

4 A European response – implications of China’s development finance for the EU and Sweden

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China has moved from “emerging donor” to global architect of development finance. Through the Belt and Road Initiative and campaigns such as the Global Development Initiative, Beijing has combined large-scale infrastructure lending with the promotion of its own development model, framed as an alternative to “Westernisation”. This has reshaped the landscape in which the EU and Sweden operate and creates both friction and opportunity. Chinese and European agendas overlap on poverty reduction and the Sustainable Development Goals, yet diverge sharply on governance, human rights, and the role of the state. At the same time, many partner countries see China and the EU as complementary rather than competing actors. This chapter asks what a European response should look like: where coordination or even cooperation with China is possible, how Sweden and the EU can support partners in steering Chinese finance, and how Europe’s own instruments need to adapt.

From emerging donor to global architect

Over the past two decades, China has ascended to become a major provider of development finance, with its lending rising almost exponentially since the turn of the millennium. Since Xi Jinping assumed power at the helm of the party-state, China's approach became more ambitious and strategically driven, expanding beyond financing to a broader export of its own development model.

This shift was most visibly marked by the launch of the Belt and Road Initiative (BRI) in 2013, a globally framed programme of large-scale infrastructure and connectivity projects heavily relying on state-backed loans. At the same time, Beijing created new institutions to research and promote Chinese development knowledge—notably the Center for International Knowledge on Development (CIKD) under the State Council's Development Research Center.

Furthermore, Beijing took steps to upgrade its aid bureaucracy. In 2018, the China International Development Cooperation Agency (CIDCA) was established, taking over responsibility for foreign aid from the Ministry of Commerce (MOFCOM)¹, to better align aid with China's overall diplomatic goals. In parallel, Beijing made its own mark on multilateral development finance, launching the Asian Infrastructure Investment Bank (AIIB) and the BRICS² New Development Bank (NDB).

China's new assertiveness is accompanied by the global promotion of distinct Chinese development paradigms. Since 2021, Xi Jinping has announced four major global initiatives with direct relevance to development: the Global Development Initiative (GDI) (2021), the

¹ MOFCOM's Department of Foreign Aid, which had been in charge of Chinese foreign aid, was integrated into CIDCA. However, CIDCA mainly exercises political steering and oversight, while MOFCOM retained project implementation.

² Intergovernmental organization comprising Brazil, Russia, India, China, South Africa, Egypt, Ethiopia, Iran, the United Arab Emirates, and Indonesia in 2025.

Global Security Initiative (2022), the Global Civilisation Initiative (2023), and, most recently, the Global Governance Initiative (2025).

Together, these initiatives articulate China’s official outlook on development and its vision of modernization. They frame development as the paramount human right, while stability and security—often understood by Beijing as the absence of dissent—are viewed as prerequisites for progress, and universal values are rejected in favor of “common values.” In this way, China advances its own trajectory as an alternative path to “Western” models. As Xi Jinping put it in 2023, China has “broken with the myth that ‘modernisation equals Westernisation’ ... and provides a Chinese solution to humanity’s search for a better social system” (Xinhua, 2023).

Within this framework, the GDI has emerged as a new strategic umbrella for Chinese development finance. Contrary to early Western speculation, the GDI is not intended to replace the BRI or China’s foreign aid. Beijing presents it as a vehicle to accelerate the 2030 Agenda and forge a “consensus on development.” Like the BRI, the GDI remains loosely institutionalized, operating through a network of ad hoc platforms and non-binding Memoranda of Understanding (MoUs). But with the GDI China has achieved what it failed with the BRI: anchoring the initiative within the UN. Its focus on “small but beautiful” projects aimed at development and poverty reduction, rather than megaprojects as in the BRI, helped it secure agreements with several UN agencies and major NGOs.³ In this sense, the GDI should be understood less as a technical aid framework and more as a political campaign to mobilize national and global actors behind a “consensus on development” shaped by China’s vision.

