

Rawoo lunch lecture 79

Forgotten issues of globalization: implications for development cooperation China's economic and political rise: how will it change our world?

Professor Peter Ho (Center for Development Studies, Groningen University)

Jaap Dijkstra (member of RAWOO board, chairman of the lecture)

I am very pleased to welcome today's lecturer, Professor Peter Ho of the Center for Development Studies at Groningen University. Professor Ho is an expert on China. He lived in China for several years, including some time in a Chinese village. He has published on sustainable development, social conflicts, and NGOs and resource management in China, and also about moral dilemmas. In addition, he has also been the personal Chinese interpreter for the former Dutch Minister of Foreign Affairs, Jozias van Aartsen. I did not know that we had such a close relationship with China that we had a special Chinese interpreter, but that would appear to be the case.

Peter Ho

Thank you, Mr Chairman.

If we had more time, I would have shown you all a documentary that was recently broadcast on Dutch television. It portrayed a rather panicky picture of the rise of China. The economical and political emergence of China was seen as a threat to the Western world. In this debate, I would like to look at the areas in which we might expect China to have influence in the world and to see what is actually happening. In addition, I will give you some examples of developments in China that might allow the world, the West, or the European Union to acquire a more balanced idea of the country.

Is China the 'yellow threat'?

Three factors make China a potentially explosive country: its large population, its relatively few natural resources and its enormous economic growth. This means that China will have an increasing impact on the world politically, economically and culturally. And the country will also become more important globally in social, military

and environmental issues. I would like to take you on a quick journey through all these factors and aspects of Chinese development and their potential impact on the world.

Politics

First of all, politics. In the 1960s and 1970s China was more or less closed to the rest of the world and little was known about the country. Only in the past ten years has China become increasingly active, and even proactive, on the international political scene. It has signed many multilateral agreements, including the Kyoto Protocol and covenants on civil and political rights, and on economic, cultural and social rights. It is clear that China wants to play a role in the international scene.

This is also reflected in the very active role China is playing nowadays in a number of multilateral and interregional organizations. In 2002 China became a member of the World Trade Organization (WTO) and it is also very active in the ASEM (Asia-Europe Meeting), a platform for political dialogue between the EU and Asia. Finally, China has also become active in security issues. For example, it has played an active role as a mediator between North Korea and the rest of the world, especially the United States.

Economics

Economically speaking, China's achievements in the last two decades are unprecedented. Looking at the World Development Indicators published by the World Bank, China is the only country ever to achieve an average annual economic growth rate of 9 to 10 per cent for a sustained period of 20 years (ed: 1980-2000). India, the other economic giant to enter the international economic arena, 'only' achieved an average of 6 per cent economic growth over the same period.

Recently, two economists published an article in the Dutch newspaper *NRC Handelsblad* about whether China – because of its cheap labor – will be a serious competitor for Western countries. The authors concluded that the West need not worry too much. They argue that wages in China will also go up in the future. They compared the situation in China with that in the Netherlands in the 1950s, when the Dutch government tried to keep

salaries low. However, after a while this, policy led to high productivity growth, which in turn led to an increase in salaries. The economists expect the same scenario to occur in China.

In my opinion, this conclusion is completely wrong. If you compare the percentage of people working in agriculture in the Netherlands and China, you see a fast decline in the former and a slow decrease in China. In the 1930s, 20 per cent of the Dutch labor force worked in the agricultural sector, compared to more than 90 per cent in China. At present only 3 per cent of the Dutch labor force works in agriculture, while in that is still half. If you look at these figures, you can expect a continuous movement of labor from the countryside to urban areas in China in the next few decades. This means that wages in China will remain low for quite some time, making the country a serious competitor for other countries for several years to come.

Cultural/social

The cultural and social impact of China is increasing. For instance, in many Dutch households you see Chinese furniture imported by companies like V&D and IKEA. Another Chinese product is the 'broodje bapao', an increasingly popular snack. So, culturally and socially a lot of things are changing too.

