

# Global Development Initiative: An International Public Goods to Promote Common Development

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**Abstract:** *The world today is facing turbulence and change, and global development is at a crossroads. At this critical juncture, President Xi Jinping put forth the Global Development Initiative (GDI) with the theme “implementing the 2030 Sustainable Development Agenda for more robust, greener and healthier global development” at the 76<sup>th</sup> General Assembly of the United Nations, which sheds light on the direction of global development. The GDI, proposed by China, has galvanized support from the international community as an international public goods to promote common development. Following the historical trends of human development, the GDI breaks through the limitations of the hegemonic stability theory and the free-riding curse to expand and innovate the theoretical perception of international public goods with the right approach to principles and interests. With a people-oriented approach and the basic principles of green and innovative development, the GDI both addresses urgent challenges and attaches importance to enhancing development capabilities and creating supporting conditions to offer a holistic solution to global challenges. Through the implementation of multiple pathways under international cooperation, the GDI will build a consensus on global development, increase the momentum of global development, and play an important role in creating a community with a shared future for mankind.*

**Keywords:** *Global Development Initiative (GDI), common development, international public goods*

JEL Classification Code: F02, H87

DOI: 10.19602/j.chinaeconomist.2022.07.01

The combined forces of turbulent changes and the pandemic - both unseen in the past century - have cast a shadow over the process of global development. On September 26, 2021, President Xi Jinping put forth a Global Development Initiative (GDI) under the theme of “accelerating the implementation of the 2030 Sustainable Development Agenda for more robust, green and healthier global development.”

The GDI advocates a people-oriented approach and identifies key areas for cooperation, including poverty reduction, food security, COVID-19 control and vaccination, climate change and green development, industrialization, the digital economy and interconnectivity. It puts forth visions and plans for cooperation to galvanize the international community to join hands for the implementation of the 2030 United Nations Sustainable Development Agenda and more robust, greener and healthier global development.

The GDI expressed the aspiration of the international community, especially of developing countries, to advance global development, shed light on the direction of global development, and received a proactive

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response from over 100 countries that expressed support and over 50 countries that joined the “Group of Friends of GDI” established by China under the UN framework.<sup>1</sup> The GDI’s proposition is historically inevitable, theoretically innovative, and practically imperative. It is a solution proposed by China to address challenges to global development. As an international public goods to promote common development, the GDI will build consensus, and bolster momentum for global development, thus contributing to creating a community with a shared future for mankind.

## **1. Global Development Initiative: An International Public Goods from Three Perspectives**

Development is an eternal theme of human society. At the crossroads of global development, China has put forth the Global Development Initiative (GDI) as an important international public goods for addressing deficits in global development. In response to the questions “What’s wrong with the world and what should we do,” the GDI is undergirded by historical, theoretical and practical rationales, hence its profound justifications and broad application prospects.

### **1.1 Historical Rationale of the GDI**

Today’s era of globalization is an era of interdependence, i.e. an era of “global history” as revealed by Karl Marx. According to the Marxist materialist conception of history, the development of productivity broadens exchanges and division of labor and thus expands individual activities into global activities of historical significance that are “increasingly dominated by the growing forces of the global market” (Marx and Engels, 2012). In primitive and slave societies, human history was confined to a state of isolation due to limited productivity. In feudal societies, the natural economy still held sway, and human history had yet to shift from ethnic and local history to a universal global history.

The era of capitalism, unveiled in the 16<sup>th</sup> century, followed by the exploration of maritime trade routes and the British Industrial Revolution of the mid-18<sup>th</sup> century, saw rapid development in the forces of social production, science and technology, and the division of labor. The exchange of commodities based on the division of labor expanded on a global scale, giving rise to a global market that linked various countries and nations (Yu, 2019).

The Fourth Industrial Revolution sweeping the world today is characterized by rapid development in new communication and transportation technologies and significant reductions in the cost of the cross-border flow of goods, services, capital and jobs. Increasing dividends from trade and shorter temporal and spatial distances have supercharged the process of globalization, making the world an interconnected whole in which countries are interdependent.

As the general trends of human history have shown, there is a positive correlation between the level of productivity and the level of social exchanges. With increasing productive forces and social exchanges, human society shifted from isolation to openness, human history evolved from regional to global, and the destinies of mankind became increasingly interconnected. Based on the materialist conception of world history, China has put forth the Global Development Initiative (GDI) following the trends of human history. Such an international public goods to promote global development has historical inevitability and rationality.

