

Talking Points by Yang Liu, Deputy Head of Mission of Chinese Embassy in Samoa in response to some key questions at the China and Pacific Conference

I. Aid transparency

There are at least 3 reasons for the relative lack of transparency if any in Chinese development aid in the Pacific Island region:

1. Development aid for China is still a new thing that needs improvement of practice. As a developing country, the foreign aid is still limited in sum and size, and very different in practice and criteria from established donor's ODA. Given the very limited foreign aid capacity, the current priority for China is aid effectiveness rather than the publicity. We still have to go through a long learning curve to achieve visibility and transparency.

2 . Weakness in capacity building: understaffed, under-funded and overworked government agencies and Embassies as well as the inadequate internal coordination are all obstacles for China to gather, process and publicize the aid-related data and information.

3. Domestic pressure from public opinions, which really matters in a globalized world. Some Chinese citizens may find it difficult to understand why we have to afford so much foreign aid when we are still

under-developed in many regions and areas. Therefore the government sometimes tends to be a little cautious about releasing some figures in foreign aid.

In addition, I just want to add that China provides foreign assistance primarily by building projects or providing materials for recipient countries. Most of the aid money is project-linked, which ensures the accountability of the foreign aid. As Dr. Philippa Brant and other scholars find in their research, China is not deliberately withholding aid-related information. The relative lack of transparency of aid has side effect for us too. Less transparency means less visibility. Sometimes we tend to be a better doer than a talker, which somehow devalues the effect of our work.

II. Aid effectiveness

1. As a developing country, China's development assistance is south-south cooperation, which is different in nature and practice from ODA as in north-south cooperation. Although China is not a member of OECD or a party to Paris Declaration on aid effectiveness, aid effectiveness has long been prominently embedded in China's foreign aid policy as shown in the 8 principles of China's foreign aid set forth in 1964. I would argue that although we have different criteria of it, our principles of aid effectiveness are fairly compatible with the established donors.

Since I don't have the luxury of empirical analysis, please pardon me for using the easier discourse analysis. Out of the 8 principles of foreign aid, 5 deals with the aid effectiveness. I will quote some of the 8 principles as follows:

No. 4 "In providing the aid to other countries, the purpose of the Chinese government is not to make recipient countries dependent on China but to help them embark step by step on the road of self-reliance and independent economic development." In my view, this observation

is highly compatible with the state ownership principle of the Paris Declaration.

No. 5 “The Chinese government does its best to help recipient countries complete projects which requires less investment but yield quicker results, so that the latter may increase their income and accumulate capital”.

No. 6.7.and 8 also deals with aid efficiency. No. 8 even goes as far as saying that the Chinese experts will have the same standard of living as the experts of recipient countries, who are not allowed to make any special demands thereof.

2. The No.8 principle which has been well-observed therefore leads to another aspect of aid effectiveness which is particular to Chinese foreign aid. That is, we have tried to reduce the administrative, operational and transactional cost as much as possible, hence sparing the majority of the aid funding and resources to the development projects themselves. To be frank, we have seen so much money of some western donors spent on endless consultations and conferences, and especially on the very high salaries of the aid experts. Arguably, the wages of Chinese foreign aid experts and workers are the lowest in the world. Trying our best to reduce the unnecessary intermediate process, our deliver of aid programs is also very efficient and fast. By all these measures, we want to make sure that every penny of our aid money is squarely spent on the projects and for the people.

3. Lastly it is our belief that the key to ensure aid effectiveness is to respect the will of recipient countries and make their satisfaction one of the benchmarks for evaluating the effectiveness.

III . Aid outcome: reaching out for the real benefit of people

1. The invisibility of public welfare projects. Many people tend to focus on the infrastructure projects China has built for the region so far, while neglecting so many public welfare projects we have done. Let me give you a few examples of people-related projects in Samoa: Apia Sports Park in 1981. The medical team of 7 doctors since 1986, the only and longest-serving residential medical teams by any foreign country in Samoa. Upolu drinking water project in 1987. Women and Youth Economic Centre in 1995. Aquatic Center in 2004. Demonstration farm ever since 2010. National Hospital, Ocean campus of NUS and Disabled people center in 2014. And almost 10 primary schools since 1998. These projects are directly related to the real benefit of common people. However, these projects tend to be invisible, which is of course partly caused by our lack of publicity, and maybe we should consider the notion of enhancing donor's national identity as put by Prof. John Overton.

2. We have seen dramatic increase of capacity building assistance in recent years. Since 1975, we have offered 4000 training opportunities and hundreds of scholarships to PICs, and we have pledged 2000 scholarships and 5000 training opportunities in the coming 5 years. So you can see the dramatic increase of the new input regarding the human resources training. We also offer 100 training places and 20 scholarships for Samoa every year.

3. To make our aid projects accessible and beneficial to general public, we need the collaboration from recipient countries to improve investment environment and channeling the aid funds to private sectors. Fully respecting the recipient countries' will and needs, almost all the aid projects we have done so far are selected by recipient countries. We have pledged 4-billion-US dollar concessional and special loan to finance infrastructure, agricultural, environmental and new energy projects for sustainable development in PICs. So the money is there, and the mutual

willingness is there, what we need now is a final push by island countries to make an enabling environment for people-oriented development cooperation.

