

Speech at the Cairo High Level Symposium

By Mr. Wang Yue, Head of the Chinese Delegation

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Excellencies,
Mr. Chairman and other fellow panelists,
Ladies and gentlemen,

It is a great pleasure and honor for me to come to Egypt, one of the renowned ancient civilizations, to participate in this very important symposium. I hope we could carry out all-round and in-depth discussions so as to prepare for the upcoming first Development Cooperation Forum to be held in New York later this year.

Ladies and gentlemen,

Over the past many years, South-South cooperation has been playing an increasingly important role in international development cooperation. Facing with similar development challenges and difficulties, developing countries tend to share common views on their national development strategy and priorities. Therefore, South-South cooperation has been warmly welcomed by developing countries and has been growing fast both in terms of scale and scope, especially after entering into the new century. As people can see nowadays, South-South cooperation has already become an important supplement to the North-South cooperation.

As one of the biggest developing countries in the world, China has always attached great importance to South-South cooperation. China regards its friendly cooperation with other developing countries as an important cornerstone of its foreign policy. Such cooperation and partnership cover a wide range of areas and takes quite diversified forms, and it constitutes an integral part of the global South-South cooperation as a whole. So, following I would like to share with you three different aspects with regard to the ways how China participates in and contributes to SSC.

I. Trade and Economic Cooperation

With rapid growth and excellent performance of China's economy over the past three decades, trade has been playing an increasingly important role between China and other developing countries. The trade volume between China and other developing countries has been growing significantly. Taking China-Africa trade as an example, by the end of 2006, it has jumped to more than 55 billion US dollars. While carrying out normal trade with other developing countries, China has paid due attention to the issue of aid for trade, which has been a hotly debated topic in the WTO. As a constructive and responsible member of the WTO, China has been implementing WTO's Hong Kong Declaration and doing everything possible to carry out aid for

trade for other developing countries especially LDCs in Africa. The purpose of doing so is to enhance their self-reliance capacity so that they could fully participate in the multilateral trade system and benefit more from economic globalization and trade liberalization.

China's foreign aid to other developing countries has always been guided by the famous "Eight Principles". The principles were raised by our late Premier Zhou Enlai during his official visit to ten African countries in 1963. During that trip Zhou Enlai raised these eight principles guiding our foreign aid work for other developing countries over the past four decades. One of the eight principles is to "help recipient countries gradually move on to a path of self-reliance and independent economic development". This is completely in line with the mission and spirit of Aid for Trade of WTO, which is also aiming at helping the beneficiaries stand and grow on their own feet. Through some years' effort, the trade capacity of concerned developing countries especially those LDC's have been gradually enhanced and their trade with China improved significantly. At present, China imports large number of products from Africa, representing about 18% of their total exports to the outside world. And this trend is still ongoing. In addition, China has decided to grant "Zero Customs Duty" treatment to about 454 products originated from almost all African LDCs, which amount to 93% of their total exports to China. All these measures have proved to be effective in promoting more balanced trade relations between China and Africa.

On the front of direct investment, the Chinese Government encourages its capable production enterprises to invest abroad including Africa and other developing countries. In recent years, the total volume of China's direct investment to other developing countries has been on a rapid increase. Generally speaking, these investment projects have brought about considerable economic and social benefits to the recipient governments and local people in terms of generating tax revenue, creating local employment, promoting local SME development, promoting their export and eventually improving people's livelihood and etc.

II. China's Foreign Aid

As early as more than 50 years ago, China began to provide aid to other developing countries. Up to now, China has provided different forms of aid for more than 120 developing countries and carried out over 2,000 projects, covering more than 20 different sectors such as industry, agriculture, low-cost residence construction, culture, education, health, transportation and human resources development. In addition, China has also provided substantive amount of materials needed urgently by the recipient countries. About 90,000 personnel from other developing countries were trained in different areas and types of application technologies. Since 1960s, China has been making unremitting efforts of sending Chinese medical teams to some developing countries. Up to now, about 20,000 Chinese medical personnel were dispatched to altogether 65 countries in Asia, Africa, Latin America and Europe. Apart from above, China has also shown special attention to the interests of the LDCs. In

order to help them to get rid of heavy debt burden, China has written off debts for some heavily indebted countries and granted zero customs tax treatment to their export good into China's market. In recent years, China has also actively participated in international humanitarian assistance. For example, shortly after the occurrence of the Indian Ocean Tsunami and the Pakistan earthquake, China made prompt response and immediately provided emergent humanitarian aid to the disaster-stricken countries. More significantly, for the first time in history, part of such emergent humanitarian aid was provided through the channel of United Nations. We provided money to UNDP, UNFPA, UNICEF – to a number of United Nations agencies. This is really a breakthrough in our history.

