

## ARTICLES

# Global South at 50 and beyond?: The Voice from China for Establishing NIEO\*

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*The great career of Global South-South Coalition has just entered its fifties, if we take the establishment of Group 77 in 1964 as its origin. For the past five decades, the course of SSC has seen its ups and downs. Confucian philosophy of China advocates for a comprehensive self-reflection every decade, so as to comb past experience for the sake of future self-improvement. At this historical turning point, it is of necessity to retrospect, while bearing contemporary international economic circumstances in mind, the SSC's past accomplishments and difficulties, in order to re-affirm people's confidence of this long-term strategy, and to avoid tactical short-sightedness. In this way, the career of Global SSC could hopefully get ready to sail out once again for new accomplishments. For Chinese scholars, it is also their responsibility to review the New China's self-positioning on the course of SSC, and to make the world academia hear a voice from China.*

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## I. Introduction: SSC at the age of “Knowing the Decrees of Heaven”

While summarizing his own life course, Master Confucius said, “At fifteen, I had my mind bent on learning. At thirty, I stood firm. At forty, I had no doubts. At fifty, I knew the decrees of Heaven. At sixty, my ear was an obedient organ for the reception of truth. At seventy, I could follow what my heart desired, without transgressing what was right.”<sup>1</sup> As per this succinct summary, the career of the Global South-South Coalition (“SSC”; 南南联合自强 in Chinese) is now entering the life stage of “knowing the decrees of Heaven,” if one reckons the establishment of Group 77 in 1964 as its origin.

According to popular opinions among Confucian scholars, the phrase “knowing the decrees of Heaven” means that “one begins to realize his lifetime mission, and endeavours to accomplish it.”<sup>2</sup> On this point, however, individuals and organizations take on different characteristics. Generally speaking, for individuals, it could take decades’ accumulation of life experience before one can gradually make sense of his/her own lofty mission. For a wise man like Confucius, this process had taken 50 years. In the meantime, most organizations are created with a purpose. As per the Charter of Algiers of G77,<sup>3</sup> the SSC career comprises of three categories of missions: (1) on the political level, it is to fully realize the independence of South countries; (2) on the economic level, it is to promote cooperation and common growth among South countries in such fields like trade, investment, finance and development aid; and (3) on the technical level, it is to encourage the exchange and proliferation of

<sup>1</sup> 吾十有五而志于学，三十而立，四十而不惑，五十而知天命，六十而耳顺，七十从心所欲不逾矩。See CONFUCIUS, II THE ANALECTS, ch. IV (Wei Chang ed., J. Legge trans. ), available at <https://ebooks.adelaide.edu.au/c/confucius/c748a/complete.html> (last visited on Apr. 18, 2015).

<sup>2</sup> See, e.g., Peirong Fu, *Reading the Analects*, available at [http://blog.sina.com.cn/s/blog\\_4a57bcc9010004zi.html](http://blog.sina.com.cn/s/blog_4a57bcc9010004zi.html) (last visited on Apr. 17, 2015). FU ascribes the source of this kind of mission to the Heaven, referring to “decrees of Heaven.”

<sup>3</sup> See Joint Declaration of the Group of 77 [EB/OL] (June 15, 1964), available at <http://www.g77.org/doc/Joint%20Declaration.html>; Charter of Algiers [EB/OL] (1967-10-25) Nov. 12, 2014, available at <http://www.g77.org/doc/algier-1.htm> (all last visited on Apr. 17, 2015).

technologies.<sup>4</sup> In order to accomplish these missions, one important approach is to fight for a fairer and more reasonable new international economic order (“NIEO”) by reforming the existing unfair and unreasonable old international economic order (“OIEO”).<sup>5</sup> It has always been viewed as a serious block for South countries’ seeking political independence and greater economic development. The mission of the SSC career is thus to be understood as the construction of NIEO, closely related to the discipline of International Economic Law (“IEL”).<sup>6</sup>

As is commonly accepted by global academia, IEL can be broadly classified into those sub-areas as trade, investment and finance.. Consequently, in order to review the progress of SSC in fulfilling its missions,<sup>7</sup> we could investigate some pertinent historical facts of SSC-driven law-making, interpretation and reform in these sub-fields or branches of international economic law. Chinese scholars are obligated to discuss with the world, the persistent positioning and attitude of this rising country on SSC, to clarify many doubts or even some malicious speculations preached in the western world.

The purpose of this research is kind of ‘two-tier.’ The first is to retrospect the SSC’s past accomplishments and difficulties, so as to avoid possible tactical short-sightedness and to re-affirm people’s confidence of this long-term strategy. The second is to retrospect the new China’s self-positioning on the course of SSC by adding to the world academia “a voice from China.”

This paper is comprised of four parts including the Introduction and Conclusion. Part two will investigate different branches of IEL in terms of SSC’s practical participation of law-making, reform and their subsequent performance, with specific focus on international finance. Part three will offer a view of China’s self-positioning in this matter from her first generation of leaders to the ones in present.

<sup>4</sup> Besides SSC, South-North Cooperation (“SNC”) is also keen on the comprehensive development of the world developing countries and to the whole international society. SSC and SNC are two critical parts of global cooperation, but they differ greatly in the sense of political ground, economic foundation, inherent essence and practical effect. For detailed analysis, see AN CHEN, I AN CHEN ON INTERNATIONAL ECONOMIC LAW 455-78 (2008).

<sup>5</sup> AN CHEN, THE VOICE FROM CHINA: AN CHEN ON INTERNATIONAL ECONOMIC LAW 168 (2014).

<sup>6</sup> There has always existed a universal contradiction, known as the South–North Contradiction, between the strong powers and the weak states during the course of the development of International Economic Order and IEL, since the powers always intend to reserve and expand their vested interests. Such Contradiction boils down to the redistribution of wealth around the globe, and the fundamental divergence between NIEO and OIEO is based on fairness in the redistributing process.

<sup>7</sup> For a details on the history of SSC, see generally An Chen, *A Reflection on the South-South Coalition in the Last Half Century from the Perspective of International Economic Law-making: From Bandung, Doha and Cancun to Hong Kong*, 7 J. WORLD INV. & TRADE (2006).

## II. SSC in International Economic Law and Practices

### A. SSC-type of Law-Making under the UN and Its Subsequent Queries

The UN has always been a prominent forum for the South countries to jointly express their stand and push for fairer rules. This type of law-making activity saw its climax in 1970s. Under the propulsion of Group 77 and the UNCTAD, the 1974 UN General Assembly passed the “Declaration of Establishing a New International Economic Order,” and decided to adopt the “Charter of Economic Rights and Duties of States” (hereinafter The Economic Charter) with an overwhelming majority.<sup>8</sup>

The fundamental legal concepts and jurisprudential principles<sup>9</sup> in these guideline-like international instruments have established a significant landmark and the very foundation for the development of a new type of international economic normative system, fair and favourable to the Global South. After several decades in operation, basic legal concepts and jurisprudential principles won the hearts of people around the world and were gradually developed as *opinio juris* of the contemporary international community.

Although this being said, such SSC-type law-making has seen various obstructions, in the enforcement phase. Some developed countries have consistently expressed their opposition to one of the core rules prescribed in the Economic Charter; the right of the host States (developing countries in most of the cases) to expropriate property of foreign investors and the accompanied compensation standards.<sup>10</sup> This fact has evoked criticisms, because these guidelines could only be treated as political slogans rather than applicable legal rules.<sup>11</sup> Although traditional theory recognizes that the UN General Assembly resolutions can constitute powerful evidence which helps identify existing customary international rules,<sup>12</sup> to this very case, there are still a number of scholars who propose otherwise.

<sup>8</sup> See Charter of Economic Rights and Duties of State, G.A. Res. 3281, U.N. Doc. A/RES/29/3281 (Dec. 12, 1974), available at <http://www.un-documents.net/a29r3281.htm> (last visited on Apr. 18, 2015). UNGA addressed its position on the NIEO and SSC in the resolutions of its 69th session (2014). See G.A. Res. 227, U.N. Doc. A/RES/69/227 (Dec. 19, 2014); G.A. Res. 239, U.N. Doc. A/RES/69/239 (Dec. 19, 2014).

<sup>9</sup> *Supra*, note 5, at 211.

<sup>10</sup> Economic Charter art. 2(c).

<sup>11</sup> A. CASSESE, *INTERNATIONAL LAW*, 507-9 (2d ed. 2005).

<sup>12</sup> M. SHAW, *INTERNATIONAL LAW* 550 (1977). See also I. BROWNLIE, *PRINCIPLES OF PUBLIC INTERNATIONAL LAW* 14 (1966); R. Jennings, *The Discipline of International Law*, 11 INT'L L. PAMPHLETS 11 (1976).

Professor Lowenfeld, *e.g.*, has consistently relied on his American position.<sup>13</sup> He ignored or negated the globally just proposals and jurisprudential opinions - such as the reformation of the OIEO, the establishment of the NIEO, and maintenance and respect of economic sovereignty and economic legislations of each weak nation - strongly advocated by developing countries who constitute 70 percent of world's population. He has consistently regarded the Economic Charter as a heterodoxy and "departure from the traditional international law," with no legally mandatory force.<sup>14</sup> Lowenfeld maintains in his book:

Viewed more than a quarter century later, the Charter of Economic Rights and Duties of States seems less significant than it appeared at the time. If there was indeed an effort to divorce international investment from international law, that effort did not succeed, though *appeals to 'sovereignty' and other echoes* of the debates of the 1960s and 1970s *continued to be heard* in the United Nations and other international fora. Nearly all the capital-exporting states either voted against the Charter or abstained, so that the consensus attributed to Resolution 1803 of 1962, and with decreasing persuasiveness to the intervening resolutions, could not be attributed to the Charter. Notwithstanding the statements of several of its proponents designed to endow the New International Economic Order with the characteristics of law and to equate the resolutions with legislation, *the challenge appeared essentially political.*

The United States and other home countries of multinational corporations rejected the challenge by the developing states, refused to agree to any change in the *traditional principles*, and denied that they had been replaced or modified in customary law by state practice (as contrasted with resolutions in the United Nations). The capital-exporting states took the position that the traditional requirements are solidly based both on the *moral rights* of property owners and on the needs of an effective international system. Moreover, they argued, whatever objections might be made to the *traditional rules* as applied to investments established *in the colonial era*, the traditional rules should clearly apply to arrangements made between investors and independent governments negotiated on a commercial basis.<sup>15</sup>

Several queries are raised against such hegemonic views. Firstly, the Economic Charter was passed with an overwhelming majority, and reflected common national will and *opinio juris communis* by an overwhelming majority of members of the contemporary

<sup>13</sup> A. LOWENFELD, INTERNATIONAL ECONOMIC LAW 491-3 (2d ed. 2008).

