interests**

China is facing many daunting development challenges at home, some of which have been displayed during the 2020 coronavirus crisis. Domestic priorities are laid out in the last Five-Year Plan (2016), the national SDG implementation plan (2016), and two related progress reports (2017 and 2019).<sup>3</sup> Domestic priorities include pushing economic transformation, improving basic welfare and healthcare systems, modernizing education and research, and improving environmental conditions. Chinese interest in international SDG activities is largely aligned with these domestic efforts. As a country still distributing official aid to the PRC, Norway may support both domestically oriented projects and activities focusing on Chinese actors' roles in international development. China will, however, continue to measure its international arrangements against national considerations and

principles.

In its international engagements, China tends to emphasize stability and economic growth with a comprehensive approach to development. This can be seen in many of its own SDG plans and statements, where many goals and targets crisscross and remain interconnected. Importantly, China does not promote individual political and civil rights. Overall, it insists on not interfering in domestic affairs, and China is generally against imposing political conditions on other countries or governments. These principles are enshrined in the PRC's overall foreign and development policies, including its national SDG implementation plan. Although the interpretation of some principles stretches over time, there is no radical shift in China's approach to international development; nor are Chinese domestic authoritarian politics liberalizing. For a liberal democracy like Norway that advocates, among other things, democratic rights, a strong civil society, and free media, there is no way around recognizing that Chinese and Norwegian development principles and basic political values are not always—and sometimes very far from—aligned. Norway, moreover, emphasizes gender equality and women's rights in all development policies, which does not necessarily contradict Chinese principles but is also not prevalent in the PRC's development assistance.

Internationally, China's growing role in development and SDG activities is meeting mixed reactions. On many issues, be it garnering political support for the BRI or banking votes for resolutions in the UN, China is typically backed by large groups of developing countries. Nevertheless, importantly, developing country actors are far from unison in their attitudes. On other issues, like the establishment of the Asian Infrastructure Investment Bank (AIIB), many developed countries, including the UK, Germany, and Norway, are also supportive. Regarding the BRI greening coalition, some countries agree to participate by having representatives attend or take responsibility for some activities, but without their governments necessarily embracing BRI. This is the case with Norway. There are, thus, many layers to working with China on SDG issues and participating in its initiatives.

When it comes to overtly negative reactions to China's expansive roles, the USA presents a special case. However, American thinking about the PRC and development is obviously intertwined with more general concerns related to economy, technology, and security. Although the current US administration is addressing many issues more aggressively and is less interested in multilateral cooperation than previous US administrations, the sharpened American skepticism towards China cuts across many American institutions. This has the potential to spill over into other issues. Conflictual China–US relations are already influencing working modes in the WB and other development-related organizations. For a multilateral advocate like Norway, this does make China a more constructive partner than the USA regarding issues like climate change and free trade.

Looking to Europe and the EU, the picture is more mixed and less negative, but here, too, some tensions towards China have sharpened. The 2019 EU–China strategic outlook paper speaks to this by identifying areas primed for cooperation, including climate, peace, and security, but also by labelling China as a systemic rival by pointing to its alternative models of governance. The EU also questions the qualification behind recognizing China as a developing country, pointing to its expansive global reach and technological resources. This means Norway, which is not an EU member but is part of many EU institutions, also will have to navigate an increasingly complex set of interests when staking out the course for when and how to work with China on SDGs.

### **Options for working with China on sustainable development**

When considering Norwegian policies for engaging with China on SDGs, some things are here taken for granted. First, China is assertive about its development achievements. It is eager to learn from international partners, but its most principled positions and traditional politics are not up for discussion. Many Norwegian political values emphasizing individual political rights and civic freedoms are not aligned with Chinese development priorities. This narrows the types of issues for which Norway and China find common ground, but it does not close the door for cooperation. Second, Norway has a close association with the EU, is an active member of NATO, and has a strategic alliance with the USA. Although Norway has an independent foreign policy and takes a pragmatic approach to many issues, Norwegian policy is, of course, affected by other countries' relations. Nevertheless, there is substantial room for Norway and China to engage over SDGs-related activities.

#### *Dialogue and multi-tier activities*

A regularized political dialogue on development and/or select SDGs could address both shared interests and points of disagreement and contestation. Additional or second-track activities could encompass academic exchanges on issues of mutual interest, for example, sustainable finance; environmental and social protections in infrastructure projects; energy, climate, ocean, and natural resource management; urban planning and waste recycling; peacekeeping and sustainable peacebuilding; sustainable welfare and health systems; development assistance models within health, education, and agriculture; women's empowerment; and gender roles. Within some areas, like climate and environment, welfare, and peacekeeping, there are already considerable relations to build on. Business and industry associations and individual companies also may get involved, for instance, concerning corporate social responsibility, corruption prevention standards, and risk and profit assessment methods for investment in least-developed countries.