### **1.2 Theoretical Rationale of the GDI**

In 1954, Paul Samuelson put forth the concept of “public goods” in the modern sense. But discussions on public goods in the Western academia of economics were confined to the country

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<sup>1</sup> Wang Yi: *GDI Gained Extensive Support*, [https://www.fmprc.gov.cn/wjdt\\_674879/wjbxw\\_674885/202204/t20220425\\_10673290.shtml](https://www.fmprc.gov.cn/wjdt_674879/wjbxw_674885/202204/t20220425_10673290.shtml).

level until the 1980s, when international economics began to develop as a discipline amid deepening globalization. Charles Kindleberger, Stephen Krasner and Robert Gilpin all discussed the relationship between hegemony and the supply of international public goods (Zhang, 2020). Theoretical discussions on international public goods in Western academia have focused on the supply of international public goods from the perspective of hegemonic stability and have regarded “free riding” as the crux of the problem. Such mentality is fettered by zero-sum thinking. China’s GDI reflects a breakthrough and innovation in the theory of international public goods.

First, the GDI transcends the limitations of the hegemonic stability theory. A traditional international relations theory, the hegemonic stability theory holds that a hegemon must provide necessary international public goods for the consumption of other countries to ensure the stability of the international system. It is hard for the supply of international public goods based on the hegemonic stability theory to overcome the intrinsic contradiction between the intention of the supplying country to maintain its hegemony and the non-exclusivity and non-competition of public goods. Such an intrinsic contradiction is manifested in the fact that the international public goods offered by a hegemon tends to be a club-style public goods that the country supplying it may use as a tool to extract hegemonic dividends or as a weapon to suppress others.

As a developing country, China supplies international public goods with the intention of seeking development for itself and for other countries, i.e. common development, rather than in pursuit of any hegemonic power. That public goods is intended to increase the overall welfare of all countries rather than to further hegemonic interests. It transcends the traditional concept of international public goods under the hegemonic stability theory.

Second, the GDI breaks away from the free-riding curse. In economics, “free riding” refers to the consumption of public goods without bearing any cost. Due to the free-riding problem and the lack of incentives for the private sector to offer public goods, the onus is on the government of each country to provide that. In the absence of a trans-national global government, “free riding” has become a curse for the providers of international public goods. It is generally considered a deep-seated cause of the paucity of international public goods.

On August 22, 2014, President Xi Jinping noted during his visit to Mongolia that “China is willing to offer opportunities and room to Mongolia and other neighbors for common development. You can take a ride on our express train or just hitchhike, all are welcome”.<sup>2</sup> This important statement reflects China’s brand-new understanding and interpretation of the “free-riding” behaviors of countries in the era of economic globalization, i.e. to “hitchhike” is regarded as a mutually beneficial behavior rather than being a narrow-minded “give and take” relationship from an antagonistic point of view. By welcoming countries to take a free ride or hitchhike, China has shown its willingness to provide international public goods and greatly broadened the possibility for its supply.

Third, the GDI adheres to a righteous concept of principles and self-interest. In 2014, China vowed to “champion and practice the right approach to principles and interests, and uphold good-faith, friendship and justice” and “serve the greater good and broader interests” with a view to forging new-type international relations based on cooperation for win-win results (Xi, 2018). The right approach to principles and interests calls for properly balancing principles with interests, and avoiding seeking self-interest at the expense of others. As Confucius noted over 2,500 years ago, “to establish oneself, help others establish themselves; to achieve success, help others succeed” and “do not do unto others what you do not want others to do unto you”. This Confucian philosophy is also referred to as “one should help others to succeed while seeking one’s own success” and reflects the ideas of “benevolence” and

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<sup>2</sup> Speech by Xi Jinping at the State Great Khural of Mongolia, [http://www.gov.cn/govweb/xinwen/2014-08/22/content\\_2738562.htm](http://www.gov.cn/govweb/xinwen/2014-08/22/content_2738562.htm).

“forgiveness”. It advocates that “one should treat others with benevolence and put oneself in the place of another” and sets the code of conduct for managing one’s relationship with others.

In modern Western economics, the concept that “one should help others to succeed while seeking one’s own success” is consistent with the principle of “Pareto optimality,” i.e. some will gain while all others will lose. The right approach to principles and interests builds upon the traditional Chinese philosophy that “one should help others to succeed while seeking one’s own success”. Beyond the narrow perceptions of economic rationality, this approach reaffirms the public-interest nature of international public goods, exploring a path for international public goods to address the fallacy of competition stemming from individual rational behaviors and compensate for market defects. As a values-based public goods, the right approach to principles and interests lays the theoretical basis for international development cooperation with the principles of mutual consultation and common development for shared benefits.