<sup>14</sup> *Id.*

<sup>15</sup> *Id.* [Emphasis added]

international society. Thus, it relies most with the principle of democracy, in that the minority shall be subordinated to the majority; and with the principle of human rights (including sovereignty and the right to development) safeguarding billions of disadvantaged populations of the global South. After the adoption of the Economic Charter, global *opinio juris* and legal idea have already formed through practice by the international society, and should be regarded as legally binding norms of conduct instead of merely being ‘essentially political.’

Secondly, the question remains as to: whether developed countries are to be preoccupied with and unable to part from traditionalist international legal norms of the colonial period?; and *vis-à-vis* should they hold a disdainful or hostile attitude to the newly formed international legal norms reflecting the spirit of the 21st century? Why they “stuff their ears” and refuse to listen, or act as if they “had not heard?”

For every unselfish and impartial legal scholar, all these questions seem worthy grounds to deliberate upon. They are not too difficult to make a dissection between what is right and wrong.

## **B. SSC-type of Law-Reforming under GATT and Its Following Practice**

In October 1947, 23 countries signed the GATT in Geneva, in order to found a corresponding mechanism to liberalize international trade. The majority of the signatories were the western developed countries. Therefore, GATT 1947 naturally reflected their interests and demands. Up until then, most countries from the third world had been under colonial or semi-colonial domination, with no representatives capable of participation. Their interests and wills were not well reflected.

From the mid-1940s to 1960s, numerous former colonies/semi-colonies around the world were emancipated from foreign domination and had won a status of independence, ready to participate in international economic and trade affairs by their own will. They increasingly found in practice, that the principles and norms embedded within the GATT 1947 were deeply characterized by OIEO. The GATT 1947, *e.g.*, stipulates that all Contracting Parties ought to grant ‘unconditional’ reciprocal treatments to each other in international trade, substantially reduce tariffs on an equal footing, and gradually liberalize of international trade.<sup>16</sup> This principle is fair if applied among developed countries whose economic development levels are similar. On the contrary, it is unfair to apply the clause of conditionality between the group of developed and developing countries, because their economic development

<sup>16</sup> GATT 1947 art. I(1).

levels differ significantly.<sup>17</sup>

Throughout the years of united campaign of numerous developing countries, the GATT 1947 was forced to make partial refinements and reformations with regard to the originally rigid system of unconditionally “reciprocal, most-favored-nation, and nondiscriminatory treatment,” respectively, in November 1964, June 1971, and November 1979.<sup>18</sup> The Non-reciprocal and Generalized System of Preferences (“GSP”) especially to products exported from developing countries was gradually approved and confirmed step by step.<sup>19</sup> This 15-year’s law-reformation process increased the membership of the South countries from 10/23 in 1947 to 52/77 in 1970, and established the UNCTAD, a potentially competing institution against the GATT 1947 in the field of cross-border trade. These two major propelling forces eventually made reformation of rules possible.

The subsequent practices of these reformed rules are, however, a different story. From 1970 onward, related GATT Contracting Parties began to implement GSP.<sup>20</sup> Although they had granted a certain amount of unilateral tariff reduction to developing trade partners on foods, textiles and petroleum products, multiple restrictions had been set.<sup>21</sup> The US even adopted a standard of “needs for competition,” enabling herself to initiate investigation against a certain trade product whenever necessary.<sup>22</sup> With such investigation, the US could unilaterally terminate the preferential tariff of such trade product from developing countries if it were

<sup>17</sup> In order to rectify the actual unfairness hidden behind the formal fairness, it is necessary to grant weak developing countries unilateral preferential treatments, so as to counterbalance their sufferings and losses in history. Such idea of fairness is pragmatic as well as scientific. See AN CHEN, *On the Substantial Development of Equity over Equality within the Principle of Equality and Reciprocity*, in AN CHEN ON INTERNATIONAL ECONOMIC LAW 444-54 (2008).

<sup>18</sup> UNCTAD, PROCEEDINGS OF THE UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT, vol. 1, FINAL ACT AND REPORT, at 25-6, U.N. Sales No. 64.II.B.11 (1964). See also UN, About GSP, available at <http://www.unctad.org/templates/Page.asp?intItemID=2309&lang=1>; The History of UNCTAD 1964-1984, available at <http://www.unctad.org/templates/webflyer.asp?docid=13749&intItemID=3358&lang=1&mode=downloads> (all last visited on Apr. 18, 2015).

<sup>19</sup> See the Decision of the GATT – Generalized System of Preferences, GATT Doc. L/3545 (June 28, 1971); Differential and More Favorable Treatment Reciprocity and Fuller Participation of Developing Countries, GATT Doc. L/4093 (Nov. 28, 1979), B.I.S.D. (26<sup>th</sup> Suppl.) (1980). For details, see Xuan Wang, The Trade Liberalization Under GATT [论关税及贸易总协定下的贸易自由化], CHINESE Y.B. INT’L L. [中国国际法年刊] (1986); Yanping Gao, *The GSP in International Trade* [国际贸易中的普遍优惠制], CHINESE Y.B. INT’L L. [中国国际法年刊], 44, 59, 60, 63 & 161-3 (1986).

<sup>20</sup> E.g., the European Economic Community began this process in 1971, and the US began in 1976.

<sup>21</sup> U.S. Trade Act of 1974, 19 U.S.C. § 503(c), Title V.

<sup>22</sup> This mechanism of “competitive-need limits” was ushered into by Title V of the U.S. Trade Reform Act of 1973, when the House of Representatives sharpened the drafting and tightened congressional oversight of the GSP provisions under this Title, and has later become Section 504(c) under Title V of the U.S. Trade Act of 1974.

practical competition to 'like products' in the US.<sup>23</sup>

During the Tokyo Round negotiation initiated in 1979, developed countries launched another set of counter-attacks against developing countries' demand for law-reform. They ushered in a 'Graduation Clause,' which demands developing countries undertake more GATT responsibilities once their comprehensive strength has elevated to a certain level. Developed countries could then eliminate them from their original GSP schemes.<sup>24</sup> The conditional most-favored-nation strategy further enabled developed countries to rule out those developing countries who chose not to sign on the package deal of the Tokyo Round. It is due to those measures that prevented developing countries from benefitting under GSP as they were originally expected. Statistics of the UNCTAD also shows that GSP-recipient countries' import-export trade had increased only approximate 2 percent, up until the year 1983.<sup>25</sup>

As for interpretation and application in legal disputes, practical effects brought forth by such reformed rules are rather limited, too. Due to the unrestricted use of ambiguous terms in Articles 36-38 (such as "in the largest possible measure"), there is a shared concern that it would be difficult, if not improbable, to interpret these terms on paper into practical legal responsibilities.<sup>26</sup> In the GATT dispute settlement practices, developing countries had tried citing these articles to argue for their deserved preferential treatments in some cases, in which responsible panels had all adopted a rather conservative attitude, and would only interpret when they had to. In *EEC - Restrictions on Imports of Dessert Apples, e.g.*, the Panel reasoned that:

As the Panel had found the EEC's import restrictions to be inconsistent with specific obligations of the EEC under Part II of the General Agreement, it therefore did not consider it necessary to pursue the matter further under Article XXXVII.<sup>27</sup>

<sup>23</sup> T. Graham, *The U.S. Generalized System of Preferences for Developing Countries*, 72 AM. J. INT'L L. 513-41 (1978).

<sup>24</sup> Between 1987 and 1988, the US and the EC both 'graduated' Korea, Hong Kong, Singapore and Taiwan from their GSP schemes. In early 1989, Thailand was partially awarded this status, from the US GSP. See UNCTAD, *Generalized System of Preferences: Handbook on the Scheme of the United States of America*, 4 (2010). See also UNCTAD, *Generalized System of Preferences: Handbook on the Scheme of the European Economic Community* 7 (2008).

<sup>25</sup> G. Karsenty, *The Generalized System of Preferences: A Quantitative Assessment of the Direct Trade Effects and of Policy Options*, UNCTAD Discussion Paper No. 18, (1987).

<sup>26</sup> A. NARLIKAR, *THE WORLD TRADE ORGANIZATION: A VERY SHORT INTRODUCTION* 29 (2007).

<sup>27</sup> See Panel Report of *EEC - Restrictions on Imports of Dessert Apples - Complaint by Chile*, GATT Doc. L/6491, at 36S/93, 134 ¶ 12.32 (June 22, 1989). See also, Panel Report of *United States - Imports of Sugar from Nicaragua*, GATT Doc. L/5607, at 31S/67, 74 ¶ 4.6 (Mar. 13, 1984).



### C. SSC in International Investment Law

As an International Trade Organization was abortive after World War II, cross-border investment was mainly adjusted by customary international rules. In this regard, there were, however, severe diversifications between the capital-importing South and the capital-exporting North. During the 1960s and the 1970s the appeal to an NIEO was overwhelming. Then, the North's vision to enact liberal multilateral investment rules had barely enough practical grounds; their expectations to uplift the so-called 'Hull Rules' to customary international law also ended with failure.<sup>28</sup>

They thus turned to bilateral forms of resolving the issue at hand. Germany was the earliest to take this approach when it signed with Pakistan in 1959, the first bilateral investment treaty ("BIT") in a modern sense.<sup>29</sup> South countries began to conclude more BITs with the developed countries. Even today, the negotiating and concluding pattern of investment treaties are still bilateral.

Such pattern has arguably brought about two consequences. First, it became impossible for the South to conglomerate their strength to gain a better negotiating position in the making of investment rules,<sup>30</sup> or even worse, there might be a so-called "competition to the bottom" in this process.<sup>31</sup> Second, the South is forced to carry out SSC – if this strategy ever occurred to them – in a bilateral way, which is quite different from enduring collective action in the field of international trade law.

The authors do not agree with the first deduction. We opine that it is rather the one-on-one South-North confrontation that coaxes the weak side into unfavorable terms. For one thing, the institutional environment as partially reflected through investment treaties are not the most critical reason for attracting foreign capital. As long as the legal environment of the potential destination country is not intolerable, investors will always consider commercial conditions first.<sup>32</sup> Another counter-argument could be found in the negotiating process of most BITs, which is usually initiated by the North countries with prepared BIT models. Take the US as example. "Although some negotiation is possible on some issues, the US is committed to the

<sup>28</sup> K. Vanderveelde, *Sustainable Liberalism and the International Investment Regime*, 19 MICH. J. INT'L L. 384 (1997).

