One of the defining features of China’s rise in the 21st century is its emphasis on global governance through institutional reform and institution-building. For one, President Xi Jinping has repeatedly emphasized the significance of the Belt and Road Initiative, the Asian Infrastructure and Investment Bank, and its various regional forums in fulfilling governance deficits while advancing norms and principles that ensure prosperity and equality among nations. Given this crucial development in China’s foreign policy, together with the ambitions China has set for its institutions, scholars and policymakers have consistently inquired about China’s leadership and initiation of these new multilateral institutions and their impact on China’s rise in the 21st century. More specifically, observers of China’s foreign policy are keen to understand whether these institutions could represent a revisionist challenge to the existing U.S.-led liberal order and global governance model and how they might shape the dynamics of the major power relationship between China and the United States.

At the heart of this inquiry is the assumption that international institutions—their mandates, characteristics, principles, and policies that they promote—serve as crucial gateways towards a deeper understanding of major powers. This interplay between the study of major powers and international institutions serves as a ripe field of inquiry where both theoretical and policy research on the matter have recently thrived. The purpose of this research brief is to unpack the most recent studies and debates on Chinese-led international institutions and what they mean for China’s rising power in the current era.

For the remainder of this essay, we refer to Robert Keohane’s (1989) formal definition of international institutions as “persistent and connected sets of formal and informal rules that prescribe behavioral roles, constrain activity, and shape expectations” (p. 03). These multilateral institutions may encompass organizations set up and designed by states, regimes with “explicit rules,” or conventions that resemble “informal institutions with implicit rules and understandings” (p. 04). They are also understood as being multilateral in their composition, given their multiple membership encompassing diverse stakeholders. For China’s case, Matthew Stephen (2021) provided a comprehensive listing of its existing multilateral institutions (pp. 811-812). Some of China’s flagship institutions include the Belt and Road Initiative (BRI), the Asian Infrastructure Investment Bank (AIIB), Shanghai Cooperation Organization (SCO), and convention-like forums such as the Forum on China-Africa Cooperation (FOCAC) and the Boao Forum for Asia. Most of the
recent studies cited in this paper have also referred to individual case studies of these organizations. The succeeding sections provide a systematic review of the most recent literature on the subject. As it currently stands, much of the discussion seeks to go beyond explanations that are based on the realist logic of major power competition. Moreover, there are also explanations that look at norm development and status aspirations where China’s new institutions could prove influential. Common across these studies is the growing realization that the agency of third-party stakeholders, such as China’s partner countries in these institutions, also influences China’s rise in global governance. In conclusion, this review offers several ways to advance the study of China’s new multilateral institutions and our subsequent understanding of China’s continuing rise.

Beyond Power Transition

The mainstream understanding of China’s multilateral institutions, particularly the Belt and Road Initiative and the Asian Infrastructure Investment Bank, emphasizes explanations that underscore China’s revisionist tendencies and active challenge towards the U.S.-led liberal international order. For instance, earlier studies have pointed to how these institutions represent China’s economic leverage and how this is being employed to establish its own sphere of influence in the region (Callahan, 2016; Yu, 2017; Beeson, 2018). Other scholars have also warned of China’s geopolitical considerations where these institutions act as tools to actively transform the global geography consistent with Chinese national interests (Blanchard & Flint, 2017; Ferdinand, 2016). More recent studies have also emphasized how these institutions compete with existing Western-led counterparts (Qian et al., 2023; Tan & Soong, 2022). At the heart of these interpretations is the assumption that China is simply following the trajectory of great power politics where its multilateral institutions serve as effective means to tip the global power balance in its favor. These developments are a natural occurrence to all rising yet dissatisfied powers seeking to revise the current order during their power transition (Organski, 1968).

