

# CHINA AND THE EU: DEVELOPMENT COMPETITORS OR PARTNERS?

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# NEOLIBERALISM & WASHINGTON CONSENSUS

1970s/1980s: (Re-)Rise of Orthodox Liberalism and the “Washington Consensus”

Foreign aid & IMF/WB loans to LDCs with conditionality of co-opting neoliberal principles

deregulation,

privatization,

opening up to free trade

(& democratization)

Post-Cold War World Order: Unipolar; U.S. superpower

<=> no sign of balancing against the U.S. from Europe or elsewhere

EU strongly in favor of U.S. development policy / Washington Consensus

# DEVELOPMENT POLICY “WITH CHINESE CHARACTERISTICS:” THE BEIJING CONSENSUS

Meanwhile: “Rise of China” in past decades to today’s second largest economy

“Beijing Consensus” handling of relations with LDCs widely regarded as success

“No strings attached” approach to giving out foreign aid and/or loans

in stark contrast to Western conditionality / Washington Consensus

not informed by liberal democratic / neoliberal principles

# THE EU'S "NEOLIBERAL" DEVELOPMENT POLICY (1)

## Development policy of the European Community (Nov 2000)

*“ ... These strategies must contribute to strengthening democracy, to the consolidation of peace and the prevention of conflict, to gradual integration into the world economy, to more awareness of the social and environmental aspects with a view to sustainable development, to equality between men and women and to public and private capacity-building. ...*

*... The horizontal issues must be incorporated in all aspects of development cooperation. Five main topics must be promoted: human rights; equality between women and men; children's rights; protection of the environment. Conflict prevention and crisis management ... ”*

# THE EU'S "NEOLIBERAL" DEVELOPMENT POLICY (2)

## **The European Consensus on Development (Dec 2005)**

*“ ... The Community will strengthen mainstreaming in relation to certain issues involving general principles applicable to any initiative and which call for efforts in several sectors. These include democracy, good governance, human rights, the rights of children and indigenous peoples, gender equality, ... ”*

=> EU development policy in line with the Washington Consensus



Are China and the EU moving from being “Development Competitors” to becoming “Development Partners?”

Is cooperation between EU and China possible at all given the fact their development approaches are basically opposites?

# SINO-EUROPEAN COMPETITION? (1)

*“... in the face of China’s growing energy consumption, EU policymakers are just as concerned as their colleagues in Washington about potential rivalry over access to oil and gas. As a ‘civilian power’ based largely on trade, aid, and diplomacy, the EU has perceived China’s increased presence in Africa as competition. ...*

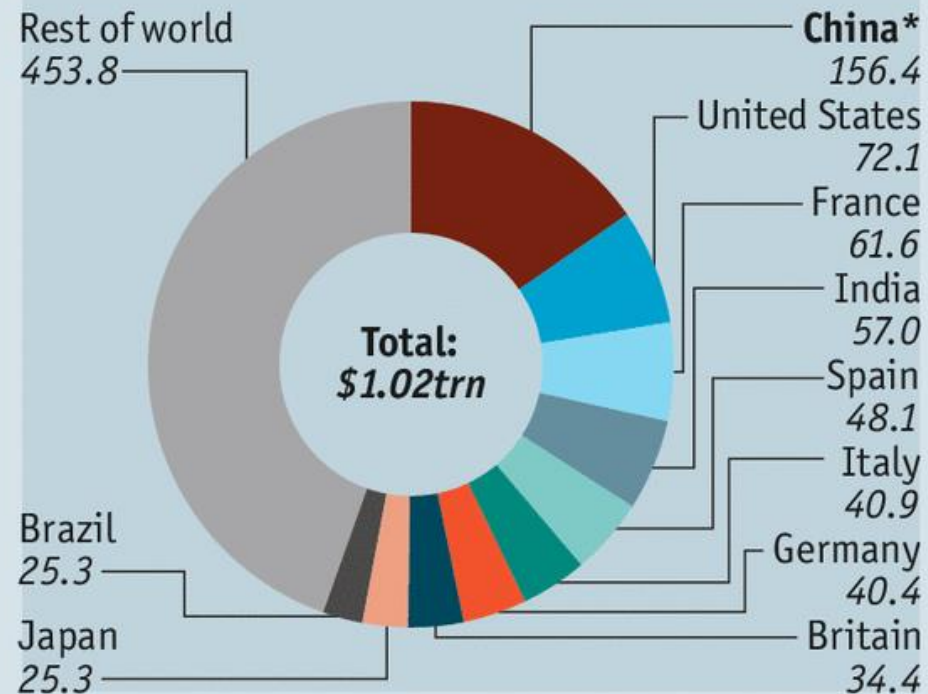
*... One could even argue that the geographical reach of the EU’s ‘normative power’ has been curtailed by the emergence of an alternative ‘China Model’ ...”*

(Dessein 2014, 272)