<sup>29</sup> K. Vanderveelde, *The BIT Program: A Fifteen-Year Appraisal*, in *The Development and Expansion of Bilateral Investment Treaties*, 86 AM. SOC'Y INT'L L. PROC. 534 (1992).

<sup>30</sup> Collective consciousness is only possible to form in multilateral negotiations. See R. Hudec, *GATT and the Developing Countries*, 67 COLUM. BUS. L. REV. 68 (1992).

<sup>31</sup> During 1960s and 1970s, the South has through the UN General Assembly Resolutions resisted compensation standards proposed by the North, while they actually had accepted even higher standards when they were "divided and conquered." See A. Guzmán, *Explaining the Popularity of Bilateral Investment Treaties: Why LDCs Sign Treaties That Hurt Them*, 38 VA. J. INT'L L. 659 (1997).

<sup>32</sup> *Supra* note 5, at 273-335.

basic structure of the model treaty and will only accept small changes.”<sup>33</sup> According to José Alvarez, a US official who served on the BIT negotiation teams, for most American negotiating partners, to conclude BIT is seldom voluntary and without coercion. Up until today, the U.S. BIT Model is considered to be a “take or leave” deal.<sup>34</sup>

In short, the South countries barely have any bargaining chips in a bilateral negotiation with a powerful opponent, nor can they agglomerate their collective strength to seek reformation as they had achieved previously under the UN or the GATT framework. This fact should be attributed to an unfair competition between the North and the South, rather than a “competition to the bottom” among the South.

For the latter deduction, as a matter of fact, although their main regulations are similar, South-South investment agreements indeed take on unique characteristics when compared with South-North ones.<sup>35</sup> South-South investment agreements will usually emphasize “development and mutually beneficial” in their preambles,<sup>36</sup> and are usually elastic in their framework design, so that developing contracting parties can make reserves as they deem fit for themselves. Some have stipulated “special and differential treatment” clauses.<sup>37</sup> As to the substantial clauses, South-South investment agreements’ characteristics are also recognizable. When these agreements usually take a relatively restrictive definition of ‘investment,’<sup>38</sup> they are very strict on national treatment clauses.<sup>39</sup>

## D. SSC in International Financial Practice

The two important international financial organizations, namely the International Monetary Fund (“IMF”) and the International Bank for Reconstruction and Development (hereinafter World Bank), have been manipulated by the North for their own national interests. One of their most prominent characteristics is the unequal/unfair distribution of voting powers among members; the top five of which enjoy over 40 percent of the entire voting shares. Another practical rule although

<sup>33</sup> *Supra* note 31, at 654.

<sup>34</sup> G. Pilch, *The Development and Expansion of Bilateral Investment Treaties*, 86 AM. SOC’Y INT’L L. PROC. 552-3 (1992).

<sup>35</sup> UNCTAD, *SOUTH-SOUTH COOPERATION IN INTERNATIONAL INVESTMENT ARRANGEMENTS* (2005).

<sup>36</sup> China-ASEAN Framework Agreement, pmbl.

<sup>37</sup> Treaty Establishing the Caribbean Community, ch. VII, art. 59(1).

<sup>38</sup> Framework Agreement on the ASEAN Investment Area, art. 2.

<sup>39</sup> L. Poulsen, *The Significance of South-South BITs for the International Investment Regime: A Quantitative Analysis*, 30 NORTHWESTERN J. INT’L L. & BUS. 101-30 (2010).

late, is that these two institutions are managed by Europeans and Americans, respectively. By virtue of their predominant roles in the IMF and the World Bank, developed countries always combine various political requirements on the domestic economic system or political preference of the lending party, which facilitate their own interests, with prerequisites or 'conditions' in the decision process of these two organizations on aid or loan granted to developing countries.<sup>40</sup>

Since the 2008 global financial crisis, the world has become aware, that the IMF and the World Bank, who were assumed to play a tutoring role on the matters of economic systems or financial governing regime for the loan/aid recipient country, were incredibly unable in the *ex-ante* prediction as well as *ex-post* coping practice on this round of crisis.<sup>41</sup>

As a countermeasure, a new combination of powers and a new approach to hold dialogues began to emerge. Specifically, there would be regular meetings attended by the leaders of G7 or G8 with several major developing countries. In the dialogue held in Japan in July 2008, the then Chinese leader Hu Jintao took the lead to make an insightful comment on this 'new approach' of SSC and the South-North Dialogue. He pointed out that:

The enhanced coordination and cooperation between these five nations will not only bring benefit to development of each nation, but also to the consolidation of South-South Cooperation, the promotion of South-North Dialogue, and the sacred cause of peace and development of mankind.<sup>42</sup>

In mid-June 2009, President Hu Jintao and other leaders of the BRICS countries, met in Yekaterinburg in central Russia, and jointly declared that:

We are committed to advance the reform of international financial institutions, so as to reflect changes in the global economy... The emerging and developing economies must have greater voice and representation in international financial institutions, whose heads and executives should be appointed through an open, transparent, and

<sup>40</sup> A. Buira, *An Analysis of IMF Conditionality*, UNCTAD G24 Discussion Paper No.22 (Aug. 2003). See also G. Bird, *The IMF and Developing Countries: A Review of the Evidence and Policy Options*, 50 INT'L ORG. 477-511 (1996).

<sup>41</sup> E.g., the Independent Evaluation Office of the IMF issued various reports around 2011 questioning the failure of the Fund to give any clear warning as to the 2008 crisis, and identified several possible causes such as organizational impediments, analytical weaknesses and political constraints. For details, see the official website of the IMF, available at <http://www.imo-imf.org/ieo/pages/IEOHome.aspx> (last visited on Apr. 18, 2015)

<sup>42</sup> See *Hu Jintao's Remarks in the Meeting of Leaders of Five Developing Countries* XINHUANET, July 8, 2008, available at [http://news.xinhuanet.com/newscenter/2008-07/08/content\\_8512384.htm](http://news.xinhuanet.com/newscenter/2008-07/08/content_8512384.htm) (last visited on Apr. 18, 2015).

merit-based selection process.<sup>43</sup>

As the power of the Global South began rising rapidly, the US called upon to organize a G20 Summit in Pittsburgh in September 2009, in order to bring along the emerging markets to the world economic forum. This is the first time that developing countries participated in the global financial regulation together with the developed countries. As a result, G20 began to replace G7 as the most important forum for regulating the international finance.<sup>44</sup>

When the crisis ended and developed countries gradually walked out of the most difficult phase, however, they began to stall implementation of the reforming scheme agreed upon, notwithstanding their previous promise and the multiple times of capital increase of developing countries into the IMF and the World Bank.<sup>45</sup> Under such circumstance, while pushing for the reform along with other developing countries, China actively seeks to propel or lead the establishment of new financial institutions at both the global and regional level, in order to bring change to the current monopolized international financial regime. The following are the latest examples.

### 1. Example One

After over two years of negotiation and design, a BRICS Development Bank (hereinafter New Development Bank, or “NDB”) was finally launched on July 15, 2014, through the Fortaleza Declaration. This is the first time that the Bretton-Woods System led by the US witnessed a substantial challenge from a competitive international financial system. The five main challenging members are all developing countries with heavy weights and decisive roles in their respective region as well as around the world.<sup>46</sup>

NDB’s primary mission is to deal with the shortage of capital in the BRICS countries and vast developing countries in their infrastructure development. Its final goal is to assist developing countries to independently and sustainably develop their national economies. NDB is designed to allocate voting power equally

<sup>43</sup> See Joint Statement of the BRIC Countries’ Leaders (Russian Government trans.), available at [http://www.fmprc.gov.cn/mfa\\_eng/wjdt\\_665385/2649\\_665393/t569480.shtml](http://www.fmprc.gov.cn/mfa_eng/wjdt_665385/2649_665393/t569480.shtml) (last visited on Apr. 18, 2015).

<sup>44</sup> See *Leaders’ Statement of The Pittsburgh Summit*, Sept. 24-25 2009, at 19 (pmbL, ¶ 50), available at [https://g20.org/wp-content/uploads/2014/12/Pittsburgh\\_Declaration\\_0.pdf](https://g20.org/wp-content/uploads/2014/12/Pittsburgh_Declaration_0.pdf) (last visited on Apr. 26, 2015).

<sup>45</sup> During the G20 Summit in Mexico, 2012, e.g., China had increased USD43 billion to its capital in the IMF, while Russia, India and Brazil had increased USD10 billion each, and South Africa USD2 billion.

<sup>46</sup> Together they occupy 42.6% of the global population, 29.6% of the global area, 21% of the global economic aggregate, and almost half of the global foreign reserve.

among its members.<sup>47</sup> In other words, founding nations are regarded strictly as equal regardless of their economic strength. Furthermore, compared to the usual ‘conditional loan’ provided by the IMF or the World Bank, NDB is believed to be more economic and less political (in other words with less stringent ‘conditions,’ if any) on this matter.<sup>48</sup>

## 2. *Example Two*

President Xi Jinping first proposed to establish an Asian Infrastructure Investment Bank (“AIIB”) during his visit to Indonesia in October 2013, for the purpose of financing infrastructure of Asian countries that are located within the “One Belt and One Road” economic initiative.<sup>49</sup> With the rapid progress of negotiations, the first batch of 21 founding members including China, India and Singapore have signed the Memorandum to Establish AIIB on October 24, 2014. As of April 2015, this number has been finalized as 57 (including Republic of Korea) with 10 more having filed the application for accession.<sup>50</sup>

As per existent arrangement, AIIB would distribute its total share proportionately among founding members according to their respective GDP. Therefore, China would become the largest shareholder. On this matter, Chinese Finance Minister Jiwei Lou emphasized that China would have no intention to purport hegemony within the Bank; its share would be gradually decreased when other countries begin to join in this institution. He held: “AIIB would not be politicized, and become a tool for the power to manipulate others.”<sup>51</sup>

## 3. *Example Three*

President Xi Jinping announced that China would fund an initial 40 billion dollars to establish a Silk Road Foundation – which is open for investors in and outside Asia to participate – on November 8, 2014 during the recent APEC Summit in Beijing.<sup>52</sup>

<sup>47</sup> The term ‘equality’ has appeared multiple times in the Fortaleza Declaration. See Fortaleza Declaration ¶¶ 2, 21, 26 & 28.

