

Strategy for selective cooperation with

China

July 2009 – December 2013



REGERINGSKANSLIET

Government Offices
of Sweden

SWEDISH GOVERNMENT OFFICES
Ministry for Foreign Affairs

Strategy for selective cooperation with China, 2009-2013

Summary

The strategy will govern Sweden's selective cooperation with China during the period 2009–2013. The point of departure for the cooperation will be Sweden's Policy for Global Development, the Swedish Government's policy for international development cooperation, China's Five Year Plan, experience from previous development cooperation, the mutual interests of Swedish and Chinese partners, and Sweden's comparative advantages.

The overall objective of Sweden's selective cooperation with China is enhanced democratic governance and greater respect for human rights, and environmentally and climate friendly sustainable development. The most important form of cooperation will be partner-driven cooperation between Swedish and Chinese partners.

The selective cooperation will focus primarily on the two thematic areas of democracy and human rights and environment and climate. Other cooperation areas of mutual interest to Swedish and Chinese partners may be identified during the strategy period.

Hitherto, cooperation has to some extent centred on efforts to develop partnerships between Swedish and Chinese partners that have the potential to be self-supporting without funds from the development cooperation budget.

The volume of Sweden's selective cooperation programme with China will be approximately SEK 50 million per year. A review of the cooperation will be carried out in 2011 in order to assess results and present recommendations for cooperation and the volume for the remaining part of the strategy period.

Part 1. Direction of the cooperation

1. Overall objectives, process objectives and dialogue issues

The objective of Sweden's Policy for Global Development is to contribute to equitable and sustainable global development. The overall objective of all Swedish development cooperation is to help create conditions that enable poor people to improve their lives.

The two perspectives of the Policy for Global Development, i.e. the rights perspective and the perspective of the poor, are the basis for the cooperation. The Swedish Government's three thematic priorities – environment and climate, democracy and human rights, and gender equality and the role of women in development – should guide all Swedish development cooperation efforts.

The overall objective of Sweden's selective cooperation with China is enhanced democratic governance and greater respect for human rights, and an environmentally and climate friendly sustainable development. The objective of partner-driven cooperation is to stimulate and strengthen the establishment of self-supporting relations of mutual interest between Swedish partners and partners in China, in order to contribute to realizing the objective of international development cooperation efforts.

The overall process objective is to ensure that the basis for partner-driven cooperation that has been established deepens so that in economic terms it constitutes the bulk of the development cooperation programme by the end of the strategy period. The mutual ownership of the cooperation should increase during the strategy period by such means as increased cost-sharing.

In the dialogue, the overarching strategic issue will be how Sweden and China can together help expand cooperation and ownership further with a view to achieving the overall objective of the cooperation.

2. Direction and scope

Priority is to be given to cooperation in the two sectors democratic governance/human rights and environment/climate, but initiatives are also to be considered in other areas where the countries share a mutual interest in partner-driven cooperation and where the conditions are conducive to such a development. A clearly defined, well integrated gender equality perspective is to be supported and encouraged in all interventions.

The regular development cooperation is to be phased out during the strategy period. By the end of the period, the selective cooperation will largely be in the form of partner-driven cooperation between Swedish and Chinese partners. Where the conditions are not conducive to partner-driven cooperation, the financing of targeted contributions in the two priority areas, democracy/human rights and environment/climate, may also be considered.

2.1 Areas of cooperation

2.1.1 Democratic governance and human rights

The goal is to encourage and enhance respect for human rights in China, with particular emphasis on civil and political rights

To realise this goal, cooperation efforts are to focus on strengthening reform processes that have a bearing on the objective for the selective programme cooperation. Possible areas of cooperation are continued support for institution-building and human rights education via the Raoul Wallenberg Institute, freedom of expression, and the development of both judicial practice and the rule of law, with particular emphasis on vulnerable groups.