Yet despite this mainstream understanding of a revisionist China, more recent studies on the subject have actually gone beyond the status quo revisionist dichotomy. For one, the variety and multiplicity of institutions that China leads and initiates make it impossible to simply talk of a “single Chinese approach” to multilateralism, as it is “difficult to place all of China’s new institutions in the same box” (Stephen, 2021 p. 827). Matthew Stephen’s landmark approach to studying China’s new institutions paints a complex picture that describes China both as a status quo power and as a revisionist. Singular institutions, such as the Belt and Road Initiative, could manifest both cooperative and competitive strategies depending on the issue areas being emphasized (Liu, 2021). Should emphasis be placed on the competitive aspect, China’s institutional balancing against the United States might prove to be a peaceful type of competition different from the traditional military-based strategies (He & Feng, 2019; Larson, 2015).

The concept of contestation has also been introduced to differentiate the implications of China’s institution-building from outright challenge and competition. Wu Xinbo (2018), Sung-han Kim and Sanghoon Kim (2022) referred to Julia Morse and Robert Keohane’s (2014) liberal institutionalist concept of “contested multilateralism” to show how China’s “regime creation” strategies work to complement and not overhaul, the existing order. For Kim and Kim (2022), the fact that AIIB continues to work collaboratively with the World Bank, the IMF, and other similar institutions only shows that China’s regime creation strategies seek to “better reflect the interests of China in the multilateral development sector without challenging the … fundamental institutions of the liberal international order” (p. 20). Further to this argument going beyond revisionism, there are also studies that have emphasized how China’s socialization to the liberal international order serves to limit the revisionist nature of its multilateral institutions (Jones, 2020; Chen, 2023).

Indeed, this emphasis on working within the system to institute reform rather than a complete substitution of the existing liberal order has been the dominant focus on the subject of China’s multilateral institutions and its implications for its rise. As Shi (2021) has noted, “China’s participation in the reform and development of the global government system” shows that it is now ready to transition from “being the adopter and follower…to being the coauthor and reformer of innovative rules” (p. 31). This emphasis on sharing the burden through institution-making points to an
understanding that China’s rise is complementary, rather than antagonistic, to the liberal international order (Agostinis & Urzuz, 2022; Mendes & Wang, 2023; dos Santos et al., 2023). This perspective is also a common articulation among Chinese scholars as they often emphasize the normative responsibility of China to become more proactive in reforming the current global governance structure and supply its governance deficits (Li, 2019; Li, 2018; Men, 2018; Qin & Wei, 2018; Wu, 2018). For instance, in their analysis of China’s Belt and Road Initiative and how it relates to China’s grand goal of building a Community of Shared Future, Qin Yaqing and Wei Ling (2018) noted that the BRI is a manifestation of China’s “responsibility and commitment to promoting common development in the world” (p.14).

As the above recent studies have shown, there seems to have been a breakthrough in terms of going beyond the early mainstream interpretations of revisionism, assuming a newfound confidence in a rising China that is determined to replace Western hegemony. The ideas of contested multilateralism, socializing China, and supplying global governance deficits are just some of the common arguments forwarded to expand the existing appreciation of these new institutions and their implications for Chinese foreign policy. Yet, barring these much-needed nuances on the subject, one can argue that these explanations still rest within the crucial assumption that tensions between major powers and the institutions they endorse are a natural and expected occurrence in international relations. Going beyond this taken-for-granted understanding, one can actually begin to wonder about the ideas, norms, and identities that influence this natural contestation. What leads to China’s motivation to be more proactive and help in addressing existing governance deficits? What ideas or norms should one have in the first place to conclude that the existing liberal order needs saving?

