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SAFERWORLD BRIEFING



As the world order changes, rising powers like China are increasingly involved in countries where peace is fragile. This brings new responsibilities and policy choices for China, while it also means a new reality for Western donors and policy makers. These changes are affecting peace and stability in conflict-affected states. However, as Beijing's approach towards these countries evolves there is an unprecedented opportunity for China and the West to develop more complementary approaches in support of peace



CHINA AND CONFLICT- AFFECTED STATES RISKS AND OPPORTUNITIES FOR BUILDING PEACE

This briefing highlights the implications for peace and stability of China's growing engagement in conflict-affected states. It is based on Saferworld research in Nepal, Sri Lanka, Sudan and South Sudan. It sets out key findings, conclusions and recommendations for Chinese and Western actors.

EXECUTIVE SUMMARY

The world order is changing rapidly. The dominant role of Western actors in development assistance and conflict prevention is diminishing, while that of rising powers from Asia and elsewhere is growing – with China foremost among these new actors. As the West grapples with the consequences of these changes for international relations and foreign policy, China is coming to terms with its new-found influence and the responsibilities this brings.

“If a man is thirsty, he needs to drink, no matter where the water comes from. China is ready to do things straight away... When the West gives some small money, they want to manage it very carefully. While they are thinking what to do, China will come in.”

Government of South Sudan official, Unity State, South Sudan, August 2011

FINDINGS

A number of common findings emerge from Saferworld's research:

- China's increased engagement in conflict-affected states is driven by diverse factors, including the pursuit of natural resources; the control of supply lanes; the search for new markets to sustain domestic economic growth; and concerns over its territorial integrity and security.
- China's engagement is based on certain core principles of foreign policy, notably non-interference in other countries' political affairs, but these are often applied with a degree of pragmatism.
- In practice, the policy of non-interference often implies support for the incumbent regime and this can reinforce conflict dynamics, for example when the state has been party to the conflict or is perceived to marginalise particular groups.
- China's priority is generally to maintain stable bilateral relations and it avoids overt engagement on conflict issues, except when vital interests are threatened. On occasions when China has applied pressure on governments to pursue peaceful solutions, it has had a positive effect.
- China tends to support a top-down model of stability, providing military assistance and arms to host governments. State sovereignty is regarded as sufficient to legitimise the receipt of Chinese arms in most cases, but this *laissez-faire* approach has sometimes exacerbated conflict and insecurity.
- State stability is the basis for advancing mutual economic interests. China adopts a commercial model of development: for example, it provides financial assistance for the construction of infrastructure by Chinese companies. This business-like approach to development often appears to yield quicker results than Western aid.
- China can be seen to provide a tangible peace dividend in some post-war contexts; however, if the benefits are not distributed equitably to different groups this may reinforce divisions and strengthen drivers of conflict.
- Western policies linking aid to government performance in areas such as governance or human rights will become harder to pursue since China's presence as an alternative financier and diplomatic ally weakens Western leverage.
- China's diplomatic approach to conflict-related issues in multilateral bodies remains firmly based on the principle of state sovereignty.
- There is little or no dialogue between Western and Chinese officials about engagement in conflict-affected states. As a consequence, external support is not as effective as it could or should be in supporting peace and stability.
- Competition for influence between China and India will have greater significance for peace and stability in some countries than the relationship between China and the West.



Sudanese workers operate a Chinese oil rig at Heglig on the border of Sudan and South Sudan.

RECOMMENDATIONS

China rising

- The role of China in conflict-affected states is increasingly apparent. China should recognise the impacts of its engagement upon internal dynamics, and acknowledge the responsibilities that come with its influential role.
- China should use its influence to promote sustainable and inclusive peace as well as stability, recognising that economic co-operation and other forms of assistance can exacerbate conflict if not sensitive to local dynamics.

Implications for the West

- Western commitments to key building blocks of sustainable peace, such as good governance and human rights, should not be sidelined in favour of geopolitical interests and competition with China.
- Western actors should seek to uphold these values by linking aid to diplomacy more effectively; ensuring greater coherence across the donor community; and supporting non-state actors to have a stronger voice in the development process.
- Polarisation of the West and China should be avoided, and opportunities sought to support confidence-building measures between rising powers, such as China and India.

Bridging the policy gap

- China and the West should build on their shared concern for stability in conflict-affected states as a basis for policy dialogue at both official and non-governmental levels.
- Policy communities in China and the West should question what is meant by stability and how this is applied; and advocate an approach that supports peacebuilding rather than undermining it.
- China and the West should ensure that at the heart of any dialogue about conflict-affected states are the needs and concerns of local stakeholders, both state and non-state.

Building a culture of co-operation

- China is going through a period of policy development as it engages more on issues of peace and conflict. The West should take advantage of this opportunity to help shape China's approach in conflict-affected states.
- Western and Chinese actors should increase awareness and capacities to operate in a conflict-sensitive way. This applies to both bilateral assistance and private sector engagement.

An enabling international architecture

- Building peace and stability in conflict-affected states will require greater co-operation at the multilateral as well as bilateral level. New development frameworks and processes should reflect the increasingly global role of China and other rising powers.
- China should be encouraged to participate actively in developing and implementing international strategies and initiatives that will help prevent conflict, such as the New Deal for Engagement in Fragile States and the UN Arms Trade Treaty.

“It’s like we operate in parallel universes: they do what they do, we do what we do.”

Western diplomat on relations with China in Sri Lanka, Colombo, June 2011



INTRODUCTION

CHINA AND CONFLICT-AFFECTED STATES PROJECT

Saferworld initiated a project in 2011 to examine China's growing role and influence in conflict-affected states. This was based on research in four countries that have experienced protracted violent conflict: Sri Lanka, Nepal, Sudan and South Sudan. Despite wars ending, building peace and stability remains a priority in all four contexts.

China has significantly increased its engagement in these countries over the past five years, and is now a major player with significant influence over post-conflict development.

