

New and Emerging Powers: The Rise of China

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LSE

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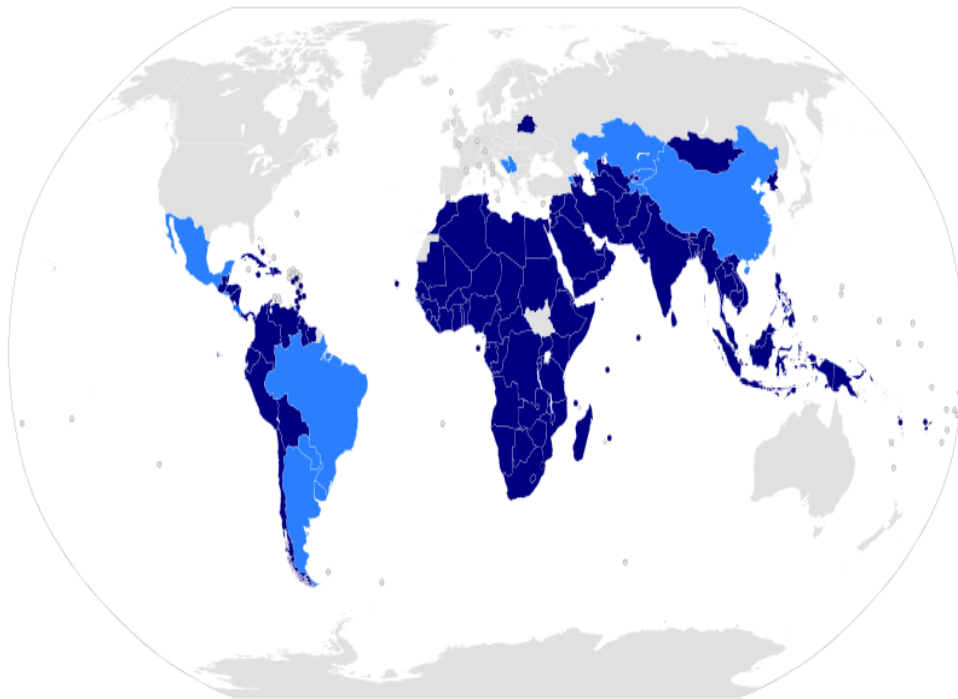
I The Rise of the South and SSC

South's Big Ideas: development & autonomy

- Context: anti-colonial ideas of collectivist solutions, sovereignty challenges, separatist/sectarian/ethnic instability, fear West intervention & eco dominance
- 1955 Bandung and 1961 NAM
 - Pol agenda: anti-colonial 'panchasila', non-alignment
 - Economic agenda: technical cooperation, in-kind exchange, policies of import substitution/autarky
 - Regionalisation as means for achieving eco autonomy
 - **Key platform is UN system represents tacit acceptance of liberal agenda**



chinese posters . net



| The Rise of the South and SSC

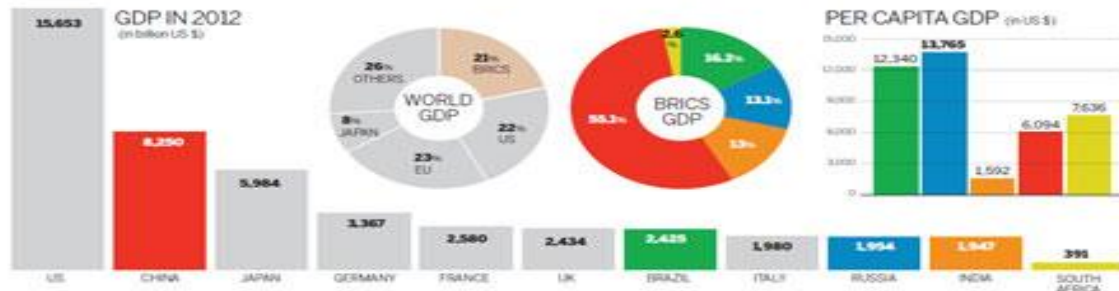
• Geopolitics and Cold War

- 1949 China, 1950 Korea, 1956 Suez Crisis/Aswan Dam
- USSR, followed by PRC, support for liberation movements and like-minded 'socialist' countries
- Divisions: India-PRC 1962; USSR-PRC 1962
- UN Conference in Buenos Aires 1978 codifies South-South Cooperation
 - Principles: Promote self reliance amongst developing countries
 - Open modality of technical cooperation, exchanges
 - Maintain mutual respect for sovereignty
- 1990s rise of emerging powers led by China
- 2003 formation of IBSA; 2009 BRICS

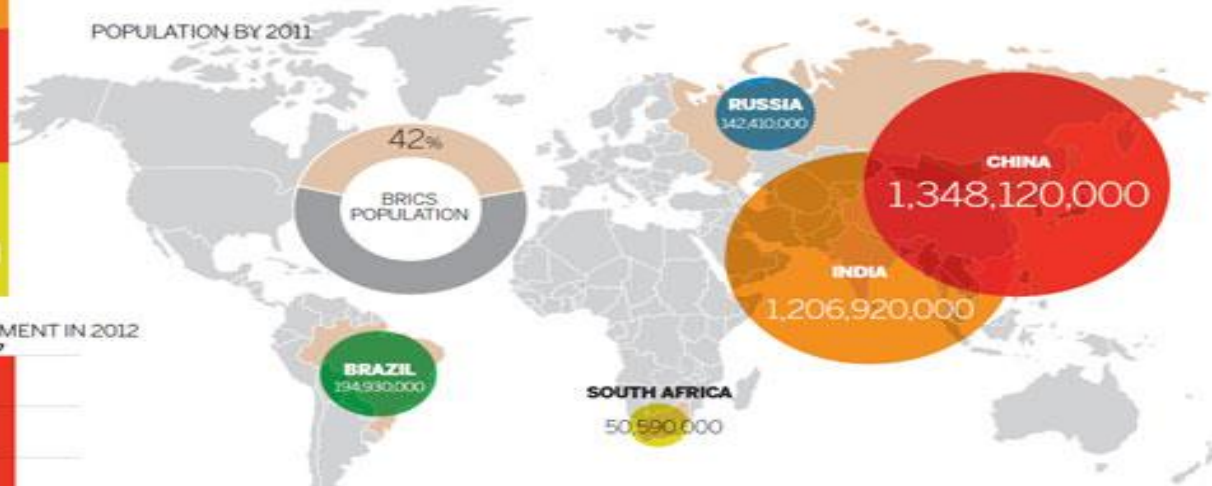


GROUP'S CLOUT GROWS

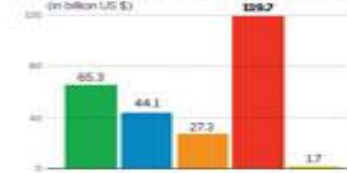
The 2013 BRICS Summit, under the theme "BRICS and AFRICA: Partnership for Development, Integration and Industrialisation", kicked off in Durban, South Africa, on Tuesday. The organization, which groups Brazil, Russia, India, China and South Africa, aims to achieve peace, security, development and cooperation.