### 1.3 Realistic Rationale of the GDI

Global development deficits call for an increased supply of international public goods. Urgent need for implementing the Global Development Initiative (GDI) is highlighted by the severe setbacks in the process of global development. First, the COVID-19 pandemic has dealt a heavy blow to global development. As noted in a report jointly released by the UN Economic and Social Commission for Asia and the Pacific (ESCAP), the Asian Development Bank (ADB) and the United Nations Development Programme (UNDP), the COVID-19 pandemic has led to setbacks in the global development for the first time in three decades. And for the first time in two decades, extremely poor populations increased in the Asia-Pacific region, with close to 90 million people likely to fall into extreme poverty.

In developing economies, jobs dwindled by between 109 million and 166 million in 2020.<sup>3</sup> With both supply- and demand-side shocks, the pandemic has cast a shadow on the global economy. According to the *World Investment Report 2021* released by UNCTAD, global outward direct investments plunged by over one third in 2020 to 1 trillion US dollars, and developing countries were the most affected.<sup>4</sup> As noted in the *How industrial development matters to the well-being of the population* recently released by UNIDO, the pandemic has caused manufacturing growth in the least developed countries to stall, widening their development gaps with industrialized nations.<sup>5</sup> Amid the pandemic, countries have come to realize that the world is closely interconnected, and that international solidarity and cooperation are essential for global development to regain momentum.

Second, geopolitical security conflicts have weighed on the global economy. The Russia-Ukraine conflict has become the worst geopolitical security crisis since World War II, with severe spillover effects that drag down global growth. According to the Global Economic Outlook released by the International Monetary Fund (IMF) on April 19, 2022, economic growth is projected to decelerate more sharply in emerging markets and developing economies than in advanced economies. Data released by the United Nations Food and Agriculture Organization (UNFAO) on April 8 revealed that global food prices jumped to a record high in March 2022. Both Russia and Ukraine are major international suppliers of food and energy. Their conflict has led to fuel and food price spikes, leaving low-income countries and poor groups the most vulnerable. The Russia-Ukraine conflict is having extensive repercussions on global stability and the life and work of billions of people. It is a reminder for the international community that security and development are interrelated. On April 21, 2022, in his keynote speech at the opening ceremony of the Boao Forum for Asia 2022, President Xi Jinping put forth the Global Security Initiative

<sup>3</sup> Liu Hui: “Inter-government organizations have jointly called for expediting inclusive and sustainable development in the Asia-Pacific region”, *People’s Daily*, April 7, 2022.

<sup>4</sup> Wang Jinping *et al.*: “Promoting development finance and global development”, *People’s Daily*, April 14, 2022.

<sup>5</sup> Yu Yichun *et al.*: “Assisting in the industrialization of developing countries”, *People’s Daily*, April 22, 2022.

that underscores a “common, comprehensive, cooperative and sustainable security concept” to jointly safeguard world peace and security. Both the Global Development Initiative and the Global Security Initiative are essential for driving world peace and development.

Third, rising protectionism impedes global development. As President Xi Jinping insightfully noted, “In this day and age, the international community has evolved so much that it has become a sophisticated and integrated apparatus. Acts to remove any single part will cause serious problems to its operation. When that happens, both the victims and the initiators of such acts will stand to lose”.<sup>6</sup> In the international community, self-interested unilateralism, protectionism, confrontation and abuse of sanctions have taken a toll on the already sluggish global economy. Experience has shown that confrontation leaves no winners, and that retrogression from openness and inclusion to self-seclusion and isolation will dampen the growth of wealth and diminish the momentum of global development. Against the headwinds to globalization, the GDI has breathed stability and energy into global development.

## 2. Global Development Initiative: An International Public Goods

International public goods takes different forms at philosophical and action levels. At the philosophical level, the Global Development Initiative (GDI) adheres to the people-oriented approach and the principle of green and innovative development. It sets the direction and provides philosophical momentum for global development. At the action level, the GDI identifies priorities for and contributes material strengths to the process of global development. As an international public goods that unifies concepts, principles and actions, the GDI offers a systematic and holistic solution to global development dilemmas.

### 2.1 Core Concept: People-Oriented Approach

According to the materialist conception of history, increasing people-to-people exchanges amid the development of productivity is associated with people’s improving competence in keeping with global development (Yu, 2019). Following the trends of human history, development should serve to allow the realization of the liberal and all-round development of people.

Guided by the materialist conception of history, the Global Development Initiative (GDI) identifies the people-oriented approach as the core concept. With this people-oriented approach, we are committed to enhancing people’s welfare, realizing people’s all-round development, and meeting people’s expectations for a better life. For such reason, the GDI underscores the inclusiveness of development. In other words, global development should leave no country or person behind, should entitle people of all countries to fair opportunities, rules and privileges in the process of development, and should enhance people’s sense of happiness, gain and security. It should contribute to fostering a community of human development that creates wealth in human society and shares development results. In contrast, development viewed from the single dimension of capital appreciation breeds negative externalities of economically rational behaviors and gives rise to yawning wealth gaps, environmental degradation and growing injustice and insecurity in the international community.