Saferworld has published an in-depth report detailing China's role and influence in these four contexts (www.saferworld.org.uk/chinareport2012). This briefing and the full report are intended to raise awareness of China's impact on peace and stability in conflict-affected states. We hope they will also stimulate greater dialogue between policy communities in China and the West. Saferworld will promote and facilitate such dialogue, and will undertake further research on the role and influence of rising powers in conflict-affected states in the years to come.

One consequence of the changing world order is a new cast of actors with influence over development and peacebuilding. Traditional notions of the 'donor community' – often shorthand for members of the Organisation for Economic Co-operation and Development (OECD) – are less relevant. OECD donors should no longer be assumed as the main source of support for countries trying to rise out of poverty. Similarly, fixing the problems of conflict-affected states can no longer be viewed as the preserve of OECD states.

China is foremost among the rising powers changing the world order. Its economy is now the second largest in the world with a rapidly expanding global reach. In the West, analysts and policy makers are grappling with what China's rise means for international relations and the spectrum of foreign policy concerns. In China itself policy makers are coming to terms with this new-found influence, and the responsibilities that come with it.

A critical issue is what happens as China and other rising powers make their presence increasingly felt in countries where peace is precarious. The risk is that tensions and divisions may be aggravated, leading to instability and even the return of violent conflict. But equally China's increasing engagement offers opportunities to consolidate peace.

This has obvious implications for international peacebuilding, which has been largely defined by Western actors and based on the assumption that they are the major external players in conflict-affected states. Given China's increasing engagement and influence in these contexts, it is clear that it has a role to play in peacebuilding. It also suggests there must be dialogue and co-operation between Western actors and China in conflict-affected states.

At the same time, we should not exaggerate the influence of external actors, nor downgrade the role of local stakeholders. Ultimately it is the people in conflict-affected states who will determine whether there is a return to widespread violent conflict or if sustainable peace can be secured. While this research focuses on the role and influence of external actors, it is premised on the centrality of local needs and local perspectives.

Fixing the problems of conflict-affected states can no longer be viewed as the preserve of OECD members

THE RISING POWERS PROGRAMME

A key area of Saferworld's work is to examine how international aid policies and practice affect conflict dynamics and peace processes. In recent years we have expanded the focus of this work from Western donors to consider the role and influence of new and emerging powers, such as China and India. This builds upon the experience of Saferworld's existing China programme. The aim is to contribute to more coherent and effective engagement by international actors in support of peace as the world order changes.

This Chinese manufactured machine gun ammunition was seized in Jonglei, South Sudan. According to the UN, the Sudan Armed Forces used identical ammunition in Darfur in July 2010.
© SMALL ARMS SURVEY – SUDAN HUMAN SECURITY BASELINE ASSESSMENT



KEY FINDINGS

Despite Beijing's official stance of non-interference, China has had a significant impact on conflict dynamics and stability in the countries examined by Saferworld's research: Sri Lanka, Nepal, Sudan and South Sudan. This impact has been mixed: positive in some cases, more negative in others; direct and indirect; intentional and inadvertent. The three case studies illustrate the nature and range of these impacts (see boxes) – Sudan and South Sudan are considered in a single study because they are closely linked. In this section we highlight some of the common findings arising from comparison of the different contexts.

What can be identified across all four cases is a balancing of pragmatic interests with a set of long held and deeply entrenched foreign policy principles

CHINA'S ROLE IN CONFLICT-AFFECTED STATES

- China's relations with Sri Lanka, Nepal and Sudan stretch back decades, but **economic and diplomatic engagement has intensified over the last decade**, and has begun afresh with the newly independent South Sudan. China's increased engagement is driven by a variety of interests: the pursuit of natural resources; the control of supply lanes; the search for new markets to sustain Chinese economic growth; and concerns over its own territorial integrity and security.
- China does not promote a particular model of development, but its engagement is **based on certain core principles of foreign policy**. A central principle is respecting the sovereignty of all states, from which flows China's **policy of 'non-interference'** in the political affairs of other states. Other principles, such as 'mutual benefit' and 'south-south co-operation', also have a significant bearing on China's engagement.
- China's engagement is shaped by the nature and extent of its interests in the country concerned, and is evolving in response to changing realities on the ground as well as to geopolitical dynamics. What can be identified across all four cases is a balancing of pragmatic interests with a set of long held and deeply entrenched foreign policy principles.
- China's approach to diplomacy in these countries **prioritises stable bilateral relations** with the host government. It generally avoids the role of conflict manager. The principles of state sovereignty and non-interference are invoked to justify its reluctance to express views on, or actively seek to address, issues of internal conflict.
- There have been instances, however, when Beijing has been willing to 'interfere'. Where it judges its interests to be threatened – for example in terms of resource security and international reputation as in the case of Sudan and South Sudan – **China has on occasion exerted political pressure on governments to pursue peaceful options**.
- In order to protect its interests, Beijing also hedges against political change when the governments of conflict-affected states face uncertain futures. Thus in Nepal it has deployed the Communist Party and Chinese military to develop relations with alternative guarantors of stability outside government institutions. This highlights the **pragmatic nature of China's approach**.



PEACE AND STABILITY

The terms 'peace' and 'stability' mean different things to different people. In this report we distinguish between peace – associated with political, social and economic inclusion – and stability, usually associated with political order and the absence of violent conflict. This is not intended as a definition of these terms, but to clarify how they are used here. It does not imply that they are opposed or incompatible, but nor are they synonymous. There is an obvious synergy between peace and stability, but it is also possible to have stability without peace. The different interpretations and applications of stability are considered further in this section.