The GDI exemplifies the challenge Chinese development finance poses for Europe. A comparison with the EU’s 2017 consensus on development, *Our World, Our Dignity, Our Future*, shows clear overlap

³ As of 2025, MoUs were signed with the UN agencies FAO, UNDP, UNICEF, UNAIDS, UNIDO; the UN Office for South-South Cooperation; and globally operating NGOs like the Gates Foundation, the Rockefeller Foundation, and the International Committee of the Red Cross.

at the level of goals, particularly poverty reduction. Yet the normative foundations diverge. The EU treats the 2030 Agenda and the Sustainable Development Goals (SDGs) as its overarching framework, integrating economic, social, and environmental dimensions while grounding its approach in democracy, rule of law, and universal human rights. China, too, has repeatedly endorsed the 2030 Agenda and the SDGs, but it views progress as insufficient and frames the GDI (and the BRI) as tools to accelerate SDG implementation and promote “country-specific” approaches to human rights.

The dismantling of the United States Agency for International Development (USAID) in 2025 gives China an opportunity to further project itself as a responsible stakeholder to the Global South. While it is unlikely that China will—or can—fill the gap⁴, the U.S. retreat nonetheless makes it easier for Beijing to strengthen its image as a reliable actor simply by continuing to provide predictable, highly visible development finance.

This new reality has to be taken seriously. As the international order fragments, it becomes more important to identify where dialogue and cooperation on development remain possible despite persistent differences. In turn, it requires recognizing where shared goals may clash with divergent values. Where reasonable, cooperation should be possible without stepping under Beijing’s ideological umbrella. Donors and recipients often agree on objectives but not on values, so there is experience to build upon.

The remainder of this chapter examines where cooperation with China is possible, how Sweden and the EU can help partner countries better leverage Chinese development cooperation, and where Europe’s own instruments need strengthening. It begins with unpacking the normative and structural frictions between Chinese and

⁴ Replacing USAID would require China to fundamentally overhaul its development finance model. Whereas USAID traditionally offered budget support, Chinese funds are usually tied to projects implemented by Chinese companies, with disbursements flowing directly to firms rather than partner governments. See also chapter 2 by Jingdong Yuan and chapter 3 by Michael Schiffer in this volume.

European development paradigms, while critically reflecting on why China’s offer—despite transparency and governance concerns—continues to appeal to recipient countries. It then zooms in on two sectors that are both underexplored in the literature and particularly relevant for Sweden: digital infrastructure, and labor and decent work in infrastructure investment.

The chapter then discusses the potential costs and benefits of cooperation, while identifying possible pathways forward. It concludes by examining how the EU’s Global Gateway can be leveraged more strategically to strengthen coherence and visibility in Europe’s development response.

Clashes in development finance norms – perspectives from EU, China and recipient countries

Since the launch of the BRI, China has become the world’s largest bilateral creditor to developing countries, making debt sustainability a central friction point between Beijing and European donors. While BRI-funded infrastructure addresses pressing development needs, the scale of BRI loans and the lack of transparency of loan contracts make it hard to realistically assess debt sustainability.

China’s development finance model: scale, instruments, and debt dynamics

Most of Chinese development finance comprises project loans from the policy banks China Exim Bank and the China Development Bank, provided at preferential and commercial rates, respectively, often through resources-for-infrastructure swaps. ODA-comparable “foreign aid” flows account for only between 5–10% of Chinese official finance (Rudyak, 2024b: 158). The involvement of private companies and commercial creditors has been rising since 2015, with

significant implications for debt sustainability in many developing countries.

Between 2010 and 2021, China provided USD 1.03 trillion in total official financing to developing countries, of which only USD 100.4 billion were ODA-like grants, and the remainder loans by Chinese policy banks or other official finance.⁵ By comparison, Team Europe (the EU and EU Member States combined) provided USD 1.7 trillion of grants and USD 154 billion of loans to developing countries over the same period.⁶ In 2024, China was the largest bilateral creditor to low- and middle-income countries (LMICs), holding a larger debt share in low-income countries than the entire Paris Club⁷ group of traditional creditor countries combined (Zucker-Marques, Gallagher & Volz, 2024).⁸

Typically, Chinese development finance is tied to Chinese companies and materials. Chinese contractors receive about 89% of China-funded transportation infrastructure projects, compared to 29% in multilateral development bank-funded projects—while local hiring and procurement are often not a priority (Rudyak, 2024a: 208). This model has raised concerns among international development experts and civil society groups in recipient countries about limited local spillovers and fair competition. Donors from the Organisation for Economic Co-operation and Development (OECD) have moved away from tied aid because it raises the cost of goods and services

⁵ Estimates from AidData's Global Chinese Development Finance Dataset 3.0 (<https://china.aiddata.org>). The Chinese government does not report to international systems like the DAC, making exact volumes difficult to estimate.