### 2.2 Basic Principles

Evolving productivity and modes of production have brought human civilization to a new stage of sustainable development, which is green and driven by innovation. Green development and innovation are inseparable. Development cannot be sustained unless it is green and derives momentum from innovation. The GDI considers greenness and innovation as fundamental to international cooperation for

<sup>6</sup> Xi Jinping. “Rising to Challenges and Building a Bright Future Through Cooperation: Keynote Speech at the Opening Ceremony of Boao Forum for Asia,” [https://www.fmprc.gov.cn/web/wjwb\\_673085/zzjg\\_673183/xws\\_674681/xgxw\\_674683/202204/t20220421\\_10671053.shtml](https://www.fmprc.gov.cn/web/wjwb_673085/zzjg_673183/xws_674681/xgxw_674683/202204/t20220421_10671053.shtml).

sustainable development. These two principles should be implemented throughout all stages of the GDI's implementation.

### *2.2.1 Man and nature living in harmony*

Since mankind entered the era of industrial civilization, industrial development has created unprecedented material wealth at the expense of the exploitation of natural resources and the disruption of the circulations and equilibria of the ecosystem. As a result, mankind has suffered vengeance exacted by nature. The balanced relationship between mankind and nature affects the destiny of human civilization and is essential for mankind to achieve sustainable development. Xi Jinping's "Thought on Ecological Civilization", which calls for the harmonious coexistence of man and nature, rejects the notion of antagonism between man and nature. As a reflection of Xi Jinping's "Thought on Ecological Civilization", the "Two Mountains" theory, i.e. green mountains are gold mountains, unifies economic development and ecological protection. "Preserving the ecological environment equals to protecting the productive force, and improving the ecological environment is equivalent to developing productive forces"; material civilization and ecological civilization should advance in tandem to facilitate an all-round green transition in economic and social spheres (Xi, 2022).

In 2016, the United Nations Environment Programme (UNEP) released a report entitled "Green is Gold: The Strategy and Actions of China's Ecological Civilization" to present the concepts and actions of China's ecological civilization to the world. Man and nature living in harmony is a key principle of the GDI for the future and welfare of humanity and has become an ideological public goods for mankind to join hands to protect Earth. More secure and sustainable development is possible only when environmental protection is united with and supplemented by economic and social development. Vigorous and high-quality development is possible only when opportunities and momentum are derived from ecological and green development, in which productive forces and prosperity grow alongside ecological well-being.

### *2.2.2 Innovation-driven development*

No country can avoid the basic problem of the input-output relationship. On the one hand, increasing resource constraint has made the crude pattern of growth unsustainable; on the other, people's expectations for a better life entail a higher level of output. The innovation-driven path of development is essential to address the conflict between input and output. Sustainable development can only be achieved through progress in technology, improvement in efficiency and an increase in productivity. The GDI advocates innovation as the primary driver of development. Taking advantage of the historical opportunities afforded by a new round of technological and industrial revolutions, countries should increase cooperation on the internet, big data, 5G and artificial intelligence (AI) to unleash a new momentum for post-pandemic economic recovery, accelerate the process of global development, and assist developing countries in leapfrogging in their development.

## **2.3 Priorities for Action**

The Global Development Initiative (GDI) has identified eight priorities for cooperation: Poverty reduction, food security, COVID-19 control and vaccination, development financing, climate change and green development, industrialization, the digital economy, and interconnectivity. With the mission to narrow the development divide between the North and South, the GDI is focused on both meeting urgent challenges and enhancing development capabilities and conditions to advance the process of global development. Pragmatic actions to meet the great demand for public goods in those eight priority areas will boost post-pandemic economic recovery and expedite progress towards the 2030 Agenda goals.

### 2.3.1 Meet the pressing challenges of poverty reduction, food security, COVID-19 control and vaccination

**(1) Poverty reduction:** Based on the World Bank's criteria of 1.9 US dollars per person per day for absolute poverty, over the past four decades, China has lifted nearly 800 million people out of poverty accounting for close to 75% of global poverty reduction in the same period (Ministry of Finance *et al.*, 2022). At the 100<sup>th</sup> anniversary of the founding of the Communist Party of China, China announced the historical achievement of eradicating absolute poverty, meeting the poverty reduction targets of the UN 2030 Sustainable Development Agenda ten years ahead of schedule.