#### *Education, research, and civil society*

Research and policy analysis environments play an important role in many policy processes in China, which

has a multitude of institutions to be involved in SDG activities. Many are building capacity within development studies and are interested in cooperation within research and education. The 17 SDGs offer a framework for identifying areas for jointly funded schemes. To build China competence within Norwegian institutions, current national programs for funding research and internationalizing education may be expanded. Additional funds may be made available for building specialized resources, also with consideration to strengthening public information and discussion on China and SDGs.

Non-governmental organizations (NGOs) face many restrictions in China, but many Chinese organizations are involved in SDG-related work. On some issues, Norwegian NGOs may foster fruitful cooperation with Chinese partners. Sports and culture associations are particularly relevant to involving youth and promoting healthy and active lifestyles—outside elite and professional arenas. The 2022 Winter Olympics, which are arranged in China, provide many opportunities in this regard.

Naturally, Norwegian and possible partner countries' NGOs, interest groups, media actors, and research environments that bring attention to and spur debate concerning critical issues should be encouraged regardless of possible negative reactions from Chinese authorities.

#### *Joint development initiatives in other countries*

China has increasing experience with triangular cooperation, which typically means one country partnering with China and another developing country for projects in that country. The UK is particularly experienced in this regard. However, triangular cooperation involves serious coordination costs, and although China is still interested, other development actors are reluctant. Triangular cooperation may still be worth considering, but only if Norway, China, and a third party identified very clear and decidedly mutual interests and complementary strengths. Thematically, Chinese and Norwegian aid overlap in several regards. Both prioritize, for instance, education and health. However, practices are different, and we know little about the effectiveness of Chinese aid, in part because much relevant information is not publicly available. This represents both challenges and possible reasons for engaging Chinese partners in joint initiatives, with the potential for sharing experiences and mutual learning.

#### *Meeting China in multilateral bodies*

China has been scaling up its multilateral investments over several years. In some institutions and among many stakeholders, China is regarded as a constructive, well-prepared, and strategic actor, often described as more active in preparatory stages than during board-level discussions.<sup>4</sup> Norwegian delegations to international organizations may prioritize time to engage with Chinese counterparts. In the face of increased China–US geopolitical hostility and a generally sharpened negotiation climate between the EU and China, Norway may work to avoid all issues getting tangled in competition and securitization

considerations. The UN Security Council (SC) is a special case, as it deals with both abrupt crises, military conflicts, and development-related peacekeeping missions. If Norway becomes a SC member for the 2021–22 period, this provides further opportunities to discuss positions in frequent interaction with the Chinese.

### *Participating in Chinese initiatives*

China has in the last few years established or helped establish several new regional and international institutions. The AIIB, which Norway joined at its inception, is the most multilateral among these. Depending on how the BRI and China's overall economy evolve in the coming years, we should expect China to initiate more institutions. The BRI Forums and the launch of the BRI greening coalition and China's proposal to create a multilateral center for sustainable finance are indicative of the PRC's desire to both align more initiatives with SDG activities and to establish more institutions. Plans for the new multilateral development finance center, with a secretariat placed within the AIIB, may materialize in 2020.

Participating in Chinese initiatives provides opportunities for engaging with China as a development actor and for promoting internationally recognized standards and principles. Transparency and environmental and social protections, including corruption preventive measures, are especially relevant in this regard. The more China's own banks and institutions get involved, the greater the potential for influencing domestic and international practices. However, there is no way around acknowledging that active participation in China-initiated institutions does boost the recognition of the PRC as a development actor, which will irritate some actors and countries. Balancing potential and real impact against normative concerns and complex interests will remain a dilemma

and a continuing point of discussion.

### *Norwegian aid to China*

Norway allocates foreign aid to China, totaling around NOK 90 million annually in recent years, which is thematically focused and aligned with Norway's development priorities. It includes some China-related funding to the Norwegian public sector and NGOs as well as multilateral agencies. More of this aid may be steered towards addressing China's role as an international development and SDG actor specifically, with special consideration to transparency and environmental and social standards and practices.

In conclusion, there is no simplistic solution for how to constructively respond to China's role in international development, while championing Norwegian values concerning political rights and civic freedoms. Any effective policy for how to work with China on SDGs will have to be based on multiple and pragmatic responses considering both Chinese and Norwegian interests.

### **Notes and select references**

1. See Kitano, Naohiro (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.
2. See Gallagher, Kevin (2016): *The China Triangle*, Oxford University Press (New York) and 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).
3. Chinese Ministry of Foreign Affairs (2016): "China's National Plan on Implementation of the 2030 Agenda for Sustainable Development."
4. See Gåsemyr, Hans Jørgen (2018): "China and the Multilateral Development Banks: Positions, Motivations, Ambitions," NUPI Report 8/2018.