Military

There are worries that, since China is becoming more and more powerful economically and politically, it also wants to assert its military power. Of course, there are a number of border disputes from the past that never have been settled, for instance, with India, Vietnam, the Philippines and Japan. In addition, there is the lasting conflict with Taiwan, which has not yet been solved. The relationship between China and Taiwan is still tense. A lot of people are afraid that since China is becoming more powerful, the conflict will escalate and finally lead to a military conflict. It is true that China has become more active in military and strategic issues. In 2002 it established the Shanghai Cooperation Organization, in which it aims to bring together Russia and Central Asian states to

discuss regional security issues. (ed: the members are China, Russia, Kazakhstan, Uzbekistan, Kyrgyzstan and Tajikistan)

Environment

A final issue in which we can expect China to have a major impact on the world is the environment. This impact will occur in many areas, including air and soil pollution, erosion, the water shortage, etc. For example: what will happen if a growing number of Chinese are able to buy a car? At the moment the number of privately owned cars in China is very low: only 20 or 30 cars per 1000 people. In the USA 780 out of every 1000 people have a car. So what will happen when China catches up with the United States? There will be 900 million cars on Chinese roads, 40 per cent of the total number of vehicles in the world. It will also mean that oil demand will exceed current production by 18 per cent.

The 'yellow threat'

Should we panic about the 'yellow threat'? In my opinion there is no reason. We should look at developments in China in a more balanced way. Many issues show contradictory trends, with negative and positive outcomes. For instance, economic developments in China may have negative consequences, but rapid economic growth also means business opportunities for Western countries.

China and Europe have a number of common interests. One of the most prominent is the idea of a multi-polar world. One of the advantages of the ASEM, according to some civil servants, is the absence of the US. The EU and China see the world as being dominated by three poles: the US, the EU and China – a fact that the US does not want to recognize. The ASEM marks the end of a fifty-year long phase in which the US monopolized Asian economies. Asia and Europe want to counterbalance the influence of the US. At the highest level of the central committee of the Chinese Communist Party they have the same idea of how the world should be structured as we have here in the EU. And that is an important thing to keep in mind.

A second issue that needs to be dealt with is Taiwan. A lot of people worry about 'Taiwan' being 'resolved' militarily. This could be the case if Taiwan puts too much emphasis on its independence. China might then opt for an armed invasion. However, there are some mitigating factors that make this option not very likely. First of all, economic factors. In 2003, Taiwanese investments in China amounted to 129.5 billion US dollars. This makes Taiwan the sixth largest investor in China. In my opinion China would be completely crazy to risk an armed conflict with Taiwan, because it would place all those investments at risk. I think this is an important factor that the Chinese government takes into consideration.

The second reason for China not to attack Taiwan is the rather slow process of modernization of the Chinese army. The Chinese army is modernizing, but it will take a very long time to catch up by modern military standards. For example, the People's Liberation Army currently has 400 nuclear warheads, compared to 5966 in the US. It does have a large number of tanks and aircrafts, but many date from the 1960s and 1970s.

A third military trend is that the Chinese army has no real intention of building a strong amphibious attack force. This is another sign that China is not really considering invading Taiwan at this moment, otherwise it would channel a lot of its resources to the army.

The fourth reason for China not to attack Taiwan is that it does not want to risk international condemnation. This is something the Chinese certainly take into account.

South

Another contradictory development is the relationship of China with the South, or the developing world. Many people have been worried that China would flood the international market with cheap products, and in a lot of cases it is doing so. But there are cases to the contrary. For example, in January 2005, the multi-fiber agreement will come to an end. Under this agreement countries are bound by certain quotas that they can sell on the international market. The EU expressed its concern that after 1 January there would be a flood of cheap Chinese textiles on the market, which would damage the

economies of small developing countries. Recently, however, China imposed tariffs on its textile exports to avoid a distortion of the world textile market.

Another issue is whether China is still a developing country. If you look at the media and what has been written recently on China, the trend is that it is considered to be rich. It has a rapidly growing middle class, and McDonalds has arrived in the country. Everything seems very positive. However, I think the picture is less positive. For example, China's environment is in crisis, partly because the quality of its environmental technology is still very low. Another issue that needs clarification is the unemployment rate in China. According to official sources the unemployment rate is 4.5 per cent. However, others say that it might be 15 per cent or even higher.

One of China's biggest problems is its rural population. Half of the rural labor force are farmers who are literally tied to their tiny plots of land (1/15 or 2/15 of a hectare). Whole families depend on these small plots.

This brings me to one of the many serious problems facing China at this time in which there could be an opportunity for the EU or the West to become actively involved.]

Land ownership

One of the most serious problems in China today is ownership of land. Everyone knows that secure property or ownership rights are important for economic development. If these rights are not protected there might be a danger that investments will lag behind. People do not invest in a company if their property rights are not secure.

