



Sanja Arežina^[1]

University of Hong Kong, Hong Kong (PR China)
Government of the Republic of Serbia
Belgrade (Republic of Serbia)

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PR China as a “Responsible Great Power” – The Chinese Model of Foreign Investment and Assistance

Summary: Shortly after its establishment, the People’s Republic of China began to implement a policy of providing investments and assistance abroad. Although the motives for this were different in the decades that followed, the Chinese leadership never gave up on the decision to make foreign investment and assistance a central part of Chinese foreign policy. The author employs a structural-functional analysis and comparative analysis to prove the basic hypothesis that the main reason for the development of the Chinese model of foreign investment and assistance is the intention of the Chinese leadership to show that the People’s Republic of China is a “responsible great power”, one which contributes to the solving important global problems, while simultaneously working to achieve its most important goal, the “Chinese dream”, by 2049.

Keywords: China, responsible great power, Chinese dream, investments, assistance

Introduction

A hundred years has passed since July 1, 1921, when the Communist Party of China was founded at a secret meeting in Shanghai. After its victory in the civil war, the Party established the People’s Republic of China in 1949. In the decades that came, following the Cultural Revolution, the leadership of the Party managed to transform the economically and internationally isolated country into a powerful and influential member of the international community. Regardless of the changes in the leadership of the Party and the state and the frequent shifts that

took place in the country’s environment, the goals established after the creation of the People’s Republic of China have remained the same: providing enough food and energy for the population, the unification of all Chinese territories and the continuation of the rule of the Communist Party (Arežina, 2018, p. 15). Therefore, it is possible to say that the foundational Chinese standard for national strength and self-respect can be summarized in two words: unity and stability.

In accordance with these goals, shortly after the creation of the PR of China, the country initiated the policy of foreign investments and assistance.

[1] sanja_arezina@yahoo.com

84 | Although the motives for the implementation of this policy went through changes in the decades that ensued, the Chinese leadership never gave up on the goal to make foreign investments and aid the central element of Chinese foreign policy. During the 1950s and 1960s, Beijing allocated considerable funds to pursuing this policy. With the inception of the policy of “reform and opening to the world” in 1978, the Chinese leadership started reducing the funds intended for foreign investments because of the need to modernize the country (Selden, 1978).^[2] Only at the start of the 21st century, thanks to great economic growth and a considerable amount financial resources being made available, did PR China once again start assigning greater funds to this purpose, both at the bilateral and the multilateral level.

Although some Western scholars have voiced suspicion at the motives of the Chinese policy of foreign investments and assistance, the author of this paper gives the hypothesis that the Chinese leadership has developed this model with the intention of presenting China as a “responsible great power” (*fuzuren de Daguo*), one which contributes to the solving of important global problems (Zoellick, 2005), while simultaneously working on achieving its most important goal – the “Chinese Dream” – by 2049 (Gong, 2013).^[3]

During the most recent period, studies of the Chinese model of foreign investments and assistance were mostly focused on general information and the aid that PR China sends abroad. The research mostly provided information on the structure, scope and method of foreign investments and the institutions which implemented the policy^[4]. For this research, the author mostly focused on the factors that influenced the Chinese leadership to develop the model of foreign investments and assistance on the basis of the Beijing Consensus. In order to prove her hypothesis, the author utilizes a structural-functional analysis to shed light on the Chinese model of foreign investments and assistance as well as the influence this policy has on neighboring states and the wider international community. The author also performs a comparative analysis of the Chinese model and the Western model, which is based on the Washington Consensus, and the OECD system, favored by Western states. In this research, the author used relevant academic literature and political documents, the statements of officials and news reports from international media outlets. For the sake of authenticity, to the research the author has added details from informal conversations she has had with officials, analysts, scholars and journalists, who were directly involved in the various aspects of Chinese foreign investments and assistance.

[2] During this time, PR China was one of the 20 least developed countries in the world, whose GDP was \$208.

[3] President Xi Jinping first talked about the vision of the “Chinese Dream” at the Third Plenum of the 18th Congress of the CPC in November 2012. It was later elaborated as the realization of numerous internal reforms through which China would become a land of prosperity.