Underscoring Constructivist Elements

Aside from the above studies emphasizing reform, another set of studies has gone beyond the logic of balance of power by emphasizing the importance of international norms, status, and identities as arenas where China’s new multilateral institutions may have a significant impact. The importance of these constructivist elements in shaping China’s foreign policy in the modern era cannot be stressed enough. For instance, when China’s current leadership talks about global governance reform, the ideas of “fairness” (公平) and “justice” (正义) are forwarded as antidotes against “hegemonism” (一国独霸) and “rule by few” (少数共治) – ideas which China perceives as having defined global governance in the recent era and thus the reasons for the shortcomings found in the current liberal international order (Zonggong Zhongyang Xuanzhuang Bu, 2021, pp. 148–149). From these core ideas that ultimately challenge zero-sum politics or the idea of hegemonism, China promotes the following norms of “extensive consultation, joint contribution, and shared benefits” (共商共建共享原则) as guiding principles for the implementation of China’s multilateral institutions such as the Belt and Road Initiative (Zonggong Zhongyang Xuanzhuang Bu, 2021, p. 92). Indeed, it can be said that the objective of reforming the existing liberal order by addressing its deficits, as emphasized in the previous section, is but a product of a much deeper normative objective that guides China’s foreign policy. This emphasis on norms as a gateway for global governance reform also serves the purpose of maintaining a positive image or status for China as a peaceful and responsible power (Gloria, 2021b). In effect, China’s multilateral institutions are also able to promote certain norms and fulfill major power status aspirations.

Indeed, from the perspective of norm development, China’s multilateral institutions could also function as arenas for norm contestation. For instance, Jean-Michel Marcoux and Julien Sylvestre-Fleury (2022) investigated related discourses on the BRI and found that through this institution, China acts as a “norm antipreneur” that challenges the imposition of emerging norms, specifically those concerning the conduct of state-owned enterprises and the processes of government procurement within the multilateral trading regime. For China, this is a development that could potentially promote external interference in the affairs of other countries (p. 346). Consistent with their argument, other scholars have also pointed out how China’s defense of these norms within new multilateral institutions acts as the main reason for their relative success and, therefore, the support for their establishment within the existing liberal order (Chao, 2022; Zoubir & Tran, 2022; dos Santos et al., 2023). Chao (2022), in analyzing China’s leading role in the Shanghai Cooperation Organization (SCO), pointed
to the country’s “tradition of non-interference in the internal affairs of other countries as well as mutual respect, equality, and reciprocity” as reasons for why these countries “accept(ed) China’s leading role in the SCO” (pp. 299–300). This is consistent with Stephen’s (2021) ideas when he claimed that China’s numerous institutions could well “contribute to normative change simply by avoiding the overtly liberal ideas present in existing institutions” (p.826).

And with the constant emphasis on the importance of these state-centric norms, China also seeks to fulfill its identity and status aspirations of having the moral high ground as a peaceful major power that represents the interests of developing countries (Wu, 2018; Men, 2018). As these institutions act as China’s arena where such dynamics could take place, China allows “member nations [to] feel more at ease” as it aspires to “soften the image of might and strength that might otherwise intimidate other nations” (dos Santos et al., 2023, p. 268). Highlighting the opposite end of these arguments, Julia Bader (2021) posited that the AIIB serves to “expose the incongruence between American rhetoric and behavior” as it fails to attend to the valid demands for much-needed reforms, which thereby “damages [the US’] credibility as a benign leader” (p. 99). Apart from the self-serving interests of presenting China as a benign power, these institutions also help China gain global acknowledgment of its rightful status as a major power. Rohan Mukherjee’s (2022) recent extensive work on status aspirations and international institutions provides evidence showing that “China uses institutional proliferation as a strategy to expand the ranks of the great-power club,” which thereby shows the significance of status aspirations in the logic of major powers, while also emphasizing the absence of a “frontal,” presumably revisionist, challenge towards the international order (p. 264).

Notwithstanding the above contributions of the above explanations, it is necessary to understand that these dynamics are not unidirectional, nor are they entirely up to China’s will and command. To this end, the last group of explanations emphasizes how going beyond revisionist explanations and emphasizing constructivist elements are actually dependent, if not entirely conditional, to the perspectives, reactions, and demands of third parties—the very actors within the system that these institutions aspire to serve and govern in the first place.