⁶ Data from OECD Data Explorer (<https://data-explorer.oecd.org>) and European Commission on European Union's external action instruments (https://international-partnerships.ec.europa.eu/publications-library_en).

⁷ The Paris Club is a group of 22 major creditor countries aiming to provide sustainable solutions to debt problems, including Australia, Austria, Belgium, Brazil, Canada, Denmark, Finland, France, Germany, Ireland, Israel, Italy, Japan, the Netherlands, Norway, Russia, South Korea, Spain, Sweden, Switzerland, the United Kingdom, and the United States.

⁸ The countries most indebted to China in absolute terms are Pakistan (USD 27 billion), Angola (USD 22 billion), Ethiopia and Kenya (USD 7.4 billion each) and Sri Lanka (USD 7.2 billion). The Countries with the biggest debt burdens relative to the gross national income (GNI) are Djibouti (42%), Angola (35%), Laos (30%), Maldives (29%) and Mongolia (24%).

and undermines recipient-country ownership, thus having a negative impact on aid effectiveness (OECD, n.d.). In the Chinese case, however, even untied finance may generate limited local spillovers, as VAT exceptions in loan agreements often make Chinese goods cheaper than the local ones.

Recent debt distress cases in Africa, exacerbated by the COVID-19 crisis, have brought China’s distinctive approach to debt restructuring into sharp focus. Generally, rather than forgiving debt and taking “haircuts,” China tends to extend the duration of loans, adjust loan terms, or issue new money (rescue loans).⁹ This practice stands in contrast to Paris Club creditors, which have repeatedly canceled significant portions of low-income countries’ debt, and to the International Monetary Fund’s (IMF) use of debt relief initiatives such as the HIPC (Heavily Indebted Poor Countries Initiative) and MDRI (Multilateral Debt Relief Initiative) programmes.

A notable case that illustrates both debt sustainability concerns and China’s evolving approach to debt restructuring is Kenya’s Nairobi-Mombasa Standard Gauge Railway (SGR). Built by China at a cost of USD 4.7 billion, the railway was intended to anchor a network of industrial parks across several Kenyan cities and link them more efficiently to the port of Mombasa. Yet, so far it remains underutilized and runs at a deficit. By the end of 2024, China accounted for 63% of Kenya’s bilateral external debt and 13.7% of its total external public debt.^{10,11} To help reduce the USD 1 billion Kenya spends annually on servicing Chinese loans, both countries agreed to convert three major loans from USD to RMB, trimming the annual repayment by an estimated USD 215 million. As of November 2025, Ethiopia is considering a similar restructuring. The

⁹ China’s debt restructuring approach resembles that of private rather than public creditors (Bon and Cheng 2021).

¹⁰ Derived from Republic of Kenya National Treasury and Economic Planning. Quarterly Economic and Budgetary Review: <https://africacheck.org/sites/default/files/media/documents/2025-04/Kenya-Quarterly-Economic-Budget-Review-Feb2025.pdf#page=35>

¹¹ Read more about the Standard Gauge Railway in chapter 3 p.9 by Michael Schiffer in this volume.

IMF, however, has warned that while currency swaps can ease short-term fiscal pressure, they may introduce new currency risks for recipients (Bailey, 2025).

China's loan restructuring practices, which favor extensions and refinancing, have fueled European concerns about long-term financial dependencies and the potential coercive use of debt in support of Chinese diplomatic and geopolitical interests.

Many countries in the Global South have openly or indirectly aligned with China on issues it defines as core interests that are otherwise condemned at the United Nations, ranging from support for China's detention policies in Xinjiang to backing its stance on the Hong Kong protests and territorial claims in the South China Sea, despite adverse rulings by international courts. Evidence suggests a strong correlation between Chinese development finance flows and UN voting behavior (Rudyak, 2023a). African states have also helped China diplomatically isolate Taiwan and secure leadership positions in key UN agencies such as the FAO. Overall, African voting patterns in the UN often align more closely with China than with Western positions (García-Herrero et al., 2024; Nurullaev & Papa, 2023), underscoring the extent of Beijing's political influence on the continent.¹²

Competing narratives and divergent norms in development cooperation

China rejects the Western critique of its lending practices, arguing that Western donors overemphasize “soft” aspects of development such as good governance and human rights while neglecting the actual needs in infrastructure and connectivity. This divergence reflects China's own development paradigm and the leadership's belief that infrastructure has been the driving force behind China's economic rise—captured in the widely known Chinese proverb: “If you want to get rich, build a road.” Beijing therefore uses develop-

¹² This is not the case for the UN Security Council (Wu 2025).

ment financing not only to build structural power and reduce domestic overcapacity (and gain easier access to raw materials), it also believes that it helps close the infrastructure financing gap that Western donors and multilateral institutions failed to adequately address.