[4] This includes the following research: Wolf, C. J., Wang, X., Warner, E. (2013). *China's Foreign Aid and Government Sponsored Investment Activities – Scale, Content, Destinations and Implications*. Washington D. C.: RAND Corporation; Brautigam, D. (2009). *The Dragon's Gift*. New York: Oxford University Press; Arežina, S. (2018), *China in Europe*, Belgrade: Institute of European Studies, and others.

This paper consists of five parts. In the Introduction, the author presents the context of the research, its essential subject, and the main hypothesis. The second part of the paper provides a historical outline of Chinese foreign investment and assistance. In the third part of the paper, the author presents the factors which influenced PR China to develop this foreign policy model. This is followed by an explanation of the kinds of investments China makes and the methods it employs. The final part of the paper provides a summary of the research and the conclusions reached, as well as the author’s projection of the directions that the Chinese policy of foreign investments and assistance will take in the future.

The History of Chinese Foreign Investments and Assistance

Following its creation in 1949 and the blockade and embargo from the West, the People’s Republic of China launched its foreign investment and assistance policy. The funds that Beijing apportioned to this aim in the 1950s and 1960s were considerable and were mostly intended as support for countries struggling to achieve national independence and develop their economies. During the 1970s, PR China continued this foreign policy in an effort to counterbalance the influence of the Soviet Union. The aid was mostly given to socialist states with which China had solid Party-based

relationships, Marxist-Leninist movements, and some neighboring states (Brautigam, 2009, p. 32).^[5]

After PR China took over the seat of Taiwan in the United Nations in 1971, Beijing started to reduce the funds for foreign investment and assistance. The reason for this is that following the economic and social devastation of the Cultural Revolution, the Great Leap Forward and the One Hundred Flowers Campaign, the state had very little to offer its own population, let alone the world. For this reason, China had to focus on its own development, reforms and the modernization of the country. For this, the country needed a peaceful environment. Nevertheless, the great architect of reform, Deng Xiaoping, remained consistently dedicated to the belief that “foreign aid was the right thing to do in the past, that it remains the right thing to do in the present and will continue to be the right thing to do once China develops”. In the decades that followed, Deng Xiaoping would pave the way for changes in foreign and economic policy with the introduction of the policy of “reform and opening up to the world”, “smile diplomacy” and the doctrine of “24 characters” (the policy of “patience”; Kissinger, 2011, p. 539)^[6], which in the following 35 years would transform PR China from an internationally isolated and economically and socially devastated state to a powerful and influential member of the international community.

Thanks to the successful strategy of economic modernization, whose first step was the “welcome

[5] The states in question were Albania, Romania, Vietnam, North Korea, and Cambodia.

[6] In 1991 Deng Xiaoping formulated this political doctrine which became the foundation of Chinese foreign behavior: “Listen carefully, secure our position; calmly come to grips with the issues; do not reveal our assets and wait for a favorable opportunity; successfully stand aside and never assume a position of leadership.”

greeting” (*yin yinlai*) for foreign investment, PR China overcame without much difficulty the financial crisis of 1997-1998 and in the final years of the 20th century and at the start of the 21st century acquired a considerable amount of savings and foreign exchange reserves (Cheng, 2014, p. 1433; Trading Economics, 2017).^[7] Following the country’s induction in the World Trade Organization in 2001, the second phase of economic modernization, the so-called *going out* policy (*zou chuqu*) was initiated. During this phase, excess capital was sent out of the country in order to penetrate foreign markets and obtain natural resources and advanced technologies, which would bring further growth and stability. This policy was included in the 10th Five-Year Plan (2001-2005), which formalized it as one of the “four modernizations” and the primary goal of economic development (Arežina, 2016, p. 14). With this, Beijing once again started allocating significant funds to foreign investment and assistance.

During the 11th Five-Year plan (2006-2010), the government encouraged companies to “go forth further” (*jinyibu zouchuqu*), so as to redirect capital from speculative investments in real estate and stock exchanges, and for the purposes of easing pressure on the Chinese currency, the yuan. The State Council issued a directive that further reforms of the investment system must be implemented. The Commission for National Development and Reform created a list of natural resources and technologies which should be the focus of Chinese direct investments. Chinese attention shifted from Hong Kong and Macau, North America and

Western Europe to the Asia-Pacific region, Africa, Latin America and Central and Eastern Europe (16+1, 2016).