Recognizing Third Party Stakeholders

As discussed so far, the recent literature on the subject emphasizes the importance of going beyond the usual balance of power interpretations by highlighting the complexity of multilateralism in the existing liberal international order and by focusing on the centrality of international norms and great power status in understanding China’s rise. In most of these discussions, however, what appears to be an emerging consensus is the recognition that the support of partner countries is also important in understanding what China’s multilateral institutions mean for its rise. For instance, He and Feng (2019) acknowledged that by identifying their specific roles during a potential transition in global governance leadership, other countries are essentially being considered as relevant participants in major power competitions. On the surface, institutional balancing and competing for influence through institutions can be easily perceived as the exclusive concern of major powers. However, as global governance evolves through the challenges and opportunities offered by China’s new institutions, it is inevitable for other stakeholders to influence both the process and outcome of these changes.

One way in which these third parties extend their influence on China’s institutions is through their own national interests. Naturally, all states have their own stake in terms of how China’s rise will shape global governance. As Bas Hooijmajeers (2021) posited about China’s global governance through the BRICS, the different interests of the four other member countries stemming from their domestic political considerations all serve to “limit the potential [of BRICS] for having an impact on global economic governance” (p. 48). Given the inclusive nature of China’s outreach to the rest of the world, this balancing of varied interests, together with the local agency of actors from within these states, influences and transforms these new institutions (Chao, 2022; De Lombaerde et al., 2022; Chen, 2023).

Much of this takes place because of existing inefficiencies within these institutions and significant gaps between what was promised and what actually happens in reality. For instance, Carmen Mendes and Xuehan Wang (2023) noted how the BRI’s “vague interpretations of rules, poorly managed projects, and the unexpectedly complicated requirements in initiating and sustaining viable economic cooperation” limits
the organization’s impact on the current international world order (p. 110). Indeed, the growing criticisms of the BRI stemming from debt-sustainability problems and the slow, if not failed, realization of promised projects in recipient countries casts doubt on China’s global governance leadership (Broz et al., 2020; Liu, 2021; Chen, 2023).

Negotiation between China and its stakeholders also underscore the importance of constant bargaining and communication as channels to which the latter can shape these new institutions. For instance, under China’s various “forums” (e.g., Forum on China–Africa Cooperation; the Boao Forum for Asia, etc.) Pedro Paulo dos Santos and colleagues (2023) have observed that these flexible institutions provide developing countries with “an additional line of communication … where they can communicate with Chinese representatives directly” on top of the more formal, bilateral channels (p. 267). As they noted, such flexibility is crucial in fostering sustainable cooperation. This joint effort between China and its partner countries appears consistent with earlier explanations asserting that China’s institutions do not serve the objective of overhauling the current liberal international order. Such empowerment is not necessarily a direct result of China’s newfound confidence in establishing these new institutions. Rather, it comes from a synergy that is observed and maintained through the active agency of third parties—particularly developing countries—in the process of globalization.

Ultimately, focusing on third-party agencies could show us that the participation of these actors also explains the influence of moderate changes in the current order as well as major power status aspirations, which can be realized in the process of promoting China’s new multilateral institutions. However, despite the importance of third parties and how they essentially act as an effective intervening variable in the earlier question on China’s rise, recent studies have only come to study their impact secondary to their main focus on either power transition dynamics or the constructivist elements of norms and status. There is a need to seriously focus on the intervening impact of these third parties on the capacity of China’s new institutions to reform (i.e., not overhaul) the existing order and the chances of China achieving a positive major power status.

**Conclusion**

approaching the broad question of what China’s creation of new multilateral institutions says about the nature of its rise in the 21st century and, by extension, the future of global governance and the existing liberal international order, this research brief uncovered several key themes and arguments found in the recent literature. These may have implications on how we ought to pursue our general inquiry moving forward. Existing inquiries on the subject tend to push the boundaries of our mainstream understanding of the nature of China’s rise and its new multilateral institutions, given the variety of explanatory factors available and plausible clarifications left undiscovered.

