

Strengthen South-South Cooperation and Promote Global Sustainable Development

Dr. XUHongcai, Director of Economic Research Department, China Center for International Economic Exchanges

Presentation for Brainstorming Meeting on South-South Cooperation and China

Organizers: South Center of United Nations, Chinese People's Institute of Foreign

Affairs, Institute of World Economics and Politics of CASS

12 November 2015, Beijing

Over the past few decades, Chinese people have been working hard to help other developing countries to develop economy and technology and improve living standards of local people with the latest technology and equipment, from Africa to Southeast Asia and from Central Asia to Central and South America. The principles including equality, mutual benefit, long-term cooperation and common development advocated by China have been generally accepted and widely followed during the South-South cooperation. Chinese companies, which have made important contributions to South-South cooperation, are also committed to helping the underdeveloped countries through long term investment, trade, official assistance and other forms of development assistance such as constructing roads and building schools and clinics.

China's contributions are mainly manifested in four aspects. Firstly, Chinese development assistance has brought new hope for the people's life in developing countries in Asia and Africa. Agricultural technologies

as well as grain and vegetable varieties much needed are provided to the local people, such as Benin agricultural cooperation, and projects in Uganda. Merely from 2010 to 2012, more than 2000 experts in various fields, such as agriculture, handicrafts, radio and television, clean energy, culture and sports, have been sent by China to over 50 countries and widely engage in technical cooperation. Secondly, China has consistently provided support to some countries to help them overcome the bottleneck of development such as Capital International Airport Expressway Project of Uganda, Belgrano Cargas Railway Reconstruction Project of Argentine, Light Rail Project of Ethiopia Capital, and Power Generation Projects of Kyrgyzstan. These projects have greatly improved traffic capacity and electricity supply of these countries. Thirdly, China is willing to share new technologies in terms of transportation, communication and other independent development fields with other developing countries in need. Good examples include training centers of HUAWEI set up in Uganda, Kenya, South Africa, and Angola. Fourthly, Chinese people have demonstrated new work spirits. From decision-making to implementation, the South-South cooperation projects of China are very efficient, compared with the aid projects from many other developed countries attend to delay.

As a developing country, China has lifted hundreds of millions people out of extreme poverty. In recent years, China have taken more active

participation in South-South cooperation, such as the establishment of new BRICS Development Bank, initiation of Asian Infrastructure Investment Bank, proposal of “the One Belt and Road Initiative”, establishment of Silk Road Fund and China South-South Climate Cooperation Fund. At the United Nations Development Summit in New York in September 2015, Chinese President Xi Jinping announced that China will set up a “South-South Cooperation Assistance Fund”; the first contribution is 2 billion US dollars. He also promised to try to raise Chinese investment in the least developed countries to 12 billion US dollars by 2030. China will exempt the governments of the least developed countries, landlocked developing countries and small island developing countries the interest-free loans by the end of 2015. A Knowledge Center for international development will be set up by China, in which, together with other countries, China will study and exchange development theories and practice which suit our specific national conditions. On September 27th, when meeting with United Nations Secretary General Ban Ki-moon at the round table President Xi Jinping also announced that China will set up the South-South Cooperation and Development Institute. In order to help developing countries to promote economy and improve people's livelihood, in the next 5 years China will provide six major project support to developing countries, as well as personnel exchanges and training support, etc. President Xi Jinping also

puts forward four suggestions to promote South-South cooperation. The first point is to explore the multiple development path. The second is to promote strategic alignment of national development of all countries. The third is to achieve pragmatic development outcome. The fourth is to improve the global development framework. These proposals are very constructive and I fully agree with him.

Today, all countries including China are faced with the challenges in achieving sustainable and inclusive development, and coordinating economy with environment. The global implementation of the Millennium Development Goals has made important progress so far, but the progress has not been balanced, especially in the poorest countries. To help developing countries achieve sustainable development, the international community should further strengthen the international development cooperation, raise more resources for development, establish a more powerful development partnership, and create a sound and favorable international development environment. In September of this year, the 2030 development agenda was adopted at United Nations Development Summit, which proposed more ambitious development goals for all countries and provided new opportunities for international development cooperation. In order to further promote South-South cooperation, I would like to emphasize the following points.