Following the publication of this document, the Chinese government passed the 12th Five-Year plan (2011-2015), which focused on the application of the *going out* policy. Emphasis was placed on “inclusive growth”, that is, the strengthening of distribution networks and brand recognition, as well as the use of advanced technologies and the possibility of research and development (Sagers, 2012). In April 2011, the State Council published the first White Book on foreign aid, which outlined the following principles: “In foreign aid, China does its utmost to help beneficiary countries [...] to create a foundation for future development and progress on the road to autonomy and independent growth [...] China does not use foreign aid as a means to interfere in the internal affairs of the beneficiary state or to seek political privileges for itself.” (The State Council of the PR China, 2011).

Uncertain economic development, continued instability in global financial markets, and a slowdown in the economic growth of developed countries have prompted many developing countries to adopt policies where external direct investment is accepted as a way to achieve economic growth and create a better investment environment. This has had a positive impact on China’s plans, paving the way for Beijing to invest in countries and regions around the world. (16 + 1, 2016).

The 13th Five-Year plan (2016-2020) placed focus on a reform of Chinese society, which it

[7] In 2001, China’s foreign exchange reserves were 200 billion dollars. These reserves grew quickly and in 2020 they were 3.2 trillion dollars.

has linked to advanced technologies. China's leadership believes the era of cheap labor which produces cheap products for third markets is over. The global economic slowdown has led to a reduction in demand for Chinese exports. China's competitiveness has declined, and the prices of Chinese products have grown due to an increase in workers' wages, which resulted from a reduction of the active workforce and an ageing society (stemming from the „one child" policy), as well as the investment Chinese companies have had to make amid mounting environmental demands. Therefore, it is necessary to restructure the economy of PR China from an investment model based on cheap labor that produces cheap products for third markets, towards a consumer model, based on the production of advanced technologies which will be purchased by the Chinese population (Zapoljskis, 2016). Accordingly, in 2015 the Chinese leadership issued the strategy „Made in China" (Zhongguo Zhizao 2025; Lemton - 2015, p. 38)^[8], only to introduce restrictive regulations, as early as August 2017, which strengthened control over funds leaving the country. This was done to boost the economy and reduce investment in sectors that are not of strategic interest to the government or in line with the state's long-term goals and directives (Hsu, 2017).

The new 14th Five-Year Plan (2021-2025) takes into account current international circumstances and the emergence of the Covid-19 pandemic and accordingly places the focus on „double circulation", which should enable the use of all the benefits of

globalization while simultaneously relying China's own capacities. This means that some of the funding which was in the previous period sent abroad through investments and assistance will be somewhat reduced and redirected at boosting the Chinese economy. The ultimate goal is for Chinese society to become self-sufficient and independent of the European, American, or African markets and to create a „middle class society", whose standard of living will be sufficiently high to be able to purchase high-tech products from Chinese companies (Arežina, 2018, p. 17).

In accordance with these plans, initiatives and projects started by the Chinese leadership in the meantime have had to be adapted. China's largest and globally famous „One Belt, One Road" (Yidai Yilu) initiative was launched in 2013 with the aim of connecting the two economically developed ends of Eurasia (Western Europe and the eastern part of PR China), as well as other continents – Africa, South America, and Australia. The project is expected to include about 4.4 billion people (64% of the world's population) and countries that make up about 40% of the world's GDP. In a statement in 2017, the President of PR China, Xi Jinping announced that the value of this project is expected to surpass \$1000 billion, creating employment for several million people and generating more than \$100 billion in tax revenue. That is why the initiative was named the "Project of the Century", one which would benefit all the countries along the "New Silk Road" (Kynge, Wheatley, 2020, December 11).

[8] The aim of the strategy is to strengthen the Chinese advanced technologies industry and to place these products around the world.