# SINO-EUROPEAN COMPETITION? (2)

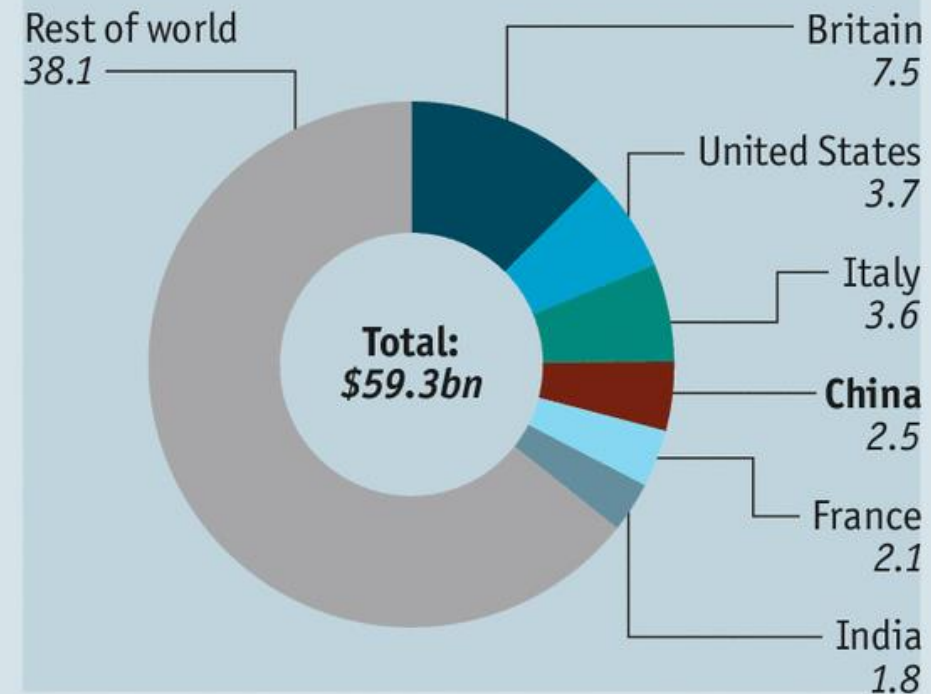
## The scramble in Africa

Goods trade with Africa, 2013, \$bn



Sources: UNCTAD; IMF

Foreign direct investment in Africa, 2012, \$bn

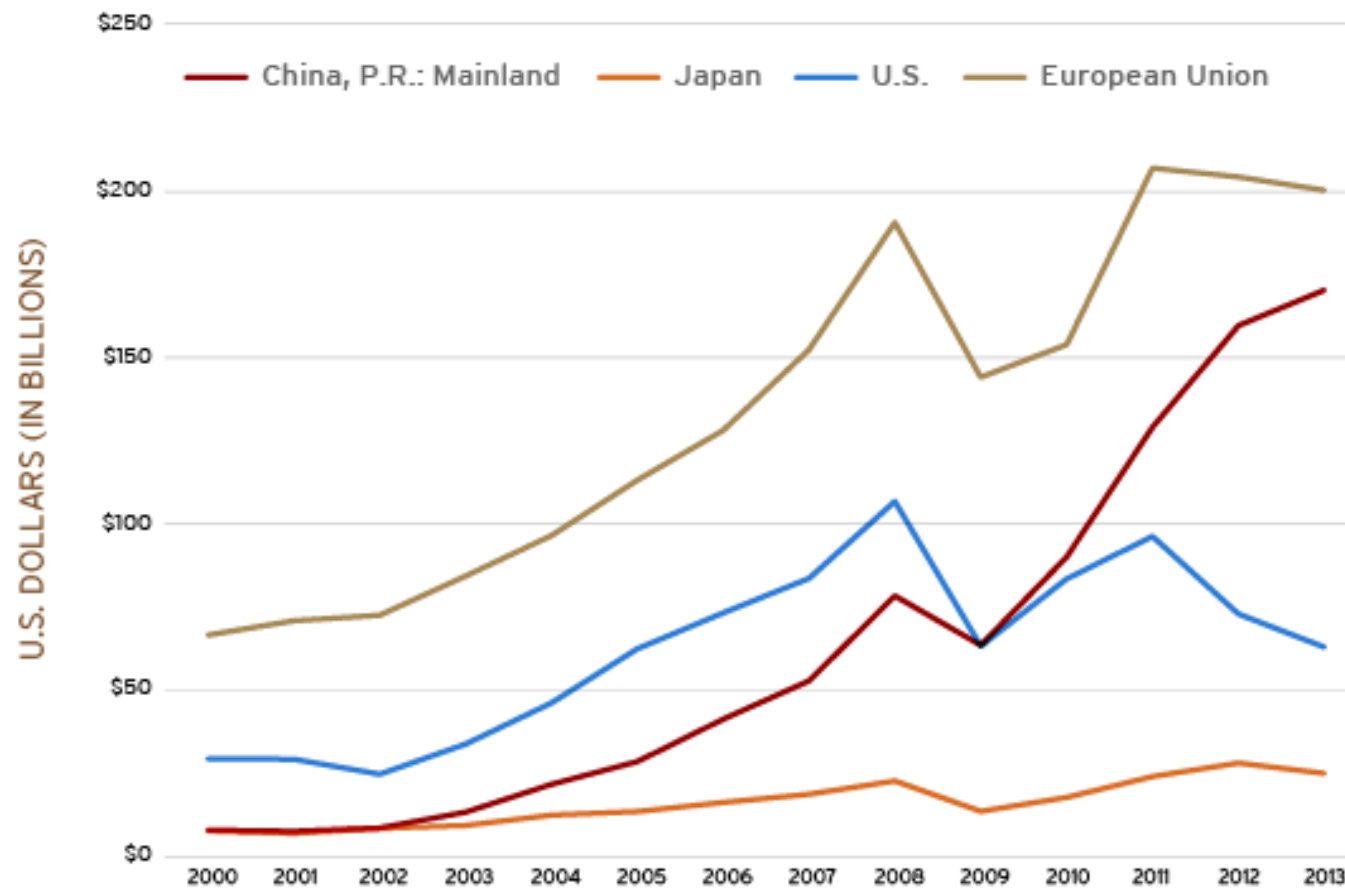


\*Including Macau and Hong Kong



# SINO-EUROPEAN COMPETITION? (3)

**SUB-SAHARAN AFRICA'S TOTAL TRADE (EXPORTS + IMPORTS)  
WITH MAJOR PARTNERS**



# COOPERATION

Chinese Foreign Minister Wang Yi:

