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Hong Zhou, with assistance from Hou Xiong
Editor-in-chief

China's Foreign Aid

60 Years in Retrospect



 Springer

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Preface

In terms of international aid, China is a unique country and has offered international aid when it was in abject poverty itself. The effective implementation of this policy has changed the strategic pattern of Western countries imposing blockades on New China, and also has played an altruistic role in promoting the joint development between China and many other developing countries, restoring its legitimate seat in the United Nations and promoting the cause of cooperation on international development. According to *China's Foreign Aid* whitepaper published in 2011, China's foreign aid totaled 256.29 billion RMB over six decades (1950–2009), including the free aid of 106.2 billion RMB, an interest-free loan of 76.54 billion RMB, and a preferential loan of 73.55 billion RMB.¹ This has made a remarkable effect, though the figures are not staggering. In the twenty first century, the Chinese government has been continuously increasing its foreign aid along with its own development. In 2010, China's foreign aid reached 16.5 billion RMB, and the growth rate for the previous 4 years was 25%. Likewise, other major developing countries such as India, South Africa, Brazil and Mexico have also witnessed rapid development in the international aid sector. As for the Western developed countries, which have long dominated the international aid system, the momentum of "South-South cooperation" poses a challenge in terms of both concepts and practice. Therefore, China's foreign aid has increasingly attracted international attention and has been the object of increasingly more comments.

Overall, the developing recipient countries highly welcome China's aid. To begin with, China has provided aid which is urgently needed by the developing countries in the cause for development and the alleviation of poverty. In this highly lopsided global economic order, some developing countries have been at a disadvantage in the long run, and the interaction of food shortage, rampant epidemics and armed riots make these countries the den of mankind's conflicts and disasters. China's foreign aid is targeted to the needs of the developing countries and is used

¹The State Council Information Office of the People's Republic of China: *China's Foreign Aid* whitepaper, People's Publishing House, 2011, p. 7.

for alleviating poverty, assisting the weak, and developing the economy, the society and people's livelihood. For example, the shortage of doctors and medicine is a common sight in the developing countries. Worldwide, 2.5 billion people live in the regions prone to malaria, and clinical cases reach upwards of 300–500 million annually; of which, Africa accounts for 90% where the annual death toll is roughly 3 million—half of whom are children under age 5. Specific to this situation, China has provided assistance for the construction of 100-plus hospitals and malaria prevention and treatment centers, it has sent 21,000 person-times of medical staff to 69 countries in the aggregate and offered diagnosis and treatment for 260 million person-times of local people; it has also provided independently developed artemisinin, which is highly effective in treating malaria. This was expressly aimed at satisfying the urgent needs of the survival of mankind. Moreover, China has also aided in the construction of 221 agricultural projects (including farms, technology demonstration centers, irrigation and water conservation projects), 442 economic infrastructure projects (including roads and bridges), and 622 public facilities projects (including sports stadiums, conference centers and schools), as well as well digging for water supplies, energy saving and environmental protection projects and industrial development. These are directly targeted to solving the knotty problems for the economy and people's livelihood in the developing countries.

Second, China's foreign aid welcomed by the developing countries is also attributable to the fact that China and other developing countries "have the same objectives and opinions in terms of making developmental and economic progress, etc."² China's foreign aid dovetails with the recipient countries' priority as developing countries. The chief method is to provide assistance to the best of China's ability by matching China's comparative advantages and the recipient countries' strategies for priority development. In terms of foreign aid, China upholds the principles of respecting the national sovereignty without attaching any political conditions, and it never imposes unrealistic developmental demands on the recipient countries. As the former president of Tanzania, Julius Nyerere, once put it, "China has not the merest intention of influencing our policies or of damaging our national sovereignty or respect, regardless of the enormous economic and technological assistance provided by China to my country or our exchanges in international conferences."³ The Western system of assistance puts forward the proposition of ownership enjoyed by the main body of development, and it is China who promotes this proposition's implementation through concrete assistance. This is attributable to the fact that the Chinese government has arrived at the truth through its own developmental history and rule that: Development of the developing countries shall be in compliance with each developing country's own developmental rules, and the donor country plays the role of assisting other countries in their development, rather than dominating it.

²Speech delivered by Kofi Annan at the Forum on China-Africa Cooperation held in Beijing in 2006, *Communication for Foreign Aid*, 2006(6), pp. 16–22.

