Why Is China’s Global Development Initiative Well Received in Southeast Asia?

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EXECUTIVE SUMMARY

• The Global Development Initiative (GDI) consolidates China’s international development cooperation agenda and seeks to bolster its role as a development partner for the Global South.

• Following the Belt and Road Initiative pattern in furthering the domestic-global nexus in China’s economic statecraft, the GDI seeks to synergise with its domestic pivot towards sustainable and innovation-driven growth in order to secure markets for Chinese goods, services and technologies in these new sectors.

• Southeast Asian countries unanimously support the GDI in the hope that it will contribute towards addressing their development deficits and that China will up its economic game more broadly in the region.

• The state-centric approach to development embedded in the GDI finds strong resonance among Southeast Asia’s ruling elites who embrace the ‘right to development’ and focus on delivering economic progress in their governance ethos.

• The GDI also serves as a diplomatic and discursive tool to discredit the US’ security-centric approach to the Indo-Pacific and tap into the discontent among developing countries who feel that the US and Europe devote too much attention and resources to the war in Ukraine at the expense of the Global South’s development needs.
INTRODUCTION

As China rises to great power status, Beijing has been pushing to reform the global governance system to better suit its interests and values. Multiple Chinese initiatives of a global scale have been rolled out, including the Belt and Road Initiative (BRI), Community of Shared Destiny, Global Security Initiative (GSI) and Global Development Initiative (GDI). Together, they seek to project China as a provider of global public goods by offering Chinese wisdom, solutions and resources to address global development and security challenges.

Launched by President Xi Jinping at the United Nations General Assembly in September 2021, the GDI aims to put “development high on the global macro policy agenda”.1 Its main constituency is the Global South that involves mostly developing and less developed countries. To show that China is committed to the GDI’s “results-oriented actions”, in 2021 Xi pledged US$3 billion of international assistance for developing countries in the following three years.2 In 2022, he announced China would upgrade the South-South Cooperation Assistance Fund with a replenishment of US$1 billion, and increase China’s support for the China-UN Peace and Development Fund.3 Thus far, the GDI remains largely a declaration of intent and principles4 and its funding scale through Chinese foreign assistance is rather modest compared to the Organisation for Economic Cooperation and Development (OECD) members. However, the GDI has been well received among developing countries, including in Southeast Asia. This article seeks to understand what the GDI represents and why it has gained broad support in Southeast Asia. In doing so, it argues that the GDI is not simply a refurbishing of China’s international development cooperation agenda; its significance – and implications – should be perceived in the broader context of China’s economic statecraft and in how its developmentalist approach serves China’s domestic political, economic and foreign policy agenda.

UNDERSTANDING THE GDI BEYOND CHINA’S DEVELOPMENT COOPERATION

According to Xi’s vision, the GDI aims to address “unbalanced and inadequate development among and within countries”, thus shifting beyond the model of untrammelled growth associated with environmental degradation and socio-economic inequalities that characterised the Chinese economy and much of the developing world in the past decades, towards promoting development that is “people-centred”, “high-quality”, “green” and “innovation-driven”.5 This vision is translated into eight GDI priority areas, namely (i) poverty alleviation, (ii) food security, (iii) Covid-19 and vaccines, (iv) financing for development, (v) climate change and green development, (vi) industrialisation, (vii) digital economy, and (viii) connectivity.

The GDI seeks to bolster China’s role as a global development actor and a “responsible major developing country”.6 It “frames China’s existing and new development cooperation efforts, repackaging, harmonising and synergising them for both China’s own internal coordination and articulation to the world”.7 Projects officially designated under the GDI are funded by China’s development assistance channelled through the China International Development
Cooperation Agency (CIDCA) or Chinese contributions to international initiatives/programmes. CIDCA – the GDI’s main implementing body – was established in 2018 as a vice-ministerial level agency under the State Council with the mandate of supporting South-South cooperation and the 2030 Agenda for Sustainable Development. CIDCA has set up the Global Development Promotion Centre to facilitate GDI implementation.8