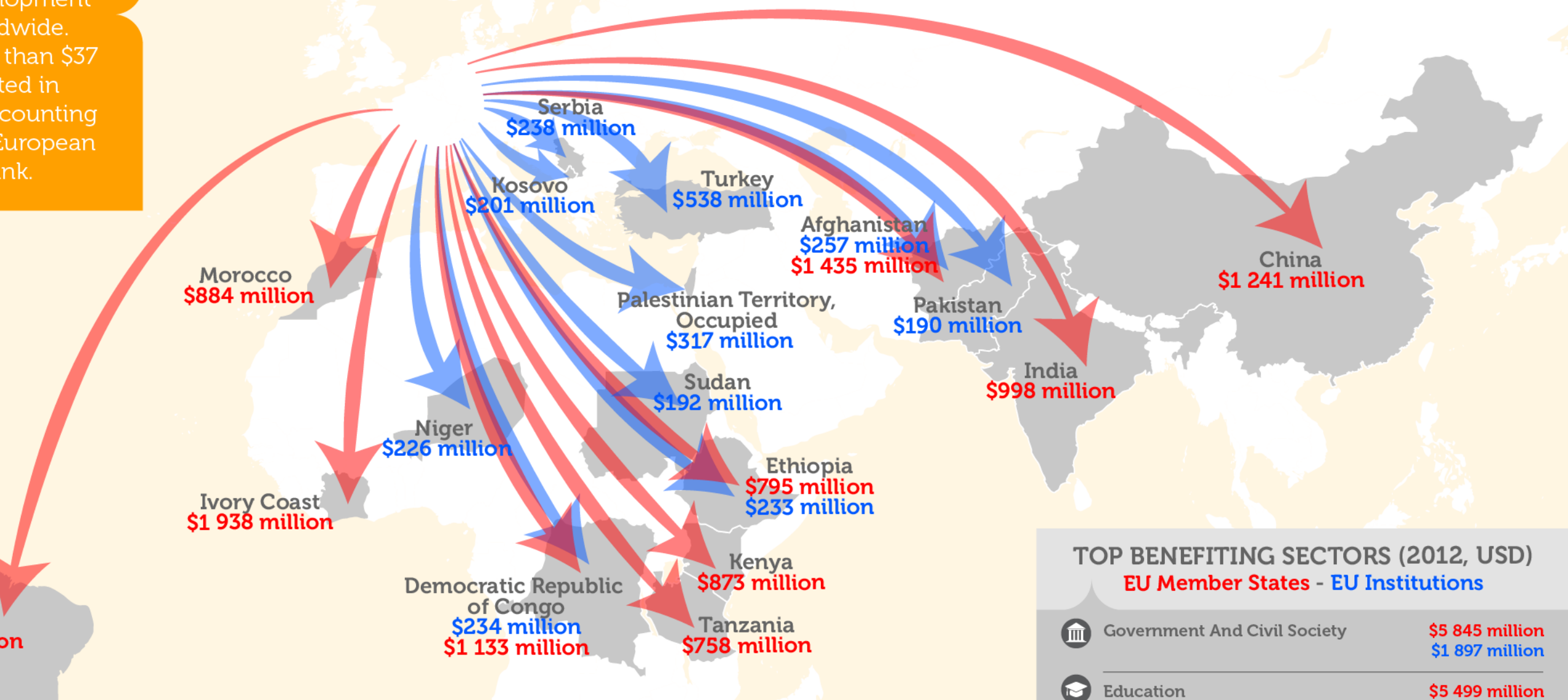
*“ ... In terms of development, we successfully formulated the 2030 Agenda for Sustainable Development with other countries and **safeguarded the legitimate rights and interests of the developing countries including China.** ...”*

China still recipient of European foreign aid

donor

stitutions  
states are  
ncial  
lopment  
dwide.  
than \$37  
ted in  
counting  
European  
nk.