Let me tell you a short story. One of the things I like when I am abroad is to stroll through antique markets. Last summer I was at an antique market in Beijing and I came across a pile of old documents. When I took a closer look I found out that they were all land-ownership certificates, some dating back to 1795. They all consisted of several parts, because every time the land was sold, a new certificate was added. These documents clearly stated the boundaries of the land and the names of the owners. The fact

that they were on sale at an antique market in Beijing suggests that a county government had sold its whole land registry archive. Obviously there was no need to store the certificates any longer. This, however, is a false impression: landownership is a big issue in China. In 80 per cent of all villages, farmers lease the land from the village. The problem is that the lease is not secure: in 80 per cent of villages the land lease has been changed. For instance, if one family becomes larger because of the birth of a baby and another becomes smaller because a member dies, the village leader might decide to transfer a piece of land to the larger family because they need it more. As a result most farmers are not so eager to make long-term investments in their land.

However, in 2002 China joined the WTO and is now bound by international regulations to secure economic growth. This means that international companies should not need to worry that the land on which they build their premises will suddenly no longer belong to them. However, the problem is that China has no land register and no land market. Can you imagine the Netherlands without a land register?

Land ownership by the village was implemented under Mao Ze Dong. From the 1950s to the mid-1980s, there were three different levels of the collective: the people's communes, the production brigade and the production team (original owners). In the 1960s and 1970s the Chinese Communist Party decreed that the production team – basically the village – would be the owner of the land. Under the economic reforms of the 1980s the infrastructure of communes was completely destroyed and replaced by new administrative units: the township, the administrative village and the natural village. This has led to a situation in which it is not clear whether the natural village or the village group owns the land.

What does the Chinese constitution or law say about this? According to the constitution land is divided into state-owned and collectively owned land. That is all. There is no mention of the fact that the collective consists of three different levels. So the constitution does not stipulate who actually owns collective land. Why would the Chinese government do such a thing? Why do they not stipulate in the law who owns the land?

The reason is that in the past the production team indeed owned the land. However, in practice the village was rather weak. So, often when higher administrative levels needed land for economic development they just took it, without giving any financial compensation to the owners. The problem is that the new owners often invested in the land for ten, twenty or thirty years. If the constitution were to stipulate now who is the owner, there might be a risk of social conflict. The old owners could go to court to demand their land back. But you cannot just simply return the land to the original owner, because the new owner has invested in it. That is why the Chinese government has consciously refused to stipulate land ownership in the law, to create some leeway for the courts to make specific judgments. Sometimes the courts make use of this vagueness in the law to try to compensate both the old and the new owners. Provided, of course, that the judge takes a balanced view. If not, there is a problem.

Right now, with the tremendous economic development, 60 per cent of China's total land area is affected by desertification, deforestation and salination. In addition, large areas of land are being lost to construction activities. Given that China has little arable land, this can become a serious problem. It is important that China can feed its population itself, and the more land it loses, the less it can do so. This problem has high political priority. One reason why China is losing so much arable land is corruption amongst politicians. In 2003, Tian Fengshan, Minister of Land Resources, was fired for abusing his position by taking land away from farmers and selling it to real estate developers below market prices. He was able to do so because of the vagueness of the law.

At this moment, a debate about land ownership is taking place in China, but not many people are aware of it. According to some people ownership must be transferred from the lowest level of ownership – the natural village – to one level higher. They have four arguments for this. First, ownership at a higher level makes spatial planning a much easier task. For instance, expropriation – which is an important instrument in the planning process – is a much simpler task if you don't need to expropriate 1.5 million natural villages, but only half that number. Second, if the former owner is designated as the new owner there will be many historical claims, which might cause a lot of unrest in Chinese

society. Third, research by the Chinese Communist Party showed that most land is actually leased by a 'higher level' owner, and not by the villages. This means that the 'higher level' owner is already acting as the owner, so why not give him full ownership rights as well? Fourth, in China, democratic elections are held at the level of the administrative village. This means that if village leaders are corrupt they can be voted out of office. They might therefore be in a better position to protect farmers' interests regarding the land.

In the debate on land ownership, some people argue that there are also legal and human rights to take into consideration, namely that the natural villagers were the owners, so is it acceptable to dispossess them? Second, the natural village is a territorial and administrative reality, which you cannot ignore. Third, will the administrative village do a better job? People say that it is more democratic, but it is further removed from the farmers. The farmers are more related to the village officials, who are much closer to them.

