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“China’s successful economic development can be an inspiration for other developing countries”

*Exclusive stars interview with **Zheng Yu, Professor of International Studies, School of International Relations and Public Affairs (SIRPA), Fudan University, Shanghai**, conducted by Helge Wolff, MBA Student, Fudan University, Shanghai, at the sidelines of the stars China symposium 2018 in Chengdu.*

Helge Wolff: In your speech at the stars China symposium you focused on China’s expanding role in international development. Is China willing and able to take over greater responsibilities in the international community?

Zheng Yu: There is a debate in China whether the country should stick to its low-profile approach to foreign policy that was designed by Deng Xiaoping or whether it should depart from it. Under the Xi Jinping administration we currently see a transformation from passivity to more active engagements, in particular towards developing countries. This is also part of the plan within the Belt and Road Initiative and results, amongst other things, in the creation of multinational development banks. This shows the efforts China is ready to make in order to contribute to global public goods. China has benefited from globalization for a long time and this is the time to give something back to the rest of the world.

In which areas of international development do you consider China as particularly strong?

China is still a developing country in terms of its economic development. There are a lot of poor people in the country. But China has a unique experience of highly successful economic development over the past thirty years which is very relevant and can be an inspiration for other developing countries. These experiences are much more relevant than the experiences that the Western countries bring to the table, whose economic developments lie in some cases more than 100 years in the past. China’s recent and fresh experiences are certainly one of its strengths that can be useful for other developing countries.

Does America’s increasingly domestically-focused political agenda create additional space for an accelerated expansion of China’s role in international development?

Yes, as the US retreats partly from the global arena, China gains more space for its own efforts. But this must not be considered as a zero-sum game, where China takes over what the US might give up. Many issues such as global warming, environmental protection, or the nuclear crisis require collaborative efforts from both superpowers. After all, global issues have to be tackled with joint effort. I don’t think that current US policies provide only opportunities for China, but they also bring along many challenges. It would be a pity if China has

to rely on itself to take on issues such as those just mentioned and cannot count on the support of the US.

You recently published a paper on China's investment activities on the African continent. What is China's strategy when it comes to investing in developing countries?

There is a perception that China's investments are always targeted at the resources of these countries. My research, however, shows that this is not the case and that Chinese investment strategies are very diverse. Some investments are directed at resources, in particular energy, whilst a large chunk also goes into manufacturing. Based on the country's own domestic experience, I think that manufacturing provides a lot of potential for growth. Firstly, China has a comparative advantage in manufacturing that could be transferred to other developing countries. Secondly, manufacturing will have large positive spill-over effects on local economies by creating more jobs, attracting additional investments, and connecting these economies to the global markets. In the long-term this has mutual benefits for Chinese investors as well as the hosting countries.

Political risks and weak institutions discourage most Western investors when it comes to foreign direct investment in Africa, but also in other regions. Does China have a different risk appetite or how does it mitigate these apparent risks?

Chinese investors, just as any other investors, care about risk. However, they handle these risks differently. China doesn't have the same well-functioning institutions as in the West to protect their investments. There are no insurance mechanisms to protect against losses. What we see recently though is that many Chinese investments, particularly those in Africa, follow the trails of historical Chinese foreign aid projects. This means that for these regions and countries, certain connections and ties already exist, which allow investors to possess more information and feel more secure. Hence, investments are often directed at markets where previous projects with Chinese involvement have taken place.

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