Support to independent media with the aim of strengthening freedom of expression may also be considered. Support to the development of a Chinese civil society working in areas relating to human rights, gender equality and environment/climate should continue. The principles embodied in the rights perspective concerning non-discrimination and openness are to set the tone in Sweden's cooperation with China. The dialogue is to focus on greater respect for human rights. Synergies between the selective cooperation and the bilateral HR consultations are to be sought.

Since opportunities for partner-driven cooperation in this area are limited, targeted contributions may also be funded. Initially, these will comprise the bulk of the contributions, but the aim is to reduce this share by the end of the strategy period.

2.1.2 Environment and climate

The goal is to increase the capacity in the Chinese society to pursue an environmentally sustainable development and to adapt to the effects of climate change and reduce harmful emissions. Sida should actively encourage the development of partner-driven cooperation in the environment and climate sector. A suitable instrument in this connection is the on-going CENTEC project, which brings together Chinese and Swedish partners in the field of environmental technology.

In addition, it should be possible to provide limited funding for targeted contributions centring on climate and the environment. One such initiative could be continued support to the China Council, which is a strategically important think-tank focusing on sustainable development. This initiative is giving Sweden a unique opportunity to influence Chinese climate and energy policy.

Sweden and China have signed a number of agreements (Memorandum of Understanding, MOUs) relating to environment and climate, such as the ones concluded with the National Development and Reform Commission (NDRC), the Ministry of Environmental Protection (MEP) and the Ministry of Construction. The selective cooperation is to focus on areas specified in the above MOU, such as energy efficiency, renewable energy, the prevention and control of environmental pollution (air, water, soil), environmental technology, waste management and sustainable urban development, and prevention of, and adaptation to climate change through emission-reducing measures. But the programme may also encompass other areas of mutual

interest that contribute to achievement of the overall objective. The climate/environment project administered by the National Board of Trade may be considered, as well as other trade policy projects in this area.

The dialogue is to focus on enhancing knowledge and understanding both of opportunities for achieving an environmentally sustainable economic growth and of the impact of climate change on China's development and its citizens' means of support.

2.1.3 Other areas

Support for partner-driven cooperation may also be provided in other areas where such a demand exists and where Swedish and Chinese partners share a mutual interest. One area that has proved successful and that shows how cooperation can be integrated across policy areas is Corporate Social Responsibility (CSR), which also covers HR-related issues and where Sweden and China have signed a MoU. Cooperation on disability issues, where China has displayed an interest in Swedish technology and expertise, may also be considered. Here, too, the HR perspective is to guide all initiatives. The UN Convention on the Rights of Persons with Disabilities should serve both as a starting point and as a framework in this connection.

Another area with potential for partner driven cooperation is health, where China and Sweden have signed an MOU on cooperation. One issue of considerable mutual interest in this area is infectious disease control.

2.2 Forms of cooperation

2.2.1 Partner-driven cooperation

Partner-driven cooperation will be the priority form of cooperation during the strategy period. The goal is that the majority of the cooperation should be in the form of partner-driven cooperation by the end of the strategy period.

Partner-driven cooperation is a means of stimulating the development of sustainable mutual relations between partners in Sweden and China, with an aim of helping to create conditions that enable poor people to improve their lives. Thus partner-driven cooperation will contribute to strengthening and deepen Sweden's overall relations with China.

The following criteria will apply to partner-driven cooperation:

Swedish development cooperation and financing should be catalytic and limited in time.

Contributions should be designed to self-supporting relations with joint ownership and a clear assignment of roles and responsibilities, e.g. by means of cost-sharing.

Contributions should contribute to create relations that are sustainable without financing from the development cooperation budget.

Contributions should be based on the interests, needs and experiences of Chinese and Swedish partners.

Partner-driven cooperation should be implemented in cooperation between partners in China and – primarily – Swedish companies, government agencies, universities and colleges, trade unions, municipalities and county councils, non-governmental organisations and institutions.

