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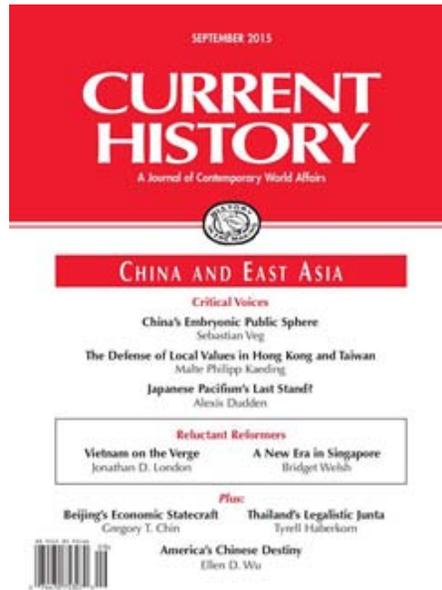


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## China's Bold Economic Statecraft



We are seeing a return to research on China's economic statecraft, as China's economic relations with Africa, Asia and Latin America have surged over the last decade, and as the Chinese leadership has actively built stronger ties with the developing world.

The People's Republic no longer appears satisfied (mainly) to learn the existing rules of the global institutions, as it did for much of the 1980s and 1990s. Rather, it is also looking to establish new arrangements with a growing range of international partners.

New scholarship is tracking the economic statecraft within these new international ties, or "influence attempts that rely mainly on economic inducements", either positive (rewards or offers of foreign aid, credit, or technology transfer) or negative (sanctions or withdrawal of credit or assets).

Much of this first wave of research has focused on China's growing bilateral economic ties with developing countries, mirroring the long held preference and practice of the People's Republic to operate bilaterally, i.e. nation to nation. This research has produced important comparative insight on the details and emerging patterns of Chinese investment in different nations in [Africa](#), in [Asia](#), and in [Latin America](#) and the [Caribbean](#).

However, recently, in the span of 8 months, China has entered a new stage of economic statecraft - going multilateral. In July 2014, and March 2015, China was at the center of launching two new multilateral institutions, the New Development Bank, together with the so-called "BRICS" countries (Brazil, Russia, India and South Africa), and then the Asian Infrastructure Investment Bank (AIIB). In between, in November 2014, Chinese President Xi Jinping also announced that China would allocate the equivalent of USD\$40 billion to help fund the creation of a "Silk Road Economic Belt" across the Eurasian landmass and a "Twenty-First-Century Maritime Silk Road" stretching from the Chinese coast to Venice, Italy.

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Equally important, China is seeking new rules to govern the new multilateral banks, and the New Silk Road initiatives.

Why is China spurring the formation of these new international arrangements? What is motivating China? Does the creation of AIIB, the NDB, and Belt & Road signal a major shift in the global order?

Key findings in Chin's research include:

- Beijing has come to realize that multilateral organizations can legitimize and universalize Chinese interests at a time when China needs to reassure others about the way it will use its newfound powers in the global system
- Sino-US rivalry is just part of what is motivating Beijing. Tensions with Japan and India are part of the geo-economic mix
- The rise of the China-centered multilateral institutions reflects the rebalancing of relative material capabilities in the world economy
- Beijing appears to be setting up a contest to show that the visible hand can prevail over the invisible hand

Gregory Chin addresses these issues in an essay in the September 2015 issue of *Current History*, America's longest standing journal of world affairs.

Professor Chin first presented these themes to the Asia Pacific Study Group of the Canadian International Council's National Capital Branch at Ottawa City Hall on 11 June 2015.