Notably, several experts argue that singling out China as a source of “debt traps” is misleading. Research shows that China is the largest creditor in only a few African countries and holds about 20% of African government external debt—far less than private lenders or multilateral institutions (Devermont, 2018). Others highlight that China provided 63% of all relief under the G20 Debt Service Suspension Initiative despite holding only about 30% of eligible claims, warning that focusing solely on Beijing obscures the role of other creditors and undermines broader efforts to achieve meaningful debt relief (Brautigam, 2023). A full discussion of this critical issue, however, lies beyond the scope of this chapter.

Why is China attractive? – a critical view

Despite widespread criticism of Chinese projects across the Global South—from labor and environmental concerns to corruption and debt—European warnings about transparency and debt risks often fail to resonate. Understanding China’s continued appeal despite mounting criticism requires acknowledging Europe’s own blind spots in how its development engagement is perceived: *“When we talk to China, we get a road or an airport; when we talk to Europe, we get lectures,”* as an African politician put it.¹³

The global infrastructure gap remains huge, with the World Bank estimating it at around USD 1.5 trillion annually (Rozenberg & Fay, 2019). While Chinese development finance is controversial, China addresses the issues that matter most to politicians in the Global

¹³ The author heard the quote at several EU level development cooperation events since 2023. It was also reportedly mentioned by German Foreign Minister at the German Ambassadors’ Conference in September 2023 (von Richthofen, 2023).

South: infrastructure and industrial development—and is too often the only willing financier. Moreover, China is widely perceived as moving much faster than other lenders, both in the negotiating project terms and in construction. Infrastructure project contracts that can take years to negotiate with the World Bank can be agreed with China within months. Between 2000 and 2021, Chinese government-financed infrastructure projects took an average of only 2.7 years to complete, compared with typically 5–7 years for World Bank projects (Parks et al., 2023: 119–120).

China has filled the voids created by Western withdrawal or neglect and is offering an at-first-sight convenient package, as projects typically come with their own financing. Railways, roads, and digital infrastructure projects are backed by subsidized loans with 15–20 years repayment periods, enabling governments to launch projects without draining cash reserves. The hope is that by the time repayments fall due, development will have advanced and projects will pay for themselves. That this is not always the case—as illustrated by Kenya’s railway—does not deter leaders in the Global South from borrowing, nor China from lending, as Beijing operates with a long-term horizon in which political objectives often outweigh economic returns (Rudyak, 2023a).

China has also emerged as a lender of last resort, comparable to the IMF, by providing large balance-of-payments loans and emergency liquidity through bilateral RMB swap lines. While these arrangements have functioned as *de facto* rescue loans, their size, duration, and convertibility limit them to short-term bridges; typically used ahead or alongside IMF programs rather than substituting them (Watrous & Paduano, 2025). Nigeria and Laos, however, in 2018 and 2020, respectively, drew on swap lines instead of entering IMF programs. For borrowers, swap lines are attractive because Beijing demands no austerity or structural reforms, disburses quickly, and offers politically palatable, opaque financing often tied to broader diplomatic relations.

Critical sectoral dynamics in African contexts

While African countries reject being “lectured” by Europe, they see a role for partners that can help strengthen governments and civil society capacity to shape the terms of cooperation and steer Chinese engagement in line with national development priorities. The following section examines digital infrastructure and labor practices—two areas of particular relevance for Sweden—and considers how to strengthen African agency vis-à-vis China while reflecting Swedish and European interests.