<sup>48</sup> Krishnendra Meena, *BRICS: An Explanation in Critical Geography*, 35 *CONTEXTU INTERNACIONAL* 573 (2013).

<sup>49</sup> Banyan, *An Asian infrastructure bank: Only Connect*, *THE ECONOMIST*, Oct. 4, 2013, available at <http://www.economist.com/blogs/analects/2013/10/asian-infrastructure-bank-1> (last visited on Apr. 19, 2015).

<sup>50</sup> See *AIIB founding members rise to 57*, *CHINA DAILY*, Apr. 15, 2015, available at [http://www.chinadaily.com.cn/business/2015-04/15/content\\_20440449.htm](http://www.chinadaily.com.cn/business/2015-04/15/content_20440449.htm) (last visited on Apr. 19, 2015).

<sup>51</sup> See Jiwei Lou, *AIIB will Bring Win-Win Result*, *XINHUANET*, July 3, 2014, available at [http://news.xinhuanet.com/2014-07/03/c\\_1111448768.htm](http://news.xinhuanet.com/2014-07/03/c_1111448768.htm) (last visited on Apr. 19, 2015).

<sup>52</sup> See *Xi Jinping’s Speech on the Conference of Strengthening Interconnectivity Partnership*, Nov. 8, 2011, available at [http://news.xinhuanet.com/world/2014-11/08/c\\_1113170919.htm](http://news.xinhuanet.com/world/2014-11/08/c_1113170919.htm) (last visited on Apr. 19, 2015).

The aim of such a financial institution is to take advantage of spare capital including Asian countries' foreign reserve to support the "One Belt and One Road" project, for a new round of economic growth in Asia.<sup>53</sup>

These latest examples have demonstrated the current vigor of SSC, while the contrast of the South and the North in terms of comprehensive national strength has been gradually alleviating. It is exhibited through the impact of newly envisaged financial institutions replacing the old international financial order.

Global response toward this transition is diverse; the establishment of NDB and AIIB is either praised or blamed. *E.g.*, the incumbent President of the World Bank Group Jim Yong Kim said in his visit to India in July 2014 that: "The only competition we have is with poverty... Any bank or any group of institutions that try to tackle the problem of infrastructure investment to fight poverty, we welcome..."<sup>54</sup> With regard to AIIB, President Kim has also publicly expressed his optimistic and encouraging welcome.<sup>55</sup>

On the other hand, various pessimistic views and depreciation are constantly coming out. Some even comments that NDB and AIIB would relate to the 'China Threat' Doctrine, preaching that these new institutions are just a tool for China to realize its self-interests.<sup>56</sup>

Those who are pessimistic about the NDB's future deem its foundation rather loose. They argue that the five contracting members differ in both economic and political standards. China's economic dimension, *e.g.*, is 28 times that of India, and India's income per capita constitutes only 10 percent of Russia's.<sup>57</sup> India and South Africa are normally regarded as pro-western democratic polity, while China and Russia are deemed as authoritarian polity. With these bifurcations, there is a great chance of practical difficulties in the future governance of NDB; the coordination and cooperation among countries within NDB are not so optimistic, either.<sup>58</sup> Concerns

<sup>53</sup> *Id.*

<sup>54</sup> Aditya Kalra, *World Bank chief welcomes new BRICS development bank*, REUTERS, July 23, 2014, available at <http://in.reuters.com/article/2014/07/23/worldbank-india-idINKBN0FS1MV20140723> (last visited on Apr. 19, 2015).

<sup>55</sup> *See WB Chief Publicly Supports AIIB*, available at <http://world.huanqiu.com/exclusive/2014-10/5181201.html?qq-pf-to=pcqq.c2c> (last visited on Apr. 19, 2015).

<sup>56</sup> M. Schiavenza, *How the BRICS New Development Bank Serves China's Interest*, INTERNATIONAL BUSINESS TIMES, July 18, 2014, available at <http://www.ibtimes.com/how-brics-new-development-bank-serves-chinas-interest-1631664> (last visited on Apr. 19, 2015).

<sup>57</sup> *See* the World Bank data (as of 2013), available at <http://data.worldbank.org/country> (last visited on Apr. 19, 2015), according to which China has a GDP of USD9.24 trillion and South Africa a USD350.6 billion, while the income per capita for India is USD1570 and that for Russia is USD13,850.

<sup>58</sup> R. Desai & R. Vreeland, *What the New Bank of BRICS is all About*, WASH. POST, July 17, 2014, available at <http://www.washingtonpost.com/blogs/monkey-cage/wp/2014/07/17/what-the-new-bank-of-brics-is-all-about> (last visited on Apr. 19, 2015).

regarding AIIB's management level and transparency are also prevalent, especially in the media of Japan, Australia and the US.<sup>59</sup>

Those who depreciate the future of NDB also have their seemingly reasonable grounds. NDB's total registered capital, which is only USD100 billion, seems too little for their reality. They argue that its initial subscribed capital is only half this number. One can find references from other global or national capital suppliers, like the case of the World Bank, which has disbursed USD31.5 billion in only one fiscal year of 2013,<sup>60</sup> while the Brazilian National Development Bank has disbursed USD190.4 billion in that same year.<sup>61</sup> Considering financial needs, the number already far exceeds the agreed capital of NDB currently. The World Bank estimated that South Africa alone would need approximately USD2500 billion for its infrastructure in the following decade.<sup>62</sup>

Those who often preach the 'China Threat' address that NDB is but a new conspiracy by China, through which this currently rising 'empire' could acquire multiple political interests.<sup>63</sup> According to such a view, China aims to establish and take a leading role in another financial portal, bypassing the slow-moving reformation within the IMF and the World Bank. With this new financial institution, China's enterprises could enhance the legitimacy of their investing overseas by borrowing the proposal of positive values such as 'sustainable development' of multilateral financial framework. It would dilute the political and diplomatic implications of such an investment (especially those carried out by State-Owned Enterprises) more easily than those in the case of a direct bilateral investment.<sup>64</sup> All these would benefit China's strategic arrangement of her outward capital at the global level.

Against the above-listed views, the authors holds the following opinion. First, the establishment of NDB and AIIB would certainly not imply the building of a new international financial order, which could make for a competitive rival of or even replace the current IMF and the World Bank System. Historically,

<sup>59</sup> Xiaoyuan Zhou, *AIIB Fills up the Gap rather than Takes up a Challenge*, available at <http://finance.people.com.cn/stock/n/2014/1027/c67815-25913120.html> (last visited on Apr. 19, 2015).

<sup>60</sup> See THE WORLD BANK ANNUAL REPORT 2013, at 55, available at [http://siteresources.worldbank.org/EXTANNREP2013/Resources/9304887-1377201212378/9305896-1377544753431/1\\_AnnualReport2013\\_EN.pdf](http://siteresources.worldbank.org/EXTANNREP2013/Resources/9304887-1377201212378/9305896-1377544753431/1_AnnualReport2013_EN.pdf) (last visited on Apr. 26, 2015).

<sup>61</sup> See *The Evolution of the BNDES' Disbursements*, available at [http://www.bndes.gov.br/SiteBNDES/bndes/bndes\\_en/Institucional/The\\_BNDES\\_in\\_Numbers/#The\\_Evolution\\_of\\_the\\_BNDES\\_\\_Disbursements](http://www.bndes.gov.br/SiteBNDES/bndes/bndes_en/Institucional/The_BNDES_in_Numbers/#The_Evolution_of_the_BNDES__Disbursements) (last visited on Apr. 19, 2015).

<sup>62</sup> PRC Ministry of Commerce, *Media Claims the NDB to have an Arduous Task Ahead*, available at <http://www.mofcom.gov.cn/article/i/jyj/1/201407/20140700667815.shtml> (last visited on Apr. 19, 2015).

<sup>63</sup> For details on 'China Threat' doctrine, see *supra* note 5, at 44-100.

<sup>64</sup> *Supra* note 56.



however, it symbolizes a new climax as well as a consequent start of the SSC in the field of international financial practice. It is fair to envision that such a new financial institution would play an important role in both constructing a South-led international financial order, and propelling the reform of the traditional international financial order. As the traditional Chinese saying goes: “A single spark can start a prairie fire.”<sup>65</sup>

Such a rule of development regarding new-born-things has only been repetitive time and again in several traditional parts of Chinese poetry, prose and expostulations to kings and emperors. Song Yu, a famous poet in the Warring States Era of ancient China, had most vividly chanted this philosophical wisdom in his famous Ode of the Wind [风赋] in the following words:

In-between the earth and the sky there breeds a movement of air, and then a breeze gently blows from the above of duckweed. When it later sweeps across trenches and agglomerates at the mountain pass, a gale thus emerges that would squeal along its way with as a high-spirited momentum as a roaring flame, and make even the toughest pines dance and bow. It sounds like an angry thunder, and takes on an indefinite form. It would blow over megaliths and break off branches.<sup>66</sup>

This metaphor has been used to describe that any great influence, great thought, novel regimes and new orders all originate from a minute and indiscernible source, as the ‘original breeze’ that “gently blows from the above of duckweed,” would finally turn into a ‘gale,’ which could easily crumple anything, like sweeping up dead leaves. New-born-things are vested with a strong vitality, provided they accord with the development rule of human society and the trend of human history. While all counter-revolutionary and backward old regimes, old institutions are bound to be replaced under the strong gale, they seem to be indestructible in the beginning on appearance. Such wisdom is well echoed by the western scientific theory of the ‘Butterfly Effect,’ which states that a tiny challenge at the source would possibly turn out to have huge changing influence in the end.

Mr. Sun Yat-Sen, the pioneer of Chinese democratic revolution, during the decades of revolutionary course in overthrowing the imperial regime of ancient China and establishing a novel democratic republic, has asserted with gusto that: “The tide

<sup>65</sup> Mao Tse-tung, *A Single Spark can Start a Prairie Fire* [星星之火，可以燎原] (Jan. 1930), in *SELECTED WORKS OF MAO TSE-TUNG* 117-28 (1965).