Our aid programme is of course warmly appreciated by developing countries. Through 50 years of practice we have gained some basic experiences and lessons. Our experiences generally follow, one, we strictly follow our eight principles and fully respect recipient countries' national development priorities and their basic and actual needs. The fundamental purpose of China's foreign aid is to support the development efforts of developing countries in improving their people's basic livelihood and enhancing their self-reliance capacity. Pursuing a foreign aid policy based on mutual respect and mutual benefit, China never interfered in internal affairs of any recipient countries. Second, in the spirit of national ownership and demand driven principle, China always selects and designs its aid programmes through friendly consultations with host governments. In general, most of the Chinese foreign aid projects in Africa are of high relevance to actual local needs and have produced remarkable results and benefits for local people. China regards the satisfaction level of local people as a key benchmark and major indicator to measure quality and effectiveness of its foreign aid programmes.

Of course, we have a lot of lessons and one of the most important is that in the past for many years we put too much focus on capital systems, on hardware, overlooking technical assistance and overlooking software which seriously affects the sustainability, and in some cases even lead to low performance or even failure of projects. In recent years we have been taking concrete measures to improve this, to increase the ratio of technical assistance and every big aid programme there is a good combination between hardware and software. This is why in recent years China has been carrying out large-scale training for developing countries. The training areas cover very wide areas, including upstream areas such as rule of law, capacity building and so forth.

China is one of the few developing countries in the world that not only receiving aid from abroad but also providing aid for other developing countries. Although China itself is still a developing country and has been faced with tremendous development problems and difficulties ourselves – as you know China has a huge population. There are still 150 million people living under the World Bank poverty line of one dollar a day. In China altogether we have 80 million disabled people. The equivalent of the

population of Egypt - it has appeared as a responsible member of the developing world and has never escaped from its responsibilities of helping other “poor brothers”, because China can fully understand and has heartfelt sympathy for the difficulties of other developing countries, especially the LDCs. This is a strong demonstration of China’s high commitment to promoting South-South cooperation. However, although forming into a very modest part of the overall international development cooperation, the overall scale of China’s foreign aid to other developing countries has been very limited, falling within the scope of its capacity and affordability. But it can be anticipated that, along with continued growing of its economic strength, China will gradually scale up its foreign aid programmes for other developing countries, particularly for the LDCs in Africa.

III. China’s Participation in SSC under the UN Framework

Over the past years, the Chinese Government has also actively participated in South-South cooperation under the United Nations framework. Through its participation in the South-South cooperation programmes and projects sponsored by the United Nations agencies, China has not only enhanced its own capacity and benefited a lot, but also provided useful experience and assistance to other developing countries. The United Nations has proven to be a useful and effective vehicle for carrying out South-South cooperation.

From 1979, the year that China started to receive foreign aid from the United Nations, to 1999, in twenty years time, throughout the first four cycles of cooperation with United Nations, China has implemented more than 100 projects involving South-South cooperation and regional cooperation elements. These projects covered almost all important fields of China’s national development and economic system reform. With UNDP’s national and regional financial resources, China has established hundreds of regional and international research and training centers located all over the country. For example the Small Hydro Power Center, Meteorological Center, Bio-gas Center, Solar Energy Center, etc. Through UNDP’s support, these application technology institutions have greatly strengthened their R&D capacities and have mastered matured technology, expertise and equipment. In recent years, these “centers of excellence” have been very active in serving as hub of information and sources of expertise. They have helped many developing countries in forms of providing technical service, carrying out joint research, and training a large number of technical and managerial personnel. In late 1990s, we took further action to consolidate and streamline this cooperation and we formally established China South-South Cooperation Network joined by more than 30 different application technology institutes that are ready to undertake South-South cooperation related assignments and tasks. These types of application technology are regarded as appropriately advanced and more suitable for many developing countries.

In 2003, the United Nations decided to set December 19th as the Global Day for South-South cooperation. The SU/TCDC was upgraded to SU/SSC. In response to

this, China launched a series of South-South cooperation projects in collaboration with UNDP and UNIDO, such as the China-Africa Business Council – through that council China helps the private sector of China to go abroad to invest in other developing countries, South -South Cooperation Trust Fund and “Lighting up Rural Africa” with UNIDO. These projects can serve as useful vehicles in promoting China’s cooperation with other developing countries under the United Nations South-South cooperation framework and promoting the triangular modality and Public Private Partnership.

Ladies and gentlemen,

China has been doing its best to render sincere and unselfish aid to other developing countries. Correspondingly, China itself has also been a beneficiary of South-South cooperation. Through this cooperation, China learned a lot of experiences from other developing countries, which greatly helped promoting China’s reform and opening up. Therefore, the cooperation between China and other developing countries has been a two-way mutually beneficial and win-win process.

I thank you very much.