“Ending poverty in all its forms everywhere” is the top priority under the UN 2030 Sustainable Development Agenda. The GDI has also made poverty reduction a top priority for international cooperation, reflecting its “people-oriented” core philosophy. China has gained precious experience in its success in poverty reduction, which may serve as a public goods for other countries and regions to reference as an action-oriented approach to provide tangible support to poverty reduction around the world. According to a World Bank report, participation in the Belt and Road Initiative (BRI) is expected to help lift 7.6 million people out of extreme poverty and 32 million people out of moderate poverty (Xiao, 2022).

**(2) Food security:** Food is the paramount necessity of people. The importance of food security goes without saying. According to the *State of Food Security and Nutrition in the World 2021* published by the UNFAO, close to 1/3 of the world's population could not access adequate food in 2020, an increase of 320 million people from the previous year (Qu *et al.*, 2022). The pandemic, climate change and geopolitical conflicts have exacerbated the vulnerabilities of the global food supply. Moreover, macroeconomic policy spillovers from the exit from quantitative easing (QE) and interest rate hikes have intensified speculation in commodities futures and caused rising food prices in the international market. Food security requires an increase in supply and an improvement in international governance to stabilize food prices at levels affordable for developing countries, especially, poor countries.

The GDI identifies food security as a pressing challenge facing developing countries and a priority of cooperation. It calls for promoting sustainable agriculture, creating fair, reasonable, sustainable and stable agricultural trade, improving international food and agricultural governance, and safeguarding global food security. By December 2021, China had sent over 2,000 agriculture experts and technicians to over 70 countries and regions and trained close to 100,000 farmer households in such areas as crop production, livestock and aquatic production, irrigation and agricultural processing. China had carried out over 1,500 technology application and demonstration projects for many countries, resulting in yield increases of 40% to 70% in project areas; China's hybrid rice had been planted in dozens of countries, raising paddy rice yield that supported an additional tens of millions of people (Xiao, 2022). China calls for enhancing international macroeconomic policy coordination to stabilize international food prices. By abolishing agricultural import quotas, licenses and other non-tariff barriers since its WTO entry, China has shared its tremendous food market opportunities with the rest of the world and increased the equilibrium of supply and demand in the international food market.

**(3) COVID-19 and vaccination:** The eruption and relapses of COVID-19 have had rare repercussions for mankind. Some countries have lapsed into poverty and chaos due to COVID-19. Large swathes of population have seen their livelihoods endangered. The fragility of world development and the uneven capabilities of countries to fight the pandemic have been laid bare. According to data released by the World Health Organization (WHO) in January 2022, the COVID-19 vaccination rate on the African continent stood at a mere 7%. Among the 194 member countries of the WHO, 36 have a vaccination rate below 10%, and 88 have a vaccination rate below 40% (Yang, 2022).

The GDI's priority for COVID-19 control and vaccination reflects the people-oriented philosophy that puts life above everything else. As an advocate for and practitioner of international public goods,

China has supplied over 2.1 billion vaccine doses to over 120 countries and international organizations. It has donated 100 million US dollars to the COVID-19 Vaccination Program, supported the launch of the BRICS Vaccine R&D Center, manufactured vaccines in partnership with countries like Myanmar and Serbia to meet local demand, shared COVID-19 control, diagnosis and treatment protocols with 180 countries and over a dozen international and regional organizations, and provided technical support to countries in need of vaccine cooperation (Yang, 2022). By deepening international cooperation on COVID-19 control, China has helped forge a community of healthcare for sustainable development.

### *2.3.2 Strengthen development capabilities under the themes of climate change, industrialization and the digital economy*

**(1) Climate change:** Only by limiting emissions from human activity to within the self-purification capacity of the Earth's ecosystem will the integrity and stability of the ecosystem be maintained, which is the basic premise for sustainable human development. Since the beginning of industrialization, the vast amount of CO<sub>2</sub> emissions produced as a result of human activity has induced climate change. A fundamental task in achieving sustainable development goals is to limit human activity to within the capacity of the environment.

China has taken an active part in global environmental and climate governance, reflecting its role as a responsible stakeholder. In tackling climate change, it has undertaken the goal to “peak CO<sub>2</sub> emissions before 2030 and achieve carbon neutrality before 2060”. That is to say, it will move from carbon peak to carbon neutrality within the shortest time in global history. China regards carbon reduction as a driver of the transition from resource-based to technology-based growth. As a result, it has constructed the world's largest clean energy system and become the world's largest user of energy efficiency technologies and largest consumer of renewable energy (Wen, 2022). Since 2011, it has allocated 1.2 billion yuan for South-South cooperation on climate change, and trained some 2,000 climate change officials and technicians for close to 120 developing countries (Yang *et al.*, 2022). In addition, it has made proactive efforts to help developing countries pursue green development.