- **China's role in conflict-affected states** is also expressed through its participation in multilateral institutions. Beijing's emphasis on the central role of the United Nations, manifest by its growing contribution of peacekeeping troops, has at times appeared inconsistent with its **resistance to UN Security Council (UNSC) action on internal conflicts**. It has watered down or criticised UNSC resolutions, arms embargoes and sanctions. It insisted on the exclusion of Sri Lanka's war from the UNSC's mandate despite its professed commitment to the Responsibility to Protect and the clear threat to civilian lives. China has also resisted international efforts to hold governments to account for alleged war crimes, arguing that this would undermine stability and national processes. These positions demonstrate that the scales remain heavily weighted in favour of **state sovereignty as the guiding principle** of China's engagement in multilateral bodies.
- China puts a premium on stability. Its understanding of stability is premised upon the national government's capacity to control its territory and the people within it. It follows that China tends to support a **state-oriented, top-down model of stability**. Equally, the state is seen as the central actor in terms of addressing the causes of conflict, and Beijing is extremely cautious about engaging with non-state actors and wider society on such issues.

- Linked to its understanding of stability, China has strengthened the capacity of governments in conflict-affected states to tackle insecurity through **military co-operation and arms transfers**. State sovereignty is regarded as sufficient to legitimise the receipt of Chinese arms; in contrast with Western states which in theory make decisions on arms exports based on their end use. Restrictions on Western arms sales to Sri Lanka and Sudan have expanded the market for Chinese and other suppliers.
- State stability is a central concern for Beijing, partly for its own security interests as in the case of Nepal/Tibet, but also as the basis for **advancing the economic interests** of both China and the state concerned. Chinese financial assistance for development – often highly opaque and primarily in the form of non-concessionary loans – is best understood as economic co-operation rather than 'aid' as defined by the OECD. Chinese loans generally fund Chinese companies to develop large-scale infrastructure projects as requested by host governments, which are subsequently handed over to local ownership.

China tends to support a state-oriented, top-down model of stability

“It's hard to imagine that the 2009 end to the conflict would have played out in the same way 15 years ago. Today's context is different.”

Western diplomat, Colombo, Sri Lanka, June 2011

THE IMPACT OF CHINA'S ROLE ON PEACE AND STABILITY

- Referring to its policy of non-interference and its support for state sovereignty, China presents itself as an impartial and apolitical actor in conflict-affected states. But the **state itself rarely plays a neutral role**, especially in contexts such as Sri Lanka, Sudan and South Sudan where it has been a party to the conflict. In such cases, when non-interference is combined with economic, diplomatic and military assistance, it implies support for the incumbent regime, and this can reinforce conflict dynamics.
- Chinese financial assistance has undoubtedly contributed to important aspects of post-conflict reconstruction and development. Infrastructural development has opened up previously inaccessible areas of Nepal for instance, while Chinese companies have transformed the macro-economic prospects of Sudan. This represents a tangible **peace dividend for conflict-affected states**. Furthermore, insofar as these benefits improve standards of living among local populations, they may reduce tensions that could otherwise give rise to conflict.
- China generally matches its financial assistance closely to host government requests, and so can be seen to strengthen national government ownership of the development process. China prioritises commercial enterprises supported by the domestic economy, which can provide long-term benefits, such as jobs and services. This approach seems in some places more sustainable and transformative than the Western model of giving aid through grants and projects.





Construction machinery donated by China to the Government of Sri Lanka lines the streets of Colombo, Sri Lanka.

CASE STUDY: SRI LANKA

This case study explores China's impact on the war in Sri Lanka, and its subsequent role in a country where the fighting has ended but an inclusive peace has yet to be secured.

In May 2009, the Government of Sri Lanka (GoSL) announced the military defeat of the Liberation Tigers of Tamil Eelam (LTTE). According to a UN investigation, the final months of fighting saw violations of international law so severe that they may amount to war crimes. The conduct of the GoSL came under heavy criticism from several Western states that had long pushed for a negotiated settlement of the conflict. If any such concerns existed in Beijing, they were muted. While China has a long and at times controversial history in Sri Lanka, its deepening engagement since 2005 has positioned it as Sri Lanka's largest development financier, a growing trade partner, its principal weapons supplier and a key source of diplomatic support.

Diplomatic support

China's policy of non-interference has meant *de facto* support for the GoSL – from its participation in peace talks through its use of military force to its centralised approach to post-war reconstruction. The case study shows that the non-interference policy is neither passive nor neutral in outcome. Instead, it denotes implicit support for regime stability, territorial integrity and state-imposed solutions to security. It also illustrates Beijing's reluctance to act as a conflict manager, choosing instead to focus on maintaining good relations with Sri Lanka's leadership. At the UN, China has joined others in consistently opposing

international censure of the GoSL, both during the final stages of the conflict, and in response to calls for an independent investigation into alleged war crimes.

Economic support

Although China has provided modest amounts of humanitarian aid to Sri Lanka, it is its funding of infrastructure development that is most visible and significant – much of this financed by commercial loans from state-owned banks, and implemented by Chinese companies. Delivered without political conditions, China has become the principal financial backer of the GoSL's chosen path to post-war stability, which has focused on state-directed economic growth rather than political reconciliation. While this may generate tangible benefits, it does not address the root causes of conflict, including competing nationalisms which are not accommodated by the political system. In fact, however well-intentioned, there is a risk that Chinese economic assistance inadvertently exacerbates local and national conflict dynamics.

Military assistance

Another significant aspect of China's engagement in Sri Lanka is military assistance. Whereas other states have cut military co-operation with Colombo or made it conditional, China has quietly continued to provide training and arms to Sri Lanka's military. Having long supplied Sri Lanka, Western states restricted arms transfers after the breakdown of peace talks in 2008. During the same period, China increased its transfers, seemingly affirming the GoSL's right to defend its territorial integrity as it saw fit.

Subsequently, cracks in the enforcement of China's arms export controls may have allowed Chinese weapons to fall into the LTTE's possession.

Changing donor context

China's growing diplomatic, financial and military support to Sri Lanka has weakened the influence and political leverage of Western states in Colombo. For some, this explains why the GoSL has been able to ignore Western criticism of the way it brought the war to an end, as well as subsequent concerns about post-war governance. However, while China's increased engagement has certainly changed the donor context and given the GoSL more room for manoeuvre, its impact on the outcome of the war should not be over-stated, and nor should the significance of declining Western influence.