<sup>66</sup> 夫风生于地，起于青萍之末；浸淫溪谷，盛怒于土囊之口；缘泰山之阿，舞于松柏之下，飘忽溟滂，激飏嫖怒。聒聒雷声，回穴错连，蹶石伐木，梢杀林莽。See Song Yu, *Ode of the Wind* [风赋], GOSHIWEN, available at [http://so.gushiwen.org/view\\_47874.aspx](http://so.gushiwen.org/view_47874.aspx) (last visited on Apr. 26, 2015).



of world history goes forward with great strength and vigor in formidable power. Those who temporize with it would be awarded, while those who go against it would be perished.”<sup>67</sup>

Such wisdom, ideals and practical experiences of former philosophers and revolutionists are valuable references for those with lofty ideals who devote themselves in the contemporary course of reforming OIEO and establishing NIEO.

Second, the relationship between NDB/AIIB and the traditional IMF/World Bank can be generalized as “complementation and competition.” NDB has not only complemented capital supply in the international financial market, especially for the needs of BRICS and other developing countries, but also fulfilled, to some extent, several longstanding demands of the global South for a fair and beneficial international financial institution. Here they can discuss and decide more equally, and acquire financial aid with no strict political conditions. The complementary characteristic of AIIB is even more discernable, as it lays specific stress on financing infrastructure construction, while, currently, the World Bank and the Asian Development Bank (“ADB”) focus primarily on poverty reduction. It may not be denied that ADB and the European Bank for Reconstruction and Development have actually functioned as regional branches of the World Bank. AIIB is expected to make a similar outcome.

As to the competition factor that arrives with NDB, it is not against the liberal international financial order *per se*, as the past experience has shown that BRICS and other developing countries could benefit greatly from such an economic system. Conversely, NDB would compete with the IMF and the World Bank for the equality and efficiency of the international financial institutions themselves. Such competition could be seen as a replica of the GATT’s law-reform, where slow progress was accelerated by outside competition introduced by the UNCTAD.<sup>68</sup>

### III. China’s Self-Position in SSC

Since 1949, China has been actively participating in and fully devoting herself to the

<sup>67</sup> 世界潮流，浩浩荡荡，顺之者昌，逆之者亡。This assertion was expressed by Mr. Sun in September 1916, after he went back to Shanghai from a visit of the famous Qianjiang flood tide in Haining, Zhejiang Province, available at [http://news.ifeng.com/gundong/detail\\_2011\\_10/09/9694533\\_0.shtml](http://news.ifeng.com/gundong/detail_2011_10/09/9694533_0.shtml) (last visited on Apr. 19, 2015).

<sup>68</sup> A. Akinsanya & A. Davies, *Third World Quest for a New International Economic Order: An Overview*, 33 INT’L & COMP. L. Q. 210 (1984).

career of SSC. China's position could be traced to over a century ago. In 1916, Mr. Sun Yat-Sen declared publicly in his will:

I have devoted myself to national revolution for over 40 years, with the sole aim to pursue a free and equal status for people within China, as well as for China around the world. Upon my four decades' experience, I have made myself quite well aware that in order to fulfill such aim, it is a prerequisite to unite all nations that treat each other equally to struggle collectively.<sup>69</sup>

Mr. Sun's will has embedded into the spirits of China's new leaders. It has also become the ideological ground for China's long-term foreign policy as incarnated through the Theory of the Three Worlds, the Five Principles of Peace and Co-existence, 28-word Foreign Policy, Harmonious World and One Belt and One Road, etc.

## A. Main Viewpoints of the First Generation Leaders

In late September 1949, just days before the official establishment of the People's Republic of China, Chairman Mao Tse-tung had emphasized the importance of unification at the international level with other countries and their people who longed for peace and freedom, in order to collectively fight against the invasive policies of imperialism.<sup>70</sup> This strategic base is absorbed into Chapter 7 of the Joint Program as 'Foreign Policy.'

During his meeting with the Zambian President in 1974, Chairman Mao first expressed his thoughts on the division of world countries, which could be understood as the theoretical ground for China's foreign policy of collaborating with other third world countries. Chairman Mao said:

In my view, the United States and the Soviet Union form the first world. Japan, Europe and Canada, the middle section, belong to the second world. We are the third world... The third world has a huge population. With the exception of Japan, Asia belongs to the third world. The whole of Africa belongs to the third world, and Latin America too.<sup>71</sup>

<sup>69</sup> Mr. Sun has left three wills before he passed away - on family business, state affairs and policy with the Soviet Union. The cited paragraph is from the first sentence of Mr. Sun's will on state affairs. See Jun Jiang, Sun Yat-Sen's last three wills [原标题: 历史上的今天: 孙中山逝世临终的三份“遗嘱”曝光], available at [http://js.ifeng.com/humanity/his/detail\\_2015\\_03/12/3649808\\_0.shtml](http://js.ifeng.com/humanity/his/detail_2015_03/12/3649808_0.shtml) (last visited on Apr. 19, 2015).

<sup>70</sup> Mao Tse-Tung, *The Chinese People have Stood Up!* (Sept. 1949), in V SELECTED WORKS OF MAO TSE-TUNG 15-8 (1977).

<sup>71</sup> 我看美国、苏联是第一世界。中间派，日本、欧洲、加拿大，是第二世界。第三世界人口很多，亚洲除了日

The official restatement of this idea had not been seen until November 1977, when an editorial entitled “Chairman Mao’s Theory of the Differentiation of the Three Worlds Is a Major Contribution to Marxism-Leninism” was published in the People’s Daily of China.<sup>72</sup>

Against this backdrop, some opposing voices opine that such a categorization is only “based on national wealth, and is thus, a rough generalization of the economic development status and economic strength, rather than political strength of world countries.”<sup>73</sup> Such a query obviously has not recognized abundant philosophical and political connotations of this idea, as well as its potential utility on guiding practices; as was later elaborated by Deng Xiaoping in his address on the special session of the UN General Assembly on April 10, 1974. Deng pointed out the Chairman Mao’s Three Worlds Theory as follows:

China is a socialist and developing country, and belongs to the third world. China shares similar miserable experience with most other third world countries, and faces similar problems and tasks. China determinedly takes anti-imperialism, anti-hegemonism and anti-colonialism struggle as its sacred responsibility.<sup>74</sup>

While the Theory of Three Worlds has determined the coordinates for China’s self-positioning on world arena, the Five Principles of Peaceful Co-existence could then be regarded as the fundamental guidance for China’s diplomatic strategy. These principles were first proposed by Premier Zhou Enlai during his visit to India and Myanmar in 1954. It comprises of the following five aspects of a new approach to international relations mainly among those newly independent States:

Mutual respect for each other’s territorial integrity and sovereignty; Mutual non-aggression; Mutual non-interference in each other’s internal affairs; Equality and cooperation for mutual benefit; and Peaceful co-existence.<sup>75</sup>

本都是第三世界。整个非洲都是第三世界，拉丁美洲是第三世界。See Jiang An, *Mao Zedong’s “Three Worlds” Theory: Political Considerations and Value for the Times*, 34 SOC. SCI. CHINA 36-9 (2013), available at [http://www.tandfonline.com/doi/abs/10.1080/02529203.2013.760715#.VUGS5fSI\\_fk](http://www.tandfonline.com/doi/abs/10.1080/02529203.2013.760715#.VUGS5fSI_fk) (last visited on Apr. 30, 2015).

<sup>72</sup> See *Chairman Mao’s Theory of the Differentiation of the Three Worlds Is a Major Contribution to Marxism-Leninism*, RENMIN RIBAO (People’s Daily), Nov. 1, 1977.

<sup>73</sup> Min Wu, *Queries to the Theory of Three Worlds*, available at <http://www.aisixiang.com/data/24537.html> (last visited on Apr. 19, 2015).

<sup>74</sup> See Speech by Chairman of the Delegation of the People’s Republic of China, Deng Xiaoping at the Special Session of the U.N. General Assembly (Foreign Language Press ed., Apr. 10, 1974), available at <https://www.marxists.org/reference/archive/deng-xiaoping/1974/04/10.htm> (last visited on Apr. 19, 2015).

<sup>75</sup> See PRC Ministry of Foreign Affairs, *The Five Principles of Peaceful Co-existence - fundamental and everlasting*

These five principles have essentially set the prerequisite for conducting international cooperation, as the equality among nations regardless of size or strength. At that time, this proposal had brought forth a novel approach to understand and guide the traditional idea of the East (Socialist) camp against the West (Capitalist) camp. In the Bandung Conference held in April 1955, these Five Principles were completely absorbed, and expanded into the ten principles on international relations as found in the Declaration on Promoting World Peace and Cooperation.<sup>76</sup>

## B. Main Viewpoints of the Second Generation Leaders

China experienced domestic turbulence referred to as the 'Cultural Revolution' in the decade of 1964 - 1974. It rendered the newly established country to an even worse situation. After a basic social system was brought back out of chaos, Deng Xiaoping, as the second generation leader, advocated and fully carried out the national policy of "Reform and Open-up," and later proposed a "28-character (numbered in Chinese characters) Foreign Policy" in the early 1990s against the then world situation. Deng held: "Observe calmly; Secure our position; Cope with affairs cool-headedly; Be good at maintaining a low profile; Never claim leadership of the world; Act but stay low profile while biding our time; Make some differences."<sup>77</sup>

This summary is so concise and elastic that its interpretation has also caused some confusion. There is a point of view that the tips in the 28-word foreign policy, especially in the part "be good at maintaining a low profile; never claim leadership of the world; act but stay low profile while biding our time,"<sup>78</sup> is that the Chinese authorities and people should be worldly wise and play safe, keep hands off the world issues, and concentrate only on internal affairs. This point is supported by Deng Xiaoping who once proclaimed that: "China should not do so because she lacks the power and she could not afford to. This is a basic national policy. Taking the

norms guiding international relations [互相尊重主权和领土完整、互不侵犯、互不干涉内政、平等互利和和平共处], available at [http://fmprc.gov.cn/mfa\\_eng/ziliao\\_665539/3602\\_665543/3604\\_66200406/t18053.shtml](http://fmprc.gov.cn/mfa_eng/ziliao_665539/3602_665543/3604_66200406/t18053.shtml) (last visited on Apr. 21, 2015).

<sup>76</sup> See *Final Communiqué of the Asian-African conference of Bandung* (Apr. 1955), pt. G.