The experience gained from cooperation with the CENTEC environmental technology centre is to be taken into account and may be used when planning similar initiatives. Such a model could be used to broaden and deepen contacts in other strategic areas such as CSR, which covers issues relating to both HR and environment/climate. CSR is another area with the potential to attract more Swedish actors such as the business community and trade unions.

The health sector, too, is a promising area for partner-driven cooperation.

It is anticipated that potential partners will need support from Sida, both in locating the right partners in China and Sweden respectively and in identifying suitable forms and areas of cooperation. This applies in particular to partners in the priority area of environment and climate.

2.2.2 Targeted contributions

Targeted contributions may only be considered in the two priority areas of democratic governance/human rights and environment/climate. Such contributions are to be resorted to when conditions for partner-driven cooperation are lacking.

2.3 Dialogue issues

The overarching dialogue issue will be how Sweden and China can together help expand and deepen partner-driven cooperation with a view to achieving the overall objective of the selective cooperation. The dialogue is to be based on Sweden's Policy for Global Development, the perspective of the poor, the rights perspective and the Swedish Government's three thematic priorities.

Since most cooperation will be partner-driven by the end of the strategy period, and be characterised by broad areas of contact, the dialogue will be conducted both with ministries and government agencies and with other partners in the two countries. Thus, the dialogue will be conducted continuously with, for instance, the Chinese government and ministries at national and provincial level, with NGOs and individuals, and with other partners and the EU. The Chinese Ministry of Commerce (MOFCOM) is responsible for coordinating Sweden's development cooperation with China.

With regard to environment and climate, the dialogue is to involve a number of relevant Chinese ministries and forums, including the NDRC, the MEP and the China Council. The dialogue is also to be conducted jointly with other countries, especially in the China Council.

The HR perspective should be integrated in all activities within the selective cooperation. Synergies between the dialogue in the democracy/human rights area and Sweden’s bilateral HR consultations with China are to be given particular attention and be actively sought.

2.4 Scope

The total volume of Sweden’s selective cooperation with China will be approximately SEK 50 million per year for the period 2009–2013. In light of agreements already reached, new initiatives will mainly be introduced from 2010 onwards. A continuation of on-going support may be considered.

Contribution (in SEK million) per year, by agreed commitments for phase out and available for new initiatives:

	2009	2010	2011	2012	2013
Volume agreed contracts for phase out	50	24	0	0	0
Volume selective cooperation	0	26	50	ca 50	ca 50
Total phaseout & selective cooperation	50	50	50	ca 50	ca 50

In dialogue with Chinese authorities, the possibility of loans and guarantees in the environment and climate area may be considered in connection with an assessment of possible project proposals.

2.5 Phase out

The phase out of Sweden’s traditional development cooperation with China will take place in 2009–2010 when the bulk of current project agreements expire. The tripartite cooperation currently under way between Chinese and Swedish partners and UN organisations will be phased out. Under the previous strategy, the current projects in the social security sector – where Sida has supported reforms and method development in the fields of maternity care, sexual and reproductive health, infectious disease control, HIV/AIDS and labour market policy – will be phased out by 2010. The phaseout will be conducted in a responsible manner and will seek to secure sustainable results. The possibility of further support to on-going projects can be considered in light of the present strategy and the criteria for partner-driven cooperation.

3. Implementation and follow-up

Partner-driven cooperation and targeted contributions are the two forms of cooperation that will be applied in pursuit of the overall objective. Sida will be instructed to prepare and conduct a continuous dialogue with facilitators and partners in order to promote and facilitate cooperation between Swedish and Chinese partners, arrange meeting places for potential partners in the two countries and to organise study visits in both directions.

Assessment criteria for initiatives undertaken within the framework of partner-driven cooperation in China are to be based on the following considerations:

that the initiatives contribute to the achievement of the overall objective for Swedish development cooperation with China,

the potential sustainability of the initiatives in terms of the partners' ownership, financing capacity and cost-sharing,

the extent to which the initiatives are expected to enhance and deepen bilateral relations between the two countries,

the potential for greater impact at national level for mutual priority interests.