Factors Influencing the Chinese Model of Foreign Investments and Assistance

Over the decades, numerous factors have influenced the Chinese leadership in its pursuit of foreign investment and assistance policies. Certain factors dominated for a period of time, only to be eclipsed by others coming to the fore, while some influencing factors remained unchanged. What follows is an enumeration of the most important of these factors.

88 | The first factor is the Chinese leadership's desire for PR China to be seen as a partner that countries, especially those with which Beijing maintains good relations, can rely on. This factor was current in the 1950s and 1960s, when China struggled under the blockade and embargo due to the loss of support from the West. The Chinese leadership felt it necessary to support all countries that wanted to achieve independence and develop their economies and through cooperation with these countries to break the economic blockade imposed on China by the West. Following the end of the cold war, in a desire to create an alternative to the Washington Consensus of the West, PR China developed its own „market-Leninist” model of providing economic assistance called the Beijing Consensus (Cooper Ramo, 2004, p. 39).

Another significant factor that influenced China's desire to invest and provide foreign aid is the necessity of meeting the demands of the internal

market for key resources and overseas markets required for the distribution and sale of domestic products. In order to achieve this foreign policy goal, for two decades PR China worked to create an investment model of development, placing the focus on the *going out* policy and highlighting the need for win-win cooperation with countries around the world (Zha, Breslin, 2010, p. 67).^[9]

Another significant factor is the Chinese government's need to free itself from foreign currency reserves, especially those in dollars, due to fears of the dollar's drop in value, and to transfer these reserves to gold and other currencies (so-called de-dollarization). Dissatisfaction with the dollar as a reserve currency is growing in the world due to the continued emission of the currency caused by increased US government spending. This creates fear amongst countries with dollar reserves that the dollar will lose its value (Arežina, 2018, p. 94).

The fourth important factor is the need for internationalization of Chinese companies and the national currency, the yuan. To that end, Chinese leadership has allowed Chinese state-owned and medium-sized private companies to enter foreign markets. Based on various business strategies, these companies received monetary assistance from Chinese financial institutions, which in turn they invested in other countries and companies around the world. At the same time, they increased their visibility by creating an international portfolio, acquiring well-known brands and advanced

[9] The export sector employs as many as 45 million Chinese workers, or about 6% of the active workforce in the continental part of the country.

technologies needed to develop the domestic economy (Hong, Hou, 2017, p. 55).

The fifth important factor is PR China's need to increase its „soft power.“ Namely, foreign investment and assistance helps internationalize Chinese culture and serves as a form of cultural diplomacy. To this are added the 1000 Confucius Institutes around the world and Chinese cultural centers that promote the „Chinese Dream“ at the international level (modelled after *Alliance Française*, *British Council* and *Goethe-Institut*; Arežina - 2018, p. 98).

The sixth factor is the need to strengthen China's position in international organizations. PR China worked on this in the 1950s and 1960s, in order to gain a seat in the United Nations (instead of Taiwan), the UN's specialized agencies and other international organizations (Miljanic, 1996, p. 30). To that end, as far back as the 1950s, NR China established its own system of multilateral foreign assistance without participating in the OECD assistance framework, unique to Western states. A relatively close partnership has been developed with global and regional multilateral development organizations, such as the United Nations Development Programme, the World Bank, the Asian Development Bank, etc. In the recent past, the forms of multilateral aid that PR China provides have diversified, and the amount of money allocated for these purposes has increased significantly. Meanwhile, Beijing has also developed its own multilateral development institutions, such as the Asian Infrastructure and Investment Bank (Hong, Hou, 2017, p. 11).

At the same time, by developing a model of foreign investment and assistance, PR China

wanted to positively influence Western states and international organizations to increase foreign investment and assistance for the development of infrastructure and to reduce political provisos (Milanovic, 2021, May 21). That is how in 2017 the US was able to start „silent discussions“ with its partners on how to create funding mechanisms for countries in need of capital as an alternative to the „One Belt, One Road“ initiative. In this regard, memoranda have been signed with the Bank of Japan for International Cooperation and the Association of European Development Financing Institutions, which aim to encourage cooperation on „sustainable investments“ in developing countries and promote „democratic values, self-sustaining societies and best practices“ (Smith, 2018). Two years later, in late March 2021, US President Joe Biden proposed to UK Prime Minister Boris Johnson the creation of a multibillion-dollar infrastructure plan that would be an alternative to the aforementioned Chinese initiative in developing countries (Aljazeera, 2021, March 26). In April 2021, similar cooperation in the Indo-Pacific region, was proposed by President Biden to Japanese Prime Minister Yoshihide Suga (Miki, 2021, April 6).