<sup>77</sup> 冷静观察，稳住阵脚，沉着应付，善于守拙，决不当头，韬光养晦，有所作为。As a matter of fact, the content of the policy is a summary of talks by Deng in various circumstances. See *China Expects a Promised Future through a Stable Open-up Policy, and To Deal with Development Problems by Using Timely Situations*, in 3 SELECTIONS FROM DENG XIAOPING 321, 326 & 363 (1993). See also Qizhen Li, *On Deng Xiaoping's Strategic Diplomatic Thoughts* [论邓小平的外交战略思想], 6 Soc. Sci. CANTON [广东社会科学] 75-6 (2000); Xiangyang Chen, *Restatement of Deng Xiaoping's 28-word: Still to be a Prime Choice of China's Outward Strategy*, SINA NEWS AGENCY, Sept. 7, 2005, available at <http://news.sina.com.cn/c/2005-09-07/16467705377.shtml> (last visited on Apr. 19, 2015).

<sup>78</sup> *Supra* note 75.

lead will bring us no good but passivity.”<sup>79</sup> Because the Third World was not strong enough, however, their efforts to establish the NIEO have always encountered difficulties and obstructions. It have even cast a shadow on the hopeful course of SSC. In such a situation, it might not be wise for China to henceforth adhere to the Third World’s common cause of SSC to strive for an NIEO.

However, this point of view has neglected, at the very least, the following facts. First, Deng Xiaoping himself is one of the earliest advocators for SSC and the NIEO. In the UN General Assembly’s special session in 1974, Deng declared that China took a firm stand on the side of the Third World and would never seek hegemony. In the same UN special session, Deng, as the representative of the Chinese government, put forward the basic idea of establishing the NIEO. He asserted that the political and economic relation among nations should be based on the Five Principles of Peaceful Coexistence so that the international economic affairs should be dealt with by all the nations rather than being monopolized by a few countries.<sup>80</sup>

Second, while emphasizing that we should “keep low-profile and bide our time” and “never take the lead,” Deng Xiaoping also mentioned simultaneously that:

We must make some differences... [It was] unimaginable for a large country as China do nothing at all on international affairs; What should we do? From my perspective, China should play an active role in promoting the establishment of a new international political and economic order.<sup>81</sup>

Third, as early as in 1977, Deng Xiaoping proposed to correctly interpret the Mao Tse-tung’s thought, as an organic whole which would otherwise be misunderstood and caused confusion, including practical detriments. He stressed again that: “We must hold a comprehensive and correct recognition towards Mao Tse-tung Thought, we must be good at learning and using this systemic thought to guide our work.”<sup>82</sup> As Deng Xiaoping’s Theory is commonly regarded as the development of Mao Tse-tung’s thought, the 28-word guideline should be also interpreted wholly as a dialectic strategic thought on global issues, rather than separately by taking only one particular facet.

<sup>79</sup> See 3 SELECTIONS FROM DENG XIAOPING 363 (The People’s Press, 1993).

<sup>80</sup> See *Deng Xiaoping’s Speech in special session of UN General Assembly*, RENMIN RIBAO (People’s Daily), Apr. 11, 1994.

<sup>81</sup> *Supra* note 79.

<sup>82</sup> See 2 SELECTIONS FROM DENG XIAOPING 42 (The People’s Press, 1994).

### C. Main Viewpoints of the Third and Fourth Generation Leaders

The third generation of New China's Leaders, headed by Jiang Zemin, have well summarized the experience in foreign policy accumulated by the first two generations of leaders. Then President Jiang proposed in his report to the 16th National Congress of Communist Party of China that:

[China must] Pursue the independent foreign policy of peace, safeguard world peace and promote common development. We will, as always, attach paramount importance to our state sovereignty and security. We will develop friendly relations and cooperation with all other countries on the basis of the Five Principles of Peaceful Coexistence. We will oppose hegemonism and power politics and promote the establishment of a fair and rational new international political and economic order. In handling international affairs, we should observe and cope with the situation cool-headedly, adhere to the principle of mutual respect and seek common ground while shelving differences. We need to respect the diversity of the world, promote democracy in international relations and strive for a peaceful international environment and a good climate in areas around China.

We stand for going along with the historical tide and safeguarding the common interests of mankind. We are ready to work with the international community to boost world multipolarization, promote a harmonious coexistence of diverse forces and maintain stability in the international community. We will promote the development of economic globalization in a direction conducive to common prosperity, draw on its advantages and avoid its disadvantages so that all countries, particularly developing countries, can benefit from the process.<sup>83</sup>

The most eminent of all important results achieved by this generation of leaders is to help China get through blockades set by developed powers, and finally into the WTO.<sup>84</sup> China therefore has an additional important forum to carry out persistent

<sup>83</sup> See *Full Text of Jiang Zemin's Report at 16<sup>th</sup> Party Congress*, XINHUANET, Nov. 18, 2005, available at [http://news.xinhuanet.com/english/2002-11/18/content\\_633685.htm](http://news.xinhuanet.com/english/2002-11/18/content_633685.htm) (last visited on Apr. 19, 2015).

<sup>84</sup> Former President Jiang has set up three fundamental principles that China should stick to during its accession negotiation, one of which is to join the WTO. See *Memorandum of China's Accession Negotiation to the WTO*, CHINA DAILY, Sept. 27, 2011, available at [http://www.chinadaily.com.cn/dfpd/rs10nian/2011-09/27/content\\_13800520.htm](http://www.chinadaily.com.cn/dfpd/rs10nian/2011-09/27/content_13800520.htm). It is worthwhile to mention that Shi Guangsheng, then Minister of Foreign Trade and Economic Cooperation of China and the head of Chinese delegation for the accession negotiation, has later recalled that "many fellow developing countries have shown their sincere support during the most difficult times of China's negotiation." See *China's Joining the WTO*, XINHUANET, Sept. 30, 2009, available at [http://news.xinhuanet.com/fortune/2009-09/30/content\\_12121618.htm](http://news.xinhuanet.com/fortune/2009-09/30/content_12121618.htm) (all last visited on Apr. 19, 2015).

struggles against hegemony, together with the global weak groups in the South.

As the successor of Deng Xiaoping's idea, the fourth generation leaders of China were actively advocating SSC and the establishment of the NIEO. One of the latest examples is that China has been energetically participating in the WTO practices concerning the South-North contradictions and cooperation since the Doha Conference.<sup>85</sup> It is widely known that due to an increase of comprehensive national strength and influence on international affairs, China, together with members of the BRICS, has obstructed the hegemonic powers manipulating the conference at their will, and got the right to speak for the sake of weak States.<sup>86</sup>

Besides, in the historical course of SSC and South-North dialogue, a new combination of powers and a new approach to hold dialogue emerges. Regular meetings were initiated among the leaders of G7 or G8 consisting of the most developed countries and several major developing countries. Thereby, the South-North dialogue began to tackle major world issues and knotty points. The then Chinese leader Hu Jintao made an insightful comment on such new approach of SSC and South-North Dialogue during the 2008 G20 Summit in Japan:

South-South Cooperation is an important way to secure common development and to overcome one's own shortcomings by learning from each other. We should make contributions to the South-South Cooperation and be a role model. On the one hand, we should in joint effort promote multilateralism and democratization of international relation; stand up for the developing countries the right to participate and making decisions; and create favourable external environment for the development of the developing countries. On the other hand, we should play an active part in promoting the reform of international economic, financial, trade system, safeguarding the legitimate right of the developing countries; strengthening the ability of the developing countries to cope with all kinds of risks and challenges; and promoting a balanced, harmonious and sustainable development of the world economy.<sup>87</sup>

Hu's comments are concise but comprehensive. It have not only included summary of the past and the future of SSC, but also emphasized on the historical task ahead of major developing countries such as China, India, Brazil, etc. He also referred to their

<sup>85</sup> E.g., China has been coordinating closely with India during the Doha Round negotiations. See An Chen & Huiping Chen, *China-India cooperation, South-South coalition and the new international Economic Order: Focus on the Doha Round*, in CHINA, INDIA AND THE INTERNATIONAL ECONOMIC ORDER (M. Sornarajah & Jiangyu Wang eds., 2010).

<sup>86</sup> An Chen, *A Reflection on the South-South Coalition in the Last Half Century from the Perspective of International Economic Law-making: From Bandung, Doha and Cancun to Hong Kong*, 7 J. WORLD INV. & TRADE (2006).

<sup>87</sup> See Hu Jintao's Remarks in the Meeting of Leaders of Five Developing Countries, XINHUANET, July 8, 2008, available at [http://news.xinhuanet.com/newscenter/2008-07/08/content\\_8512384.htm](http://news.xinhuanet.com/newscenter/2008-07/08/content_8512384.htm) (last visited on Apr. 19, 2015).

influences on the South-South self-reliance as a role model and mainstay.

The whole world was impacted by a severe financial crisis in 2008, whose pervasiveness, intensity and impact had been unprecedented since 1930s. In Washington D.C., in mid-November 2008, leaders of world's major developed and developing countries including China, Brazil, Argentina, India, Indonesia, Mexico, and South Africa met in G20 Summit in order to map out a countermeasure. They made it clear that the international community should draw lessons from this worldwide financial crisis and restructure the international financial system. This reform should be kept in the track towards establishing a just, fair, tolerant, and orderly new international financial order, and be conducted comprehensively, equitably, gradually and effectively. 'Comprehensiveness' means that the design of the new system must be carried out as a whole. The international financial and monetary system, the institutions, rules and procedures should all be included in this reform. As for 'equity,' it means overall planning and all-round consideration. The reform should reflect interests of different parties regarding the decision-making and management mechanism. It would allow emerging economies to participate in international financial market.<sup>88</sup>

This clear-cut stand has long been asserted by the developing countries. The G20 Summits in early April and September 2009 have seen Chinese leaders reaffirm their stand that major developing countries should do something actively, being a role model and mainstay, in undertaking global historical tasks through SSC. They should positively promote the "eradicating the old and fostering the new" approach to the international financial order.<sup>89</sup> There was another break-through in the Pittsburgh Summit declaring G20 as being "designated... as the premier forum for our international economic cooperation."<sup>90</sup> This signals that the developed powers would have to cease being condescending and arrogant, and begin to treat the main representative countries of the global South as an equal to carry out the South-North

<sup>88</sup> See *Hu Jintao's Remarks in the Summit on Financial Markets and the World Economy: Unity in Adversity*, XINHUANET, Nov. 16, 2008, available at [http://news.xinhuanet.com/newscenter/2008-11/16/content\\_10364070.htm](http://news.xinhuanet.com/newscenter/2008-11/16/content_10364070.htm); *Hu Jintao's Address on the G20 Summit: Row in the Same Boat in Tough Times* (携手合作同舟共济), CHINA NEWS, Apr. 3, 2009, available at <http://www.chinanews.com/gn/news/2009/04-03/1630688.shtml>; *China's Influence Raises Concerns, American Media suggests G20 to invite Beijing*, XINHUANET, Mar. 30, 2009, available at [http://news.xinhuanet.com/world/2009-03/30/content\\_11099256.htm](http://news.xinhuanet.com/world/2009-03/30/content_11099256.htm); *G20 London Summit Ushers in New International Order*, XINHUANET, Apr. 4, 2009, available at [http://news.xinhuanet.com/world/2009-04/04/content\\_11129541.htm](http://news.xinhuanet.com/world/2009-04/04/content_11129541.htm) (all last visited on Apr. 19, 2015).

