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## Putting China's foreign aid in perspective



**Dr. Chengxin Pan**  
School of Humanities and Social Sciences  
Deakin University

Foreign aid, for all its apparent altruism, does not exist in an economic, political, or strategic vacuum. China's foreign aid is no exception. With China transfixed with economic development for more than three decades, a wide variety of means and tools have been utilized to advance this paramount goal, and foreign aid is one of them.

As China integrates into the global economy, its rise could not have occurred without international trade, foreign investment, and access to overseas sources of energy and resources. In all these aspects, Asia has been economically and strategically important to China's economic growth. Thus, to establish a stable free-trade zone and deepen economic integration in the region, in 2009 China announced a development assistance package for ASEAN, which included a US\$10 billion investment fund and a \$15 billion line of credit. As well as claiming to help its southern neighbours, China admitted that such assistance was designed also to foster a peaceful and friendly region to develop its own economy. For instance, by financing infrastructure projects in developing countries, the aid could help Chinese companies 'go out' and gain access to overseas markets, assets, and resources. In this respect, China's foreign aid can be seen as part of a larger foreign policy agenda whose mantra is 'Peaceful Development' (or more commonly known as 'Peaceful Rise'). And by contributing to China's soft power diplomacy and projecting a responsible image, China's aid policy fits well with its economic and foreign policy objectives.

For this reason, Beijing's largesse has attracted much attention, suspicion, and criticism. Its aid programs are often faulted for the lack of transparency and the no-strings-attached approach, which have allegedly undermined Western efforts to promote democracy, human rights, and good governance in recipient countries. Beijing's arrival as a major donor on the block not only seems to challenge existing international norms on aid and development, but it is also frequently seen as a reliable indicator of China's expanding sphere of influence at the expense of the United States and the West more generally.

There can be no doubt that China's rise as a foreign aid provider has significant implications for the future landscape of international aid and global power balance. However, there is a danger of reading it through these strategic and geopolitical lenses alone. For all its foreign policy connotations, China's foreign aid remains more of an extension of its domestic economic agenda. Even today, its Department of Aid to Foreign Countries is located in the Ministry of Commerce, not the Ministry of Foreign Affairs, and commerce and diplomacy do not always go hand in hand in actual practice. More dangerous still is the tendency of treating China's foreign aid vis-à-vis Western aid as a zero-sum game. Chinese approaches to aid may appear different from those of traditional donor countries, but on the other hand China does seem to fill a vast gap in international aid and development, which has been largely neglected by the latter. Therefore, the (sometimes exaggerated) differences in approach and emphasis between China and Western donors may be more complementary than conflicting in nature. Western donors are not yet used to the arrival of new players into the hitherto exclusive club, but foreign aid and international development will perhaps be better served by more diverse players and approaches.