The future

China has just completed its draft property law, which is very important because it will stipulate all property relations, not only land, but also capital. The law was sent to the National People's Congress – the Chinese parliament – in 2002 and there has been a debate about the issue ever since, because it is such a 'hot' topic. Every time the ministries send the property law back to parliament, it is sent back for more opinions. As long as the debate has not been settled, China cannot establish a land register. As a consequence, at the moment, nobody in China knows who owns which piece of land and where exactly its boundaries lie. Sooner or later this situation might be an obstacle to China's long term economic growth.

This example shows all kinds of aspects – legal, social and political – in which you can see many different and contradictory developments. That is why, in my opinion, this area also presents many opportunities.

In conclusion, coming back to the question whether we should panic about the ‘yellow threat’: I don’t think so.

Jaap Dijkstra

Another expert on China is Mr Chris Devillers from the Strategic Policy Planning Unit of the Netherlands Ministry of Foreign Affairs. Mr Devillers is a senior policy advisor dealing with future Asian developments, with a special focus on the rise of China. He likes scenario planning, and having heard Professor Ho’s lecture, I would like to hear his scenario.

Chris Devillers

First, I want to say that I am grateful that Professor Ho was invited. I agree that what happens in Asia is relevant for our future. Within three decades there billion people living in that part of the world. Within three decades there will be three billion people living in that part of the world. The destiny of the human species is thus inseparable from what happens in this part of Asia; demography alone insures that. But the future of these regions is critical to the rest of the world in other ways as well.

As I agree on the outline of Professor Ho’s story, there are some remarks I want to make. I will address some driving forces for the future and some uncertainties. Apart from that, I will mention a few blind spots at the Ministry of Foreign Affairs regarding the future and the rising of China.

China has potential, but potential however is not destiny. And, given the volatile history of the Asian region, smooth and uneventful growth in China would be perhaps the most surprising scenario of all. Perhaps we should better prepare ourselves for the uncertain aspects of that growth. When you look at the driving forces in China, the one that has most impact is the process of adapting the economic infrastructure to globalization.

Property rights are an important issue too, but they are not the only one. The main strategy of the Chinese government is to establish economic growth in order to create

wealth for its people. This and the related stability legitimize the party's existence. Economic growth also creates the possibility to modernize the army. And last but not least: economic growth also means self-confidence.

Confidence-building measures create this kind of peaceful rise and multilateralism is a tool to achieve a multi-polar world. This multi-polar world is not the final state of international politics, it is just a phase. We don't know yet where it will lead us. Mr Ho mentioned China's emphasis on regional cooperation. I think it is also necessary to have a strengthened cooperation in institutions like the Shanghai Cooperation Organization 'the Shanghai Six' and the ASEAN Regional Forum. China needs this to build a block to counter the US.

A colleague of Mr Ho, Lanxin Xiang, professor with the Henry Kissinger chair, explored the possibilities of a Eurasian experiment where the EU, Russia and China are cooperating and opposing the US hegemony in the world. He states that the US-led war in Iraq triggered an anti-war 'entente active' of four major powers: France, Germany, Russia and China. For the first time in history, no major geopolitical conflict divides the powers of the Eurasian mainland. Three new strategic links have arisen – the Sino-Russian strategic partnership; the EU 'Common Strategy towards Russia'; and what the EU and China are explicitly describing as 'strategic cooperation' – built with transparency, little fanfare and no declared common enemy. These developments will undermine the unipolar world that the United States is attempting to construct. At the same time, and quite remarkably, China is being drawn into a continental orientation. After years of hesitation, China's grand strategy of 'peaceful rise' has potential to be fulfilled on the Eurasian continent. I think this is still a possibility that should have more attention.

Mr Ho concluded that is not necessary to panic for the so called 'yellow danger', but I think it is good to have some concerns. For example, what will happen when the Chinese economy starts slowing down and maybe goes into decline? Is it possible that some of the problems you mentioned will destabilize the political system? Will a slow-down of the

economy also lead to a slow-down of the modernization of the army, and finally will it lead to less self-confidence? It is hard to predict what the consequences will be. However, one outcome will be that China will be more occupied with itself and less with its international role.