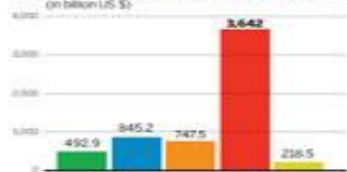
POPULATION BY 2011



FOREIGN DIRECT INVESTMENT IN 2012 (in billion US \$)



EXPORTS AND IMPORTS IN 2011 (in billion US \$)



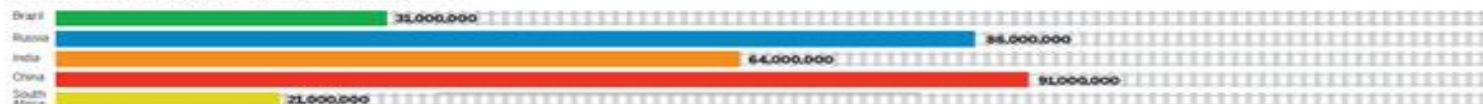
SURFACE AREA (sq km)



POPULATION DENSITIES IN 2010 (people per square kilometer)



LENGTH OF RAILWAYS IN OPERATION (unit km)



OTHER ECONOMIC GROUPS



Sources: The Department of International Economic Affairs, Ministry of Foreign Affairs of the People's Republic of China; OECD; Economywatch.com; UNCTAD; AFRICAN UNION; BRICS joint statistical portal

2 Russia: from decline to re-emergence?



- Nelson Guambe

2.1 After the Soviet Union, Russia in Decline, 1991-1999

- Economic collapse of planned economy: 50% fall in industrial output.
- Financial crisis of 1997-1998 wipes out middle class savings
- Political fragmentation in Russia/conflict within elite and between President and Parliament
- Russian military declines in capacity and effectiveness
- NATO enlarges beyond Germany towards Poland and other former socialist countries and Baltic states
- US/NATO interventions Yugoslavia without serious Russian response

2.2 Weak Economic Fundamentals

Structural transformation to primarily a resource-based economy

- Russian GDP 2017 = \$1.33trn (USA: \$17.95tr; China: \$10.87trn)
- Economic imbalance: 68% of Russian exports are in gas and oil.
- External shocks: In 2015 the Russian economy began adjustment to the severe global oil-price shock and the imposition of economic sanctions in 2014.
- Poverty: In 2015, Russia's poverty rate rose from 11.2 to 13.4%: poor population increased by 3.1 million to a total of 19.2 million.
- Wage levels: High inflation contributed to the erosion of real wages by 9.5 percent in 2015

2.3 Russian Revival: 2014 onwards

- Building and alternative through BRICS – deepening ‘strategic partnership’ relationship with China
- Military modernization, clampdown on dissent abroad (Litvinenko 2006 and Salisbury poisoning 2018)
- **Turning Point: Ukraine, annexation of Crimea 2014, Malaysian Flight 17 shot down 2014, support of Assad’s regime in Syria 2015**
- Cyberwarfare as asymmetrical tool - interfering in European politics and US politics
 - European divide and rule/exploiting its divisions/supporting allies
- Exploiting divisions w/in NATO by engaging w/ Turkey
- Acknowledged as strategic competitor in US National Security Strategy (2017) and National Defence Strategy (2018)

2.4 Comparative Case Study: Russia in Africa

- Reckoning with Soviet history in Africa
 - Support independence and liberation movements
 - Poor economic performance in Angola, Mozambique, Ethiopia
 - African elites educated in Soviet Union and party-to-party ties
- Arms and the Soviet institutional legacy
 - Viktor Bout et al as notorious arms dealers
 - Russia 2nd largest provider of arms to African governments
- Mercenaries - Wagner Group in CAR, Mozambique, Sudan and DRC
- Two-way Trade - \$3 bn in 2017 (\$56 bn w/ China, \$27 bn w/ US)
 - State/state-aligned firms like Alrosa (mining), Rosneft (oil) securing deals in Zimbabwe, Mozambique etc

2.4 Comparative Case Study: Russia in Africa

- Nuclear industry – South Africa and Rosatom \$76bn scandal lead to Zuma's fall from power in 2018
 - further MOUs w/ 14 African states
- Mozambique – VTB and Min of Security Eratum patrol boats \$2 bn kickback, donors suspend all funds, IMF halts renegotiation of loans
 - Represents 13% of Mozambique's GDP
- Active diplomacy targeting AU, liberation era allies like South Africa (where BRICS association facilitates contact) and 'A3' non-perm UNSC
 - Support in UN for Russian policies, countering Western condemnation
- African Heads of State visit Moscow, negotiation for resources, arms
- Culminating in Russia-Africa Summit in Sochi in October 2019

3 Brazil: power and paradox of a retreating future



3.1 Brazil Goes Global...and Goes Back

- Brazil's rising economy enables it to achieve average 4+% in 2000s
- Lula De Silva's diplomatic outreach @ G7/8 meetings helps position Brazil through IBSA and BRICS as a leading emerging power
- Brazilian MNCs become global leaders
- BUT....2014 commodity price collapse pulls Brazilian economy into -4% in 2015-2016, 1% GDP to present.
- Concurrently, Lula and PT govt caught in multi-billion 'Lava Jato' scandal and constitutional crisis which Dilma forced out
- Bolsonaro (tropical Trump) and reduced participation in BRICS, China-Brazil initiatives, multilateral forum

3.3 Comparative Case Study: Brazil in Africa

- Historical Roots: Formative role of African slavery in colonial Brazilian economy (until abolition in 1888).
 - Cultural influence on Brazilian society is significant
- Brazilian influence Africa thru Lusophone connection – telenovela etc.
- Lula talks about this legacy as a source of Brazilian FP: repaying a ‘debt’ owed to Africa
- Under military rule, Brazilian an ardent supporter of Portuguese colonialism
- Aligned with apartheid South Africa
 - Including military exchanges and informal South Atlantic Treaty Organisation
- End of Portuguese empire 1974 brought reversal and Brazil hastily re-aligned w/ independent African govts

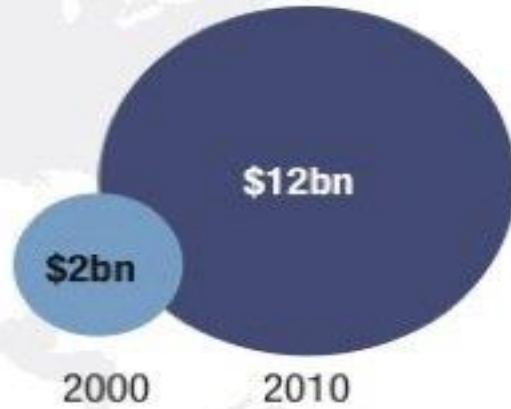
3.4 Diplomatic Activism in Africa

- Election of Lula da Silva in 2002 initiates a more South-oriented FP
- Brazil's Africa Policy a central aspect
 - Lula conducted 28 official visits bt 2003 and 2010, more than China
 - Dilma Rousseff continues policies but more domestic-orientation
- Manifested in the est of IBSA (India, Brazil, South Africa) in 2003
 - Leading emerging economies and democracies in 3 continents
 - Linked to ongoing debates on UN reform at the time and aspirations for Security Council but cooperation
 - IBSA includes annual summit, dedicated committees in areas of technical cooperation w/in each govt, IBSA development fund
 - Eclipsed by BRICS since South Africa joined 2010