Sino-Indian rivalry

Without discounting the role of Western states, it is Sino-Indian relations that will have more impact upon prospects for peace and stability in Sri Lanka. Intensified rivalry between the two Asian giants will be played out in countries like Sri Lanka, potentially undermining stability. The GoSL itself appears set on a strategy of playing one power off against the other, missing an opportunity to promote Sino-Indian relations. In the long-term, this is likely to be to the detriment of both Sri Lanka and South Asia.

CONFLICT SENSITIVITY

Conflict sensitivity is generally defined as a three-step approach:

- Understanding the context in which you operate, including the conflict dynamics
- Understanding the interaction between your intervention and this context
- Acting on this understanding to avoid exacerbating conflict and to reinforce peace

Putting conflict sensitivity into practice may entail some of the following:

- Consulting systematically with local stakeholders and acting to ensure their needs and concerns are constructively addressed
- Targeting reconstruction and development projects in ways that benefit different regions and groups equally
- Providing broad-based social benefits alongside large-scale extractive infrastructure, for example through community development projects
- Operating in a way that stimulates the local economy and provides employment opportunities to local people
- Engaging responsibly with political leaders and government institutions to avoid fuelling corruption and patronage politics
- Western development agencies and NGOs should strengthen their commitment to conflict sensitivity, raise awareness of this approach with Chinese counterparts, and share information and lessons learnt about how to put conflict sensitivity into practice.
- Chinese as well as Western governments will need to strengthen legal requirements and regulatory capacity to ensure that their companies abroad operate in a way that is conflict-sensitive.



- Chinese policy makers view economic underdevelopment as a primary cause of conflict, so economic co-operation is regarded as a contribution to peace-building in itself. However, in practice it depends whether the benefits of economic development are distributed equitably across society or exclusively to particular groups, since this may reinforce conflict dynamics. The case studies illustrate how in some cases Chinese economic co-operation has **consolidated the dominance of elites and increased inequalities between regions**. In Sri Lanka, there is concern that China's support favours elite interests and patronage politics. In Sudan, China has boosted economic growth but many South Sudanese consider that this has benefited the North to the detriment of the South.
- **External engagement can lead to tensions at a local level**, as well as at a national level. Some communities in South Sudan are bitter at what they regard as the complicity of the Chinese state and oil companies in the violent clearance of land for oil exploration during the war. And since the war's end they feel that they have benefited little in terms of jobs, services and infrastructure despite the many Chinese enterprises. In such ways, the injection of Chinese resources into post-conflict societies may aggravate existing tensions between those who benefit and those who feel left out, and this in turn can lead to conflict.
- The case studies reveal how China's approach to arms transfers has, in the case of Sri Lanka and Sudan, contributed to increased insecurity and violence. Its **laissez-faire approach to export licensing** has led to Chinese arms sometimes ending up in the hands of armed groups or being used in ways that violate international humanitarian law. The consequence is that Chinese arms have actually increased security threats, including in some cases threats against Chinese peacekeepers and companies.
- Western actors should not be viewed as the benign counterweight to a negative Chinese presence. The policies and practice of Western states were ultimately unsuccessful in building peace in Sri Lanka, while their post-conflict record in Sudan, South Sudan and Nepal has been mixed. However, the efforts that Western actors have made to promote good governance and human rights risk being undermined by China's presence as an alternative financier and diplomatic ally. There are growing perceptions in Sri Lanka and Nepal that Western donors are **too prescriptive or conditional with their aid**, and this may encourage their governments to turn to other sources of support.
- In Sri Lanka and Sudan, China has at times adopted a stance that has undermined Western pressure on the host government. But Beijing has also on occasion applied **constructive pressure on Khartoum to pursue peaceful options**, demonstrating what can be achieved when Chinese and Western actors, deliberately or otherwise, use their influence in the same direction.
- In all the cases studied there was little evidence of dialogue between Chinese and Western actors, with even basic information sharing often absent. This reflects a **lack of outreach on both sides**. Western efforts to engage appear to have been *ad hoc* and half-hearted, at least in part due to the perception of an insurmountable 'Chinese wall'. Reasons put forward for Chinese reluctance to engage are rooted in distrust and differences of approach. Chinese officials see little concrete benefit in co-operation, with China's very distinctiveness from Western donors regarded as a selling-point. This lack of dialogue means that external support in conflict-affected states is not as effective as it could, or should, be in supporting peace and stability.
- In some contexts, the reaction of other non-Western states to China's growing engagement is more significant than the responses of Western actors. Historically, the temperature of Sino-Indian relations has influenced the extent and nature of China's engagement in Nepal and Sri Lanka. Growing tensions between the two Asian powers are likely to be played out in smaller neighbouring states where the pursuit of peace and stability may prove secondary to the **competition for geopolitical influence**.



CASE STUDY: NEPAL

This case study explores China's involvement in Nepal since the end of the war in 2006, and how this has directly and indirectly affected peace and stability.

Nepal suffered from a decade of violent conflict between Maoist insurgents and the ruling monarchy, resulting in 15,000 deaths. Despite a peace agreement signed in 2006, the past six years have been characterised by political instability and frequent setbacks to the peace process. Underlying sources of insecurity and conflict remain, including high levels of poverty and inequality, combined with regional, ethnic and caste divisions.

Historically, Nepal has been within India's sphere of influence, and close ties were developed between the two countries. China has mostly respected India's primacy, but the special relationship between Nepal and India has been eroding since the Maoists came to power after the war, while China has stepped up its engagement. Sandwiched between its two powerful neighbours, the Government of Nepal has to tread carefully.

Economic engagement

India remains Nepal's major investor and trading partner, but China has rapidly increased its share of trade and investment over the past five years. The most dramatic rise can be seen in Chinese aid and other financial assistance to Nepal. This is motivated by mutual economic interests, including help for Chinese firms and products to access new markets in order to sustain domestic economic growth. A large part of the assistance is tied to Chinese contractors and procurement.