Digital infrastructure and technology

China’s expanding reach into the African digital space has spurred concerns about technological dependencies, a bifurcation of standards and competing systems of cyber governance (Gordon & Nouwens, 2023). The foundations were laid early and predate the BRI: Huawei entered Africa in 1999, followed by Ethiopia in 2000, coinciding with Africa’s emerging telecommunications boom. Chinese firms now dominate the market: Huawei and ZTE built nearly 80 % of Africa’s 3G networks, Huawei constructed 70 % of all 4G infrastructure, and as of 2023 was supplying 5G technology to 30 operators in 17 African markets (Rudyak, 2023b: 43).

Huawei also dominates Africa’s broader digital infrastructure beyond telecommunications. It has equipped most of communication infrastructure at the African Union headquarters in Addis Ababa, is advising African governments on telecommunication and technology master plans, and is outpacing Western competitors like Ericsson in providing data centers and cloud services.

Particularly controversial from the European perspective is Huawei’s “Safe City” initiative—an AI-enabled, surveillance-oriented smart

city model focused on security.¹⁴ Its emphasis on monitoring and control contrasts sharply with European smart city concepts centered on sustainability and livability. While Huawei reportedly established a USD 1.5 billion fund for “Smart City” projects in Africa in 2018, most initiatives are financed through concessional loans from China Exim Bank tied to purchasing Huawei equipment (Hoffman, 2021).

To African governments, China’s deployment of digital infrastructure is attractive because it promises bundled solutions to a wide range of problems—from terrorism to safety on the streets to e-government services. But more critically, Chinese companies offer competitive pricing *and* provide their own financing through state-subsidized China Exim Bank loans that competitors dependent on commercial banks cannot match. Exim loans, however, are tied to the purchase of Chinese equipment, enabling Chinese companies to export their technological standards and create path dependencies.

Sometimes, China is the only option available. When Tanzania began developing its National ICT Broadband Backbone in 2008, it sought support from several donors, including the World Bank. Only China agreed to fund it, providing China Exim Bank loans and having major Chinese technology companies, including Huawei, implement the project. The resulting network is compatible only with Huawei routers (Agbebi, 2022). This pattern is present across the continent: Western donors’ lack of support has opened doors to Chinese tech companies, enabling China to lead Africa’s digital infrastructure development. Countries turn to firms like Huawei despite security concerns, which resonate less strongly in Africa—when the choice is Huawei or nothing, Huawei wins.

The Export of a surveillance state is not the only concern. Chinese firms increasingly shape Africa’s digital ecosystem in ways that raise

¹⁴ As of 2022, nine African countries used safe city systems provided by Chinese firms: Botswana, Côte d’Ivoire, Ghana, Kenya, Mauritius, Morocco, South Africa, Uganda and Zambia (China Regional Snapshot: Sub-Saharan Africa, 2022).

two further critical issues from the Swedish and European perspective: digital value extraction and technological lock-in. Huawei data centers programmed in Chinese create long-term dependence, while hosting African data on Chinese servers shifts value creation abroad. Data access is often a core part of deals: Zimbabwe’s agreement with CloudWalk to develop a facial recognition system, for instance, involved sharing citizens’ biometric data to train the company’s facial recognition algorithms and boost its global competitiveness. Meanwhile, China’s growing influence in digital standard-setting may lock African countries into Chinese technical systems, increasing incompatibility with European standards and accelerating digital decoupling if geopolitical tensions intensify.

Policy recommendations for digital infrastructure and technology

Strengthen African regulatory and governance capacity

- Strengthen regulatory frameworks for data protection, cybersecurity, and digital value creation, and support the adoption of international standards to prevent technological lock-in.
- Build institutional capacity for data security, risk assessment, foreign vendors oversight, and secure data management.

Empower civil society actors

- Support African digital rights organisations in promoting privacy, accountability, and responsible use of surveillance technologies.
- Facilitate knowledge exchange on global best practices, including implementation of the AU Convention on Cyber Security and Personal Data Protection.

Engage the private sector through strategic partnerships

- Expand Public-Private Partnerships incentivising responsible digital infrastructure investment.
- Encourage industry participation in capacity-building to enhance Africa’s digital resilience.

Labor in infrastructure investments

China accounts for over 30% of major infrastructure projects in Africa through both direct funding and contracts on multilateral projects (Cheng, 2022). Chinese construction companies have become major employers on the continent. When building under World Bank or other multilateral projects, they must comply with international standards, which may exceed national regulations. By contrast, Chinese-financed projects usually follow the “host country principle,” requiring adherence only to local regulations. This has often resulted in poor labor practices, making employment conditions one of the most contentious issues in China-Africa relations.