<sup>89</sup> See *Hu Jintao's Address on the G20 Summit: Row in the Same Boat in Tough Times* (携手合作同舟共济).

<sup>90</sup> See G20 Leaders' Statement: The Pittsburgh Summit, Sept. 24-5, 2009, at ¶ 50, available at <http://www.g20.utoronto.ca/2009/2009communique0925.html> (last visited on Apr. 19, 2015).



dialogue.<sup>91</sup>

## D. Main Viewpoints of Today's Leaders

The present generation of Chinese leaders have opined various occasions again, with similar views on steering China's foreign policy directions, including such issues like SSC and the reformation of OIEO. During his two and a half-year presidency so far, President Xi Jinping has made consistent and evolutionary elaborations regarding abundant connotations of China's traditional self-positioning. He has been also endeavoring to fulfill them in practice. The following four main aspects may be categorized therefrom.

First, President Xi emphasizes upon the closely interweaving relationship among the principles of peaceful coexistence, the course of South-North Cooperation, SSC, and the establishment of NIEO. As a successor to the Five Principles of Peace and Co-existence, Xi is renewing and strengthening of these Principles of peaceful cooperation and harmonious development. He addressed at the celebration of the 60th anniversary of the Five Principles of Peace and Co-existence that:

The Five Principles of Peaceful Coexistence have become the basic norms governing international relations as well as basic principles of international law... The Five Principles of Peaceful Coexistence have effectively upheld the rights and interests of the developing world... In the new era today, the spirit of the Five Principles of Peaceful Coexistence, instead of being outdated, becomes more renewing; its significance, rather than diminishing, becomes more deepening; and its role, rather than being weakened, becomes more strengthened.<sup>92</sup>

China will firmly pursue peaceful development... China will firmly pursue friendship and cooperation with all other countries on the basis of the Five Principles of Peaceful Coexistence... China will firmly pursue a win-win strategy of opening-up.<sup>93</sup>

<sup>91</sup> An Chen, *A Third Comment on China's Strategic Position in the Establishment of NIEO: To Where would the G20 & its "Path from Pittsburgh" Lead-The Pending Riddle of the New Platform of G20 South-North Cooperation and the Conflict between Ideas such as "Compliance" and "Change,"* 16 J. INT'L ECON. L. (CHINA) [国际经济法学刊] 1-29 (2009).

<sup>92</sup> 和平共处五项原则已经成为国际关系基本准则和国际法基本原则；有力维护了广大发展中国家权益；为推动建立更加公正合理的国际政治经济秩序发挥了积极作用……新形势下，和平共处五项原则的精神不是过时了，而是历久弥新；和平共处五项原则的意义不是淡化了，而是历久弥深；和平共处五项原则的作用不是削弱了，而是历久弥坚。See Xi Jinping's speech at 'Five Principles of Peaceful Coexistence' anniversary, Carry forward the Five Principles of Peaceful Coexistence to build a better world through win-win cooperation, July 7, 2014, available at [http://www.china.org.cn/world/2014-07/07/content\\_32876905.htm](http://www.china.org.cn/world/2014-07/07/content_32876905.htm) (last visited on Apr. 20, 2015).

<sup>93</sup> 中国将坚定不移走和平发展道路。中国将坚定不移在和平共处五项原则基础上发展同世界各国的友好合作。中国将坚定不移奉行互利共赢的开放战略。See *id.*

Second, President Xi stresses that China, in its pursuit of the course of SSC and the renewing of OIEO, shall never repeat the western colonial history with hegemonism.

Certain major players of the world have long shown their antagonism to the continuous enhancement of China's comprehensive national strength together with her global influence. Some developing countries are not without their doubts, either. They take a presuppositional view on whether China would also pursue hegemony.<sup>94</sup> These new circumstances are testing the consistency of the diplomatic strategy that China has been adopting.

With the China's 'going abroad' strategy, *e.g.*, many Chinese enterprises and individuals crowded into Africa and Latin America; it is incurring a number of novel prejudices against China. Some western media has shown a certain mental aberration towards the fact that Sino-African and Sino-Latin American economic cooperation have been expanding rapidly. They wantonly, as a Chinese saying puts, "measure the stature of great men by the yardstick of small men" (以小人之心度君子之腹), "make irresponsible remarks" (信口雌黄), and arbitrarily tag China with a so-called 'New Colonialism' label. Some western politicians, governmental think tanks and mainstream media have preached the "China Threat (Africa) Doctrine," accusing that China is carrying out new colonialism throughout Africa in order to plunder Africa of its natural resources. The Economist, *e.g.*, once reported that:

About 600 years ago, seafarers of Ming Dynasty brought back a giraffe from the East coast of African continent to satisfy the Emperor's curiosity; while nowadays vehicles from China sail periodically on a similar ship route, loaded with oil, iron ores and other commodities, in order to satisfy the huge appetite of this gigantic economic body.<sup>95</sup>

During her tenure, Hilary Clinton, former US Secretary of State specifically expressed her concern of China's 'new colonialism' in Africa.<sup>96</sup>

<sup>94</sup> Such kind of criticism from the developing world is much less than that from developed countries. See Huanqiu, *Indian Former High-rank Official Rating China as "Hegemonic Country"*, Dec. 2009, available at <http://world.huanqiu.com/roll/2009-12/668988.html> (last visited on Apr. 20, 2015).

<sup>95</sup> Xiaochun Lin, *West Preaching China's so-called "New Colonialism" in Africa* [西方恶炒中国在非洲搞所谓“新殖民主义”], Southcn.com, Mar. 13, 2006, available at <http://www.southcn.com/news/international/zhuanti/wjbfz/hkm/200606170131.htm> (last visited on Apr. 30, 2015). See also ZEZHONG ZHANG, *SINO-AFRICAN ECONOMIC AND TRADE COOPERATIVE MECHANISM IN NEW TIMES – FROM A PERSPECTIVE OF INTERNATIONAL ECONOMIC LAW* 145-7 (2013).

<sup>96</sup> A. Hudson, *Africa, China and governance: A new colonialism?*, One.org, June 16, 2011, available at <http://www.one.org/us/2011/06/16/africa-china-and-governance-a-new-colonialism> See also M. Lee, *Hillary Clinton Warns Africa of 'New Colonialism'*, HUFFINGTON POST, June 11, 2011, available at [http://www.huffingtonpost.com/2011/06/11/hillary-clinton-africa-new-colonialism\\_n\\_875318.html](http://www.huffingtonpost.com/2011/06/11/hillary-clinton-africa-new-colonialism_n_875318.html) (all last visited on Apr. 20, 2015).

The so-called ‘new colonialism’ is coined to generalize a new pattern of western hegemonic powers’ exploiting the newly independent but still developing countries who were once colonies before World War II. In the postwar period, direct colonialism is impossible to maintain. Traditional powers, instead, turned to a more covert means of exploitation. By taking full advantage of their economic strength, these western powers continue to export their own value priorities to developing countries, trying to integrate them into the already established world economic system by themselves, and then to squeeze economic benefits from the former colonies.<sup>97</sup>

China has rather been holding “thorough mutual beneficial cooperation to win-win (互利、互惠、合作、共赢)” as they are fundamental norms of conduct, by practicing honesty and frankness, matching its deeds strictly to its words, and acting as transparently and consistently as possible.<sup>98</sup>

Right after the 2006 Beijing Summit of the Forum on China-Africa Cooperation, *e.g.*, the world’s media reported this fruitful event with a supportive tone.<sup>99</sup> President Xi stressed:<sup>100</sup>

China “will never seek hegemony, and has no expansionist ambitions”<sup>101</sup> “China does not subscribe to the notion that a country is bound to seek hegemony when it grows in

<sup>97</sup> V. Lenin, *Notes on Imperialism*, in 39 COMPLETED WORKS OF LENIN 280 (1959).

<sup>98</sup> See *Document on China’s Policy towards Africa*, XINHUANET, Jan. 12, 2006, available at [http://news.xinhuanet.com/world/2006-01/12/content\\_4042333.htm](http://news.xinhuanet.com/world/2006-01/12/content_4042333.htm) (last visited on Apr. 20, 2015).

<sup>99</sup> La Vanguardia of Spain reported that: “China does not make accusation of other countries’ development strategy, nor add any non-trade conditions to its contracts to interfere with other countries’ domestic affairs. Such brand new style of China as a responsible power is worthy of appreciation, especially in today’s unrest and chaotic world.” See *China se consolida como factor en África*, LA VANGUARDIA INTERNATIONAL, Nov. 5, 2006; Frankfurter Allgemeine Zeitung of Germany reported that: “This Summit has shown China’s partnership with Africa through a series of new cooperation and deals. African countries widely praise the unconditional aid and loan from China.” See Von Mark Siemons, *Ökonomie statt Moral* [Economy rather than Moral], FRANKFURTER ALLGEMEINE ZEITUNG Nov. 3, 2006; An Editorial from the US QiaoBao ([uschinapress.com](http://www.huaxia.com/z/tb/z/06-057/516971.html)) reported that: “China is the largest developing country on earth with 56 groups of minorities, who advocates for the Five Principles of Peace and Co-existence and the ideal of harmonious world, and opposes the interference with other countries’ domestic affairs. China is a proof that poverty can be successfully relieved through its own characteristic cultural tradition and value system. The mutual need of China and Africa in terms of economic, political, diplomatic and cultural cooperation is now more intensive than ever in a globalized world.” See also Huaxia, *Positive Comments from World Media on Beijing Summit*, HUAXIA NEWS, Nov. 9, 2006, available at <http://www.huaxia.com/z/tb/z/06-057/516971.html> (last visited on Apr. 20, 2015).

