



"China and its Role in post-COVID-19 World Governance by the Internationalization of the Yuan and the Global Development Initiative "

DIEGO FERNANDO VEGA CEVALLOS

UNIVERSITY OF INTERNATIONAL BUSINESS AND ECONOMICS
(UIBE)

ABSTRACT: This article examines the evolving role of China in global governance post-COVID-19, highlighting its strategic moves towards a more significant international presence. Central to this discussion is the internationalization of the yuan and the advancement of the Global Development Initiative. These efforts symbolize China's aspirations for a multipolar world and its commitment to shaping a fairer global order. The analysis offers insights into China's diplomatic and economic strategies that look to reshape international relations and financial systems in the wake of the pandemic.

KEYWORDS: China, Global Governance, Internationalization of the Yuan, South-South Cooperation, Global Development Initiative, Global Finance, International Cooperation.

Introduction

China's intensifying role in global governance has been significantly highlighted following the COVID-19 outbreak. When analyzing China's responses to the pandemic and its resulting impact on global governance, it becomes essential to place these developments in a solid theoretical framework. The ensuing discussion clarifies China's evolving role and underscores the crucial importance of theoretical foundations for understanding the complexities of its post-COVID-19 global governance strategies.

This can be proved by its growing influence on international institutions, driving the internationalization of its currency and redefining South-South cooperation. Despite facing criticism and obstacles, China's engagement in global governance has increased significantly, bringing advantages and conflicts to the worldwide order. This article aims to examine how China is strengthening its global influence through initiatives such as the internationalization of the yuan and the Global Development Initiative, analyzing the framework of international governance theory.

Theoretical framework

This section of the article will examine the theoretical framework that fits within the various perspectives on global governance and how it applies to the case of China. Liberal Institutionalism asserts that global governance is essential to tackling collective action problems and encouraging collaboration among nations. It highlights the importance of international norms and institutions in promoting cooperation and confronting global problems. Conversely, constructivism argues that global governance is necessary to set up and strengthen standard norms, values, and identities among nations. It highlights how social interactions, ideas, and norms influence state behavior and encourage cooperation.

As Keohane and Martin (1995) point out, institutions are not the only possible coordination mechanism. However, in complex situations involving multiple states, international institutions can intervene to provide "constructed focal points" that highlight cooperative outcomes. This approach highlights the ability of institutions to act as key facilitators in achieving collaborative outcomes in complex international contexts. This perspective supports the idea that, while multiple forms of coordination exist, institutions play a crucial role in supplying reference points that foster outstanding cooperative outcomes.

Although recognizing the importance of global governance, realism interprets it as a reflection of power relations between nations, where states pursue their interests and support international stability through their participation in global governance. We analyzed the definition of transnationalism, emphasizing growing interconnection and interdependence among states and non-state actors and considering global governance vital to addressing transnational challenges.

Wang and Rosenau (2009) define global governance as "the complex of institutions and processes that regulate how things happen in the world," highlighting the dynamic and constantly evolving nature of global governance (Wang and Rosenau 2009, 5). Their explanation that global governance "refers to something less permanently established, more fluid, something that is continually in the process of construction and reconstruction" (Wang and Rosenau 2009, 6) emphasizes the decentralized view of global governance,

which involves the active participation of multiple actors, both states and non-state organizations, in decision-making and policy implementation.

Wang and Rosenau also refer to the four principles of global governance reform in the context of the Chinese global governance vision of "Harmonious World" as an Alternative Norm (Wang and Rosenau 2009, 17). These principles are:

First, it advocates equal participation in international organizations to counter the dominance of Western nations. This reflects China's commitment to a more inclusive and representative international system by underscoring its effort to reshape global dynamics towards a more fair and diverse approach.

Second, it aims to reduce the North-South economic gap by promoting shared development and fair distribution of wealth through economic cooperation. This demonstrates China's clear commitment to global equity and economic collaboration to achieve more fair development globally.

Third, it supports cultural diversity and tolerance, allowing each nation to choose its development path free from a single ideology or cultural model. This principle resonates with China's insistence that each country forge its development destiny, free from ideological impositions or predefined cultural models.