Taking into account all forms of financial assistance, China now ranks

among Nepal's top five development partners. Much of this assistance takes the form of infrastructure development, while China also plans to construct a rail link from Lhasa in Tibet to the Nepali border. This rail link would potentially enable China to access not only Nepali markets, but also the larger markets of South Asia. The prospect fuels concerns in New Delhi about China's expansion not just economically but also militarily.

Diplomacy and soft power

Recent years have seen an upsurge in diplomatic activity between Beijing and Kathmandu, with a host of government and political party delegations making the journey between the capitals. These visits present an opportunity both to strengthen economic ties and to reinforce mutual security interests. China's military leadership has also been developing a relationship with the Nepalese Army, symbolised by reciprocal visits by the top army chiefs in 2011.

Alongside official exchanges, China is spreading its influence in Nepal through the deployment of 'soft power'. This includes the establishment of China Study Centres to promote cultural and language exchange; broadcasting by Chinese radio stations; and incentives for Chinese tourists to visit Nepal. Such approaches will not supplant the long-standing cultural and historical affinity between the people of Nepal and India in the short-term, but they pave the way for deeper penetration by China over time.

Tibet *quid pro quo*

China's engagement in Nepal is underpinned by the core principles of Chinese foreign policy, notably the principle of

non-interference. However, it is also shaped by a variety of context-specific interests. Foremost is the issue of Tibet, and its significance for China's security and territorial integrity. Beijing is determined that Nepal should not become a base for activists campaigning for an independent Tibet. It is widely perceived that Beijing uses its diplomatic and economic leverage over the government in Kathmandu to ensure that the Nepali authorities co-operate in clamping down on Tibetan activists.

A pragmatic approach

In recent years China has been increasingly vocal in support of political stability in Nepal, and has stressed the importance of completing the peace process. Despite suspicions of an ideological affinity with the Maoists, China has reached out to all parties across the political spectrum. As with its relationship with the military, this highlights Beijing's pragmatic approach towards Nepal. It prioritises stability above ideology or political system, and seeks to build relations with all potential power brokers.

Colliding spheres of influence

Nepal has long been squeezed between the two regional powers, India and China. China's dramatic ascent over the past ten years means that it is now the dominant player in Asia and challenges India's historical sphere of influence in South Asia. While predictions of an inevitable collision between the two Asian giants may be overstated, it is likely that competition and tensions between China and India will escalate – and Nepal is a significant pawn on the geopolitical chessboard.

Armed Sudanese men in Tonj East, Warrap State, South Sudan – one of the most under-developed areas of the country with high levels of inter-communal violence. © PETE MULLER



CASE STUDY: SUDAN AND SOUTH SUDAN

This case study analyses the impacts of China's engagement in Sudan and South Sudan on peace and conflict dynamics.

After almost half a century of civil war in Sudan, a peace agreement was signed in 2005, followed by the South's secession in 2011. Key conflict dynamics relate to competition for control of the disputed area of Abyei, disagreement over how to share oil wealth, the rights of minorities within the recently separated states, and mutual suspicions over support to rebel groups on either side of the border. These tensions led to outbreaks of violence in various regions in 2011, including Abyei, South Kordofan and Blue Nile. In both Sudan and South Sudan, there are concerns that centralised systems of patronage politics with autocratic tendencies could deepen marginalisation, worsen existing rebellions and spark new conflicts.

In South Sudan in particular, chronic levels of poverty fuel fierce competition for benefits and resources. Severe insecurity and limited capability for security provision mean there is an urgent need to strengthen institutional capacities. Many feel impatient that, despite the flow of oil revenues into national and state budgets, there has been negligible compensation for past suffering and little pro-poor development – especially beyond national and state capitals. Sudan and South Sudan thus present volatile and challenging environments for international actors, whether they are explicitly engaging to support peace and development or pursuing opportunities for investment and commerce.

Diverging diplomatic approaches

Despite a shared interest in peace and stability in Sudan and South Sudan, China and the West have differed in their diplomatic approaches. Co-ordinated diplomatic pressure and support by Western actors was a significant factor in the emergence of a fragile peace after decades of war. The Comprehensive Peace

Agreement was also made possible by the warring parties' common interest in the revenues from oil fields made productive through Chinese investment and infrastructure. China has generally advocated the principle of non-interference: blocking some Western attempts to pressurise the Government of Sudan, and effectively strengthening Khartoum as it pursued military options.

The benefits of complementarity

Nevertheless, on occasion, China has used its unique economic and political leverage to influence the governments of Sudan and South Sudan to pursue peaceful options, effectively complementing Western diplomacy. This suggests that if China and the West can apply diplomatic and economic pressure on Sudan and South Sudan in a co-ordinated and consistent way, they could have a considerable positive influence in helping to sustain co-operation between the two countries and consolidating the fragile peace.

Courting the strong and ignoring the weak?

China's strong relationships with Sudan's rulers have reinforced divisions and exacerbated conflict in the past. Many South Sudanese still resent China's alliance with Khartoum during the civil war, and new rebellions continue to erupt in Sudan and South Sudan amid claims of corrupt and unaccountable leadership. Because centre-periphery tensions have been closely linked to violence in the past, continuing to court elites risks fuelling further conflict. A reoriented approach that is more responsive to local communities, promotes accountable use of Chinese resources and more equitable sharing of their benefits would enhance China's impact on peace as well as its reputation.

Military assistance – keeping the peace or fanning the flames?

China has contributed troops to the UN which have played a key role in keeping the peace in Sudan and South Sudan as well as helping to build local demining capacities. However, paradoxically, China has maintained an arms transfer control policy that has fuelled violence against civilian populations and embittered many South Sudanese. The fact that Chinese peacekeepers and companies in Sudan and South Sudan face threats from groups armed with Chinese weaponry is perhaps the clearest demonstration of the contradictions of this policy. Greater restraint in arms transfers to the two countries by China as well as other international actors would make a significant contribution to peace and security.