MAP LEGEND  
TOP RECEIVING COUNTRIES (2012, USD)  
EU Member States - EU Institutions

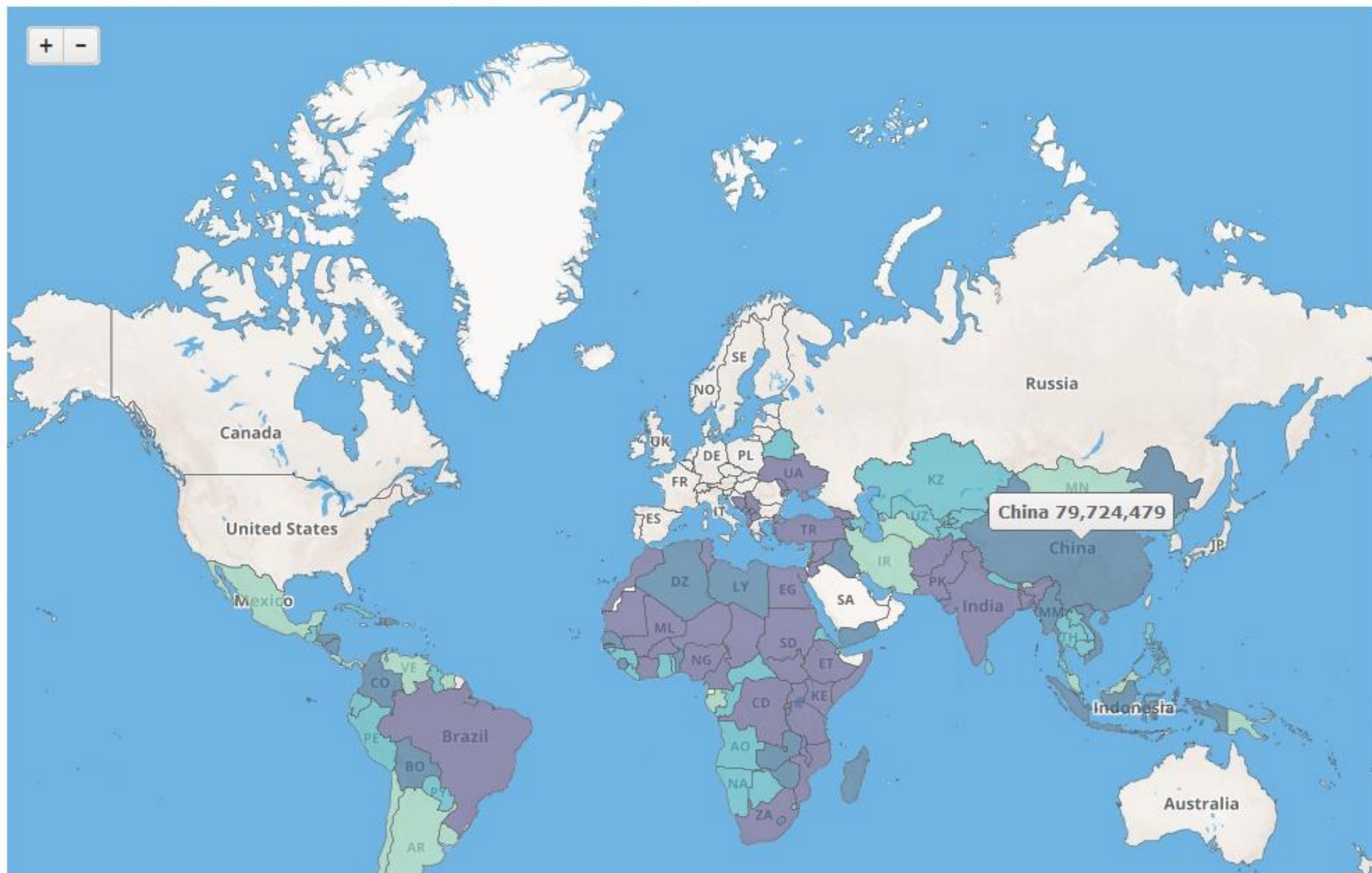


TOP BENEFITING SECTORS (2012, USD)  
EU Member States - EU Institutions

	Government And Civil Society	\$5 845 million \$1 897 million
	Education	\$5 499 million