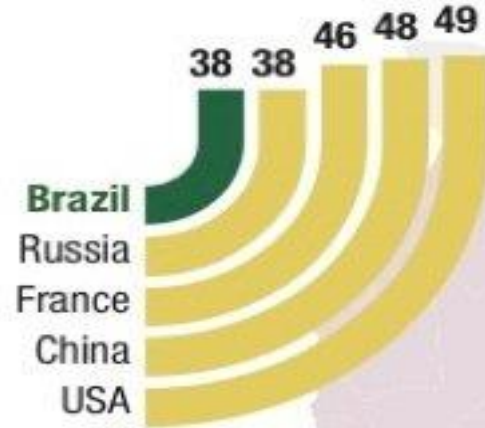
3.5 Brazilian Trade and Development Finance

- Two-way trade grew from US\$4.3 bn in 2000 to US\$28.3 bn in 2013.
 - BUT shrunk to \$US12.4 two way trade in 2017
- Trade concentrated in Nigeria (US\$9 bn), Egypt (US\$ 3bn), South Africa (US\$2.6 bn), Angola (US\$1.2 bn).
 - BUT reduced by Brazil's economic recession
- Sectoral focus on resources and led by Brazil's leading MNCs, in mining Vale and construction firms like Odebrecht
 - VALE selling stake Moz, Odebrecht bribery scandals
- BNDES – Brazilian Development Bank - provides credit lines for Brazilian firms
- **Trilateral Cooperation in agricultural development in Africa promoted (Brazil-Japan-Mozambique)**
- Gabon, Guinea and mobilisation of diplomacy/credits/commercial interests to secure mining contract for Vale

Brazil's trade with sub-Saharan Africa (US\$)



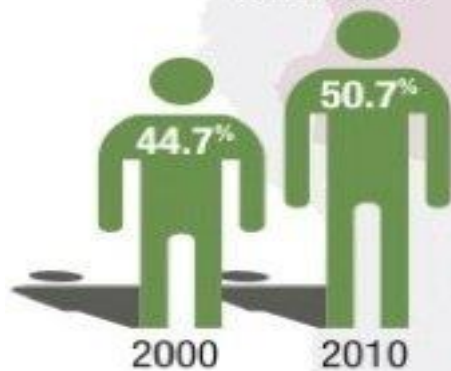
Brazil's diplomatic missions in Africa



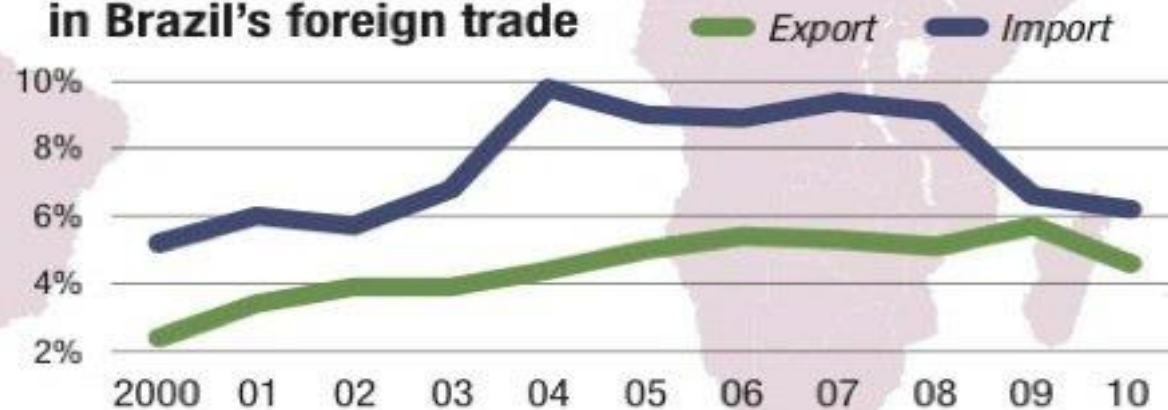
Brazil's top trading partners in Africa (% of total Brazil-Africa trade)



African-Brazilians in Brazil



Africa's share in Brazil's foreign trade



Share of Brazil's top exports to Africa

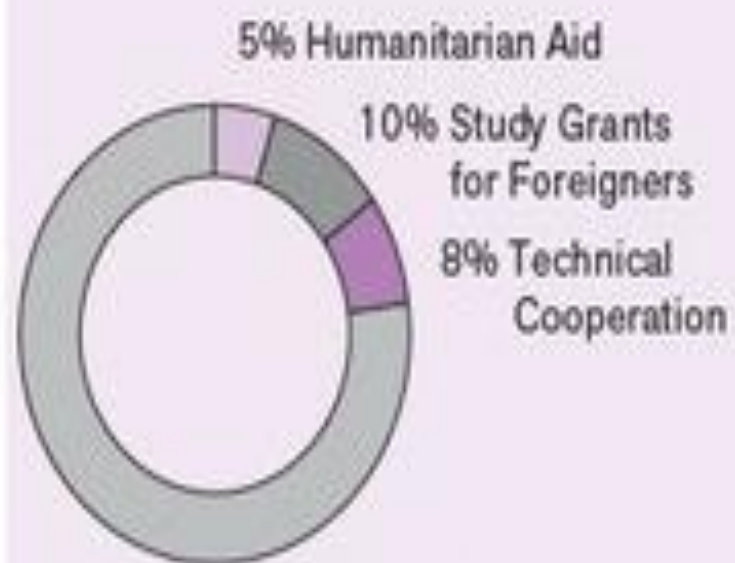


SOURCES: GLOBAL TRADE ATLAS, 2013; BRAZIL POPULATION CENSUS, 2010; WORLD BANK; LULA INSTITUTE

3.6 Brazil and African Development

- **‘For every African problem there is a Brazilian solution.’ Brazilian diplomat**
 - Belief that Brazil’s geographic position and societal background offer greater complementarities to African circumstances and Brazilian successes in development can be replicated
 - Commercial agriculture, pre-salts oil (Angola/Namibia) and social grants (bolsa familia) most often cited examples by Brazil and African govts
- Brazilian Cooperation Agency (ABC)
 - Massive expansion under Lula
 - Cooperative agreement w/ USAID
 - Bureaucratic competition and Dilma administration reduced resources
- Bilateral debt relief for African countries
- HIV-AIDs programmes support rolled out
- Educational programme - scholarship to train Africans in Brazilian universities

Spread of Brazilian cooperation activities



77% Contributions to International organisations

Source: Lidia Cabral (2011) "Cooperacao Brasil-Africa para o desenvolvimento: caracterizacao, tendencias e desafios." *Textos Cindes* 26: 11.