The GDI launch is in line with the upward trend in China’s international development cooperation in the last decade which saw China’s discretionary contributions to multilateral development institutions and funds more than quadruple.9 The total of Chinese foreign assistance in grants, interest-free loans and concessional loans between 2013 and 2018 were around US$40 billion.10 The Chinese leadership increasingly attach importance to development cooperation in their statecraft, as reflected in the 2021 White Paper on China’s International Development Cooperation in the New Era. The paper broadly defines ‘international development cooperation’ as “China’s bilateral and multilateral efforts, within the framework of South-South cooperation, to promote economic and social development through foreign aid, humanitarian assistance, and other means”. Since China considers itself a developing country, its development cooperation is viewed as “a form of mutual assistance between developing countries under the South-South cooperation” rather than as a North-South donor-recipient relationship.11

Although China’s official statements and bureaucratic arrangements mainly cast the GDI through the lens of development cooperation, the GDI should be assessed in the broader context of China’s economic statecraft towards developing countries. As noted by Anthea Mulakala, “China anchors its [development cooperation] approach in South-South cooperation, which has broader parameters than Official Development Assistance (ODA), and includes investments, diplomacy and other modalities, such as those implemented through the Belt and Road Initiative.”12 As such, the GDI is seen as a parallel and complementary track to the BRI. Both initiatives seek to align China’s financial, technological and human resources (supply-driven) with the economic and development needs of recipient countries (demand-driven). The BRI exports China’s infrastructure-building capacity surplus to fill infrastructure deficits in other developing countries. In the same vein, the GDI is propelled by the need to synergise China’s global engagement with its domestic economic agenda which increasingly shifts towards sustainable, inclusive and innovation-driven growth under Xi’s ‘common prosperity’ brand.

While the growth-oriented BRI involves big-ticket, capital-intensive projects in hard infrastructure, the GDI is development-oriented and relies on smaller-sized projects in such areas as public health, poverty reduction, green and low-carbon economy, digital industry and innovation.13 This signals China’s “slow shift from mega infrastructure” to “small and beautiful projects”,14 a move necessitated by the BRI’s decelerating momentum. After years of excessive overseas lending, China has become more cautious in infrastructure financing due to its own economic woes, repayment problems and the low economic returns on its foreign loans, and accumulative complaints about the BRI adding to socio-environmental risks, unsustainable debts and governance and corruption issues in partner countries.15 According to a study by the Boston University Global Development Policy Center, China’s overseas development finance through the China Development Bank and the Export-Import Bank of China peaked in 2016 and shrank to only US$10.5 billion in 2020 and 2021.16
Following on the BRI, the GDI is the latest expression of China’s developmentalist approach to international relations, which views “economic development as the foundation for stability, security and peace” – a key guiding principle for China’s domestic and foreign policy since its opening-up and reform since the 1970s. According to Evelyn Goh, these developmentalist principles “are deeply shared among post-colonial, developing countries.” China therefore sees the Global South as a critical constituency where its extensive economic engagement alongside its developmental discourse would help Beijing win more friends and partners than Washington in their global contest. That is why the South-South cooperation is increasingly important in China’s grand strategy, and the Global South is often framed as being in one family and sharing a common destiny with China.

To fully grasp the implications of the GDI for international politics, one should look beyond the lens of Chinese development assistance and examine how effectively and robustly Beijing will pitch the GDI as a diplomatic and discursive device to propagate Chinese norms of governance, rally other countries in broad and flexible coalitions that support China’s global vision and agenda, and undermine American (and Western) normative influence and leadership in the global governance system. As noted by Joseph Lemoine and Yomna Gaafar, “[W]ith the GDI, China wants to lead what it hopes is a new era in development – not only by investing money, but also by leading the conversation.” It is in this broader context that this article looks at how the GDI has been received in Southeast Asia and what implications it may have for the Sino-US strategic competition in the region.

THE GDI IN SOUTHEAST ASIA: A MEETING OF MINDS AND INTERESTS

Addressing Development Deficits

Most Southeast Asian countries are developing countries with huge development deficits. This makes the GDI an attractive offer to their governments. Southeast Asian countries have unanimously expressed their support for the GDI. The leaders of Cambodia, Indonesia, Malaysia and Thailand attended the High-level Dialogue on Global Development hosted by Xi in June 2022. All ten ASEAN countries have joined the Group of Friends of the GDI at the UN. They also stand to become the largest regional group to benefit from this initiative, with 14 out of a total 50 projects (28%) in the GDI Project Pool’s first batch. These projects focus on poverty reduction, pandemic response, food security, climate change and green development. Mainland Southeast Asian countries have a larger share of projects than the maritime ones. Singapore – the most advanced economy in ASEAN – has but one project on digital border information connectivity.