**(2) Industrialization:** Industrialization is closely related to economic development. China's prosperous eastern coastal regions and central provinces are home to the bulk of its manufacturing industries, which tend to relocate from eastern to central and western regions amid China's economic development process. Judging by the global experience, Europe and North America were the earliest global manufacturing hubs. After World War II, Europe, the United States, Germany and Japan became the first echelon of global manufacturing hubs, followed by the Four Asian Tigers. Since the dawn of the 21<sup>st</sup> century, China has deepened its participation in the global value chains (GVCs) and emerged as the world's factory with a rising GVC position (Ni and Tian, 2022).

Goal 8 of the UN 2030 Sustainable Development Agenda, i.e. “Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all” reflects the requirements of industry-led growth. Developing countries with different national conditions and in various stages of development may not have to create a complete industrial system. Instead, those countries should develop industries based on their comparative strengths. In the context of GVC restructuring, developing countries should gain footholds in global and regional value and supply chains. Their participation will make global and regional industrial and supply chains more resilient, contributing to the stability and sustainability of the global economy.

The GDI proactively supports the industrialization of developing countries. At the Eighth Ministerial Conference of the China-Africa Cooperation Forum in December 2021, China pledged to invest no less than 10 billion US dollars in Africa in the coming three years and create a platform for China-Africa private investment promotion to assist the implementation of ten industrialization and employment promotion projects there. In the China-CELAC Joint Action Plan for Cooperation in Key Areas (2022-2024), China and Latin American countries vowed to deepen industrial policy communication and



step up cooperation on raw materials, equipment manufacturing, green and low-carbon industries, and industrial and supply chains, with a view to promoting smart, digital and green industrial development in China and Latin America (Yu *et al.*, 2022).

**(3) Digital economy:** The digital economy is shaping a new pattern of the global economy and steering its future direction. According to the *White Paper on Global Digital Economy: New Dawn of Recovery under the Pandemic's Shocks* released by the China Academy of Information and Communications Technology (CAICT), the gross output of the global digital economy reached 32.06 trillion US dollars in 2020, accounting for 43.7% of the global GDP, of which, the value-added of the digital economy in developed countries reached 24.4 trillion US dollars. The digital economy gap between China and the US widened from 7.61 trillion US dollars in 2018 to 8.2 trillion US dollars in 2020 (Ni, Tian, 2022). On the one hand, the digital economy has breathed tremendous momentum into economic development; on the other, developed countries boast competitive strengths in the digital economy while developing countries are faced with challenges regarding technology, capital, talent and technical standards. There is an urgent need to step up international cooperation regarding digital infrastructure, digital technology, digital security, and digital governance to bridge digital and technological divides and allow all countries to share in the development of the global digital economy.

The GDI identifies the digital economy as a key area for cooperation to assist developing countries in seizing opportunities from technological and industrial revolutions for greater development potentials and resiliency. In August 2021, China announced the China-Africa Digital Innovation Partnership Program for Africa's digital economy empowerment. Chinese companies have used various sources of funds to help African countries install and upgrade 150,000 km of communication backbone network cables that serve nearly 700 million user terminals (Du, 2021).

In January 2022, the Second ASEAN-China Digital Economy Cooperation Conference adopted the Action Plan on Implementing the ASEAN-China Partnership on Digital Economy Cooperation (2021-2025), which reached a consensus on digital policy coordination, emerging technologies, innovative digital technology applications, digital security, and digital capacity building. With pragmatic actions, China has been assisting developing countries in developing their digital economies. Cooperation in the field of the digital economy will improve economic and social development conditions for all stakeholders, strengthen development capabilities, and bring tangible benefits to the people.

### 2.3.3 Creating support conditions for development financing and interconnectivity

**(1) Development financing:** Funding gaps have been a critical constraint to economic development in developing countries. The "financing divide" presents a hurdle to the process of global development. As noted by the Secretary-General António Guterres, the UN 2030 Sustainable Development Agenda has a tremendous financing demand, and the international community requires an investment of 5 trillion to 7 trillion US dollars. According to an IMF study, developing countries have a funding gap of about 2.6 trillion US dollars each year in such areas as healthcare, education, road, and electric power (Wang *et al.*, 2022).