Cartographer: Cynille Susa, 10/2012.

4 South Africa: idealism and realism



4.1 From Apartheid to Liberation

- White settler state, led by Afrikaners' National Party, installs separate development (apartheid) after being elected in 1948
- Civil protests suppressed Sharpville 1960, UN condemnation, launching of ANC/PAC armed struggle culminates in military stalemate by 1988 and negotiations leading to election in 1994
- Democratic South Africa's Foreign Policy
 - Reconcile the Diplomacy of Isolation vs the Diplomacy of Liberation
 - Reorient South African identity and policy from European bastion in Africa to leadership in Africa
 - Integrate anti-apartheid and socialist solidarity experience w/ South Africa
 - Expanding South African development thru economic involvement in Africa

4.2 A Beacon for Africa and the World

- N Mandela – ‘human rights as light guiding SA foreign policy’; Africa as core of SA activism and Global South as new orientation
- T Mbeki expands and operationalises through:

African Renaissance ideology of SA leadership of continent

New Economic Policy for African Development (NEPAD) as instrument for achieving development

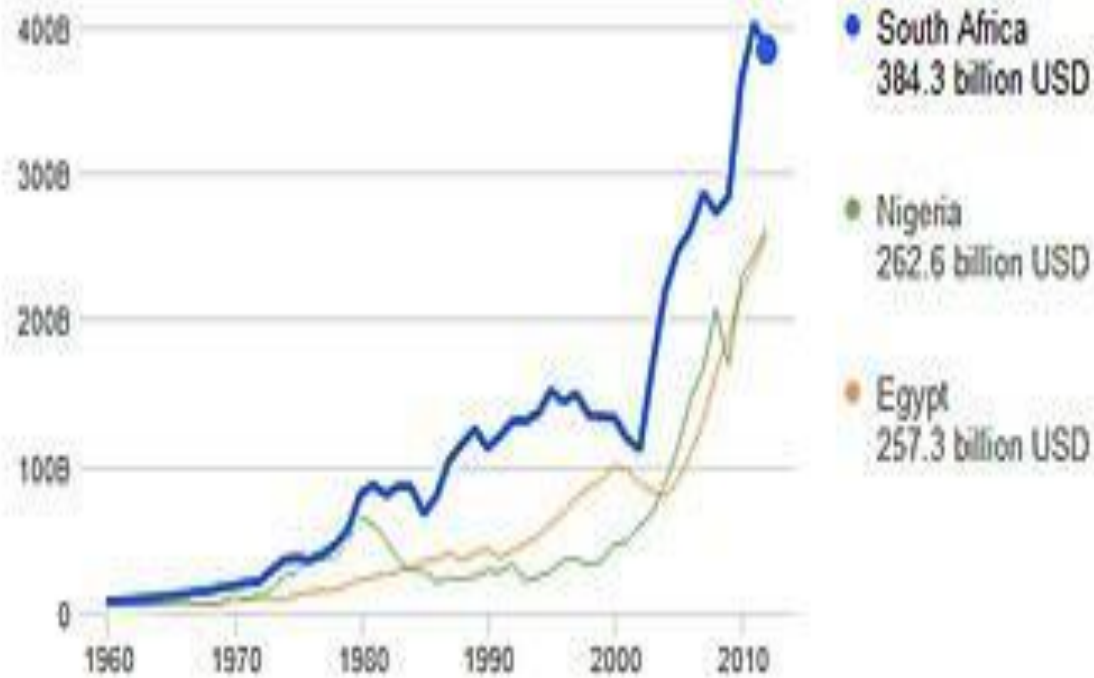
- Predicated on securing expanded aid, including budgetary support, from G7 countries in exchange for governance and market reforms/restructuring through APRM mechanism

South Organisations – UNCTAD and NAM summits, Racism and COP17 summits, creation IBSA

Global Recognition - G20, BRICS, UNSC 2 consecutive terms

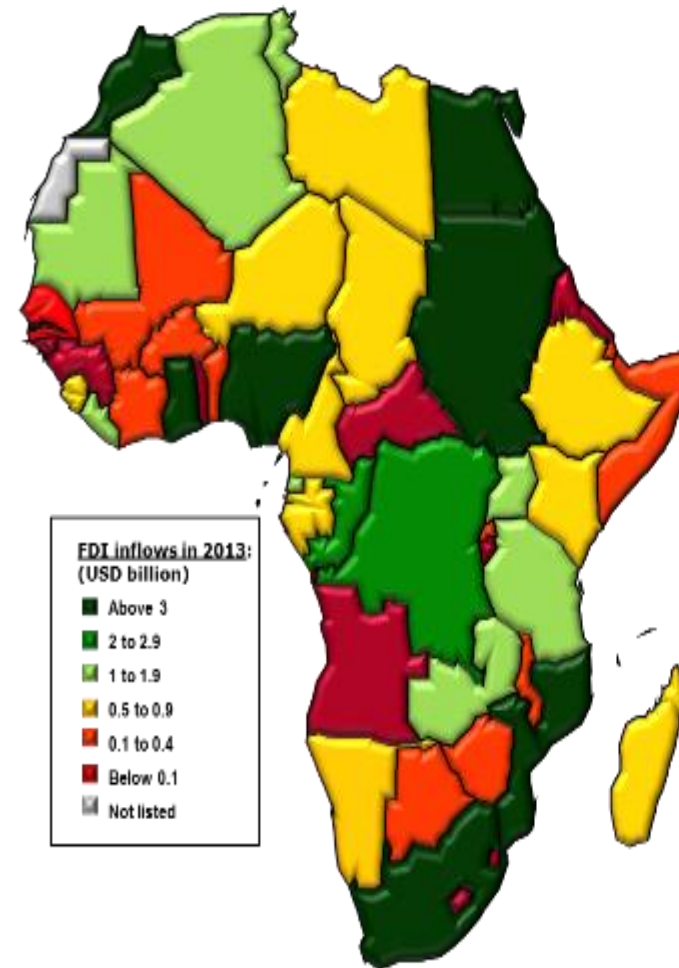
384.3 billion USD (2012)

South Africa, Gross domestic product



Sources include: World Bank

Foreign direct investment (FDI) flows into Africa in 2013



Africa's top recipients of FDI in 2013 (USD billion)

	Country	2013	2012
1.	South Africa	8.19	4.56
2.	Mozambique	5.94	5.63
3.	Nigeria	5.61	7.13
4.	Egypt	5.55	6.88
5.	Morocco	3.36	2.73
6.	Ghana	3.23	3.29
7.	Sudan	3.09	2.49
8.	DRC	2.10	3.31
9.	Congo	2.04	2.76
10.	Equatorial Guinea	1.91	2.02

Source: UNCTAD

Source: Compiled by IDC from UNCTAD's WIR 2014 data.