According to the Building and Wood Workers’ International (BWI), main issues include violations of workers’ rights, lack of social security, limited skill transfer, weak health and safety standards, sexual harassment, obstacles to unionizing, and breaches of national labor laws. Most workers are employed under short-term or no contracts, even for long-term projects, allowing companies to evade social fees and obligations such as minimum wage, health care, social security, and overtime pay. The absence of contracts strips workers of the right to unionize and associated protections.

The most contentious issues stem from the replication of China’s domestic labor practices abroad. Low wages and limited worker welfare are the shadow side of China’s economic success. In China, the “dormitory labor regime”—where on-site housing and food are framed as a “social wage”—justifies low pay. In Africa, however,

workers see this model less as a benefit and more as a control tool masking lower pay. Weak occupational health and safety standards present another challenge, as many Chinese companies lack experience implementing robust safety procedures. The absence of independent trade unions and legal protections for the right to strike in China—alongside wider restrictions on freedom of association and collective bargaining—means that Chinese firms have little exposure to organized labor or social dialogue (Rudyak, 2023b: 36–37).¹⁵

Understanding these domestic dynamics is key to understanding labor relations in Chinese companies abroad. Some difficulties may also stem from limited awareness of required standards or a lack of implementation capacity. Chinese managers are often surprised when workers turn to unions or strike over what they view as minor issues, such as food. Many try to avoid dealing with unions by not allowing employees to join them—which frequently backfires: unprotected by unions, workers resort to strikes as the only means to voice grievances.

The Chinese government does not officially condone violations of local laws. Ministry of Commerce investment guidelines urge companies to “abide by local laws and relevant international standards” and to “avoid bribery activities” (MOFCOM, 2019). Yet these rules are voluntary and largely ineffective in contexts with weak rule of law and high corruption.¹⁶ Distance from Beijing further limits oversight,

¹⁵ Trade unions exist in China but are not independent – they are part of the party bureaucracy. All unions must register with the All-China Federation of Trade Unions (ACFTU), which serves as a “transmission belt” for the China Communist Party (CCP), represents the party rather than workers, and serves to curb dissent. A 2015 reform aimed to improve its reputation, and some local unions now assist workers with individual rights, but most lack collective bargaining experience and continue to prioritise party loyalty.

¹⁶ Chinese companies’ engagement with global labour standards and corporate social responsibility (CSR) remain limited compared to major OECD multinationals. While some large firms have joined frameworks like the UN Global Compact or issued sustainability reports, participation is neither widespread nor institutionalised and often remains symbolic or compliance-driven rather than reflecting substantive commitment to international labour norms.

suggesting that the reliance on voluntary policies reflects both limited enforcement capacity and lack of political will.

Nevertheless, BWI has successfully organized workers in Chinese multinationals and their subcontractors across Africa. Beginning in Ghana in 2011 with collective bargaining agreements with China Railway Wuju and Sinohydro, BWI affiliates had organized 81,000 workers across 18 countries by 2019, engaging over 200 companies, from major state-owned firms to smaller private contractors.

Notably, Chinese workers in Africa face similar hardships—temporary contracts, low wages, no social security, and unsafe conditions—creating a potential basis for solidarity with African workers, despite language barriers.

Policy recommendations related to labor in infrastructure investments

Strengthen worker representation and social dialogue

- Support African trade unions and BWI in promoting constructive engagement with Chinese companies, emphasizing to companies that effective social dialogue reduces labour disputes and project delays.
- Facilitate initiatives bringing together African and Chinese workers, recognising their shared challenges and potential for solidarity despite language barriers.

Leverage China’s regulatory and normative commitments

- Encourage African governments and unions to invoke Chinese laws on overseas contracting and foreign investment, which require respecting local laws, communities, and labour standards.

- Hold Chinese multinational corporations accountable to China’s international commitments – such as the UN Guiding Principles on Business and Human Rights – and use these as leverage to push companies toward higher labour standards, including via their global business partners.

Support enforcement and engage Chinese industry associations

- Encourage African policymakers to strengthen labour inspections, enforce national laws, and ensure unions have a seat at the table in trade and investment negotiations.
- Engage Chinese industry associations – drawing on models like GIZ’s textile partnerships – to build companies’ capacity for social dialogue and union engagement, emphasising this reduces strike risks.