At the ASEAN level, the ASEAN-China foreign ministers meeting in August 2022 “welcomed the Global Development Initiative (GDI)... and encouraged participation in the GDI priority areas”. This was followed by the adoption of the ASEAN-China Joint Statement on Strengthening Common and Sustainable Development at the 25th ASEAN-China summit in November 2022, which affirmed both sides’ “commitment to development” and “priority to development undertakings”. Xi pledged in 2021 that China will provide US$1.5 billion in
development assistance for ASEAN countries in the next three years. In 2022, China offered
to set up a special loan for ASEAN’s and China’s common development.

The GDI builds upon the existing ASEAN-China development cooperation agenda. During
recent years, this agenda has increasingly focused on public health, green transition and digital
development – three priority areas of the GDI. The Covid-19 pandemic has driven closer
ASEAN-China cooperation in public health. As of August 2022, China had donated US$6
million to the ASEAN COVID-19 Response Fund and provided over 600 million doses of
COVID-19 vaccines to Southeast Asian countries (in both donations and sales). In green
transition, both sides adopted the 2021 Joint Statement on Enhancing Green and Sustainable
Development Cooperation “to promote climate change mitigation and adaptation” through
energy transition and energy resilience, forest management, climate smart agriculture, and
knowledge sharing on climate change tackling. In digital transformation, the ASEAN-China
Partnership on Digital Economy is being implemented through its 2021-2025 five-year action
plan; policy exchanges are conducted through the annual ASEAN-China Digital Ministers
Meeting starting from 2021; and an ASEAN-China Digital Trade Centre will be established in
Guangxi, China.

Apart from these new priority areas, the GDI’s poverty alleviation component would be of
great interest to Southeast Asian countries, given that their development goals have been
seriously undermined by the Covid-19 pandemic. According to the Asian Development Bank,
the pandemic pushed an additional 4.7 million people in Southeast Asia into extreme poverty
in 2021 and caused 9.3 million job losses, compared with a baseline no-COVID scenario. Meanwhile, China has lifted 800 million out of poverty over the past four decades and declared
in 2021 that it had eliminated absolute poverty (at the threshold of below US$1.90 per day).
Building upon its success story, the Chinese government has made poverty reduction a
highlight of its development cooperation agenda, calling for the achievement of a “Global
Community of Shared Future Free from Poverty”. Mainland Southeast Asian countries are
among the largest recipients of Chinese development aid targeted at poor communities.
Together with Vietnam, these countries accounted for 74% of China’s aid to the region between
2000 and 2014. More importantly, China’s role in enabling poverty reduction in Southeast
Asia is channelled through economic opportunities from its enhanced trade and investment ties
with the region.

Going forward, it is also important to follow ASEAN-China cooperation in the sharing of
development knowledge, which is driven by China’s efforts to legitimise and promote the
‘China Model’ internationally. One manifestation of this is the rise of international
development studies in China, focusing on China’s developmental path and promoting it as a
model of development in Global South–South relations. China has established the Center for
International Knowledge on Development (CIKD) which actively promotes the GDI and
concurrently serves as the Secretariat of the China-ASEAN Knowledge Network for
Development launched in May 2022. Under the 2021-2025 plan of action to implement the
ASEAN-China strategic partnership, both sides have agreed to enhance policy communication
and promote sharing of experiences on governance, including e-governance, public sector
reform, local administration capacity building, environmental governance, and digital
governance.
Confluence of Economic Interests

There are economic motives beyond development cooperation that make the GDI an attractive value proposition for both Southeast Asia and China. On the Chinese side, the GDI is arguably driven less by altruistic motives than by the need to synergise China’s global engagement with its new development stage characterised by Xi’s development philosophy of “innovative, coordinated, green, open and shared development”. As such, China’s domestic economic agenda has increasingly pivoted towards sustainability and innovation-driven growth, which entails the need to secure export markets for Chinese goods, services and technologies in these new sectors. At the 2022 ASEAN-China Summit, Chinese premier Li Keqiang highlighted five areas of strengthened cooperation between China and ASEAN economies, namely (i) trade and investment liberalisation and facilitation, (ii) new-type industrialisation, (iii) digital transformation, (iv) low-carbon development, and (v) agricultural modernisation. These areas overlap with the GDI priorities, and they signal China’s coming of age as an economic heavyweight, a technological powerhouse, and a global development actor.