Fourth, the principle suggests using cooperation and multilateral diplomacy to peacefully resolve conflicts, with the help of international mechanisms like the United Nations, for collective security and tackling transnational threats. It shows the Chinese spirit of addressing global challenges through multilateral mechanisms.

China's adoption of these principles shows its efforts toward global governance reform and creating a fair and peaceful world.

On the other hand, China's commitment to global governance reform and the pursuit of a fair and peaceful world is clear through its embrace of key principles, as outlined by Ly (2020). Ly explores diverse definitions of global governance, presenting it as a model for the collective management of international issues. According to Ly, global governance involves formal and informal processes that guide and regulate group activities at the international level. Furthermore, it addresses contradictions within the global system, emphasizing the engagement of all actors in decisive action to solve common problems. This perspective

underscores a shift toward a hierarchical, inter-state, and intergovernmental structure, challenging the traditional dominance of nations and structured international organizations in certain spheres (Ly, 2020). China's endorsement of such principles aligns with its broader efforts to contribute to the evolving global governance landscape.

Global governance could be understood as the collaboration between states, international organizations, and non-state actors that work together to manage global problems and issues. It proves that global rules, norms, and institutions govern the interactions between these actors. Global governance covers international security, trade, finance, development, and environmental concerns. It looks to foster collaboration, synchronization, and joint decision-making to address global problems and achieve shared goals.

China and Global Governance

The concept of "Global Governance" has gained importance in the Chinese academic environment after it appeared in a report by "Wang Yizhou in a 1995 conference commemorating the 50th anniversary of the UN held at La Trobe University in Melbourne, Australia. Wang Yizhou has reported an impression that the UN was going to be the center of global governance in areas ranging from peacekeeping and peacebuilding to preventive diplomacy." (Wang & Rosenau, 2009, 11).

Chinese interpretations of global governance differ significantly from Western ones. Chinese analysts believe global governance is crucial in solving global issues and recognize the importance of various actors, including governments, NGOs, multinational corporations, and social movements.

However, there is also a critical perspective within China that questions global governance. These analysts argue that sovereign states stay the predominant actors in global politics and view the idea of a "global village" skeptically. They reject that global governance is inherently democratic and view it as neo-liberalism masked as idealism. They reject the imposition of Western governance models in the Global South, as they are perceived as maintaining Western and European superiority. Instead, they advocate independent internal development.

China supports a fair and diverse global system that considers the viewpoints and concerns of underdeveloped nations, stressing the need to respect diverse governance models and avoid a uniform approach. China also believes that global governance reform is necessary to reflect new global trends and empower developing nations with more excellent representation. It has demanded a fair global economic governance system that caters to the interests and concerns of developing nations. This perspective coincides with Wang and Rosenau's (2009, 6) definition of global governance as a system in constant construction and reconstruction that involves the active participation of various actors.

China's economic impact and participation in Global Organizations

According to Goh (2019), "China's economic influence on global governance is reshaping the world as we know it." Its emergence as a critical trade center changes global trade regulations, while its ecological impact and energy use affect resource costs and the environment. Furthermore, the Chinese government defends national interests and influences global governance through positions on human rights and climate change.

Under Deng Xiaoping's leadership, China began using international organizations for domestic reforms. China became a member of crucial economic institutions and obtained WTO accession through negotiations. China's open policy improved cultural exchanges and collaborations with other nations on diverse issues, leading to progressive regulatory changes.

Hameiri and Jones (2018) mentioned, "China's participation in global organizations has increased significantly as its economy and integration into the international system strengthened." Chinese analysts suggest that as China's influence increases, its global position needs to be reconsidered since a low-key approach is no longer practical. China's global inclusion is predicted to cause alterations.

Additionally, Goh (2019) mentions, "The yuan internationalization strategy is more than just an economic strategy; it represents a radical change in the norms and practices of global financial governance." This is how China looks to strengthen its economic autonomy by challenging the dollar's hegemony and possibly generating a new, more multipolar financial system in the medium and long term.