³Speech delivered by the President of Tanzania, Julius Nyerere, at the banquet held by President Li Xiannian, *People's Daily*, August 20, 1985, as quoted from the *Foreign Economic Cooperation of Modern China* edited by Shi Lin, China Social Sciences Press, 1989, pp. 17–18.

Third, China's successful experience in its own development acts as the hope for developing recipient countries. Leaders of many developing countries are attracted by the Chinese developmental mode and are deeply impressed by China's development, especially those who have been to Western countries. Naturally, they can compare China's rapid development and developmental mode with those of Western countries. They have discovered that China, a large poor country three decades ago, shrugged off poverty and embarked on the road towards modernization by virtue of its efforts and external force. They hold the view that China's successful experience was due to its policy of "selectively absorbing other countries' policies, rather than indiscriminately imitating them."⁴ Therefore, many countries have begun to "look east" and learn from the Chinese policies. At the Forum on China-Africa Cooperation, the Tanzanian Minister for Industry and Trade proposed that "the African people should learn from China, and develop and take advantage of the various resources in Africa, thereby struggling to shrug off poverty and boost people's living standards".⁵

Fourth, China does not offer aid for selfish interests.⁶ Some African officials participating in China's foreign aid training program said that China has made an enormous self-sacrifice so in order to be able to provide aid to Africa, and is "wholeheartedly assisting the recipient countries" in getting rid of poverty.⁷ China provides not only assistance, but teaches technologies and serves the society as well. The Chinese staff in foreign aid is required to work hard and treat all people on an equal footing. In many circumstances, the treatment for Chinese engineers and experts is even lower than the standards in the recipient countries. Invariably, the members of the Chinese medical team offer treatment for patients in the most arduous places, and sometimes have to perform more than ten operations daily. Sixty-nine Chinese experts and engineers lost their lives in the aid project for the construction of the TAZARA Railway alone.

Fifth, the efficiency of China's foreign aid is obvious to all. Even the Western observers have noted that China can always rapidly provide projects and materials badly needed by the recipient countries.⁸

⁴Record of the Interview of the Director of Public Relations of the Ethiopian Ministry for Capacity Building, January 14, 2008.

⁵*Communication for Foreign Aid*, 2006(6), pp. 16–22.

⁶In this regard, the "eight principles" personally formulated by the Premier of China, Zhou Enlai, regarding China's foreign aid serve as the best proof. Moreover, Prof. Li Anshan has made an analysis from the point of view of the cultural origins in his article "Cultural Heritage and China's Policies for Africa". Refer to *China and the EU: Partners or Competitors in Africa?* edited by Men Jing and Benjamin Barton, and translated by Li Jingkun, Social Sciences Academic Press, 2011, pp. 55–72.

⁷Speeches by members of the training class for Kenya, Benin, and Zimbabwe.

⁸Berger, Bernt and Uwe Wissenbach, *EU-China-Africa Trilateral Development Cooperation, Common Challenges and new Directions*, Bonn: Deutsches Institut für Entwicklungspolitik, Discussion Paper 21, 2007, p. 13.

Sixth, although China's foreign aid faces many problems in its management, such as the lack of pertinence and long-term planning for foreign aid projects, the low language proficiency of its foreign aid staff, and the problem of communication between China and the recipient countries due to the lack of the translation of foreign aid materials into the source language, etc., China can always think of ways to improve its management through equal cooperation, and strive to meet the satisfaction of the recipient countries.⁹

While the developing countries praise China as the paragon of cooperation, denouncement of the Chinese aid pours in. Some Western media, scholars and non-governmental organizations incessantly accuse China's foreign aid of "lacking transparency" and that China provides aid "for the sake of resources", and China's aid "threatens the situation of the environment and of human rights."¹⁰ Some even said that China "plays an irresponsible role in international affairs"¹¹, and that it "challenges the existing mode of development"¹², and they called on the USA and the EU to form a closer democratic community in order to counterbalance the influence of China.¹³ Upon closer inspection, it is obvious that the people voicing these simple views do not have a profound knowledge of China's foreign aid and have not gained a basic understanding of it.