Developing countries have limited access to finance due to weak economic strengths. According to the *Financing for Sustainable Development Report 2022* released by the UN, the poorest developing countries have to spend 14% of their incomes on paying debt interest, almost four times the level of developed countries (Li, 2022). Rich countries are able to borrow at ultra-low interest rates to support their economic recovery. Yet the poorest countries have to service their debt at high costs, leaving them cash-strapped for investment. Financing for developing countries urgently requires the support of international public goods.

The GDI calls for providing developing countries with better financing conditions to enhance their endogenous development capabilities and sustainability. In October 2013, China announced a plan to establish the Asian Infrastructure Investment Bank (AIIB), which commenced operations in January

2016. The AIIB marks a constructive initiative of China to provide international financing. To date, the AIIB has approved 147 projects with cumulative investments worth over 28.97 billion US dollars (Wang *et al.*, 2022). The AIIB's financial support to major infrastructure projects in developing countries has narrowed national development gaps within the region and galvanized regional economic and trade cooperation. In addition, China has been actively financing developing countries via two-way channels. In 2021, China made non-financial direct investments worth 20.3 billion US dollars in BRI countries, up 14.1% (Wang *et al.*, 2022). By allowing developing countries to benefit from its financial support, China has become a major source of finance and investment for sustainable global development.

**(2) Interconnectivity:** “To get rich, build roads first” is the experience of the Chinese people from China's economic development. Roads are essential for economic operation. From an economics perspective, roads reduce the cost of transactions and promote economic development. Interconnectivity includes both tangible infrastructure connectivity and intangible institutional connectivity, the latter of which also has the effect of reducing transaction cost and increasing output efficiency.

The GDI identifies interconnectivity as a key priority for sustainable development. The BRI has led to the launching of the China-Laos Railway, the Mombasa–Nairobi Standard Gauge Railway and the Addis Ababa-Djibouti Railway, additional and faster China-Europe trains, the opening of the Temburong Bridge, and fresh progress in ongoing projects like the Hungry-Serbia Railway, the Jakarta-Bandung High-Speed Railway, the Port of Piraeus, and the Gwadar Port. While striving to promote global infrastructure connectivity, prominence has been given to soft connectivity such as policies, rules and standards. For instance, China has worked to facilitate the implementation of the Regional Comprehensive Economic Partnership (RCEP) and applied to join the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP). Infrastructure and institutional connectivity will increase global industrial and supply chain connectivity, security and stability, contributing more vigorously to sustainable development.

### **3. GDI: Creating a Community of Shared Future through International Cooperation**

International public goods can be supplied through various conduits of international cooperation. The GDI calls for deepening South-South cooperation and enhancing North-South cooperation to increase the representation and voice of developing countries and emerging markets in global governance. It vows to enhance mechanisms of bilateral and regional cooperation, implement multilateralism, create an open world economy, build a community with a shared future for global development, and advance global development with better global governance and international cooperation.

#### **3.1 Strengthen South-South Cooperation to Forge Global Partnerships**

Global development needs to be advanced through partnerships. By deepening South-South cooperation and stepping up North-South cooperation, countries should join hands in creating an open and coordinated global development environment and promoting more inclusive and balanced development.

First, deepening South-South cooperation: China shares similar historical sufferings and common expectations for development with other developing countries. As the largest developing country, China is committed to advancing South-South cooperation and assisting developing countries, especially the least developed countries, to eradicate poverty. In close partnership with over a dozen international organizations, the South-South Cooperation Assistance Fund established by China has implemented over 100 development cooperation projects in more than 50 countries, benefiting 20 million people (Xiao, 2022). China has declared a plan to provide additional international aid worth 3 billion US dollars within the coming three years to support COVID-19 control and economic and social recovery in developing

countries, to approve intergovernmental interest-free loans to some developing countries, and to increase investments in the least developed countries to 12 billion US dollars by 2030 (Wang *et al.*, 2022).

Second, advancing North-South cooperation: China calls for enhancing North-South cooperation, developing new international relations of mutual respect, fairness, justice and win-win cooperation for all countries and peoples to share in development opportunities and results, and is opposed to bullying the weak and benefiting oneself at the expense of others.

Since the end of 2021, US interest rate hikes aimed at taming domestic inflation have induced an inflow of international capital to the United States and exposed many developing countries and emerging economies to worsening capital account imbalances and currency depreciation pressures, highlighting the need to step up North-South cooperation and establish a global economic and financial safety net.

In this context, China advocates international macroeconomic policy coordination and calls upon developed countries, especially leading developed countries, to assume responsibilities for maintaining global economic stability. In tackling climate change, we stress that developed and developing countries are in different development stages with different responsibilities and capabilities for addressing environmental problems and should assume common but differentiated responsibilities in a fair manner and form a new climate governance system based on their respective strengths. China is committed to advancing pragmatic North-South Cooperation. It has established the China-IFAD South-South and Triangular Cooperation Facility for the implementation of rural poverty reduction and development programs in over 30 countries in partnership with international organizations (Xiao, 2022).