IV.The Assimilability of Chinese communities

China and PICs enjoyed a long-term relationship. In the past 200 years, the Chinese communities in the region have lived peacefully with the local people and contribute significantly to the local development.

The Chinese government has consistently supported people-to-people exchanges in various forms between the two parties. Our government has encouraged and educated Chinese immigrants in the region to fully respect and follow the laws and customs of the pacific countries. We also wish to work closely with the PIC governments to ensure the interests and safety of Chinese nationals in relevant countries.

Well, in addition to the above official position, I would also like to add some personal observations to the issue of the seemingly difficulty of Chinese assimilability to the local communities. That is, the reason for this is multi-faceted, which include historical, cultural and even demographical factors.

Historically speaking, this is an inevitable outcome of globalization and social transformation. In the 1990s, when we went through the similar social transformation and controversy on the opening up policy as we often see now in PICs, Mr. Deng Xiaoping, the architect of our reform and opening up policy, made the famous saying: we have to pay the tuition fee to the foreigners since they can bring us with the capital and technology. History proves that he is right. On the other hand, China is now still a developing country, with many people still under-educated and much less worldly-savvy. There is still a long learning curve for most Chinese to adapt to the outside world.

Culturally speaking, it goes without saying that Chinese language and culture are very foreign to the westernized countries like PICs, so it is not surprising at all to see some extent of clashes of civilizations.

Demographically speaking, most of the Chinese immigrants to PICs come from the relatively less-developed areas of China, who tend to be less educated or learned. On the other hand, given the small size of the population and the less access to the outside world, the local people in PICs are also less adaptive to the changes incurred by immigrants than people in the more developed countries. So there is a gap of assimilation between the two peoples.

However, I believe things will greatly improve with development of both China and PIC's economy, the further improvement of their education level and the further expansion of people-to-people exchanges between the various countries. The mutual understanding and friendship between Chinese and PIC people will certainly grow significantly in such an increasingly globalized world.

V. The fishing issues

This is a very complicated question, which I have the following to clarify with:

Firstly, the assertion by some media that there are 1300 Chinese fishing vessels in South Pacific Ocean is not true. In fact that figure is even much bigger than the total number of Chinese fishing vessels in the whole world. In South Pacific Ocean, there are merely around 400 registered Chinese fishing vessels. Some people say that China plans to build more vessels to be fishing in the South Pacific, which is also not true. Actually, with a view of promoting sustainability of fish stocks and fishing industry, the Chinese government has already stopped approving any construction of new fishing vessels since September 2013.

Secondly, according to the law of Samoa, foreign fishing vessels are basically not allowed to enter its EEZ unless they are given a license. We learnt from the media that Samoa may want to change that practice by selling more licenses to foreign fishing vessels, which whether true or not is the domestic issue of Samoa. What we do know is that Chinese government has never pushed the Samoan government into allowing Chinese vessels to fish in the Samoan EEZ.

Thirdly, China is an active player in the regional fishing management mechanism, who is the member of Western and Central Pacific Fisheries Commission (WCPFC) and the founding member of the South Pacific Regional Fisheries Management Organization (SPRFMO). We have built with our grant aid the Secretariat Building of the Tuna Commission in FSM. And we have been attending the annual meetings of the two organizations consecutively and made joint contributions with the regional countries to safeguard the sustainability of the fishery stock and fishing industries.

Fourthly, when fishing in the high seas and some EEZs in the Pacific, we have contributed to the PICs' economy by paying tens of millions USD dollars of license fee annually as well as for the expenditure of fishing vessel replenishment. Chinese government has financed or built some onshore fish processing plants and donated some fishing boats and equipments to PICs like FSM and Marshall Islands, trying to transfer self-development capacity to the island countries.

Sixthly, We take the issue of overfishing, illegal and unregulated fishing very seriously, and stand ready to strengthen our monitoring of fishing vessels and work closely with PICs bilaterally and multilaterally to tackle the overfishing issues.

VI.The issue of riding the dragon.

Prof. Kabutaulaka made a very good metaphor of comparing treating

China as feeding and riding the Dragon, although I would say Dragon as a totem of Chinese nation is not easy to be tamed. But I want to say that China and PICs are economically complementary and have great potential for mutually beneficial cooperation. As the fastest-growing major economy, China will continue to present the Pacific region with "China opportunities" for development. By sparing a small percentage of our foreign aid, outbound investment and tourists, we can easily benefit the development of our partners in the Pacific region. China and PICs are equal and friendly development partners. As a genuine friend to the PICs, China is for sure here to stay. China is a kind and auspicious dragon flying in full wings, and you do not have to feed or tame the Dragon to live with it. What you need to do is simply to treat the dragon as a friend rather than a threat or pet, and then you can easily win its heart. With that I mean we are more than willing to have PICs taking the train of China's fast growth and work jointly to achieve common development in the region. Thank you.