Turning infrastructure investment into a peace dividend

China has made huge investments in Sudanese infrastructure, but this has had negative impacts on local communities in some areas. It has also fostered a perception in South Sudan that China's assistance has disproportionately benefited the North and not the communities worst affected by the war. Chinese companies have pioneered profitable oil extraction and processing in Sudan, but in doing so they – along with several Western companies – have been complicit in what many feel have been the harmful effects of oil production. These companies will continue to face hostility from local communities – who still suffer from chronic poverty and lack of services – until they receive tangible compensation.

China's engagement in Sudan and South Sudan has had positive as well as negative impacts for local people. China has huge potential to support peace within and between the two countries, and would have much to gain from addressing the negative aspects of its engagement by adopting a more conflict-sensitive approach.

CONCLUSIONS AND RECOMMENDATIONS

1. CHINA RISING

The role and influence of China in conflict-affected states is increasingly apparent. China should acknowledge the responsibilities that come with this, recognise that 'non-interference' is difficult to reconcile with its major role, and use its influence to promote peace.

China is an increasingly significant actor in a number of conflict-affected states. There is a perception, if rarely stated explicitly, that these states will become less stable and more prone to conflict because China's foreign policy is driven purely by economic and geopolitical interests, and it is not committed to peacebuilding. Saferworld's research explored these issues in four conflict-affected states, and shows that in reality the picture is more complex. The case studies illustrate how in some ways China is having a stabilising influence in the selected countries, but that this may work against the evolution of inclusive and sustainable peace.

“China should use its influence to stop war... The only way to get peace is to influence Khartoum. China is the one.”

Civil society representative, Upper Nile state, South Sudan, August 2011

Reinterpreting the policy of non-interference

It is clear that whatever the official line on non-interference, China's engagement is – deliberately or otherwise – changing the political landscape in conflict-affected states. Whether non-interference is viewed as a principled position or as a convenient façade, it is increasingly hard to put into practice given China's major role. Not recognising the impacts of China's engagement will undermine peacebuilding.

- China should recognise that its engagement inevitably impacts on the internal politics of conflict-affected states, and should analyse the consequences.
- China should consider a more flexible and context-specific interpretation of its policy of non-interference so that it supports peace more consistently.

Using economic and diplomatic leverage to promote peace

It is equally clear that China has the potential to play a larger role in consolidating peace as well as stability in many of these contexts. This does not necessarily mean China should adopt a Western-style approach to peacebuilding, but rather suggests it could use its undoubted economic and diplomatic leverage to promote more inclusive and sustainable political solutions.

- China should acknowledge the responsibilities that come with its increasing role in conflict-affected states, especially its ability to influence conflict dynamics.
- China should use its influence proactively to promote peace as well as stability.

Recognising its impact on conflict dynamics

There is no doubt that in some conflict-affected states China is an important source of economic support for post-conflict reconstruction, which provides a tangible peace dividend for many. However, any intervention by an external actor – whether Western, Chinese or other – will affect the distribution of power and resources in that context. Depending upon how and to whom it is delivered, development assistance can increase inequalities and divisions between communities, at local and national levels. The risk is that over time the flow of Chinese resources into conflict-affected states may fuel existing inequalities and exclusion, strengthening drivers of conflict as a result.

- China should acknowledge that economic development on its own is not sufficient to build inclusive and sustainable peace, and that economic co-operation and other forms of assistance can exacerbate conflict dynamics.

China has the potential to play a larger role in consolidating peace as well as stability in many of these contexts

The expanded donor marketplace may make it easier for governments to ignore human rights and good governance, issues that are fundamental to peacebuilding

2. IMPLICATIONS FOR THE WEST

As the ‘donor marketplace’ expands, Western commitments to key building blocks of sustainable peace, such as good governance and human rights, should not be sidelined in favour of geopolitical interests and competition with China. The West should also support confidence-building measures between rising powers, such as China and India.

Acknowledging a new reality

The corollary of China’s growing role and influence in many conflict-affected states is a decline in the influence of Western donors. This shift in influence should not be overstated, but it does refute the supposition that Western states are the only or main actors when it comes to supporting peace and stability in such contexts.

- Western states should acknowledge the significant and often dominant role that rising powers now play in conflict-affected states.
- Western states will need to ensure that context analysis and strategy development are informed by a better understanding of the interests and impacts of rising powers.

An expanded donor marketplace

By offering alternative sources of support, China and other new actors are introducing more competition into the ‘donor marketplace’. This means that national governments in conflict-affected states have more choice about who they receive assistance from, and more options regarding the terms of that support.

It is hard to predict the implications of an expanded donor marketplace for conflict-affected states. It would be naïve to suggest that the agendas of Western states are wholly benign in contrast to those of China, so a decline in Western influence will not automatically increase the prospect of conflict. Some consider that wider choice for recipient governments will enable greater national ownership of the development process – though others question the balance

between state and people in terms of national ownership.

What is clear is that strategies for peacebuilding need to reflect changes in the donor context. OECD donors no longer hold sway over development assistance, so they have less leverage over recipient governments. Furthermore, the threat of diplomatic isolation by the West now carries less weight. This challenges any assumption that Western donors can guide conflict-affected states towards peace by a ‘carrot and stick’ approach. The strategy sometimes adopted by Western donors of linking aid to government performance on issues like governance and human rights will be harder to pursue given the presence of alternative financiers and development partners.

The expanded donor marketplace may therefore make it easier for governments of conflict-affected states to ignore human rights and good governance, issues that are fundamental to peacebuilding. This prompts a concern that Western states may relax pressure on governments to address such issues in order not to lose influence *vis-à-vis* China. As a result, commitments to human rights and good governance may become sidelined as a wider range of external actors compete for the favour of host governments.

- While recognising the limitations of their influence in conflict-affected states, Western actors should maintain and affirm their commitment to fundamental values including the peaceful resolution of conflicts, representative and accountable political institutions, and human rights.
- Western states should review how they uphold these values in the changed donor context, including through: more strategic bilateral engagement which effectively links aid to diplomacy; more coherent and co-ordinated engagement across the donor community; and support for non-state actors to have a stronger voice in the development process.