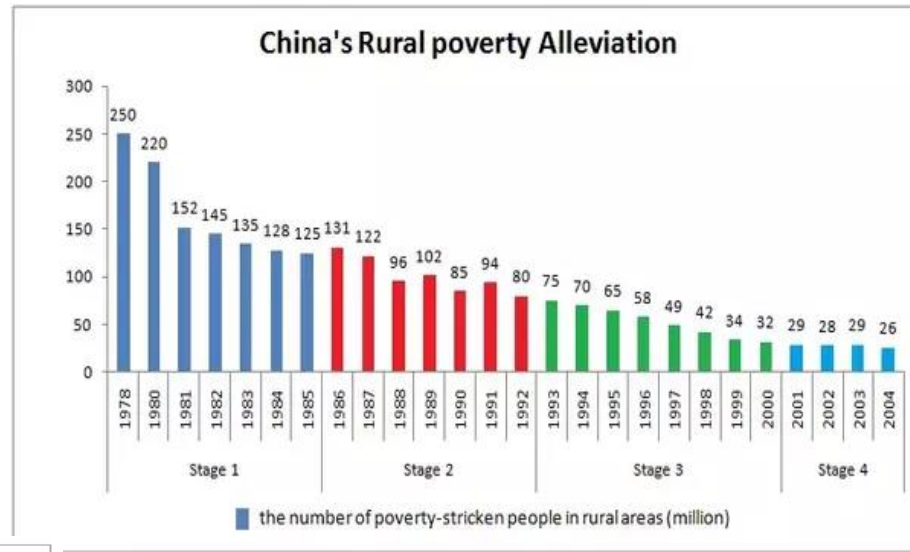
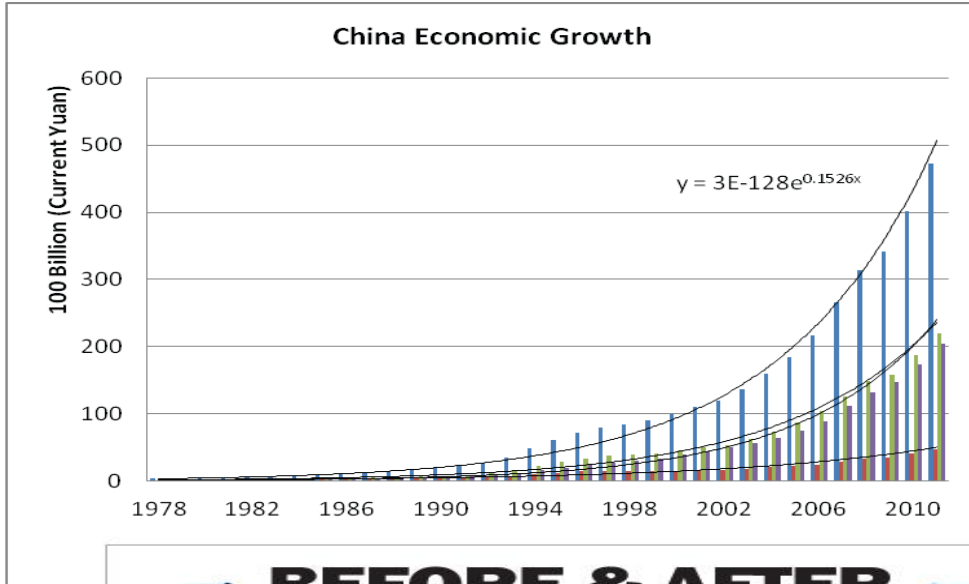
4.5 Reality Bites

- Mbeki's failures – manage Zimbabwe and HIV/AIDS denialism
- NEPAD unease w/ APRM, 2008 crisis reduces G7 role
- Zuma – criticism of SA leadership as head of AU Commission
- **South Africa's oversized continental and global ambitions collides with enduring problems of domestic economy and inequality**
- Rainbow goes rotten: Zuma and state capture
 - SOES and procurement scandals, Russian nuke deal scandal
 - Collapse of state administrative capacity, rampant corruption
- Ousted by 2018, replaced by ANC stalwart Cyril Ramaphosa
 - But economy stagnant, 28% unemployment, shrinking manufacturing sector
 - Highest inequality outside Brazil – rich white and new black elite vs poor black majority increasingly difficult for ANC to manage

5 The Rise of China

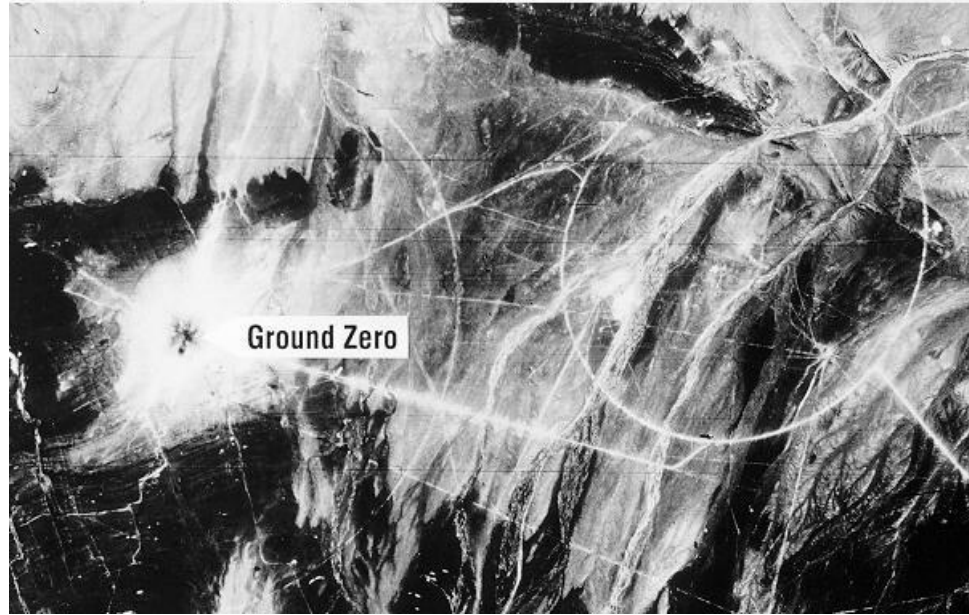


5 China and the Global Transformation





Nuclear Test Site, Lop Nur, China, 20 October 1964



5 China and the Global Transformation

- From 1978, China engaged in a gradualist economic transformation to a state-led market-oriented economy started by Deng Xiaoping's '4 Modernizations'
 - agriculture, industry, defence and science & technology
- **3 decades of double digit export-led growth**, FDI, technology transfer combined w/ low labour costs, disregard for environmental and social impact
 - Trade grew from \$20bn in 1978 to \$4.3 trillion 2014
 - 2008 passed Germany as leading global exporter (64% of GDP export vs 25% GDP for Germany)

5 China and the Global Transformation

- Key events as **Chinese economy integrates into and takes a leading role global economy:**
 - restructuring of tens of thousands of SOEs to leading champions
 - Special Economic Zones lead integration into global production chains
 - Increased rural to urban migration as labour force for manufacturing hubs
 - search for resources & 'going out' policy from mid-1990s to Africa, Latin America & Middle East
 - joined WTO in 2001