In recent years, there are quite a few research achievements with respect to China's foreign aid, including those published in Chinese. Some research demonstrates that much criticism leveled at China's foreign aid is based upon ignorance, misunderstanding and prejudice.¹⁴ However, regarding positive criticism, it is especially worth mentioning *Dragon's Gift* by the American professor Deborah Brautigam. In order to write this book, she went to the grass-roots areas in Africa and conducted an extensive survey, which has rarely been done by those prone to

⁹Minutes of the Meeting with the International Development and Cooperation Department of the South African Finance Ministry, January 27, 2008; Record of the Interview with the Cambodian Public Works and Transport Ministry, May 5, 2010.

¹⁰Zhang Xinghui: China's Aid to Africa: Challenge to the EU? stated in *China and the EU: Partners or Competitors in Africa?*, edited by Men Jing and Benjamin Barton, and translated by Li Jingkun, Social Sciences Academic Press, 2011, pp. 274–302.

¹¹Berger, Bernt, China's Engagement in Africa: Can the EU Sit Back? *South African Journal of International Affairs—China in Africa*, Volume 13, Issue 1(2006), p. 115.

¹²Davies, Penny: China and the End of Poverty in Africa—towards mutual benefit? Sundbyberg, Sweden: Diakonia, August, 2007, p. 17.

¹³Campbell, Horace: China in Africa: Challenge US Global Hegemony, in Manji, Firoze, and Stephen Marks, ed. *African Perspective on China in Africa*, Cape Town, South Africa: Fahamu, 2007, p. 125.

¹⁴For example, *Dragon's Gift* by Deborah Brautigam, Social Sciences Academic Press, 2012; *China and the EU: Partners or Competitors in Africa?* edited by Men Jing and Benjamin Barton, Social Sciences Academic Press, 2011; *Major Power's Foreign Aid* by Ding Shaobin, Social Sciences Academic Press, 2010; Zhang Xinghui: China's Aid to Africa: Challenge to the EU? (stated in *China and the EU: Partners or Competitors in Africa?*, edited by Men Jing and Benjamin Barton, and translated by Li Jingkun, Social Sciences Academic Press, 2011, pp. 274–302), etc. criticize these misunderstandings and prejudices from China's point of view.

voicing opinions. *Dragon's Gift* narrates some events at the grass-roots level and technical events regarding China's aid to Africa. These seemingly simple stories tell us the truth of China's aid to Africa.

China's Foreign Aid: 60 Years in Retrospect is the logical result of our research in the foreign aid field. Following the publication of *Foreign Aid and International Relations* in 2003, we released *Foreign Aid in China* in 2007. At the time, Mr. Tony Saich—the representative of the Ford Foundation in China—reminded me that the world would focus more attention on the research concerning China's foreign aid. Owing to the accumulation of knowledge about foreign aid, we feel that there is a need to tell China's story to the outside world.

A wealth of historical and technical material about China's foreign aid has led us to think about some fundamental problems, such as:

- (1) Are the rules regarding the alleviation of worldwide poverty and developmental progress simple or complex? Do different modes of development lead to the same kind of modernization and to a higher level of civilization or do they not? Or, Will humans that have one successful mode and different civilizations converge on the same path sooner or later? The countries providing foreign aid assert that the purpose of foreign aid is to assist the developing countries; however, different donor countries offer aid in different ways. These ways not only reflect the different national characteristics and comparative advantages of the donor countries, but they also reveal their different understandings about the rules of development and progress.
- (2) How do the different understandings of the various countries regarding the rules of development, as shown in the policies and practices of foreign aid, reflect the state-to-state relations? Are the donor countries both donor countries and recipient, developing countries themselves, and do developed countries and developing countries learn from each other or compete against each other? Where does the reason for the different types of actions and policies lie? Research into foreign aid offers case studies in answer to these questions.
- (3) Although different civilizations have different understandings of the rules of development and strive to expand the scope of application of those understandings through foreign aid, the experience regarding the modes and methods of foreign aid is similar in some aspects. Then, are these shared experiences applicable in some areas? Why can these not be generalized for universal value?