On their part, Southeast Asian countries embrace the GDI not only because they anticipate larger Chinese development assistance but more importantly, they expect China to up its economic game in the region. Most Southeast Asian countries, except Cambodia, Laos and Myanmar, have moved from recipients of aid to providers of development cooperation. Rather than counting on Chinese aid, they would look towards greater development opportunities through extensive economic ties with China.

There are ample development needs and new drivers of growth in Southeast Asia, making the region a prime destination for China’s investment, collaboration and assistance in new areas. For example, Chinese big techs have deep stakes in the region’s digital economy to tap into its growth potential which is estimated to reach US$363 billion in 2025. Alibaba-owned Lazada is the largest e-commerce platform in the region, operating in Indonesia, Malaysia, the Philippines, Singapore, Thailand and Vietnam. Alibaba and Tencent are major investors in most promising tech start-ups in the region such as SEA, Tokopedia, and Go-Jek. Chinese tech titans, notably Alibaba, Tencent and Huawei, are building multiple data centres in Southeast Asia since this region is assessed to be “indispensable for growth” of Chinese cloud companies.

In terms of the sustainability agenda, China’s ongoing innovation drive towards green development has had positive spill-over effects to other countries. For example, its 80% market share for all manufacturing stages of solar panels has reduced the cost of solar PV by over 80% in the past decade, which helped to accelerate worldwide clean energy transition. At the same time, China needs a global market to upscale and export its manufacturing capacity for greater cost efficiency, including in Southeast Asia where the green economy sectors will potentially generate US$1 trillion economic opportunities by 2030 if climate action is seriously pursued.

Meeting of Minds

The GDI is not only an instrument of Chinese economic statecraft but also a normative vessel to promote China’s state-centric approach to development to serve its domestic political and geopolitical agenda. At the heart of this approach is the belief that ‘development’ – understood
by China as economic progress in material terms – is “the master key to solving all problems”, from poverty to conflict and turmoil, in line with the Chinese traditional philosophy that “the essence of governance is livelihood; and the essence of livelihood is adequacy.”35 The GDI’s normative significance therefore lies in its intent and effect to “reframe narratives around governance and human rights” to counter the Western discourse that places emphasis on civil-political and individual rights.36 This Chinese approach finds strong resonance among Southeast Asian ruling elites who embrace the ‘right to development’37 in the 2012 ASEAN Human Rights Declaration and prioritise the delivery of economic prosperity over the realisation of civil-political rights in their governance ethos.

The GDI also serves as a diplomatic and discursive tool to discredit what China views as the US and its allies/partners’ security-centric approach in their Indo-Pacific strategies. It pitches China-led win-win economic cooperation versus US-led zero-sum alliance-building. This simplistic framing glosses over China’s own military build-up as well as efforts by the US and its allies/partners to compete with China in delivering global public goods from Covid-19 vaccines to clean energy. However, this narrative resonates with many Southeast Asian leaders whose current top concerns are to have their economies recover from the pandemic, overcome economic fallout from the war in Ukraine, and avoid entanglement in great power conflict. Chief among them is Indonesian president Joko Widodo who is well-known for his preoccupation with bread-and-butter issues rather than geopolitics. Under his watch, Indonesia’s 2022 G20 presidency prioritised three issues, namely inclusive health management, digital-based transformation and transition towards sustainable energy, all of which fall under the GDI’s ambit. Xi’s speech at the Bali G20 summit focusing on global development dovetailed well with Jokowi’s preference.38