5 China and the Global Transformation

- **Global financial crisis 2008-2009**
- China affirmed as economic leader w/ over \$3 trillion in foreign reserves, continued 7% growth, achieves status as 2nd largest economy and projected to pass US by 2030.
 - Continued Chinese demand, fiscal stimulus of economy maintain demand for commodities
- **'New Normal'**: 2013 develop domestic market to move away from export-oriented growth, low cost labour, domestic over-capacity and falling demand abroad, debt rises to twice GDP

5 China and the Global Transformation

- Fall in commodities impacts developing world
- FDI into China fell 33% bt 2013-2016
- \$586 bn domestic stimulus package to avoid recession
- 6+% growth, deepening debt burden, rising production costs in manufacturing, unequal development in regions and rising inequality within China
- Xi Jinping's 'China Dream' of restoring China to rightful place as leading global power & prosperous nation
- 18th Party Congress 5 yr plan ambitious: to double GDP & household income by 2020
- 'One Belt One Road' as solution?

5.1 Development as Grand Strategy?

Xi Jinping's BRI and Global South

- New Normal analysis suggests Chinese economy slowing down w/ implications for eco and pol stability
- Antidote: Xi Jinping's announcement 'Iron Silk Road' Kazakhstan and 'Maritime Silk Road' Indonesia in 2013
- Uses financial reserves & overcapacity to maintain eco momentum, expand further into other regions ('new frontier') & rebalance global economy w/ China at hub
- US retreat from global leadership w/ election Trump provides opportunity for Xi to take mantle from Jan 2017 onwards

Silk Road



One Belt, One Road: the vision

- A belt of economic cooperation for China and the countries of the region;
- A belt of the free flow of investment and trade for China and the countries of the region;
- A belt of interconnecting infrastructure, including road, railroad, sea lanes and air links for China and the countries of the region;
- A belt for the free flow of people for China and the countries of the region. Vice President, Li Yuanchao 2014

5.2 Implementing Agents: New Financial Architecture of Development

- BRICS New Development Bank (2014)
 - \$50 bn cap by 5 members (20.5/18/10 w/ China top vote), HQ Shanghai & green energy projects
- Asian Infrastructure Investment Bank (2015)
 - \$100 bn capitalised by 37 founding members (China 30%cap/26%; India 8.5%cap/7% HQ Beijing)
- Silk Road Fund (2014) \$40 bn
- OBOR \$900 bn financing available (May 2017)
- Join existing China ExIm, China Devt Bank 1994

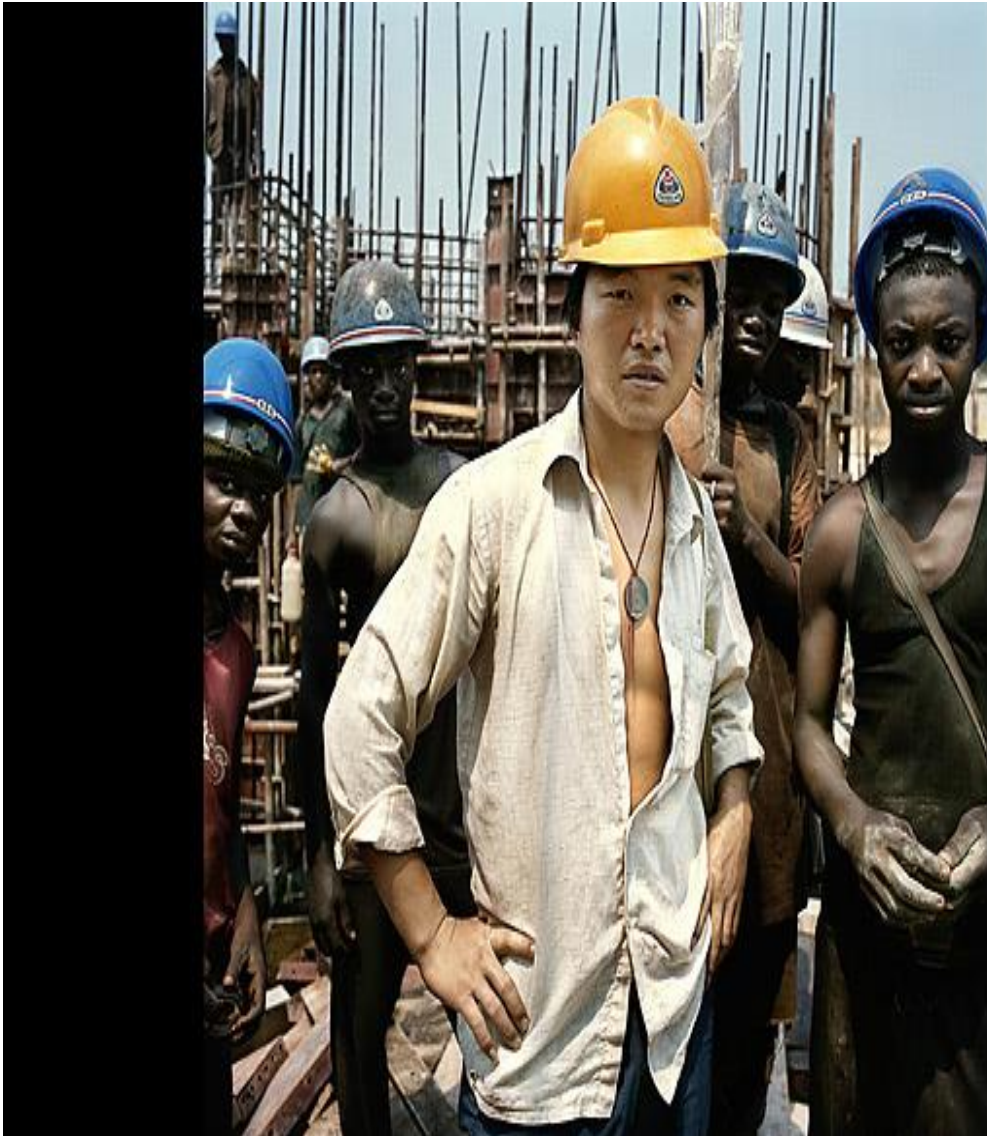
5.2 Implementing Agents: Regional Forum Diplomacy

- Set up new regional/minilaterals that reflected shared values of China and participating states
 - Forum on China Africa Cooperation (2000)
 - BOAO Forum 'Asian Davos' (2002)
 - Macau Forum 'Lusophone' (2003)
 - China and Central and Eastern European Cooperative Forum (2012)
 - China and CELAC (2013)
- Join existing regional organisations as observers or members - OAS, Arctic Council, AfDB etc

5.3 Securing the Silk Roads

- Deepening economic interests in Africa and Middle East expose China to greater risks as seen in Sudan 2004, Gulf of Aden 2008 and Libya 2011 (35,000 evacuated)
- Reputation risk, trade (piracy) risk, firms (nationalisation) risk, citizens' security (targeting as hostage, civil strife)
- Deploy naval taskforce to Gulf of Aden 2008
- Setting up China's military base in Djibouti
- Multilateralism – support for 'historic missions' (Hu Jintao 2004): UN peace ops (\$1 bn for 10 years – 2015), \$100mn AU peace ops, active participation in UN PKO missions in Africa

5.4 Fitting the Global South In



China as Development Financier for Global South

- According to AidData, China has loaned up to ‘\$40 billion’ annually btw 2000-2014.
- African countries major recipients followed by Asian and Latin American countries
- <https://www.aiddata.org/china-project-locations-v-1-0-1>

In Which Sectors Does China Focus?