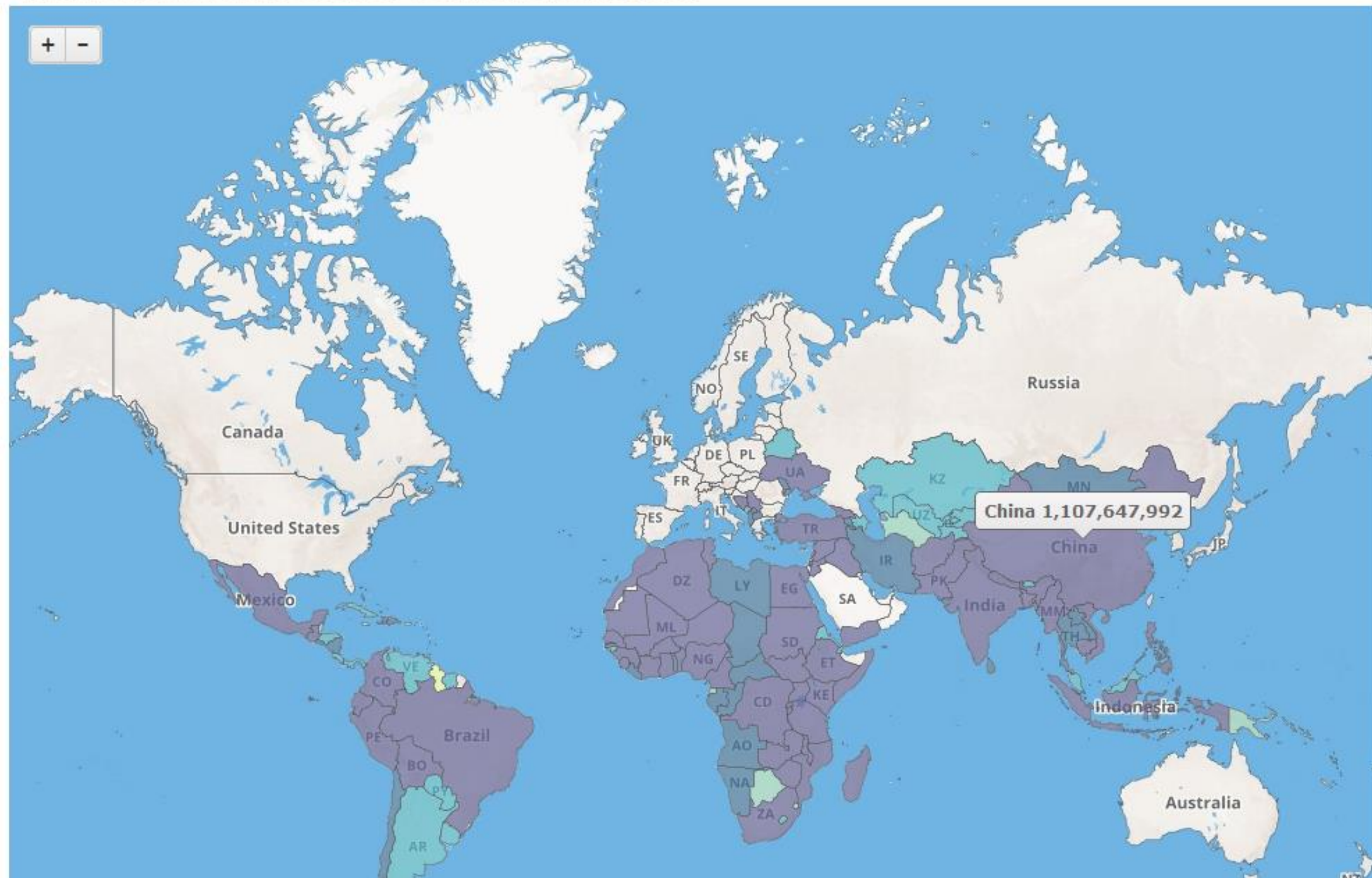
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