Is cooperation possible? Suggestions for operational pathways

It is worth asking whether China’s development engagement in Africa aligns—at least partly—with EU interests, or whether it should be seen primarily as a geopolitical strategy. Should we distinguish between Chinese activities that pose security risks to Europe and those that are neutral or even supportive of shared goals, like improving infrastructure and connectivity? In many cases, China addresses genuine demand where European financing has been absent. Crucially, many Global South actors do not view China and the EU as competitors but as complementary: China providing “hard” infrastructure and Europe having a strong track record in delivering “soft” infrastructure, including standards and governance. The EU cannot outcompete China on infrastructure development, but Sweden and the EU can help African countries manage Chinese devel-

opment finance more effectively—enabling Chinese projects to achieve higher development impact.

The critical question for political decision-makers is: Do Sweden and the EU want China to become better? A “cleaner” BRI would not only improve development outcomes but also strengthen Beijing’s ability to export its own norms and increase political influence in strategically important regions. The export of China’s growth model—coupling rapid economic development with authoritarian governance—remains a fundamental concern, as do over-indebtedness risks. Domestically, cooperation with Beijing is widely perceived as risky; few want to be accused of being too close to the China Communist Party (CCP) or “whitewashing” an authoritarian regime. Criticism of China—often justified—easily attracts headlines, while advocating pragmatic cooperation rarely gains traction. Yet the reality remains: China is a global player central to addressing pressing global challenges. Allowing systemic rivalry to harden into blanket rejection risks deepening the global divide already underway. Notwithstanding different priorities and diverging approaches, cooperation with China in selected areas may be in Swedish strategic interests. In particular, there is a shared Sino-European commitment to the SDGs.

Development effectiveness

Although China has declined to join the Development Assistance Committee (DAC)—the OECD’s forum of major bilateral donors—and the Paris Club, it has sent observers to both and has long studied “traditional” donors’ approaches, selectively applying them to its own system. Since establishing CIDCA, more attention has been paid to monitoring and evaluation, with many Chinese aid scholars arguing China should adopt DAC’s results-based management practices (Schwarz & Rudyak, 2023: 45).

In October 2023, CIDCA and CIKD published a document outlining China’s Foreign Aid Project Evaluation (FAPE) system (CIDCA & CIKD, 2023). FAPE aims to ensure that funds are “spent where

needed most,” draws on Western development agencies’ practices, and intends to integrate development effectiveness principles of Agenda 2030 and the SDGs while reflecting “Chinese characteristics” and China’s own long history of aid giving. While one might criticize that the highest-ranked indicator is whether projects promote “friendly exchanges with foreign countries”—a political code for China’s diplomatic interests—the other indicators are relatively robust, sector-tailored and development-oriented. Though FAPE applies only to foreign aid and not to policy banks and other financing, it signals a major shift in China’s development cooperation approach.

This creates an opening for dialogue. Rather than letting systemic rivalry harden into disengagement, policymakers should recognize that China is already engaging—on its own terms—with international debates on development effectiveness. Constructive exchanges on evaluation standards, transparency, and results could improve the Chinese aid impact and foster complementarity with other donors. Some donors, international financial institutions and UN agencies have already been engaging with China in this way.¹⁷ Building on these changes could open space for more effective cooperation in the future—but this requires the EU to develop a strong strategic game plan beyond, but perhaps building on, Global Gateway.

Consider trilateral cooperation

Trilateral cooperation offers a pragmatic way to strengthen labor, social, and environmental governance, as well as development effectiveness. Two factors make this viable. First, Chinese actors—both state and non-state—recognize that contractors must better understand international standards and improve sustainability performance. Second, there is broad openness in China to engage with in-

¹⁷ China’s Foreign Aid Project Evaluation (FAPE) system was built on extensive exchanges with UNDP.

ternational partners, recognizing that Chinese companies overseas often lack knowledge of host-country contexts.

This shift is reflected in the 2019 National Development and Reform Commission guidelines on “third-party market cooperation,” calling for “open, green and clean cooperation” (NDRC, 2019). Though aimed primarily at business-to-business partnerships, the guidelines share the core principle of trilateral cooperation: cooperation should serve the interests of the third country. They also signal China’s recognition that it needs partners with stronger international experience to better manage overseas investment risks.