Geopolitical competition between rising powers

It would be blinkered to view these issues solely through the prism of ‘the West and China’. In South Asia, for instance, India has historically been the most influential actor, so the main axis of geopolitical competition currently is between China and India. In other regions, such as Central Asia, a different cast of non-Western states is competing for influence. How geopolitical competition between rising powers plays out in conflict-affected states poses a challenge to peace and stability in a number of contexts.

- Western states should analyse how their engagement may affect geopolitical dynamics and, where possible, support initiatives that build confidence between rising powers in order to mitigate the risks to conflict-affected states.

The Friendship Bridge joins Zhangmu in Tibet, China with Sindhupalchok in Nepal.
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3. BRIDGING THE POLICY GAP

A shared concern in the West and China over stability in conflict-affected states provides a foundation for dialogue about peacebuilding. Policy dialogue, at both official and non-governmental levels, can help reconcile different interpretations of stability and identify complementary approaches in support of peace.

Building on a shared concern for stability

China's growing role and the relative decline of Western influence can be seen to affect strategies for peacebuilding, but does it necessitate a wholesale shift of focus in conflict-affected states? Saferworld's research suggests that the positions and interests of China and Western actors are not as incompatible as might be assumed. Both Western states and China want to ensure stability in conflict-affected states. This shared concern suggests some common ground and could provide a foundation for dialogue on peacebuilding.

For dialogue between the West and China to be constructive, both sides will need to deepen their understanding of the other. For instance, although a rising power, it is important to bear in mind that China still regards itself as a developing country, which is borne out by its GDP per capita. This does not mean Western states should view China through a donor-recipient lens, but it should be approached as a country that faces development challenges of its own, as well as having a key role to play in supporting development overseas.

Defining stability

Productive dialogue will also depend on mutual understanding of key terms of the discourse. In particular, both China and the West need to be clear about what is understood by 'stability'. Although it does not promote a particular model, for Beijing the stability of a country tends to be equated with the capacity of its government to control it. It follows that



China generally supports a state-oriented, top-down model of stability.

Western states have adopted a similar approach in some contexts considered of strategic importance, though recent history – for instance, uprisings in the Arab world – reveals its limitations in terms of building inclusive and sustainable peace. Western states do not subscribe to a single definition of stability in conflict-affected states, but they generally seek to promote a model based on liberal democratic values, including representative and legitimate political systems and respect for human rights.

Opportunities for policy dialogue

Reconciling these different interpretations of stability presents challenges, but also offers scope for policy dialogue between China and the West, and potentially for co-operation. The risk is that a top-down model of stability that automatically reinforces the state regardless of its role in peace and conflict dynamics may become the norm for China and Western states alike. But there is also an opportunity for policy communities in China and the West to review what is understood by stability, and to develop a shared vision informed by the notion of human security, which would underpin peacebuilding rather than undermine it.

Broad-based engagement between policy communities in China and the West could lay the foundations for co-operation at the official level. Policy formation in China is the preserve of the party leadership, but it is partly informed by Chinese think tanks, universities and academics. This underscores the value of a parallel process of dialogue between

policy communities in the West and in China. Dialogue between policy communities will also help address the gap in Western actors' knowledge of Chinese policies and practices.

- Policy communities in China and the West should initiate a more nuanced debate about what type of stability they support overseas, whether driven by national security interests or concern for human security.
- Western and Chinese actors will need to deepen their understanding of each other's perspective on stability in specific contexts. Points of convergence should be identified, with a view to developing common policy objectives in support of peace.

By highlighting the role and influence of external actors, there is a risk of obscuring the needs and concerns local stakeholders have about peace and stability. These are paramount, so Western states and China must make sure that local perspectives, from both state and non-state actors, inform any policy dialogue and co-operation.

- Chinese and Western policy makers should ensure that any engagement in conflict-affected states gives due consideration not just to the concerns of governments, but also to the security, justice and livelihood needs of local people.

Chinese peacekeepers build a road to the Ruzizi One Dam Power Plant in the Democratic Republic of the Congo. © UN PHOTO/MARIE FRECHON

4. BUILDING A CULTURE OF CO-OPERATION

China is going through a period of policy development and adaptation as it engages more on issues of peace and conflict. This provides a strategic opportunity for the West to engage with China and to help shape its approach in conflict-affected states, based on the principles of conflict sensitivity.

A chance to shape China's engagement

There is a real opportunity at present to develop more complementary approaches between China and the West. Aside from the principle of non-interference, there is no defined set of Chinese policies or institutional mechanisms for engaging in conflict-affected states, while knowledge and capacity on peacebuilding is relatively low. As such, China faces a period of policy development and adaptation. Proactive and constructive engagement by the West on these issues can help shape how China engages in conflict-affected states in the future.

While the West could and should do more, it also needs to be noted that for Chinese policy makers, engagement and co-operation with Western actors in conflict-affected states does not appear a priority: bilateral relations with host governments are Beijing's main concern. Eschewing association with Western states may have short-term benefits for China in its relations with the government of the day, but it is likely to fuel suspicion of China's role among other international actors. Chinese claims to impartiality should not preclude dialogue and co-operation with other states.

It would be naïve to suggest that such engagement will be easy or straightforward. However, it is in the interests of both sides – and most importantly in the interests of conflict-affected states – that they build a culture of dialogue and co-operation with each other. This should be developed on a step-by-step basis, progressing from basic information-sharing through dialogue to co-ordination



and ultimately co-operation on joint projects. Small-scale and practical development projects could be identified for joint support in the first instance; using these as entry-points for subsequent co-operation on larger and more sensitive issues.

Time to talk

Saferworld's research indicates that there is currently minimal official engagement between Western states and China in the countries examined. Given the significant roles they play in these contexts, for such influential actors not to be at least talking to each other means that support for peace and stability will be incoherent at best and counterproductive at worst.