Sida's annual reporting and operational planning will be the main follow-up and planning mechanisms in this strategy.

All initiatives are to be designed in such a way as to prevent and combat corruption. Special anti-corruption initiatives may be implemented in all sectors during the strategy period, including educational measures and auditing.

The mid-term review in 2011 will evaluate how selective cooperation has worked, particularly with regard to partner-driven cooperation and phase out, and will also make recommendations on the future character of the cooperation programme. The distribution between targeted contributions and partner-driven cooperation is to be addressed in this connection. Special attention is to be given to how synergies between projects undertaken within the framework of this strategy concerning trade promotion and political issues have been achieved. Any changes to this strategy should be preceded by consultations between the Government Offices/Ministry for Foreign Affairs and Sida.

3.1 Capacity, expertise, staffing and the division of roles

A large number of Swedish actors are actively involved in China. It is important to coordinate the division of roles between actors so as to ensure that Swedish cooperation with China is as effective as possible. Sida is to be responsible for developing partner-driven cooperation so that it becomes the dominant cooperation form during the strategy period. As the facilitator, it will be Sida's job to establish broad-based consultation between partners in Sweden and China. Sida is to provide assistance to potential partners in order to broaden the Swedish base for partner-driven cooperation. Sida will also be required to develop forms for cooperation with actors such as the Swedish business community, government agencies, higher education institutions, NGOs, and municipalities and county councils.

Sida will seek to ensure that partner-driven cooperation develops on the basis of the partners' own initiative and ownership. Sida will also be required to take active steps to enable actors without previous experience in development cooperation to make use of partner-driven cooperation.

3.2 Formal/Political framework, incl. follow-up dialogue

Together with the Ministry of Commerce, MOFCOM, - which represents an important forum for dialogue and follow-up - Sida is to undertake both a continuous and a more formal annual review and follow-up of the various interventions financed by development cooperation.

Development cooperation between Sweden and China has hitherto been regulated by project-based agreements. The possibility of an MOU between Sweden and China concerning the two countries' selective cooperation – something that has been sought by the Chinese side – will be considered during the initial part of the strategy period.

Via its Ministry of the Environment, Sweden has a Memorandum of Understanding with its Chinese counterpart (MEP) in the environment/sustainable development area and another MOU in the climate, energy and environment area with the NDRC, where the Swedish embassy has a coordinating role. The Government has also appointed a special coordinator to manage these agreements. The Prime Minister's special adviser on climate issues is currently a member of the China Council. The bilateral HR consultations between the Chinese and Swedish ministries for foreign affairs are linked to development cooperation financed contributions.

Part 2. Background

1. Summary of the country analysis

Economic reforms and the economic growth of the past thirty years have resulted in a general rise in prosperity and better living conditions for large sections of the Chinese population. China has achieved the Millennium Development Goal of halving the number of poor people from 85 million in 1990 to 26.1 million in 2004. Today, China is an economic superpower. The country's rapid economic development, however, has generated a growing number of problems.

China has achieved most of the Millennium Development Goals, the exceptions being those on gender equality, HIV/AIDS and the environment. The gaps have increased, however, between rich and poor, between urban and rural areas, and between coastland and inland. Large sections of the Chinese population lack access to proper schooling, health care and other social benefits, including pensions. This has resulted in greater social tensions.

The global economic downturn is having serious consequences for China as well. Officially, unemployment was 4.2 per cent (8.86 million people in urban areas) in December 2008. The hardest hit are migrant workers, who are not included in the official statistics. Tens of millions of workers are being dismissed and forced to return to their home towns and villages as a result of enterprises going bankrupt when exports decline.