<sup>100</sup> See *Diplomatic Strategy and Ideas as Reflected by Xi Jinping’s Ten Visits*, XINHUANET, Oct. 9, 2015, available at [http://big5.xinhuanet.com/gate/big5/news.xinhuanet.com/politics/2014-10/09/c\\_1112741340.htm](http://big5.xinhuanet.com/gate/big5/news.xinhuanet.com/politics/2014-10/09/c_1112741340.htm) (last visited on Apr. 20, 2015).

<sup>101</sup> 中国永远不称霸，永远不搞扩张。 See Hu So, *Xi Jinping’s Address during his visit to Mongolia in August 2014*, SOHU NEWS AGENCY, Aug. 23, 2014, available at: <http://news.sohu.com/20140823/n403698395.shtml>, last accessed on August 31, 2014 (last visited on Apr. 20, 2015).

strength. Hegemony or militarism is simply not in the genes of the Chinese";<sup>102</sup> China "will more actively promote common development, uphold the right approach to justice and interests with a priority to justice, and promote North-South dialogue and South-South cooperation." [In particular,] "we will help other developing countries achieve autonomic and sustainable development,"<sup>103</sup> because "one blossom alone does not make a spring."<sup>104</sup>

These speeches have responded to the doubts raised against China's current diplomatic guideline, as well as the unfounded accusation of China's adoption of new colonialism.<sup>105</sup> They have also reflected that China has been harboring firm strategic confidence, resolution and ambition, with regard to the overall direction of promoting SSC and fulfilling mutual beneficial development.

Third, President Xi for the first time proposed the South-South strategic idea of the "21st century Silk Road Economic Belt" and the "21st century Maritime Silk Road," calling them into the "One Belt and One Road" initiative as a whole.<sup>106</sup> Based on a firm stand at both domestic and international level, this grand design aims to interweave dreams of various countries (the majority of them, being developing countries), with the sincere hope of propelling overall economic growth of the region.<sup>107</sup> Since its inception in 2013, the proposal has won continuous support from neighboring countries as well as from the international community. It is now realizing general ideas and overall framework.

The development of China cannot be separated from a stable, peaceful and

<sup>102</sup> 中国不认同‘国强必霸论’，中国人的血脉中没有称王称霸、穷兵黩武的基因。See *supra* note 92.

<sup>103</sup> 坚持正确义利观，义利并举、以义为先，促进南北对话和南南合作，特别是帮助发展中国家实现自主和可持续发展。See *President Xi's joint written interview with media from Latin American and Caribbean countries*, CHINA DAILY NEWS, July 15, 2014, available at: [http://www.chinadaily.com.cn/world/2014xibricssummit/2014-07/15/content\\_17788270\\_7.htm](http://www.chinadaily.com.cn/world/2014xibricssummit/2014-07/15/content_17788270_7.htm) (last visited on Apr. 20, 2015).

<sup>104</sup> 一花独放不是春，百花齐放春满园。See *Xi Jinping's speech at the Bo'ao Forum for Asia Annual Conference 2013*, CHINA DAILY, Apr. 11, 2013, available at [http://language.chinadaily.com.cn/news/2013-04/11/content\\_16393483.htm](http://language.chinadaily.com.cn/news/2013-04/11/content_16393483.htm), (last visited on Apr. 20, 2015).

<sup>105</sup> See *To Rebut the so-called Neo-colonialism*, available at <http://www.mofcom.gov.cn/aarticle/i/dx/w/gzdz/200804/20080405456295.html>; *To Set up the Image of a Great Country, and to Rebut the False Accusations*, available at <http://yws.mofcom.gov.cn/article/public/201305/20130500111670.shtml> (all last visited on Apr. 20, 2015).

<sup>106</sup> The Silk Road Economic Belt was first announced by President Xi on September 7, 2013 during his speech in Nazarbayev University of Kazakhstan, while the envision of "Maritime Silk Road" took its official debut in President Xi's speech delivered to the Congress of Indonesia in October 3, 2013. See *Xi Jinping speeches at Nazarbayev University* [习近平在纳扎尔巴耶夫大学的演讲], XINHUANET, Oct. 13, 2014, available at [http://news.xinhuanet.com/world/2013-09/08/c\\_117273079.htm](http://news.xinhuanet.com/world/2013-09/08/c_117273079.htm); *Chinese President Xi Jinping delivered a speech in the Indonesian parliament* [国家主席习近平在印度尼西亚国会发表演讲], CHINA NEWS, Oct. 3, 2013, available at <http://www.chinanews.com/gn/2013/10-03/5344133.shtml> (all last visited on Apr. 20, 2015).

<sup>107</sup> Yi Wang, *To Revive the Silk Road, and To Build a Harmonious Neighborhood*, XINHUANET, Sept. 20, 2014, available at [http://news.xinhuanet.com/2014-09/20/c\\_1112556220.htm](http://news.xinhuanet.com/2014-09/20/c_1112556220.htm) (last visited on Apr. 21, 2015).

cooperative circumstance. It can also bring opportunities to other countries. Today, China's diplomatic activities are entering a new round of active phase. In his address at the opening ceremony of 2015 Bo'ao Forum, President Xi made further explanations on the One Belt and One Road strategic conception and its specifics. He also expressed his sincere hope for Asia's promising future as a community with shared destiny.<sup>108</sup> With the giant-hawk's magic wings of "One Belt and One Road" fully spreading,<sup>109</sup> China is bound to take off and fly high, promoting neighboring States to spread their wings and take off together. Meanwhile, people can expect that when the giant-hawk of One Belt and One Road soars across the sky, the anti-China ring of 'containment' that international hegemonists and their followers are busy constructing would be completely shattered. This would be another historical contribution to establish the NIEO for a better future of mankind.

Fourth, by virtue of the convenience of the G20 Brisbane Summit in November 2014, the BRICS leaders have met again in Australia to exchange opinions on major international and regional issues. President Xi has emphasized that the cooperation among BRICS should be built on both political and economic pillars, to become the engine of the world economy as well as the shield of global peace. Those countries must more actively participate in international multilateral cooperation and enhance their role in global economic governance. The results of the Fortaleza Summit and the establishment of NDB were also reiterated. BRICS leaders wished to strengthen their coordination in the forthcoming G20 Summit, similar to the customary practice between the G77 and China in coordinating their stand at the UN General Assembly. It could be seen as the latest example of SSC.

On April 22, 2015, President Xi, at a speech at the Asian African Conference held in Indonesia, stressed to carry forward Bandung spirit and intensify cooperation and win-win between Asia and Africa. He promoted a global strategic vision to construct and expand a new South-South Cooperation, based on a "community of common destiny for mankind" (人类命运共同体).<sup>110</sup>

President Xi further raised three-point proposals on the Bandung spirit. First, both Asia and Africa should adhere to seeking common ground while shelving

<sup>108</sup> See Xi Jinping's speech at the Bo'ao Forum for Asia Annual Conference 2015, XINHUANET, Mar. 28, 2015, available at [http://news.xinhuanet.com/politics/2015-03/28/c\\_1114794507.htm](http://news.xinhuanet.com/politics/2015-03/28/c_1114794507.htm) (last visited on Apr. 21, 2015).

<sup>109</sup> For details on the majestic momentum when the giant-hawk spreads its wings, see ZHUANGZI, A HAPPY EXCURSION [逍遥游] (Yutang Lin trans.), available at <http://ctext.org/zhuangzi/enjoyment-in-untroubled-ease> (last visited on Apr. 21, 2015).

<sup>110</sup> See Xi Jinping Attends the Asian-African Summit and Delivers Important Speech [弘扬万隆精神，推进合作共赢], available at [http://www.fmprc.gov.cn/mfa\\_eng/zxxx\\_662805/t1258694.shtml](http://www.fmprc.gov.cn/mfa_eng/zxxx_662805/t1258694.shtml); [http://mp.weixin.qq.com/s?\\_\\_biz=MjM5MjYxNjc4MQ==&mid=&aid=1013983214](http://mp.weixin.qq.com/s?__biz=MjM5MjYxNjc4MQ==&mid=&aid=1013983214) <available only in Chinese> (all last visited on Apr. 30, 2015).

differences, openness and inclusiveness, complement each other through exchanges and mutual learning and march forwards in such process.

Second, as many developing countries are faced with the common mission of speeding up development and improving people's livelihood, they should stick together for development and move forwards hand in hand.

Third, Bandung spirit not only applies to Asia-Africa cooperation, but also connotes important implications for the promotion of South-North cooperation in order to create a new security path of co-establishment, co-enjoyment and co-win (走出一条共建、共享、共赢的安全新路).<sup>111</sup>

## IV. Conclusion: SSC to Sail Out at the Age of 50

At the age of "knowing the decrees of Heaven," to retrospect the historical path and various typical performances of SSC, as well as to design the future vision, the following should be concluded.

First, SSC has taken on different forms in different fields of international economic law. Under the UN and the GATT framework, Global South has well-coordinated and gathered their force together, which resulted in a certain success of law-making and law-reforming. In the field of international investment law, the multilateral cooperation among the South countries is hard to achieve because of the bilateral treaty regime that the North still seek to impose. The South countries, however, have tried to facilitate the cooperation in a good way. In the field of international financial law, the South has long demanded to reform the unfair rules. With their collective strength consistently growing, instead, they have now formed a different kind of South-South cooperation, competing with the original set of international financial rules.

Second, history shows that a potentially competitive institution can indeed facilitate the global South in achieving their goals through cooperation. This is a lesson from the international trade law reform. When the UNCTAD was established in 1960s, *e.g.*, developed countries came up with an imminent threat that the global South might retreat from the GATT and just turn to this newly formed institution and forum, system collectively. This finally accelerated the process of the North's acceptance of Special & Differential Treatment and GSP as the reform to the GATT

<sup>111</sup> *Id.*

rules. It can be thus fairly expected that NDB and ALLB would benefit developing countries in a way that the IMF and the World Bank have never provided. Also, the North would face severe pressure to undertake reformation of the existing financial order. Either way is a milestone in the construction of a fairer financial order.

Third, China as a developing country has never changed her attitude towards the SSC career. China's efforts have been rather persistent, regardless of the actual ups and downs in the performance of this collective strategy. With its comprehensive national strength on the rise, China will be more actively playing her roles as a driving force and firm mainstays in the course of SSC. Such confidence and capability should be dispersed among many South countries.

Lastly, in the past half a century, despite all the difficulties, the global SSC has persistently been trying to achieve its "decrees of Heaven." If organizing collective struggle against the unfair post-war international economic order with the comprehensive strength of G77, SSC will work more to launch cooperation within the South countries. It would then transform traditional South-North struggle into South-North cooperation.

