

Institute of Chinese Studies

WEDNESDAY SEMINAR

*China in Multilateral
Institutions: Objectives
and Actions*

REPORT

Speaker :

Amb. Asoke Mukerji

7 February 2024

SUMMARY

- The seminar reviewed China's engagement with multilateral institutions. The speaker focused on three such institutions, namely the IMF, the WTO, and the UN, in his study. China's objective, Amb. Mukerji posited, is to leverage its relative position of power in these institutions and maintain the status quo.
- The speaker argued that engagement with financial multilateral institutions such as the WTO and the IMF is crucial for China due to its economic profile. China finds an external environment conducive for the transition from a centrally-planned to a socialist market-oriented economy at the WTO and the IMF.
- At the UN, China's endeavours centre on reaching a consensus. The speaker noted that China has aligned itself with developing countries at the UNGA, which has resulted in the G77 + China. Amb. Mukerji argued that China aims to achieve economic and environmental coherence through this alignment, which is in line with the 2015 Agenda on Sustainable Development.
- The speaker noted that China's objective is to play an increasingly significant role within the existing global architecture through the three global initiatives, namely GDI, GCI and GSI. Addressing Amb. Rana's questions, the speaker argued that China is integrating its multilateral diplomacy with bilateral relations, thereby employing a strategic approach to identify and engage with key nations.

REPORT

Speaker: Amb. Asoke Mukerji, former Indian Ambassador, and Permanent Representative to the United Nations, New York; Distinguished Fellow, Vivekananda International Foundation, New Delhi; and, Member, International Institute of Strategic Studies, London.

Chair: Amb. Kishan S. Rana, former Ambassador / High Commissioner; Professor Emeritus, DiploFoundation, Malta and Geneva; Emeritus Fellow, Institute of Chinese Studies, New Delhi.

Date: 7 February 2024

Venue: Zoom Webinar

The seminar featured Amb. Asoke Mukerji as the speaker, who inaugurated the session with a brief account of China's role in various multilateral institutions, primarily focusing on the International Monetary Fund (IMF), the World Trade Organisation (WTO), and the United Nations (UN). He argued China's central focus has been towards maintaining the status quo within these organisations. This focus, he added, has been facilitated by China's growing power *vis-a-vis* other member nations in these multilateral organisations. Furthermore, these institutions have played a defining role in enabling China to transition from its policies in the early years of the People's Republic, to the policies in post-reform years. Concomitantly, Amb. Mukerji noted, that China is sceptic about the overall relevance of these institutions in the long run.

During the seminar, the speaker delved into China's engagements with the IMF, the WTO, and the UN, and contextualised them within the ambit of China's three recent initiatives namely, the Global Development Initiative (GDI), the Global Security Initiative (GSI), and the Global Civilisation Initiative (GCI). Emphasising China's interactions with the IMF and the WTO, Amb. Mukerji noted that these institutions hold relevance as they facilitate the dynamics pertaining to the China's economic profile. He argued that both the financial multilateral institutions provided

an external environment conducive to China's transition from a centrally-planned to a socialist market-oriented economy in the last two decades of the 20th century. Although the Republic of China ROC; Taiwan) had been the original member of these institutions, the People's Republic of China, has asserted its position as a founder-member after normalisation of relations. This stance has been staunchly projected by Chinese diplomats and policymakers alike.

Furthermore, China benefited from the IMF, especially in the context of the reforms of its financial sectors. The speaker highlighted that the IMF provided China with a visible influence in global trade and the financial sphere. In recent decades, China has also started leveraging its position of relative power and influence in the IMF, with the aim of influencing developing countries to look at China as a partner in order to receive its support at the IMF. In doing so, China has been able to bring a large number of countries within the fold of initiatives such as the Belt and Road Initiative (BRI). The speaker referred to this arrangement as a "mutually beneficial relationship", where China stands to achieve its own ends while developing countries receive the financial support that they seek.