Today, China is the country with the highest level of carbon dioxide emissions in the world. Environmental protection and energy saving are high on China's agenda, as is the use of renewable energy and nuclear power to reduce the consumption of coal. An initial target is to reduce energy intensity by 20 per cent by the year 2010. Another is to boost the share of energy from renewable sources from five to fifteen per cent by 2020. One difficult task facing the authorities is ensuring that laws and guidelines have the desired impact at local level in rural

areas. Both China's consumption of raw materials and its impact on the climate and environment are of global relevance. Extensive pollution of air, soil and water is a major problem for China, as is the shortage of water. Climate change is affecting agriculture and cattle breeding, where production is suffering as a result of drought, flooding and the disruption of growing seasons. Forest spread is on the decline, and the natural systems found both inland and in coastal areas have been altered, which has had a profound effect on biological diversity. Chinese demand for forest and other materials has led to the illegal logging of rainforests in neighbouring countries such as Laos, Cambodia and Indonesia. The country's extreme rate of urbanisation – 15 million people per year – is exerting further pressure on the environment and creating a need for new infrastructure.

China is a one-party state that lacks free elections. Political opposition is forbidden. The rule of law is deficient and capital punishment is still widely practised. Minority rights is another pressing issue in the human rights sphere in China, especially in provinces like Tibet and Xinjiang. Within these frameworks, however, China is pursuing reforms in the judicial system and trying to develop a more service-minded public administration. The private sphere of the individual has widened in recent decades, but political and civil rights such as freedom of expression, press freedom, the freedom of organisation and freedom of religion all remain extremely limited.

A large number of NGOs have been established at grassroots level in recent years. The government is placing increasing emphasis on civil society, but only as organisations that take care of matters where state action has been inadequate, not as independent actors. A number of organisations working with rights issues – for instance on behalf of migrant workers, HIV carriers, victims of environmental degradation, or people with occupational injuries – have reported cutbacks in their activities or have been closed down in recent years.

On the whole, gender equality has substantial backing in China's constitution and laws, but compliance is inadequate. As a result of the one-child policy, and of cultural and economic factors, gender-based abortions are commonplace, and among new-born there is a surplus of boys. The number of job opportunities for women has increased, but there also discrimination problems in working life. The Government is now investing in both education and maternity and child health care, but the inland provinces, particularly areas inhabited by ethnic minorities, are still lagging behind.

Urbanisation and the growing number of migrant workers means that tens of millions of children are either being left behind in their home provinces or accompanying their families to the cities. These children are at risk. They often lack access to schooling and health care and thus risk growing up in an insecure environment.

Corruption is widespread. In 2008, China was in 72nd place out of 180 countries on the most frequently used list (Transparency International, TI) of corruption levels around the world. Anti-corruption measures are high on the political agenda.

Reconstruction in the wake of the Sichuan earthquake in 2008 will be one of China's priority tasks over the next few years. It will take time before the poorest areas are able to regain acceptable living conditions and income opportunities.

International aid to China represents only a marginal share of the Chinese GDP. As the economy has grown, China itself has emerged as an increasingly important donor, not least in Africa (official statistics are lacking, however).

2. Summary of results/performance assessment

Swedish development cooperation with China began in 1979. The cooperation strategy for the period 2006–2010 has focused on speeding up reform processes and promoting environmentally sustainable development, human rights, the rule of law and democratisation, and also gender equality and the strengthening of social safety nets. In terms of volume, Swedish development cooperation has totalled approximately SEK 50–60 million per year. The principal development cooperation forms have been contract-financed technical cooperation, development credits and Sida's International Training Programmes, ITP. Thus cooperation has been based on the financing of exchanges of knowledge and experience between Swedish and Chinese actors (agencies, consultancy firms and research institutions). Contributions have also included support via NGOs, regional support extending to China, and support for Chinese civil society via an embassy fund. In addition, humanitarian support has been provided during the period, notably in connection with the Sichuan earthquake in 2008.

The strategy for 2006–2010 was a consolidation and phase out strategy. It emphasised measures that would enable future cooperation to be self-supporting without funds from the development cooperation appropriation. Efforts have been made to develop partnerships such as that between the Swedish Environmental Protection Agency and the Chinese Ministry of Environment that could provide a platform for future contacts.