On the other hand, the Global Development Initiative (GDI) that China is promoting reflects an approach towards diplomacy focused on collective development and oriented towards the Global South. By focusing on high-impact projects and building cooperation networks for poverty reduction, China is presenting an alternative to traditional Western cooperation models. By focusing on high-impact projects and building cooperation networks for poverty reduction, China is presenting an alternative to traditional Western cooperation models. By emphasizing equality, mutual respect, and non-interference in internal affairs, China looks to improve relations with developing countries by redefining the norms of international cooperation.

The approaches China is taking to bring about an alternative in global governance and economic development raise essential questions about the future of the international order as we know it. The strategies suggest a change in global power dynamics led by the West for more than 200 years and suggest a more distributive and fair governance model. However, Western concerns about China's global ambitions and these policies' sustainability, efficiency, and goals generate much debate and international analysis.

China is looking to transform the world order led by the United States. The Chinese government has implemented several strategies to achieve this goal, marking a change in global governance structures and processes. These strategies gained much more strength after the COVID-19 pandemic, such as the internationalization of the yuan, strengthening of the Belt and Road Initiative, Vaccine Diplomacy, the Global Development Initiative, reforms to the WTO, etc. Each of these strategies would entail extensive analysis and debate; however, in the case of this essay, two of these strategies will be briefly reviewed, which, one can see, are the most current and innovative.

Internationalization of the Yuan

China aims to enhance its global economic standing and sway by promoting the yuan's internationalization. This process seeks to diminish reliance on the US dollar and reinforce China's influence in global finance. Internationalizing the yuan can boost China's currency usage in global trade and enhance its presence in the international financial markets.

According to Goh (2019), initiatives such as the Belt and Road Initiative (BRI) could threaten the US dollar's supremacy in the global trade and finance industries, combining the yuan's internationalization. Also, the yuan's addition to the IMF's currency basket in 2016 was a crucial move toward its global expansion, merging it as a globally recognized reserve currency.

Internationalizing the yuan may help China in multiple ways. China can increase financial autonomy and resilience to external shocks by improving global acceptance of the yuan and reducing dependence on the US dollar. Also, a universally recognized yuan would decrease transaction expenses for Chinese enterprises involved in global commerce by cutting the need for currency conversion. Furthermore, a widely recognized yuan might aid Chinese firms in their foreign investments, boost demand for Chinese products and services globally, and boost China's political influence globally. By positioning it as a reserve currency alongside the dollar, euro, and yen, China is predominant in creating worldwide financial regulations and norms.

In addition, Goh (2019) points out that the internationalization of the yuan is one of China's priorities in its economic and financial strategy. China encourages the use of the yuan in global trade and has currency swap deals with other nations for easier business transactions. Such is the case of bilateral trade between Russia and China, which has seen the yuan surpass the dollar as a commercial transaction currency in recent years.

On the other hand, the BRICS founded the "New Development Bank" (NDB) to replace the World Bank, International Monetary Fund, and other multilateral banks by granting loans to its members. NDB promotes the use of the local currencies of each member country in its loans. In an interview published on the website [Geopoliticeconomy.com](https://www.geopoliticeconomy.com) (2023), the new president of the NDB, former president Dilma Rousseff, showed that the primary strategy of the NDB is to supply loans up to 30 % in local currencies from country members. With this initiative, the NDB is combining its strategy to de-dollarize the economy of the BRICs group, promote the use of local currencies, and make the yuan one of the strongest currencies.

Global Development Initiative

In an article published in the magazine "The Diplomat" (2022), reference is made to the fact that the first time the Global Development Initiative (GDI) was mentioned was during a high-level dialogue when Chinese President Xi Jinping, described it as a new milestone for Global Human Development. This initiative comes with incredibly significant financing, such as an added contribution of \$42 billion to the Assistance Fund for South-South Cooperation, which was initially capitalized with \$3.1 billion. Moreover, there are intentions to change the fund's name to the "Global Development and South-South Cooperation Fund." Likewise, China is committed to supplying a platform for sharing experiences and knowledge on international development issues. This initiative reflects China's commitment to global cooperation and sustainable development, which are crucial aspects of the GDI framework (Akeredolu 2022, 1).