First of all, the international community should not ignore the main channel and critical role of the North-South cooperation in the international development cooperation and encourage developed countries to fulfill their official development aid commitments of 0.7% of the total national income to be used for official development assistance and 0.15%-0.2% of its gross national income as official development assistance to support the least developed countries.

Secondly, the United Nations should continue to play a leading role in promoting cooperation of North-South and South-South. The international community looks forward to the full play of the United Nations funds, programs, specialized agencies and other entities to their respective advantages. They are also accepted to increase investment in South-South cooperation and greater support to policy coordination, strategic research, knowledge sharing, technical support, capacity building and other aspects. It is hoped that the United Nations system, based on the principles of the “Buenos Aires Action Plan” and the “Nairobi Declaration”, in respect of the national sovereignty, could explore new ideas and ways to support the South-South cooperation and triangular cooperation, and provide practical policy and resource support for South-South cooperation.

Thirdly, international community should reform the global economic governance, strengthen the multilateral trading system, build up a more open global economy, increase the representation and voice of developing countries, especially the most vulnerable countries, and realize the strong, sustainable, balanced and inclusive growth of the global economy. At present, the growth of world economy has been slow, which is below our expectations. All countries should enhance coordination in macroeconomic policies, cope with the structural and long-term problems exposed during the international financial crisis, support economic recovery, and reduce the negative impacts of spillover effects for developing countries, as well as support both developed and developing countries to achieve development, especially for the most vulnerable ones.

Fourthly, South-South cooperation should continue to abide by the following principles of mutual respect, equality and mutual trust, win-win cooperation, and help developing countries to embark on the fair, open, comprehensive and innovative development path. All countries should strengthen the exchanges of ideas and experiences, deepen macroeconomic policy coordination and make trade and investment beneficial to the people of developing countries. It is recommended that all countries should focus on strengthening infrastructure construction and interconnectedness, which will enable all to benefit from the global

value chains. All countries should emphasize green growth, protect the environment and create high quality projects of South-South cooperation, for example supporting “the One Belt and Road Initiative”, taking full advantage of financing platforms via the Asian Infrastructure Investment Bank and BRICS’s New Development Bank.

Fifthly, China’s “One Belt and Road Initiative” has provided unprecedented opportunity for South-South cooperation. The aim of “One Belt and Road Initiative” is to create a brand new international economic cooperation platform. As we all know most countries along the Silk Road are developing countries which are plagued with obsolete infrastructure that impede their economic development. Investment on infrastructure will promote the connectivity among Asia, Europe and Africa; eventually achieving the objective of peaceful and mutually-beneficial development. No doubt China’s “One Belt and Road Initiative” represents a new momentum for the on-going South-South cooperation.

The sixth point is to build the International Knowledge Development Center and South-South cooperation and Development Institute into an international institution and international think-tank and strengthen the cooperation of all national think-tanks. We should keep close strategic cooperation with international development agencies and South-South cooperation institutions, such as the United Nations Development

Program, the United Nations Office for South-South cooperation, the group of 77 and the South Center. We should positively interact with South-South cooperation civil institutions, the existing international cooperation projects initiated by the World Bank, China's Development Practice Knowledge Center, and the China-OECD Development Center. We should form a network of South-South cooperation and development. The Center and the Institute will offer solutions to the South-South cooperation and international development cooperation through research, communication and training.

Finally, there is an old Chinese saying that “the blacksmith needs its own hardware”. Developing countries need to improve their own governance and development capabilities. Angus Deaton, the 2015 Nobel Laureate in economics, believes that foreign aid is usually detrimental to the local national capacity development. In my opinion, Deaton is not opposing aid from rich countries. He's just against the traditional way of aid. What he emphasized is the governance capacity building of less developed countries. Developing countries need to be more independent and self-reliant. Based on their comparative advantages and resource endowment and the sustainable development agenda of the United Nations 2030, they should develop better economic policies and development strategies.