In general, Chinese partners have a high absorption capacity and have achieved their targets at project level. It is difficult to judge the individual effects of Swedish measures at strategic level, but in some cases they have contributed to the development of national action plans, as for example in the HIV/AIDS area. In recent years, in accordance with both Chinese priorities and the priorities established for development cooperation between the two countries, Sida has sought to extend cooperation efforts to the poorer inland provinces. Cooperation in these areas has proved more complicated, since absorption capacity has been lower and this has meant a higher degree of intervention on Sida's part. Also, cost-sharing has proved more difficult. The Chinese context, including extensive geographical spread, has in itself necessitated considerable resource input.

In the environment area, as a response to the problem of low regional absorption capacity, Sida has sought to develop a more programme-based approach whereby the Swedish Environmental Protection Agency assumes overall responsibility together with the Chinese MEP. This includes cooperation with the China Council for International Cooperation on Environment and Development, a think-tank in which Chinese and international experts frame consultative analyses and engage in dialogue on these issues with the Chinese government. The presence at the embassy of a person from the Swedish Environmental Protection Agency (financed by Sida) has been an essential part of this cooperation and has had a favourable effect on Swedish environment-related cooperation with China in general. Cooperation with the China Council has resulted in a closer Swedish link to dialogue and action.

Since opening in 2007, the embassy's environmental technology centre, CENTEC, has engaged in a wide range of activities, meetings, seminars and conferences, and has also initiated demonstration projects, the purpose being to promote Swedish technology in this field that can improve both the urban environment in China and the living conditions of vulnerable groups. Swedish enterprises have been given the chance to present their solutions to Chinese decision-makers and in several cases have been able to sign commercial contracts for activities that may serve as a model for other projects around the country.

It is clear that CENTEC has met a need in China. Several of the objectives discussed during the preparations for establishing the centre, such as the increased export of Swedish environmental technology to China, are in the process of being met. The Government Offices has set up a special secretariat for the export of environmental technology to China, and a special export coordinator has been appointed.

Since 1996, Sida has been supporting an HR programme implemented by the Raoul Wallenberg Institute at Lund University. The programme has been externally evaluated and was found to be an effective means of helping to build up HR capacity in China, both in the academic sphere and in the justice sphere. This cooperation also represents an important resource in Sweden's HR relations with China, not least with regard to the HR consultations between the two countries.

It is clear that projects in the social security sector have included Swedish priority issues and that it is in this sector that the gender equality perspective has had the greatest impact. It is also clear that contributions to local financing have been necessary, particularly in the health sector, in order to make method and policy development more effective. As a result, this area of cooperation has required substantial resource input.

As regards contract-financed technical cooperation, Swedish government agencies, consultants and other actors have taken part in capacity-building projects together with Chinese authorities and organisations, based on cost-sharing.

3. Summarised analysis of Sweden's role in China

3.1 Conclusions of Sweden's and the EU's policy decisions and processes of relevance to the cooperation effort

Exchange and interaction between the EU and China is extensive. At prime minister level, the countries meet annually as part of the EU-China high level summits. Numerous sectoral dialogues of various kinds take place, as well as a recurring HR dialogue. The EU recently entered into a dialogue with China on cooperation in Africa, based on the principles enshrined in the Paris Declaration. Negotiations are under way on the renewal of the partnership and cooperation agreement between China and the EU. The EU's cooperation strategy for the period 2007–2013 extends to three areas: support for sectors covered by the policy dialogues between the two sides, environment/climate and energy, and capacity-building.

The EU's Code of Conduct on Complementarity and Division of Labour has not been applied to any great extent in China, primarily due to China's lack of interest in coordinating the development cooperation. However, one of the basic principles of the code, that of ownership, is

present as a natural component in China's case. Ownership is also one of the components in partner-driven cooperation.