But perhaps the most important factor is preserving territorial integrity and unification with all the Chinese territories that China lost during the „Century of Humiliation.“ China's Constitution states that the „sacred goal“ of reunification of the country is the task of every Chinese person and an historical inevitability (Medeiros, 2009). By strengthening partnerships with countries around the world, PR China is working to realize this goal, while at the same time bringing benefits to other countries.

Chinese Foreign Investment and Assistance

Ever since PR China attained economic stability in the early 21st century, the amount of China's direct foreign investment has grown. Namely, unlike the period 1982-1989, when foreign direct investments amounted to less than \$500 million, in 1990-1999, foreign direct investment was just over \$2 billion, while in 2000, foreign investments stood at a little under \$2.3 billion. Most of the investments took the form of mergers or acquisitions of existing companies or the establishing of joint ventures. Thus, in 2005, Chinese investments abroad reached \$72.4 billion and continued to grow every year, reaching \$135.6 billion in 2015 (Blanchard, 2017, April 14). It is estimated that from the beginning of the „reform and opening up to the world” policy, by 2020, China's direct foreign investments reached \$1500 billion (World Economic Forum, 2017; EY, 2021). This surpassed the predictions of Daniel Rosen and Thilo Haneman, who in 2010 claimed that the value of Chinese direct investments “will in 2020 exceed considerably \$1000 billion, and that a significant amount of these investments will be in developed markets” (Rosen, 2009).

Since there was no planned and rational strategy of investment of Chinese capital abroad, in August 2017 China's leadership passed certain restrictive regulations with the aim of consolidating control over funds leaving the country, thereby strengthening the Chinese economy and reducing investment in sectors that are not of key interest to

the government or in line with the state's long-term goals and directives. In this regard, the State Council and the National Commission for Development and Reform have aligned direct investments abroad with state policy priorities by establishing three categories of direct investment: prohibited, limited and encouraged. As a result, in 2017 Chinese direct investment abroad fell by 46%, as the government's recommendations drastically reduced investment in real estate, hotels, cinemas and entertainment facilities abroad, and increased investment centered around the „One Belt, One Road” initiative (Hsu, 2017, August 28).

Regarding foreign assistance, Beijing has developed its own model – aid with Chinese characteristics – based on the Beijing Consensus which does not use a „stick and carrot” policy, typical of the Western model that originated in the ideas of Margaret Thatcher and Ronald Reagan, that is, the Washington Consensus, which is based on a set of conditions that the beneficiary country should meet, such as consolidation of the state budget, fiscal discipline, etc., also known as “shock therapy”. In accordance with Chinese pragmatism and idealism, this model is founded on the five the rules of peaceful co-existence established in 1954, the eight principles of Chinese foreign aid, announced by Zhou Enlai on a tour of Africa in 1964, the four principles of economic and technical co-operation announced by Zhao Ziyang during a visit to Africa in early 1983,^[10] and the *going out* policy (Bernasconi-Osterwalder et al., 2013, p. 1-2). At the same time, China's assistance model is based on

[10] These principles meant that offering technical and managerial cooperation does not involve meddling in the internal affairs of states, but helping to build confidence.

three principles: innovation and adaptability to local conditions (engaging advanced technology rather than expanding inferior technologies), sustainability and stability (investment in infrastructure and natural resources) and preserving independence (non-interference in the domestic politics of states as one of the five principles of peaceful co-existence; Jurišić, 1999, p. 38).