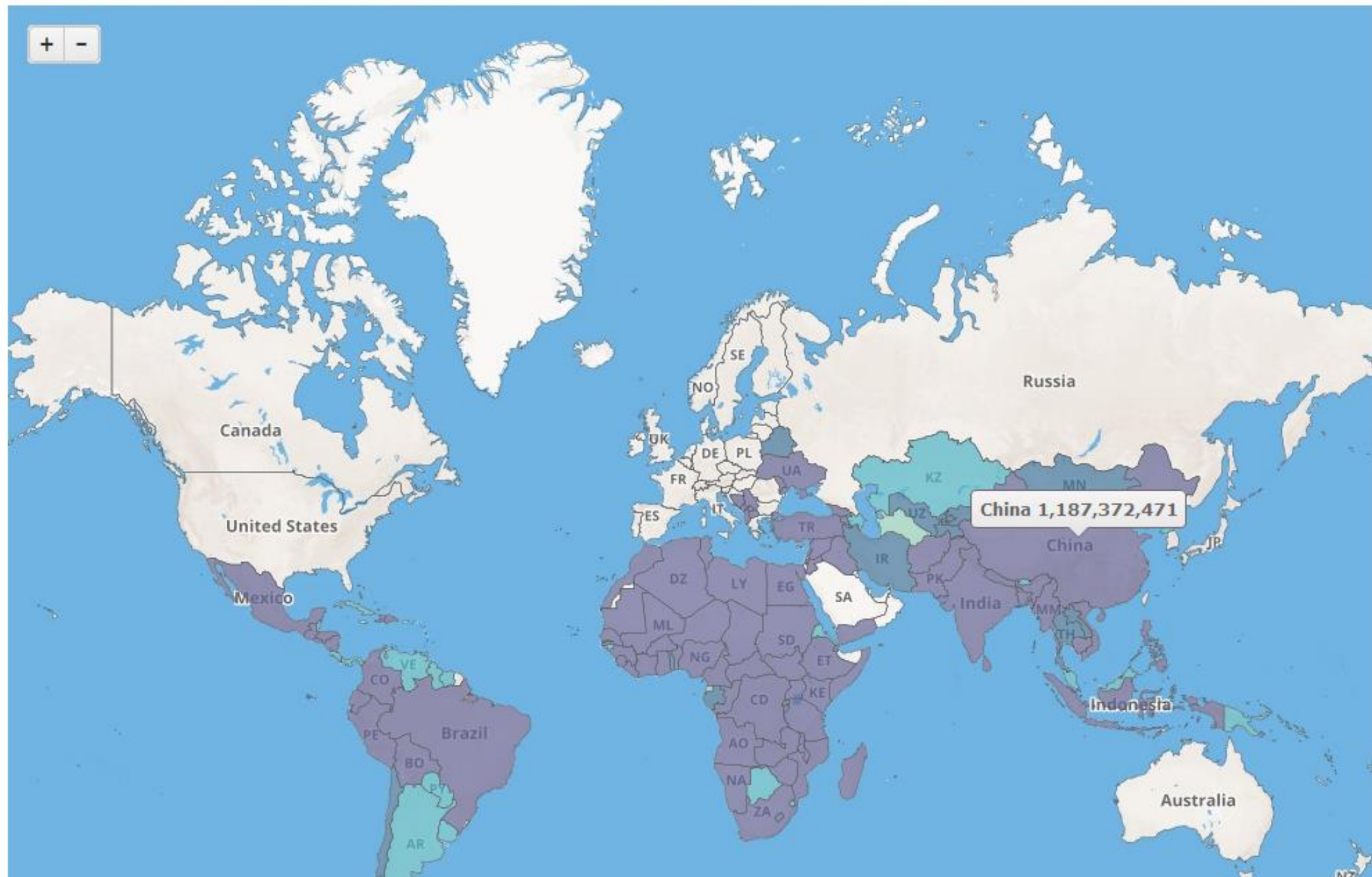