### **3.2 Enhance Coordination of Major Development Strategies Based on Bilateral Regional Mechanisms**

Adhering to opening up as a basic national policy, China is committed to contributing to global economic recovery and growth by expanding market access, maintaining fair competition, and advancing trade and investment liberalization and facilitation through bilateral and regional mechanisms. To seek complementary strengths and win-win cooperation, efforts have been made to promote interconnection between China's BRI initiative and the Philippines' "Build, Build, Build" Program, Mongolia's "Steppe Road" Initiative, Kazakhstan's "Bright Road" Initiative and Egypt's "2030 Vision", as well as the development plans of regional organizations such as ASEAN, the African Union, the European Union, and the Latin American Community (LAC). With China's proactive participation and vigorous support, the Regional Comprehensive Economic Partnership (RCEP) took effect as of January 1, 2022. By establishing the world's most populous free-trade zone with the highest trade volumes and the greatest development potentials, RCEP will form a more open and larger market in Asia, induce further growth in trade and investment in Asia and beyond, and propel the process of global development.

### **3.3 Implementing Multilateralism in Earnest to Form Synergy for International Development**

In advocating multilateralism in earnest, China advocates the principles of openness, inclusiveness, consultation and cooperation for mutual benefit and win-win results, and is opposed to exclusiveness, confrontation and self-interest at the expense of others. Multilateralism is inherently consistent with the non-exclusivity and non-competitiveness of international public goods. For that reason, multilateralism is integral to the GDI's implementation and conducive to creating synergy for international development.

First, we should maintain the international system underpinned by the UN and support the UN to play a leading role in international development. China took the lead to publish its *National Plan on Implementation of the 2030 Agenda for Sustainable Development*. The GDI's eight priority areas fully accommodate and support the 17 sustainable development goals (SDGs) of the 2030 Agenda.


Second, we should maintain the multilateral trade system underpinned by the WTO and create an international trade environment conducive to global development. In the context of profound transformations in the global economic landscape and rising unilateralism and protectionism, the

authority and effectiveness of the multilateral trade system have come under severe challenges.

For years, the US has blocked the appointment of judges to the WTO's appellate body, threatening to paralyze the WTO's operations. The multilateral trade system underpinned by the WTO has plunged into a crisis. The multilateral trade system is fundamental to the division of labor under the global industrial and value chains, and serves as a basic track for optimal global resource allocation conducive to global development and welfare improvement. China supports reform of the WTO to keep abreast of changing times, but opposes the practice of a few countries that only endorse what serves their own interests. Problems should be solved through consultation and dialogue. The principle of "common but differentiated responsibilities" should be followed in reforming the WTO to protect the rights of developing countries under the WTO framework. We should adopt the principle of fairness and justice, and oppose the introduction of discriminatory rules against specific countries. Multilateral trade mechanisms should not be used to attack certain members.

Third, we should give play to the synergy of the G20, the Shanghai Cooperation Organization (SCO), the BRICS and other multilateral frameworks and promote international development by creating an open global economy. Multilateral mechanisms are platforms for global governance stakeholders to express and coordinate their interest and take joint actions. In various fields such as the digital economy, energy transition, network security, international taxation, humanitarianism and climate change, the international community is faced with a slew of key issues. In global governance practices, those multilateral platforms have their respective features and strengths. The GDI attaches great importance to interactions with multilateral platforms and interconnections between rules, standards and macroeconomic policies to remove barriers to building an open global economy and provide global development with vigorous institutional assurance.

#### 4. Concluding Remarks

The GDI is an international public goods provided by China to advance the global development process at the critical juncture as the world enters a new stage of turbulence and change and global development comes to a crossroads. The GDI follows the trends of human history, transcends the hegemonic stability theory, breaks through the free-riding curse, and adheres to the right approach to principles and interests. It marks a breakthrough and innovation in the theoretical perceptions of international public goods. The COVID-19 pandemic, geopolitical security conflicts and rising unilateralism and protectionism seriously impede the process of global development, highlighting the GDI's importance and urgency. With a people-oriented approach and the basic principles of green and innovative development, the GDI is an international public goods with unified concepts, principles and actions that both copes with pressing challenges and puts a premium on creating development capabilities and supporting conditions. It offers a systematic and holistic solution to global development dilemmas. By advancing international cooperation through various channels, the GDI will bring about synergy for global development and play an important role in implementing the 2030 Sustainable Development Agenda and creating a global community of development and a community with a shared future for mankind. 

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