Chinese foreign assistance can be divided into bilateral and multilateral aid. There are at least nine types of bilateral aid that PR China provides to foreign states: medical teams, training and scholarships, humanitarian aid, young volunteers, debt write-offs, budgetary support, turnkey projects (infrastructure, factories, etc.), in-kind assistance and technical assistance. Some of these types of assistance have been in use for a longer periods of time, while others are brand new (Bernasconi-Osterwalder et al., 2013, p. 105).^[11] However, the most common are three ways of giving financial assistance: grants,^[12] interest-free loans and preferential loans.

When it comes to multilateral aid, PR China established its own system of foreign assistance, outside the OECD aid framework employed by the West, in the 1950s. The reason for this is that PR China continues to declare itself as a developing country so the aid coming from Beijing has a smaller percentage of grants than the assistance received through the OECD system. This is why Western

institutions often qualify Chinese foreign assistance as official development financing (ODF) and not official development assistance (ODA; Hong - Hou, 2017, p. 51).

PR China has established a relatively close partnership with global and regional multilateral development organizations, such as the United Nations Development Programme, the World Bank, the Asian Development Bank, etc. (Hong, Hou, 2017, p. 51). Initially, China’s multilateral foreign assistance assumed only two forms: donations and payment of membership in international organizations. With the development of the system of multilateral assistance abroad there has been diversification, and it can be said that presently Chinese assistance includes donations and the payment of membership fees in international organizations, capital financing and loans and project cooperation with international organizations (Jurišić, 1999, p. 38).

Chinese sources claim that from 1950 to 1960, PR China provided more than 400 billion yuan in foreign aid, that more than 5000 projects have been started, nearly 3000 of which have been completed, and that over 11000 training programs have been held in PR China for more than 260.000 professionals from other developing countries (World Economic Forum, 2017). According to data from the State Council of PR China, in the period between 2013 and 2018, Chinese financial institutions allocated 270.2 billion yuan to foreign

[11] About 42% of the projects being financed are natural resource development projects, 40% relate to infrastructure projects and mining, minerals and metals, and 18% involve projects to build ports, schools, power plants, as well as grants, humanitarian and technical assistance.

[12] The distinction should be made between grants mainly in the Chinese currency, the yuan, and cash donations, given as a quick response to emergencies or disasters and is issued in dollars.

aid, divided into three categories - grants, interest-free loans and preferential loans (The State Council of the PR China, 2021). A significant portion of this type of assistance goes to 2600 projects, worth \$3700 billion, launched under the „One Belt, One Road” initiative (Aljazeera, 2021, March 26).

As a result of the emergence of the Covid-19 pandemic, there has been a reduction in China’s economic growth from 6% in 2019 to 2.3% in 2020 (Cheng, 2021). This has resulted in the introduction of a „double circulation” policy, under which Chinese financial institutions will divert some of the funds to the domestic market, while the rest will continue to be channeled abroad (Kynge, Wheatley, 2020, December 11).

Although the emergence of the Covid-19 pandemic led to a significant decrease in Chinese foreign aid, from \$75 billion at its peak in 2016 to \$4 billion in 2020 (Kynge, Wheatley, 2020, December 11), aware of its role as a „responsible great power”, in 2020 PR China started developing a new component of the „One Belt, One Road” initiative – the Health Silk Road. As part of this initiative, Beijing has sent aid to support foreign states’ response to the Covid-19 pandemic and \$2 billion to assist the economic and social recovery of developing countries. The Chinese leadership provided 300 million doses of Covid-19 vaccines, of which aid in the form of free vaccines was sent to more than 80 developing countries in urgent need, while vaccines were exported to 43 countries. Additionally, PR China has sent aid in the form of medical equipment to more than 150 countries and 13 international organizations, providing more than 280 billion masks, 3.4 billion units of PPE and four billion Covid-19 tests. It has established health

cooperation mechanisms between Chinese health care institutions and health institutions in various regions, and partner states have been sent medical teams with the goal of providing advice on how to improve health systems for a more successful response to the Covid-19 pandemic (Xinhua, 2021, May 21). In response to the difficult financial situation the poorest countries have found themselves, PR China has also written off their debts, worth \$2.1 billion, and has agreed to refinance the debts of 23 countries worth \$1.3 billion (Qiu, Woo, 2020, November 20). To help in the upcoming period, at the Global Health Summit held on 21 May, 2021, Chinese President Xi Jinping announced a new \$3 billion economic and social recovery package for developing countries (over the next three years) and the transfer of technology for the production of Covid-19 vaccines to developing countries with the goal of establishing joint production (Xinhua, 2021, May 21).