Some pundits have criticised Jokowi for his parochial foreign policy, but his stand is not without public support. According to the State of Southeast Asia 2023 survey, the majority of Southeast Asian respondents view the increase in energy and food prices as the most serious impact of Russia’s invasion of Ukraine for the region (58.3%), well above the second-ranked concern over the erosion of the rules-based order and violation of national sovereignty (25.9%).39 Against this backdrop, China could leverage the GDI to tap into the discontent among developing countries who feel that the US and Europe devote too much attention and resources to the war in Ukraine at the expense of the Global South’s development needs. Even India – a strategic opponent of China and a member of the Quad – has voiced similar grievances. In December 2022, Indian foreign minister S. Jaishankar highlighted two big divides in the world: “One is the East-West divide centering around Ukraine and the other is a north-south divide centering around development.”40 In the same vein, Chinese media decried Washington’s US$150 million in development assistance pledged at the special ASEAN-US summit in May 2022, saying that it is “just a drop in the bucket if compared to US support for Ukraine” (US Congress approved a US$40 billion aid package for Ukraine in the same month) and also a meagre amount compared to Xi’s pledge of US$1.5 billion in 2021.41
CONCLUSION

The GDI signals China’s intent to be a global leader in development cooperation on its own terms. Its focus on poverty reduction, healthcare, green transition and digital transformation corresponds to the global trends of sustainability and innovation as well as the prevailing needs for pandemic response and the economic recovery of many countries. The GDI, however, is not simply a package of development projects supported by Chinese foreign aid. Its significance – and its implications – should be perceived in the broader context of Chinese statecraft that seeks to synergise China’s domestic economic shift towards sustainability and innovation-driven growth with its international engagement. It also serves as a discursive weapon to legitimise the Chinese developmentalist approach to domestic and global governance as well as to discredit the US’ security-centric approach in the Indo-Pacific and US’ role as the provider of security goods in the region.

Since ‘development’ is an encompassing and positive-sounding concept, the GDI has become China’s new rallying cry to deepen its comprehensive ties with Southeast Asian countries and ASEAN as a whole, from education to health, green transition to digital transformation, social security to economic integration. Southeast Asian countries support the GDI as they expect material benefits out of it as well as normative alignment around the ‘right to development’. However, it is premature to infer that they consent to China’s “hegemonic bargain”, i.e. enjoyment of China’s economic rewards in exchange for acceptance of China’s hegemony. China’s expectation is that confluence of economic interests would trump disagreements on security issues. Judging by the enduring distrust towards China among Southeast Asian foreign policy elites, their doubts about China’s Global Security Initiative, and their abiding interest in deepening ties with other major powers, China has a long way to go to convince Southeast Asians that looking towards Beijing is their best hope.

ENDNOTES

2 Ibid.
4 Analyses and commentaries by Chinese academia and think tanks on the GDI also lack concrete policy inputs and focus mainly on extolling and amplifying the six principles in Xi’s GDI launch speech, namely (i) development as a priority; (ii) people-centred approach; (iii) benefits for all; (iv) innovation-driven development; (v) man-nature harmony; and (vi) results-oriented actions. This observation is made based on the English translation of a number of Chinese language documents on the topic, made available by the CSIS’ Interpret China project at https://interpret.csis.org/.
5 Xi Jinping’s full speech at the U.N.’s 76th General Assembly.
6 “Global Development Initiative: Philosophy, Principle, Path, and Progress”, China’s Center for International Knowledge on Development (its establishment was first announced by Xi Jinping at the 2015 UN Development Summit), 20 June 2022, English translation made available by the CSIS’ Interpret China project at https://interpret.csis.org/translations/global-development-initiative-philosophy-principle-path-and-progress/.
8 For more information about the Centre and the GDI, see its website at http://en.cidca.gov.cn/gdpc/index.html.
12 Anthea Mulakala, op. cit.


35 Yao Yao, “Global Development Initiative Provides a Blueprint for Responding to World Changes”, Red Flag Manuscript (a bi-monthly political magazine that publishes theoretical writing on socialism, economics, and society, published by the CCP’s official theoretical journal Qiushi, 25 February 2022), English translation made available by the CSIS’ Interpret China project.


42 For more analysis on China’s hegemonic bargain with the region, see Evelyn Goh, “Contesting Hegemonic Order: China in East Asia”, op. cit.
43 Sharon Seah et al., op. cit.