First is the prevailing effort to go beyond power transition assumptions and conclusions of Chinese revisionism. China’s new institutions may represent major power competition that is more akin to contested multilateralism, as opposed to outright hard power balancing. For instance, China’s AIIB has already co-financed projects on connectivity and climate change adaptation with the Asian Development Bank (2019) in several developing countries. The intention to actively address existing global governance deficits while being socialized within the liberal international order underscores the current understanding that China’s increasing global governance footprint is complicated.

Despite this breakthrough, the taken for granted assumption that China’s new institutions naturally represent major power tensions still remains. Some observers have come to examine the effect of China’s new institutions on existing and emerging international norms, together with China’s aspirations for a positive status and identity. Indeed, these constructivist considerations provide a deeper appreciation of China’s foreign policy logic as they emphasize gradual global governance reforms through norm contestations and the need for positive recognition as informing China’s overall ambitions.

Lastly, existing explanations have also underscored the importance of third parties in understanding what China’s institutions mean for its rise, albeit secondary to their analysis. The dynamics are simply not unidirectional, as other players, like developing countries, may serve to make or break the perceived implications of China’s increasing role in global governance. Given the general agreement on this, it is high time that related studies moving forward should
give a non-coincidental focus on how third parties—from partner countries to other relevant stakeholders—may actually influence China’s rise and the order-changing effects of its multilateral institutions.

From the above outline of the existing studies that address my main question, we can begin to explore the next steps that focus on the primacy of third-party agency and pursue the trend of going beyond materialist explanations found within the constructivist tradition. It has been observed that through its new multilateral institutions, China is able to uphold the sanctity of existing norms on statehood and promote ones that effectively challenge zero-sum politics and hegemonism. However, beyond linking this practice to the assumption that contestation takes a more peaceful character, future studies might explore the link between a major power’s stake in norm development and its pursuit of a positive status. Existing studies underscore the importance of status and the likelihood of conflict and competition between major powers (Renshon, 2017; Larson & Shevchenko, 2019). Furthering this research agenda, it is also possible to explore how these dynamics play out in the realm of regime creation or institutional balancing through China’s increasingly active role in global governance. We might want to ask the following questions: How does the logic of seeking positive status inform China’s creation of new multilateral institutions? When does China’s pursuit of positive status inform its strategy towards global governance reform?

Linking this emphasis on status to China’s interaction with third-party stakeholders could also be a productive direction to explore. This should be a natural point of inquiry, given the emphasis on how stakeholders could provide legitimacy and support to China’s new endeavors. As an improvement to existing studies that have started looking at this, the consequential role of third parties can and should be the main focus of succeeding inquiries. Perhaps looking at non-major powers in China’s periphery as important stakeholders could be productive, given the centrality of this group in China’s foreign policy (Shi, 2016, 2019). With respect to Xi Jinping’s peripheral diplomacy, Southeast Asia continues to be a top focus as it serves as a “convenient prototype” where the impact of China’s increasingly active role in global and regional governance could be observed and tested (Gloria, 2021a; Reeves, 2018; Song, 2020). Indeed, this reality is ripe for advancing deeper inquiries examining the link between major power status aspirations, developing country agency, and the dynamic evolution of the current global governance structure. For this, the following questions could be asked: How might China’s interaction with Southeast Asia inform China’s status aspirations as pursued through its active role in regional and global governance? To what extent are these countries responsive to China’s more active role in global governance in fulfillment of its positive status aspirations? When do their preferences and behaviors towards global governance interfere with China’s pursuit of positive status? True to the complex nature of the subject at hand, actually recognizing the important role and position of these stakeholders could lead to fresh insights on how China’s continuous rise influences the evolving international order.

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Declaration of Ownership

This report is my original work.

Conflict of Interest

None.

Ethical Clearance

This study was approved by my institution.

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