Clear emphasis on infrastructure, with projects across energy, transportation and communications



Top 10 recipients of official Chinese development aid

Cuba (\$6.7 billion)

Cote d'Ivoire (\$4.0 billion)

Ethiopia (\$3.7 billion)

Zimbabwe (\$3.6 billion)

Cameroon (\$3.4 billion)

Nigeria (\$3.1 billion)

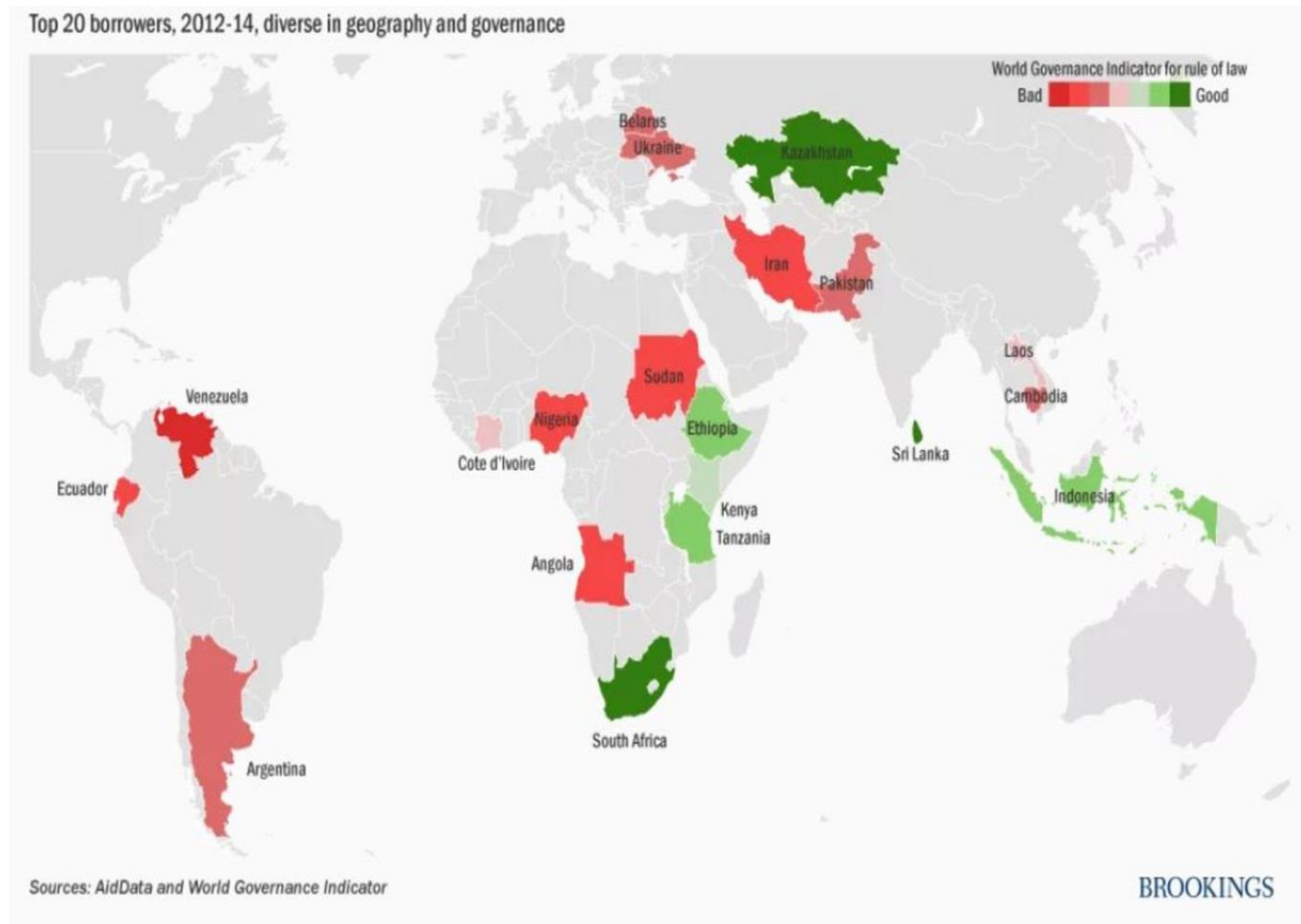
Tanzania (\$3.0 billion)

Cambodia (\$3.0 billion)

Sri Lanka (\$2.8 billion)

Ghana (\$2.5 billion)

AidData 2017



China as Development Model for Global South

- Revived in 2006 by Hu Jintao as China's *outward looking foreign and economic policies*, under Xi Jinping, China is promoted as a developing country model
- Industrialisation Model: ECTZs drawn from China's SEZs, hub FDI, manuf, techno transfer
- Agricultural Production Model: technical demonstration centres, based on PPP and BOT approach
- AU Chair in 2015 “We think it is possible to effect change in a generation (in Africa). China has done it. If we want to we can do it.”

[More sizes](#)



Expanding Beyond Economic Statecraft

- Economic Statecraft in Action: political/foreign policy cases where economic means were exerted:
 - Norway and Nobel Peace Prize (import controls on products like salmon)
 - South Africa vs Botswana invite Dali Lama 2017 (ANC cancels 5 times; Bots FDI threat, cancelled)
 - THAAD and South Korea (commercial boycott)
 - US-China ongoing trade war (target key constituencies for midterm elections)
 - Australia and US military cooperation ignited ban on wine and coal
- Learning to exert influence abroad...?