This book is not intended to directly answer the aforesaid fundamental questions. However, we consider that the theoretical summary of international affairs depends on the patient, careful analysis of classical cases, rather than on an arbitrary and careless analysis. In summary, the attitude of "reverence for history" shall be adopted before we compare and analyze the countries regarding the various phenomena of foreign aid. To begin with, we shall have a clear understanding of the true situations of various countries around the world, including providing a clear explanation of the Chinese story. Without mastering and understanding the

fundamental rules of development of a certain issue, it is inadvisable to draw a simple analogy between the various issues and draw a conclusion which seems to be based on theory but which is in fact superficial and must therefore be distorted. In particular, in the field of external relations, foreign aid concerns the most extensive main bodies of acts, the most abundant contents and the most complicated relationships. Thus, it is the most difficult field of which to offer a concise overview. In view of the above, the main aim of writing *China's Foreign Aid: 60 Years in Retrospect* is to try to understand the history of China's foreign aid and its basic rules.

Since China's foreign aid spans more than 60 years, and contains immensely rich stories and varied aspects, it is impossible to summarize this process in one book. The completion of this book spans upwards of 5 years. During this period, we carried out field research in Ethiopia, Egypt, Tanzania and South Africa, and interviewed local governmental officials, engineering technicians, NGOs and think-tank members as well as the representatives of the EU, Japan and multilateral foreign aid organizations in 2008 under the assistance of the Department of Foreign Assistance, the International Economic Cooperation Bureau of the Ministry of Commerce of the P.R. of China and China's commercial counselor's offices in foreign countries; in 2010, we conducted a similar field investigation in Algeria, Guinea, and Botswana in Africa, and Cambodia and Bangladesh in Asia; we sorted out records of interviews totaling hundreds of thousands of Chinese characters by interviewing former Chinese foreign aid staff, current foreign aid officials, and foreign aid engineering contractors from competent local departments in Beijing, Shanghai, Shanxi, etc. in China. It is a great pity that since this subject is the "hobby" of my colleagues and myself, we simply had to take time out of our increasingly hectic "main job" to write this book. Therefore, this greatly affected the progress and depth of the contents of this research.

Of the authors of this book, Zhang Jun and Zhang Min were involved in the writing of *Foreign Aid in China* (2007) and jointly completed the survey in Africa in 2008; Xiong Hou participated in the survey in Africa and Asia in 2010, and became a key member of the relevant research; Zhang Mianli was responsible for an excerpt regarding the relationships between China and Southeast Asian countries; Sun Hongbo specialized on the relations between China and Latin America. The book *China's Foreign Aid: 60 Years in Retrospect* has a large framework and strong technical points; it covers an extensive area and spans a long period of time, without reliable data. Moreover, this is a subject of a technical, political and academic nature. Thus, this poses a severe challenge for all of us. Though we have done our best, we can only provide an introduction to a few of the numerous stories concerning China's foreign aid. We wanted to deal with the subject of China's foreign aid by means of an individual focus, such as Guinea in Africa and Vietnam in Asia. Of course, we incorporated the relatively comprehensive and macro matters as much as possible, such as policies and mechanisms, multilateral aid, aid to Latin America, etc. Moreover, due to the restrictions of archives, we have no choice but to put an emphasis on the ancient versus the contemporary in some pieces of research and writings, although we endeavored to emphasize the present situation.

Moreover, some chapters of this book have been published in various forms due to the urgent needs of the market. These chapters and sections have been proofread and revised prior to the publication of this book.

The first chapter of this book was written by Zhou Hong. Consisting of three parts (namely, the period of a planned economy, the Chinese economic reform period and the twenty first century), this chapter reviews the main policies and the history of China's foreign aid over the past 6 decades; it provides an introduction to the mechanisms for the management and implementation of China's foreign aid that correspond to the features of policies at different times, and it especially emphasizes the influence of the interaction between the changes of patterns of the main body of assistance and the external environment on the policies and patterns of China's foreign aid. This is mainly aimed at interpreting the inherent rules of China's foreign aid policies, patterns and mechanisms.

The second chapter was written by Xiong Hou. This chapter systematically describes the history of China's multilateral foreign aid, including the increase in the scale of the funds and the diversified development of the modes. While providing a full confirmation of the role of China's multilateral aid, this chapter points out that the increasing expectations of the international community and the "effective use of funds", etc. pose new challenges to China's foreign aid.

The third chapter was written by Zhang Jun. This chapter gives a detailed description of the basic characteristics of China's aid to Africa, especially the explanation of principles, policies and methods of China's aid to Africa from the end of the 1950s to the beginning of the 1970s; moreover, it offers convincing explanations of the sources of the different developmental paths and system modes reflected in China's foreign aid by taking China's aid to Guinea as an example. This demonstrates that China's foreign aid reflects the new state-to-state relations characterized by "South-South cooperation", which is different from colonialism and neo-colonialism.