3.2 Coherence for development

There are promising opportunities for synergies in cooperation between different policy areas, in pursuit of the overall objective for Sweden's selective cooperation with China. In the political, promotional and development cooperation area, it is in Sweden's interest to engage China on the basis of Swedish democratic values. Already, a large number of Swedish actors are cooperating with China, and numerous memoranda of understanding (MOUs) have been signed by the two countries covering a wide range of fields.

Sweden has a number of cooperation agreements with China in the environment/climate area. Bilateral discussions on the climate issue have been conducted regularly and at high level. The Prime Minister's special adviser on climate issues is a member of the China Council. The Swedish Energy Agency has established a number of projects with China, financed by other means than the development cooperation budget.

The Swedish business sector is involved in extensive cooperation in the environmental technology field, not least in the construction of the Caofeidian pilot zone. Also in this field, Sweden has actively sought to complement the work being done by CENTEC by coordinating Swedish input. The Ministry of Industry, Employment and Communications has granted CENTEC further funding to help the centre develop its activities.

An MOU has also been concluded in the CSR sphere, where both Swedish and Chinese enterprises are showing an interest. The Swedish Ministry of Employment has based a labour market adviser at the embassy, one of whose tasks will be to focus on issues relating to CSR.

A consultation process between China's and Sweden's HR ambassadors has been established. There are linkages between this process and the current development cooperation financed HR programme managed by the Raoul Wallenberg Institute. Annual consultations on political issues are taking place at foreign minister or deputy foreign minister level.

To make cooperation even more effective and integrated, Swedish actors and initiatives need to be coordinated to an even greater extent.

Via development cooperation, Swedish public and private actors have the chance to operate in China and to demonstrate Swedish capacity and technological know-how in a variety of ways. This can also have a favourable effect on other policy areas, such as trade. Coordination and synergies between policy areas are to be actively sought.

3.3 Swedish actors and Swedish comparative advantages

There is great interest in Sweden in broadening and deepening relations with China, while China for its part is displaying an interest in Swedish solutions and 'models'.

Contacts between the two countries are already wide-ranging and extensive. All such contacts contribute in one way or another to achievement of the cooperation strategy's objective.

China is Sweden's largest trading partner in Asia. Some 600 Swedish enterprises are established in the country, and both the Swedish Trade Council and the ISA (Invest in Sweden) have their own offices there. Around 40 Swedish government agencies have some form of regular contact and practical cooperation with Chinese partners, and several of these cooperation projects are financed by the development cooperation budget.

Cultural exchanges are increasing both in volume and in form. The same applies to research partnerships. The Swedish Agency for Growth Policy Analysis has representatives in China. Under an agreement between the two governments, the priorities are intensified research cooperation in the areas of environment/energy/environmental technology, the next generation in communications and networks, material research, public health and biomedicine. There are almost 160 Swedish-Chinese cooperation agreements at vice-chancellor level or the equivalent, and 29 of 30 Swedish universities or colleges now have formalised contacts in China. These agreements encompass 98 different universities or academies in China. Research exchange programmes are mainly financed by means other than the development budget. Over 30 twinning programmes have been established between Swedish municipalities/counties and Chinese provinces. A dozen Swedish NGOs are active in China. Each year, a substantial number of high-level Chinese delegations visit Sweden. Tourism is increasing in both directions.

The human rights situation and reform of the judicial system will remain high on both Sweden's and the EU's agenda in relation to China. Sweden has established a solid basis on which to develop its cooperation efforts. China has shown interest in the Swedish social model. Via the Raoul Wallenberg Institute, Sweden has been implementing a cooperation programme in the HR sphere since 1996, and this has contributed to the position of trust Sweden now enjoys in China regarding cooperation on democracy/human rights.

In Sweden's Policy for Global Development, the Government emphasises the important role of Swedish enterprise, stating that its initiative, experience and know-how and its potential for enhancing both global development and the fight against poverty should be properly exploited. Through trade and investment, Swedish enterprises help generate economic growth in developing countries by for instance boosting employment levels, technology and knowledge transfer and tax revenues.