However, he noted that the picture is slightly different in the case of the WTO. In December 2001, China formally joined the WTO, marking a significant milestone in its engagement with international trade. Notably, Hong Kong and Macau, having become WTO members in 1995, provided China with valuable "strategic depth" in subsequent WTO negotiations. Within the WTO framework, China has strategically focused on "three key priorities" related to international trade rules. First and foremost, it has emphasised a "rules-based order", utilising WTO regulations to secure "equal treatment" from the other 163 WTO member countries. Besides, China has entered into Regional Trade Agreements (RTAs) with 26 WTO members, further reinforcing its position. This lateral arrangement, within the framework of the WTO, has benefited China's State-Owned Enterprises (SOEs) as well.

Secondly, the speaker highlighted that China has emphasised the importance of upholding the "rule of law" within the WTO, actively upholding the Dispute Settlement Understanding (DSU) against the extraterritorial application of other countries' laws. Furthermore, in order to strengthen this commitment, China joined the Multi-Party Interim Appeal Arbitration Arrangement (MPIAAA),

in January 2020. This arrangement is a group comprising 53 WTO members, including the European Union, Japan, Australia, and Singapore, among others.

Finally, China has placed a concerted emphasis on shaping “new rules” within the WTO framework. Since 2017, it has actively participated in the “Friends of E-Commerce for Development” initiative, prioritising the formulation of digital and e-commerce rules. Concurrently, Amb. Mukerji noted, as part of the Joint Statement Initiative (JSI) group of WTO members, China supports the establishment of new rules governing investments, small and medium-sized enterprises (SMMEs), and domestic regulation in services. The speaker argued that this forward-looking approach aims to enhance China's influence and profile in the evolving landscape of the digital world.

Amb. Mukerji noted that China’s focus has been on securing a consensus at the United Nations. Furthermore, China aligned itself with developing nations at the UNGA under the G-77 Plus China with the objective of achieving economic and environmental coherence. The speaker further noted that China has adopted a policy of “negotiating outcomes”, especially in the cases where the more assertive members of the UNSC impose themselves on issues wherein China considers itself to have a more legitimate position, that is, on matters pertaining to Asia. Furthermore, China’s objectives are achieved largely through financial contributions – it is the second largest contributor to the UN General budget – and personnel contributions, including in peacekeeping operations.

Lastly, Amb. Mukerji also explored the contours of the three initiatives namely, the GDI, GSI, and GCI. Under the GDI, the speaker noted, China focuses on peace and development where development can be sustained through peace and vice-versa. Hence, China considers itself to be “walking the talk of Agenda 2030” and the associated multi-dimensional security paradigm. In the GCI, China has employed the principle of “indivisible security.”. At the same time, the GSI has been credited with significant “mediation diplomacy”, or mediation in outcomes, in Africa, Saudi Arabia, and Iran. China's investment in the field of mediation also strengthens its position towards accessing energy resources in the West Asia and the Gulf region, thereby bypassing maritime domains dominated by US military power. However, Amb. Mukerji highlighted, China has yet to demonstrate notable mediation efforts in significant conflicts such as the Russia-Ukraine and

Israel-Palestine conflicts. Additionally, the GSI also focuses on data security and artificial intelligence governance, which, according to the speaker, requires further attention.

Concluding his talk, the speaker noted that while discussions in multilateral forums are dominated by US-headquartered corporations, China is positioning itself as a player in these areas. Amb. Mukerji argued that China's primary objective in its multilateral engagements is to maintain a significant role within existing structures, especially given the uncertainty surrounding the United States' leadership in the multilateral system. According to the speaker, China is also preparing for a possible fragmentation in the current multilateral system and has already taken steps to create a "safety net", which could provide an alternative system to support its core regional interest, that is Eurasia.

Amb. Rana, the chair, posed questions to the speaker, pertaining to China's engagements with the world through multilateral institutions. Addressing these questions, the speaker argued that China is integrating its multilateral diplomacy with bilateral relations, thereby employing a strategic approach to identify and engage with key nations. The seminar also featured an interactive session, where the audience keenly engaged with the speaker and the chair, resulting in an informative discussion.

This report was prepared by Muskan Punia, Research Intern, Institute of Chinese Studies

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