# Contributions of Member States for 2013, disbursement (USD)

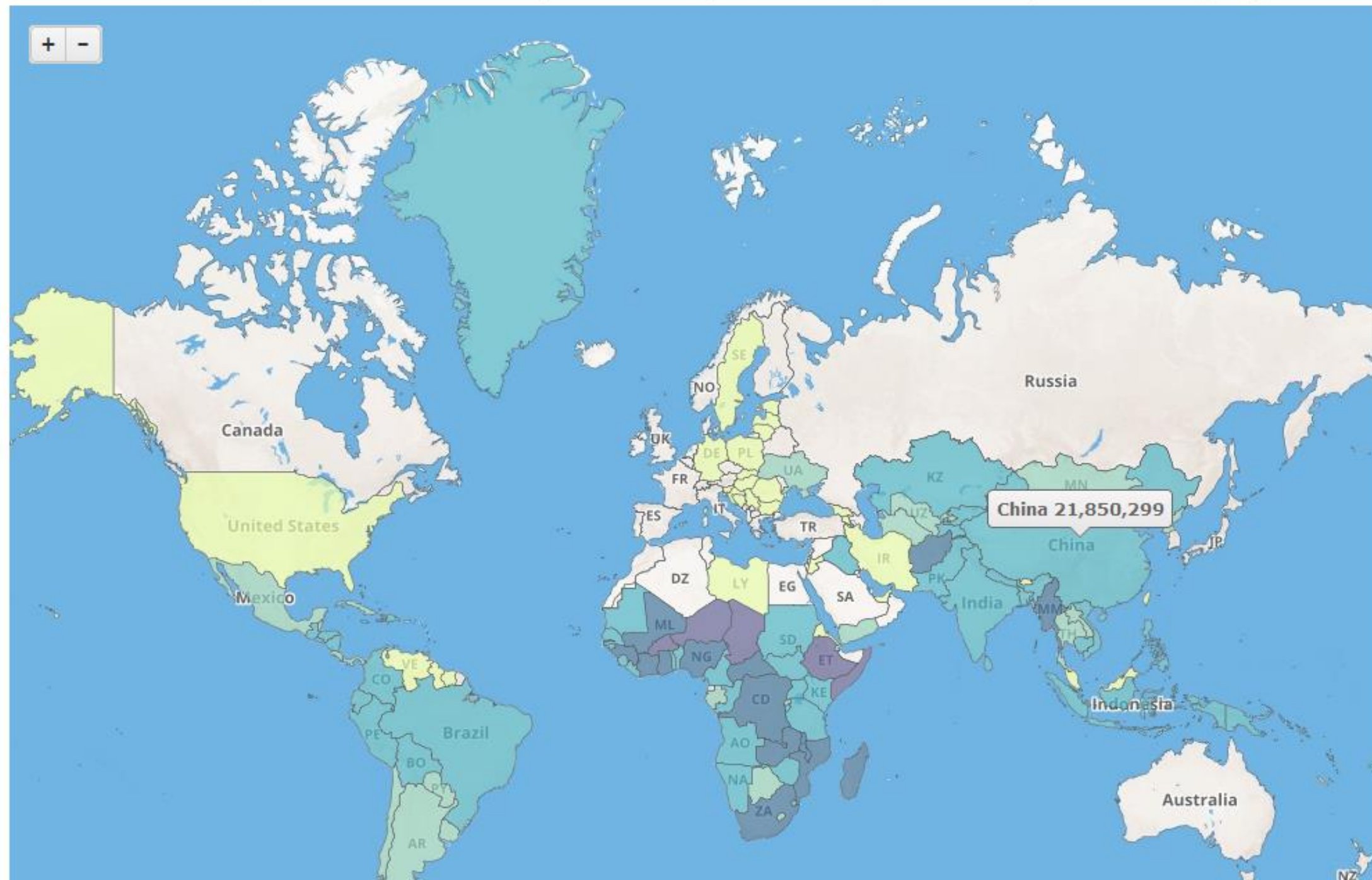


## Contributions of EU Institutions and Member States for 2013, disbursement (USD)





# Contributions of European Commission - Development and Cooperation - EuropeAid for 2015, disbursement (EUR)



# THE AIIB AS EXAMPLE OF COOPERATION

Recently, China attempted to institutionalize the Beijing Consensus, much like the Washington Consensus has been with the IMF/WB/WTO/ADB or as seen with EU Development Policy

AIIB first proposed in 2013, officially founded in 2015, headquartered in Beijing

U.S. excluded itself from the AIIB, pressured allies to do likewise

<=> Many EU member states and other U.S. allies (apart from Japan) got involved

Reason? Engaging China Model? Pragmatism?



# Asian Infrastructure Investment Bank (AIIB)

Founding members  
57

## Europe

Austria  
Denmark  
Finland  
France  
Germany  
Iceland  
Italy  
Luxembourg  
Malta  
Netherlands  
Norway  
Poland  
Portugal  
Spain  
Sweden  
Switzerland  
UK

## Middle East

Egypt  
Iran  
Israel  
Jordan  
Kuwait  
Oman  
Qatar  
Saudi Arabia  
UAE

## Central Asia

Kazakhstan  
Kyrgyzstan  
Tajikistan  
Uzbekistan

Russia

Mongolia

China

Headquarters  
Beijing

South Korea

## Southeast Asia

Brunei	Indonesia
Cambodia	Philippines
Laos	Singapore
Malaysia	Thailand
Myanmar	Vietnam