Conclusion

The starting point of this research is the long-term policy of foreign investment and assistance, which the Chinese leadership began implementing after the founding of the People’s Republic of China in 1949. Although the size of funds allocated for this purpose has changed in accordance with circumstances, the Chinese leadership has never abandoned this kind of cooperation with neighboring states and the international community, not even at a time when the People’s Republic of China was just as poor as the countries that it sent aid to or when China’s priority was to direct all its financial capacities into its own economic development.

Even though the most important factor for proving the author's hypothesis are the activities of the Chinese leadership regarding the solving of crucial global problems, while simultaneously working on the attainment of the government's most important goal – the Chinese Dream – by 2049, underlined in this research were the factors that influenced China to create a special model of foreign investments and assistance, founded on the Beijing Consensus. During the study, the author concluded that some factors were dominant during a certain period, that later their influence weakened, strengthening the influence of other factors, while certain factors were constant throughout the entire period. All factors have acted positively on the Chinese leadership to find win-win solutions and continue to provide foreign investment and aid, despite changes in China's priorities during the implementation of the „reform and opening up to the world” policy and the Covid-19 pandemic.

At the same time, the author came to the conclusion that the Chinese model of foreign investment and assistance differs significantly from the Western model based on the Washington consensus. Namely, the Chinese system of giving multilateral aid abroad differs from the assistance received through the OECD system unique to Western countries as China's model contributes significantly to increased investment and assistance abroad (especially to developing countries). It is also evident that although the methods and size of funds provided by the Chinese leadership for the purpose of foreign investment and assistance has changed through the decades, the basic model has remained a focal point of Chinese foreign policy throughout the years.

In this regard, the author points out that over the decades, the Chinese leadership has sought to control and direct the development of this model in line with plans for rational investment of Chinese capital abroad. Consequently, in August 2017 the government enacted restrictive regulations aimed at strengthening control over funds leaving the country, healing the Chinese economy, and reducing investment in sectors that are not of key interest to the Chinese government and are not in line with the state's long-term goals and directives. In accordance with these regulations, the amount of funds the People's Republic of China placed abroad has dropped in recent years (in 2017 the reduction was 46%).

The change in the amount of funds coming out of PR China followed the emergence of the Covid-19 pandemic and a significant economic slowdown. Despite the need to divert some of the funds from abroad to the development of the domestic market and the long-term plans of achieving the „Chinese Dream,” the author establishes that the Chinese leadership has not given up its intention that PR China continue to be present abroad. In this regard, Beijing launched a new component of the „One Belt, One Road” initiative – the Health Silk Road – thanks to which, the international community was provided with considerable assistance in the fight against the Covid-19 pandemic.

Finally, taking into account the results of the research, the author concludes that China's model of foreign investment and assistance has greatly helped neighboring countries and the international community feel the benefits of its economic development. At the same time, PR China became the highest ranking country in the volume

of trade, the second-largest economic power, the largest foreign exchange reserve owner, the largest manpower donor for United Nations peacekeeping missions, and poverty has been eradicated entirely. Following the emergence of the Covid-19 pandemic in 2020, the 13th generation of Chinese leadership acted responsibly, calling for cooperation, the fair distribution of Covid-19 vaccines, the waiver of intellectual property rights over vaccines, at the same time writing off debts to the poorest countries worth \$2.1 billion and agreeing to refinance debts from 23 countries worth \$1.3 billion (Xinhua, 2021). All of the above is evidence that the People's Republic

of China behaves as a „responsible great power“, contributing to the solution of global problems, while at the same time working to achieve its most important goal – the „Chinese Dream“ – by 2049.

In the following period, in accordance with the new White Book on International Development Co-operation (in which the word „assistance“ was replaced by the word „development“), published on 10 January 2021, the author expects Beijing to continue to support global growth with its economic growth, with inevitable adjustments to the new circumstances that will occur during and after the end of the Covid-19 pandemic.

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