Blind spots

Looking at the blind spots in European foreign affairs policy, I think the EU lacks a sense of urgency towards the future of China. There should be more interaction between the EU and China. Fortunately, some steps already have been taken. For a long time we focused too much on the aftermath of 9/11, not recognizing the rise of Asia as an important factor.

Another blind spot is the ageing of the Chinese population. China will get old before it gets rich. We do not know what the consequences of this will be.

The third blind spot is the energy factor. China also depends on the Middle East for its energy. In 2010 China will import 80 per cent of its oil from the region. This dependency on the Middle East – in a situation where the world's oil resources are becoming scarcer – will cause problems, because the EU is a competitor in the same energy market. It will need a lot of talking to tackle this problem.

The fourth blind spot I wish to mention is development cooperation. In my personal opinion there should be more interaction with the awakening civil society in China. We should take a more NGO-oriented approach and direct our efforts less at the government. Finally, a last remark on the Taiwan issue: I agree that China will not intentionally start a war with Taiwan, but there is a danger that it might happen accidentally.

Peter Ho

First, I would like to respond to Chris Devillers' comments. Two issues are very important in understanding not only China itself, but also its relation to the world: democratization and the possibility of civil unrest.

To start with the latter: a recent publication stated that farmers in China are heavily exploited. There is some fear that if the farmers were to revolt they would overturn the whole regime, because they are still the majority of the population. The question is whether this will happen.

If you look at China's development since 1978, when it set in motion its economic reforms, the political leaders had no idea where they were going. They only knew that something had to change, because the communist economy and the communist state were no longer functioning. A couple of years later they saw the system implode in Russia and knew that they did not want that to happen in China. Instead, they went through a process of trial and error in developing their own policy. In China they call this a strategy of crossing the river by stepping stones. First, you need to know if the first stone is secure, then you can go on to the second one. This approach characterizes China's strategy: it has always had a gradual approach, and that is the key to understanding what China is doing now. Previously, it was an unconscious approach, but now it is definitely a conscious choice. I think this strategy has been able to prevent civil unrest.

With regard to the democratization process: China is a divided country. The process is going ahead very fast in the cities and rather slowly in the large rural areas. One reason for this is that the Chinese government has been trying to promote NGOs and civil society in the cities. On the other hand there are also developments that escaped the attentions of the state. That happened because people have become richer and they want certain rights. The state responded quite liberally, and did not oppose certain developments. But of course, it has imposed certain limits.

If you look at rural society, you can say that China has always refrained from trying to organize the farmers. This is both a conscious strategy and a problem, because the farmers are very fragmented right now. Every farmer has his own, very small plot of land. They have to buy pesticides or fertilizers themselves. They have to sell their products on the market themselves. Of course, it is cheaper and more efficient to do these things together, but that means that the farmers need to get organized – and that is

something the Chinese government is afraid of, because they might lose control over the farmers and as a result China might fall apart.

To come back to the question about democratization: sooner or later China will democratize. In some cities you can already see some developments in this direction, but it will take some time before that happens in the countryside as well.

You also mentioned two other issues: energy and the environment. Actually, the Chinese government has been rather active in tackling environmental problems. China started working on environmental protection as early as 1976. This shows that the government is aware of the problem and is trying to do something. However, the rapidity and scale of economic development in China is making it difficult. The environmental consequences are harmful not only to China, but to the whole world.

Let me give you one example. In the 1990s, sulfur dioxide pollution was a serious problem in China. At that time a lot of coal was used and was causing a lot of air pollution (ed: sulfur dioxide gas is produced when coal is burnt). By the middle of the decade, emissions of the gas were more or less under control. However at the beginning of the 21st century, emissions once again increased. This was not because China did not have a policy to tackle the pollution. The problem was – and still is – the speed of China's economic development. In order to tackle their environmental problems the Chinese have to look for technological solutions, or – if this is not possible – they have to consider slowing down economic growth. The Chinese government is seriously thinking about the latter, but even if they do so it will take time: it is like stopping a huge train without brakes.

Chris Devillers

On democratization: there are already experiments in villages with organizing democratic elections. In China certain voting rights do exist for the citizens to elect their village administration, which is not part of the formal hierarchy and supported by the central government. After some pressure to allow those voting rights up to the provincial level,

the leadership has agreed to start this experiment in Manchuria. Besides the Chinese are very interested in our model of social democracy and they want to know more about incrementalism and its role in the European integration process. So there is a role to play for the Netherlands and/or the EU in helping the Chinese to acquire know-how in this area.