The fourth chapter was written by Zhang Mianli. This chapter introduces the early stages of China's aid to Vietnam and other Southeast Asian countries, and it especially gives an introduction and a detailed analysis of the process of the transition of China's aid to Vietnam from military assistance to economic and technical aid, and from inter-party aid to intergovernmental cooperation.

The fifth chapter was written by Zhang Min. This chapter mainly focuses on the appraisal of the strategic effect of China's aid to the Central Asian countries. The author suggests that China's aid to this region was initially intended to ensure regional security, and then it progressed to an economic cooperative relationship characterized by mutual benefit and reciprocity. The author acknowledges that China has achieved regional integration and innovation of its methods of aid to Central Asia by means of the mechanism of the Shanghai Cooperation Organization.

The sixth chapter was written by Sun Hongbo. This chapter presents the basic situation and the evolution of the policies of China's aid to Latin America and the Caribbean, and associates this analysis with the diplomatic relations between China

and Latin America. The author proposes a personal interpretation of the strategic intention and diplomatic needs of China's various types of aid to Latin America.

China's foreign aid is an extensive field for research. In terms of various aspects, such as aid regarding hygiene, infrastructures and agricultural technology, there are plenty of contents worthy of analysis, research and presentation. Since this book is the result of a preliminary attempt, however, we can only do what we can in producing it.

During the research process, we found that China's foreign aid brings many factors, including concepts, experiences, technology, funds and materials, to the recipient countries through economic and technological transfer, rather than merely through simple economic diplomacy. Therefore, the appraisal of China's foreign aid is not limited to the statistics of the quantity and quality of the projects for aided construction, nor the invitation and the sending of staff, nor the declarations made by the policy-making organs. What truly makes China's foreign aid successful are precisely the factors which are hard to be summarized and which are collectively called the "soft power" or the cultural forces. These factors are brought to the recipient countries through the various kinds of assistance projects, especially those people who actually carry out those projects.

With the release of the English version of this book, China's foreign aid will be entering a new historical stage, and the world will begin the post-2015 agenda. People will gain a new understanding of the position and role of foreign aid in the issue of global development, and more diversified resources will be used for the cause of development. Meanwhile, the various countries should enhance their cooperation in the area of foreign aid. This world needs to gain a better understanding of the players in global aid, and China is one of the key players.

Through field investigation and survey at the grass-roots level, we found that China's foreign aid is a cause which is intended to help others. In his speech to the Chinese foreign aid staff, the former Chinese president Hu Jintao said that we must remember the valuable support shown by the African people to China, though it is unnecessary to mention China's aid to Africa (main points). He also quoted the words from the *Strategies of the Warring States*: "We shall not forget the favors provided by others; we shall not keep thinking of the favors we provide for others" (*Tang Ju Lobbying Lord Xinling*). This serves as extra proof of the selfless nature of China's foreign aid. During the interviews, we were often moved by the dedication and sacrifice shown by the Chinese foreign aid staff over the years. The stories which have gradually fallen into oblivion range from the production of rivets and bolts to the reasons for the framework of the global order. From the research on the policies and practices of China's foreign aid, we have understood that international development is down-to-earth manual labor rather than the high-sounding talks taking place in the studies of scholars. It requires practical policies, applicable knowledge and technology; meanwhile, international development—a field which has hitherto rarely been studied by scholars of international relations—contains profound principles of international relations. This book presents the readers with some commonplace stories rather than abstruse theories. Due to the limitations of

ability, time and materials, omissions and errors are unavoidable. Understanding shown by our readers will be highly appreciated.

Special thanks are due to the two comrades, Xiong Hou and Zhang Lei, who offered significant assistance during the writing of this book.

Beijing, China
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Zhou Hong

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Abbreviations

ADB	Asian Development Bank
AFDB	African Development Bank
CDB	China Development Bank
China Exim Bank	The Export-Import Bank of China
FOCAC	Forum on China Africa Cooperation
MOF	Ministry of Foreign Affairs
MOFCOM	Ministry of Commerce
OECD/DAC	Organization for Economic Cooperation and Development/Development Assistance Committee
SCO	Shanghai Cooperation Organization
UNDP	United Nations Development Programme
WB	World Bank