The GDI involves various actors, such as governments, global entities, businesses, and citizens, to collectively address global calamities, improve human well-being, and encourage enduring financial growth. The initiative targets critical areas such as poverty reduction, education, health, infrastructure, environment, gender equality, energy access, and technological innovation. These initiatives aim to address global issues completely and support fair and sustainable advancement worldwide. This cooperation program aligns with the United Nations 2030 Agenda for Sustainable Development. It devotes special attention to supporting countries in the Global South in achieving the goals set out in the 2030 Development Agenda by strengthening South-South cooperation.

According to the "Progress Report on the Global Development Initiative 2023" published by the Center of International Knowledge on Development (CIKD), among the areas in which GDI is already working on alleviating and reducing poverty is through food security. For this purpose, funds have been distributed to promote South-South cooperation in crucial areas of agriculture by exchanging experiences, seminars, or training and implementing experimentation centers. Much impetus is given to trilateral cooperation between the Government of China, recipient governments, and United Nations Development Agencies.

A specific case of this triangular cooperation that is framed in the GDI can be observed in Ecuador, where the Ministry of Agriculture of China, in collaboration with the Chinese

Academy of Agricultural Sciences, supported by the United Nations World Food Program, is working with the Ministry of Agriculture of Ecuador and small Ecuadorian farmers in the implementation of the "rice – duck" pilot project. The cooperation consists of exchanging experiences on how China has implemented this agricultural project to produce organic rice and ducks. This is the first time this innovative project has been carried out in this South American country.

With a global reach, the GDI is much more ambitious than the BRI. China is the leading partner in completing global development promoted by developing countries for developing countries. Additionally, as the "Progress Report on the Global Development Initiative 2023" mentions:

"Since 2020, COVID-19 has eroded the achievements of global poverty reduction in the past decade. Embracing a people-centered philosophy and responding to people's concerns for the greater good of all, the GDI puts poverty reduction at the top of its priority areas of cooperation. It promotes a poverty-free world and common development through poverty reduction cooperation networks, knowledge sharing and exchanges, and "small but beautiful" livelihood projects" (CIDK, 2023, 15).

The goal is for these projects to have long-term sustainability with a high social impact in the receiving community or country. It is important to mention that all these projects must be previously agreed upon and proposed by the beneficiary country to be considered within the GDI.

Conclusion

As discussed in this essay, the COVID-19 pandemic has catalyzed a more active and influential role for China in global governance. China is strengthening its global presence, advancing accelerated by strengthening its currency and restructuring South-South collaboration. Despite criticisms and challenges, as mentioned in Goh's (2019) perspective, China's growing role in global governance has been enhanced by the COVID-19 crisis, posing risks and opportunities for the world.

However, the path to greater global inclusion has several obstacles and challenges. China must balance local and global responsibilities amidst limited influence, conflicting

stakeholders, and diverse viewpoints, especially in its relationship with Western democracies. Aligning global and domestic governance standards can aid China's modernization goals, but apprehensions about external sway and political uprising may impede advancements in delicate governance areas.

Despite these obstacles, China stays resolute in global governance, aiming to cement its position in shaping the world order. As seen here, it actively influences global norms instead of just conforming to them. China's global leadership and influence are increasingly visible. Observing and analyzing China's actions and policies will be crucial for understanding the future of global governance evolution.

The need for continued scrutiny and analysis of China's strategies in global governance, as highlighted at the end of this essay, is supported by the importance placed on the internationalization of the yuan and its effects on global financial governance and the balance of economic power. Goh (2019) specifically points out the relevance of the yuan internationalization strategy to the norms and practices of global financial governance, underscoring the importance of continued studies to understand its impact (Goh, 2019). Furthermore, reference to the Global Development Initiative (GDI) and its ongoing analysis reinforces the importance of evaluating China's strategies in the broader context of international cooperation and development aid, supplying a framework to understand China's approach to global cooperation better (Akeredolu, 2022; CIDK, 2023).

Scholars and policymakers must continue to check and analyze China's strategies in global governance. The impact of the internationalization of the yuan on global financial governance and the balance of economic power requires special attention. Furthermore, the GDI deserves continuous analysis and a better understanding of the context intended to be given to development through international cooperation with an emphasis on development aid.

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