## South Asia

Bangladesh  
India  
Maldives  
Nepal  
Pakistan  
Sri Lanka

Brazil

South Africa

Australia

New Zealand



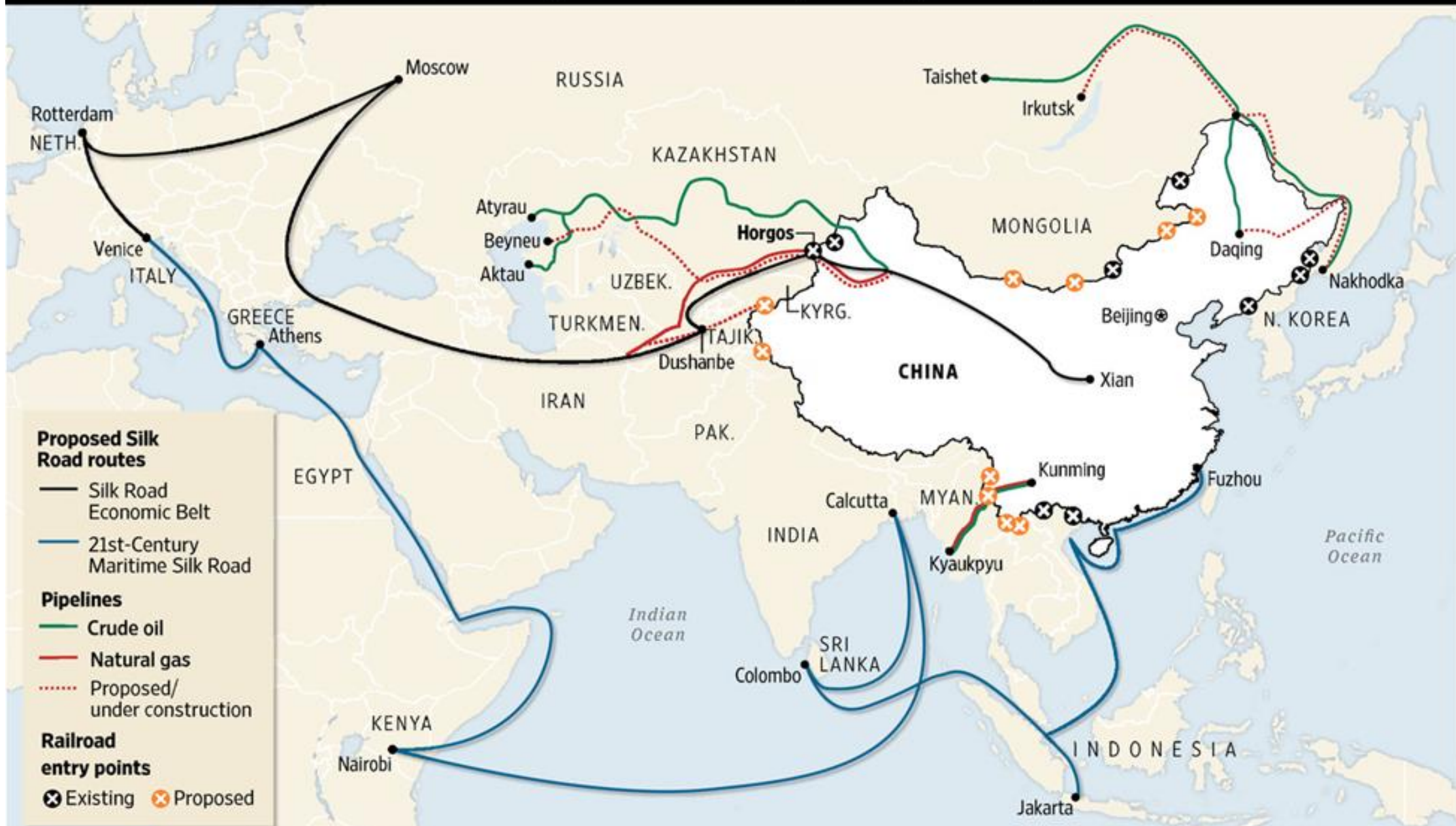
# ONE BELT, ONE ROAD AS EXAMPLE OF COOPERATION

China's "One Belt, One Road" (OBOR) diplomatic initiative promoting a modern Silk Road/Economic Belt from Europe to China, as well as a Maritime Silk Road from Chinese waters into the Mediterranean Sea

*" ... **China and EU agreed to enhance cooperation under 'Belt and Road' initiatives and the bloc's 315-billion-euro investment plan at the 17th China-EU Summit which took place in Brussels on June 29[, 2015]. ...**"*

Reason? Engaging China? Pragmatism?

# New Silk Roads | China is assembling new trade routes, binding other regions closer to it



Sources: Xinhua (Silk Road routes); U.S. Department of Defense, Gazprom, Transneft (pipelines); United Nations (rail entry points)

The Wall Street Journal



# MDG / SDG AS EXAMPLE FOR COOPERATION

Both – EU and China – cooperated in the UN to advance development globally within the MDG framework (2000-2015) and within the SDG framework since 2015:

## **EU-China Strategic Agenda 2020:**

*“ ... Strengthen EU-China dialogue and cooperation on major international development issues as well as their respective development policies, including efforts to **formulate and implement post-2015** development agenda and **sustainable development goals**. Both sides agree to start an annual development dialogue at senior official level. ... ”*

## **China accounted for much of the success in the MDG:**

MDG #1 Reduce extreme poverty by half b/n 2000 and 2015

Given China's sheer size and the unprecedented development, it contributed most

# CONCLUSION

**EU & China development policies in principle incompatible**

**Despite normative incompatibility, more and more cooperation over recent years**

EU normative perseverance:

- Despite American decline further engagement with the China Model to try to continue to advance democracy and individual human rights (“Washington Consensus”) in development policy.
- AIIB & OBOR cooperation are examples for that sort of influence the EU & member states

Pragmatism in EU about development policy:

- MDG/SDG stand example for a lessening emphasis for the Western norms in development
- Going against the American directive not to join the AIIB is another example for pragmatism