Swedish environmental technology is well-known and sought-after in China. The same is true of Swedish solutions in such areas as environmental management, sustainable urban development, CSR and traffic safety. Sweden also enjoys considerable trust in China in its role as partner in the development of s, public administration and democratisation, in a number of different fields. As regards contract-financed technical cooperation, Swedish agencies, consultants and other actors have taken part in capacity-building projects together with Chinese authorities and organisations, based on cost-sharing. Here, a number of actors are involved who have established good relations with Chinese partners over years of cooperation in such areas as environment, administrative development, the social sector and the health sector.

3.4 Conclusions regarding Sweden's role

Since launching its reform process thirty years ago, China has been testing and applying many different models and social solutions in a pragmatic way, and is showing considerable interest in foreign results in this area. Swedish solutions in a wide range of areas have been subject to close attention. Numerous Swedish actors are engaging in advanced cooperation projects with China, and in some areas Sweden is in a position to help influence developments in China on the basis of Swedish democratic values. It is vital that Sweden remains in a position to influence Chinese society in this way.

Sweden is a small donor in China. Development cooperation, however, has helped deepen relations between the two countries in a number of areas, including environment, human rights, the development of judicial practice, and health.

Given China's size, level of development and international importance, moving towards a type of cooperation based on mutual interest (partner-driven cooperation) is a natural step.

4. Considerations concerning objectives and the direction of future cooperation

Personal freedom in China and opportunities for individuals to decide their own lives are now much greater than at any time in the past. However, there are still major shortcomings in terms of democracy, the rule of law and the protection of human rights.

Economic growth has not proceeded in an environmentally sustainable manner and this has led to severe environmental problems which the Chinese leadership and administration are now trying to overcome.

Aid comprises only a marginal share of China's GDP. Today, China is primarily interested in international cooperation that can help enhance the quality of the country's reform and development process – cooperation that introduces new knowledge and know-how, new technology and new management methods. Almost all donors rate the environment as a priority area. Many are phasing out their traditional forms of development cooperation or transforming them into technical cooperation of one type or another. As a result, some of the aid efficiency agenda's parameters are becoming more relevant than others.

Since it began in the late 1970s, development cooperation with China has largely involved knowledge sharing and technical cooperation between Swedish and Chinese actors. The strategy that has governed development cooperation in 2006–2010 has focused on the phase out and consolidation of projects and measures, while at the same time efforts have been made to build up partnerships that can become self-supporting without funds from the development budget. This has applied in particular to cooperation in the environmental field. It is too early to determine whether the cooperation programme can be self-supporting in the long term. Today, Swedish public actors have only limited means of financing their cooperation with China themselves.

The environmental technology centre, CENTEC, has demonstrated a partially new approach in that it involves a type of public-private partnership. CSR is another cooperation area where such a solution could be appropriate.

Environmental and climate-related problems are widespread in China, and although this is an area in which most donors are active, needs are immense. China has displayed an interest in cooperating with Sweden, and several memoranda of understanding, MoUs, have been signed by the two countries. Overall, developments in the environment/climate area show that Sweden has the kind of relevant knowledge and know-how, experience and technology that will enable it to act as a partner in further cooperation efforts. A large number of Swedish actors are already involved in issues relating to climate and the environment, but there is potential for coordinating, developing and deepening relations further.

The situation regarding human rights, judicial system reforms and other reform processes associated with HR and democracy remains an important priority for Sweden in its contacts with China. Through long-established ties and partnerships, and also as a result of its social models, in which China is displaying an interest, Sweden continues to play an important role in this area.

Other development areas of mutual interest to Sweden and China may be considered on condition that general requirements concerning the policy shift towards partner-driven cooperation are duly met.



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Cover: Editorial Office, The Ministry for Foreign Affairs

Printed by XGS Grafisk service, 2010

Article no: UD 10.017