Questions, answers and remarks

***Question from audience**

I did not hear anything about the decentralization process in China. Maybe the passing of the Property Rights Bill would take less than three years if it was done at a regional level?

Comment

I would like to address the issue of energy and the environment in China. If you look at the way they have been dealing with the huge upsurge of modern industry, I find it quite positive in three ways. First, in contrast to most developed countries today, the Chinese acknowledged the problems of pollution in their automobile industry at a very early stage and have been working on laws to create incentives for automobile users to purchase more environmentally friendly cars. Second, China joined the international partnership for hydrogen economy and is testing the fuel in buses . Not that that is an immediate solution, but it is certainly a sign that they are devoting attention to alternatives. And third, they have just finished negotiations with Toyota to build the Prius (ed: Hybrid car: car of the year 2004) in China. This means that they are moving in a more positive direction than we have, and with a rapidity that far exceeds our pace. I would therefore not project the figures that we have seen before, but would look at China as a much more informed and reflected situation than we tend to do.

Comment

I would like to comment on what you said about property rights. Two years ago I bought a plot of land in China. It was a very time-consuming procedure, but finally I got a

document that exactly indicates the geographical location and size of the plot. Six actors were involved: apart from myself, they were the private owners of the farmland, the village, the township, the Bureau of Planning, the Bureau of Land Resources and the Bureau of Taxes. So, finally, I think, I acquired a legal plot of land. Furthermore, I have also heard that the prime minister has genuinely tackled the problem of illegal sale of land.

Question from audience

Professor Ho, you mentioned that the discussion on land ownership also provides opportunities. What kind of opportunities are you thinking of?

Answer Professor Ho

The Netherlands has enormous experience in spatial planning and land consolidation ('ruilverkaveling'). The country is a role model for how to deal with spatial planning issues. China could use this information, as well as a lot of technology. In fact, this is already taking place, but it is rather piecemeal. If the Dutch government would recognize this problem, it could be taken to a higher level.

***Question from audience**

Professor Ho mentioned three factors that make China a potentially explosive country. I missed the risk of potential civil unrest due to poverty, migration, environmental problems, mining accidents, etc.

***Question Piet Top**

What concerns me is not the environmental impact that will be felt in China itself, but much more the impact that will be felt here. What is China doing – and capable of doing – to internalize the costs of climate change and loss of biodiversity? These are not only Chinese problems, but concern the world.

***Question Ed Maan**

You were talking about cooperation between Europe and China and the interest that China would have for specific Dutch experience. I always thought that there was no development cooperation relationship between the two countries. How does this relate to development cooperation policy? I think China has an extremely interesting vision in its strategy on transition for development. It is interested in the Dutch approach of 'muddling through' (the 'poldermodel') and you say there is also lot of interest in the experience of the Dutch.

Answer Peter Ho

With regard to the property rights issues: as far as I know there is no formalized development cooperation relationship between the Netherlands and China.

Answer Chris Devillers

It is very important to be more engaged with the 900 million poor people in China. When you talk about the Millennium Development Goals, China and India are key actors. If poverty is reduced in these two countries, we might be able to reach some of these goals. However, at this moment we are phasing out our development cooperation with China. It is my personal opinion this is not a good development: we can better spend funds earmarked for poverty reduction in Asia than in Africa.

In any case, we must be avoided is to monopolize financial aid through bilateral channels. I would firmly support to cooperate directly with the civil society in China. I don't know whether NGOs in China will become a strong enough force to be reckoned with, but I hope they will.

Final comments from Peter Ho

It is a pity that the Netherlands has decided not to cooperate with China anymore in the field of development, because China has so many areas and issues – like the development of civil society – in which development must still be achieved. People often focus on the richer areas and forget that, in many ways, China is still in the 1930s compared with the

Netherlands. In that sense there are still many areas in which China would be very interested in cooperating with the Netherlands, including the issues I have already mentioned: the environment, land property rights, civil society, and so on. In the past the Netherlands supported a 'good governance' program in China, but this support has been reduced. This is a pity, because many NGOs in China are still at a very early stage of development. They often lack elementary knowledge, like how to run an organization and how to keep a transparent financial administration. Often they depend on one leader, who is by definition is a strong personality, otherwise he or she could never have set up a NGO in China in the first place. If this person leaves, the organization crumbles. The Netherlands has a lot of experience in working with NGOs, so why should we not build some bridges between both countries in this respect?