- Policy makers in the West and China should proactively and systematically engage with each other on their strategies towards conflict-affected states, with a view to more harmonised approaches and ultimately co-operation.

The process of policy formulation will be informed by dialogue at various levels and in different forums. This includes bilateral engagement between diplomatic counterparts in conflict-affected states, as well as with government officials in Beijing. Multi-stakeholder dialogue, including civil society and the corporate sector, would bring important additional perspectives to the policy debate.

- Dialogue between China and the West will need to take place at different levels, both in-country and in capitals.
- Western and Chinese governments should provide official support for multi-stakeholder dialogue processes.

Collaborating on conflict sensitivity

The approach of 'conflict sensitivity' may be one area where the West can collaborate with China. By understanding better the context in which external actors operate and assessing the risks of their engagement, this approach seeks to mitigate negative impacts on conflict dynamics and to build on opportunities for peace. A conflict sensitive approach is in the interests of local communities, as well as having benefits for Chinese companies in terms of security and sustainability. China could adopt a more conflict-sensitive approach not only in bilateral reconstruction and development projects, but also in terms of investment by state-owned banks (such as the China Export-Import Bank) and of companies operating in conflict environments (such as the China National Petroleum Corporation).

A conflict sensitive approach is in the interests of local communities, as well as having benefits for Chinese companies

A Chinese peacekeeper in Haiti teaches a young girl how to write using Chinese characters.
© UN PHOTO/LOGAN ABASSI

5. AN ENABLING INTERNATIONAL ARCHITECTURE

Progress in building peace and stability in conflict-affected states will depend on dialogue and co-operation at the multi-lateral as well as bilateral level. The international architecture for development should reflect the new world order, including China's growing role. China should also be encouraged to participate actively in multilateral frameworks, including those for peacebuilding and arms transfer control.

New frameworks for new actors

It should no longer be assumed that the problems of conflict-affected states can be addressed by Western donors operating within traditional development frameworks and groupings like the OECD. This is particularly important as the international community begins to draw up a new vision and framework for human development when the Millennium Development Goals expire in 2015. China and other rising powers will be key to developing and agreeing a post-2015 framework.

- New multilateral frameworks for development should be formulated on the basis of dialogue between states, including China and other rising powers.

As the World Development Report 2011 illustrated, insecurity and conflict pose major obstacles to development. This was highlighted by the call from conflict-affected countries at the Fourth High-Level Forum on Aid Effectiveness in Busan, South Korea to give more attention to peacebuilding as a key element of human development.

- Western states should proactively engage China in developing and implementing international strategies for peacebuilding, such as the New Deal for Engagement in Fragile States agreed in Busan.



Encouraging multilateral engagement

China is still coming to terms with how, and how much, it engages as part of the international community. There is considerable internal debate about the role it should take in global processes and decision-making bodies, and on what terms. China appears willing to engage in some multilateral forums, especially those linked to the UN system, which it considers as the appropriate platform for co-operation between states.

Recent evidence – for instance from the High Level Forum on Aid Effectiveness and from the Climate Change Conference in Durban – encourages the view that China is not adopting an isolationist stance. It suggests that it is gradually embracing the responsibilities that come with its growing global reach and impact. Western actors should acknowledge China's positive role in such cases, and encourage similar engagement on processes and frameworks related to peacebuilding. Involving China and other rising powers may mean that global processes move slower and entail more concessions. However, in certain cases good-enough commitments signed up to by all the major players may achieve more than optimal commitments approved by only a minority.

- China should actively promote peacebuilding in regional and international policy forums, such as the Forum on China-Africa Cooperation.

International agreement on arms transfer control

Arms transfers are a key area of multi-lateral engagement affecting peace and stability. Conflict-affected states are particularly vulnerable to the uncontrolled proliferation and misuse of conventional arms. The case studies illustrate how the availability of Chinese weapons in such contexts can threaten peace and stability, and even pose risks for Chinese companies and peacekeepers. Globalisation and trade liberalisation mean that the problems associated with conventional arms proliferation need to be tackled co-operatively at the international level.

- Closer engagement is required between Western and Chinese policy communities to strengthen arms transfer policy and practice, including the adoption of a robust and effective UN Arms Trade Treaty that establishes common international standards.
- China needs to apply criteria that assess the risk that Chinese weapons are used in a way that undermines its obligations under international law or are diverted to unauthorised end-users for purposes that threaten peace and stability.

China is going through a period of policy development and adaptation as it engages more on issues of peace and conflict. This provides a strategic opportunity for the West to engage with China



ABOUT SAFERWORLD

Saferworld is an independent international NGO. We work directly with local people, as well as governments and international organisations, to prevent violent conflict and encourage co-operative, people-centred approaches to peace and security. We believe that everyone should be able to lead peaceful, fulfilling lives, free from insecurity and violent conflict.

While we are not a traditional development agency, we seek to understand

and influence the relationship between conflict, security and international development.

We work in over 15 countries in Europe, Africa, the Middle East and Asia. We have staff based in Bangladesh, Kenya, Kosovo, Nepal, Somalia, Sri Lanka, Sudan and Uganda, as well as in London, Brussels and Vienna.

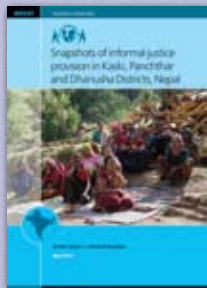
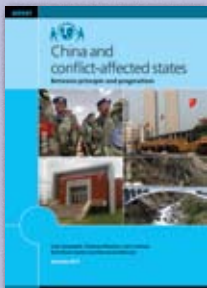
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FRONT COVER: The Chinese contingent of the United Nations Mission in Liberia (UNMIL) during a medal ceremony held in the Liberian capital, Monrovia.

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BACK COVER: A woman rides on the back of a rickshaw in Kathmandu, Nepal. © TOM VAN CAKENBERGHE

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