Given their role within the Chinese system and history of partnerships with international organizations and DAC donors—including ongoing trilateral cooperation with Germany’s GIZ through the Sino-German Center for Sustainable Development in Beijing—Industry associations such as China International Contractors Association (CHINCA), China Chamber of Commerce of Metals, Minerals and Chemicals (CCCMC), and the China National Textile and Apparel Council (CNTAC) are the most likely partners for trilateral projects. Though their standards are mostly non-mandatory, they play a significant role through capacity building and evaluations. Their convening power reaches major industry players, while their members increasingly recognize the challenges they face abroad—such as dealing with trade unions and civil society—that they do not encounter at home.

Critics point to the high transaction costs: negotiating procurement, organizing experts and bridging bureaucratic logics often make trilateral cooperation projects slower and more complex than bilateral ones. Yet the added value lies first and foremost in mutual learning. For DAC donors, it provides insight into how Chinese bureaucracies work and why certain approaches are resisted—often for administrative, not political, reasons. For China, it offers feedback on how companies’ performance against international standards and opportunities to strengthen implementation of its own sustainability and development effectiveness guidelines.

The European dimension

Despite valid criticisms of the BRI, it has undeniably returned infrastructure development to the international development agenda, spurring counter-initiatives such as the U.S.-led Blue Dot Network, the G7’s Build Back Better World (2021) and Partnership for Global Infrastructure and Investment (2022), and the EU’s Global Gateway (2021)—all aimed at offering an alternative model of high-quality, sustainable infrastructure investment.

The Global Gateway was launched with the goal of mobilizing investment of up to EUR 300 billion by 2027, primarily for digital connectivity, energy and transport, with a focus on sustainability—and was presented as a means for developing countries to “de-risk” from China. Yet four years in, it has failed to gain traction comparable to the BRI, instead facing criticism for lacking coordinated approaches. Moreover, Global South stakeholders complain it seems more about Europe’s China problem than their development challenges: “China approaches us to talk about development while you [Europe] come to talk about China” (Esteban & Insisa, 2024). Against the EU’s discourse on strategic autonomy, security needs, and economic resilience, the Global Gateway now appears to be evolving towards prioritizing EU self-interest (Bilal, 2025).

Notably, the Global Gateway now faces criticisms from European—and increasingly Global South—civil society groups that echo longstanding concerns voiced about the BRI: that it primarily serves the EU’s own strategic and commercial interests, with development funds being diverted to benefit European companies (Eurodad, 2024). Such critiques point to a deeper problem: the EU has yet to clarify whether the Global Gateway is a geopolitical instrument to counter the BRI, a genuine development initiative, or both. This lack of clarity risks undermining both its credibility abroad and coherence at home.

Positioning the Global Gateway primarily as a BRI-counterweight is counterproductive (Ferenczy, 2025). For partner countries, the cen-

tral concern is not “de-risking” from China, but gaining development and investment opportunities. The EU should therefore resist defining itself in opposition to Beijing and concentrate on what it can offer in its own right.

Importantly, the EU does not need new initiatives or additional resources. Team Europe is already the world’s largest provider of development finance. The real problem is that the EU is often seen as a “payer but not a player”: it spends generously, but without strategic visibility or influence. To change this, the Global Gateway should deploy existing resources more strategically, ensuring funding is timely, accessible, and directed to projects with the greatest impact for partner countries. Equally important is stronger “branding” and public diplomacy so that the EU is recognized as a credible and visible development partner.

Africa should be at the center of this effort. Chinese officials have long outperformed their European counterparts in terms of visits and hosting of African leaders. African policymakers, meanwhile, are wary of being drawn into an “us-versus-them” competition between China and the West. If the EU wants the Global Gateway to resonate, it must present it not as an anti-China project but as a proactive platform for common development.

Recognizing, as Hans Morgenthau once argued, that aid is always inherently political, the Global Gateway should be framed as the European platform for advancing global development. That means shifting from reactive positioning to a positive agenda: one that emphasizes partnership, ownership, and the Sustainable Development Goals. Europe must articulate what it stands for—not just what it stands against. Simply claiming to be “better” or “different” than China will not suffice. The Global South is indifferent to Europe’s geopolitical anxieties; what matters is whether the EU delivers meaningful, inclusive, and sustainable development outcomes.

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