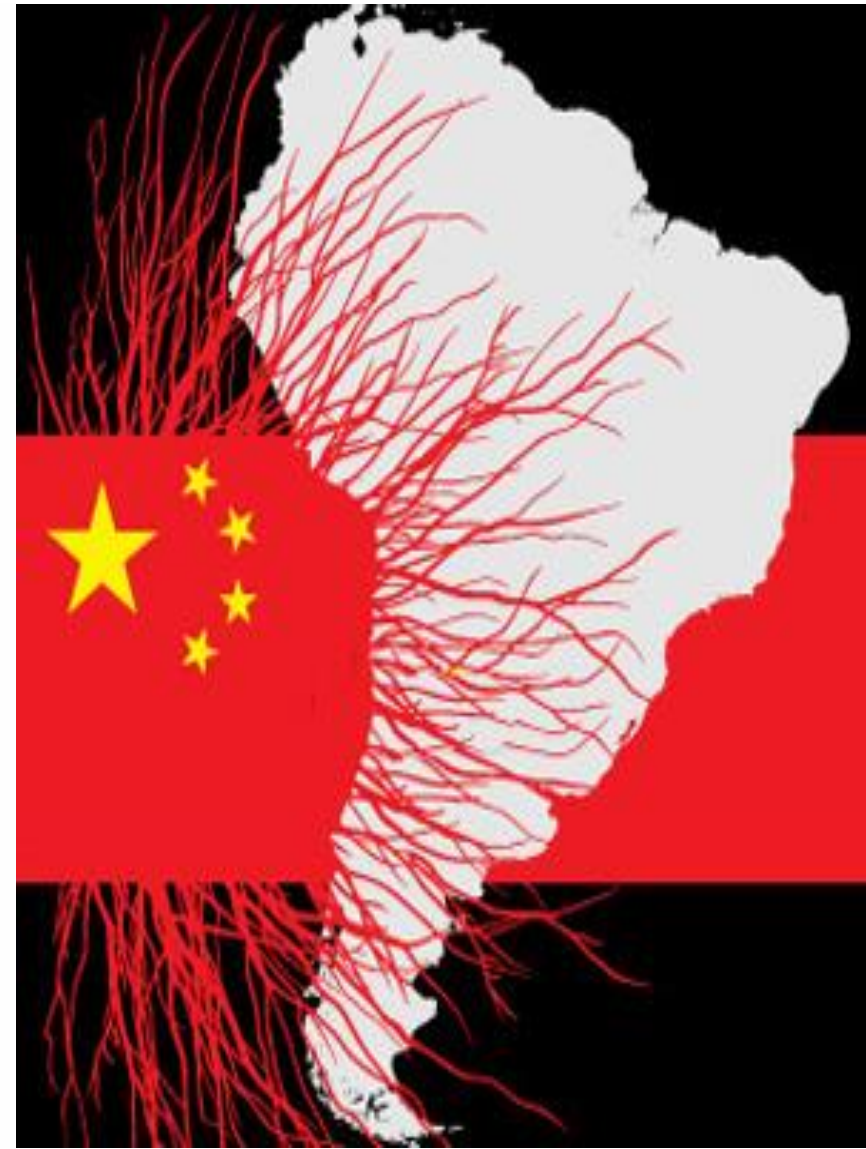
CGTN AFRICA



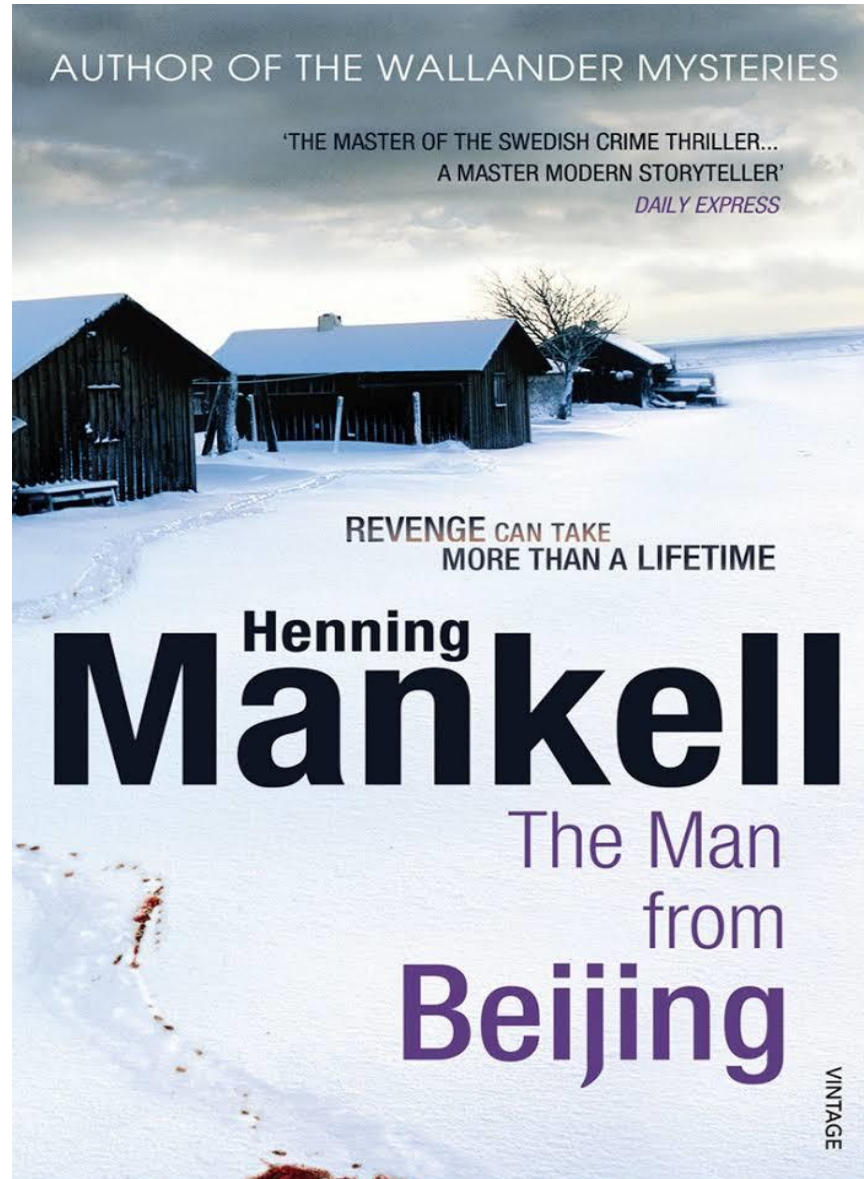
CGTN AMERICA



5.6 Western View of China in Global South



Competing Cultural Depictions



5.7 Why China and the Global South matters....

- Since 2013 Xi Jinping has highlighted ‘peripheral regions’ and developing regions as increasingly important to “*realize the struggling objective of the ‘two centennials’ and to realize the Chinese dream of the great rejuvenation of the Chinese nation.*”
 - Beijing characterises as a ‘community of common destiny’
- China’s ‘Partial Power’ manifests as Global Power and can be better examined in ‘Developing Countries’
- To understand China’s 21st Century as an emerging global leader, one must examine its role in Global South

Conclusion: China as leader of liberal international order?

“We must remain committed to developing global free trade and investment, (and) promote trade and investment liberalization...We Chinese know only too well what it takes to achieve prosperity so we applaud the achievements of others and we wish them a better future. We are not jealous of others' success and we will not complain about the others who have benefited. We will welcome them aboard the express train of Chinese development.” Xi Jinping WEF, Davos 2017

Davos 2017, BRI as Marshall Plan, ‘Common Destiny’ as global ideology...

...vs narrow nationalism of ‘American First’ and ‘strategic competitor’ and defensive position of Europe ‘systemic rival’