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China's limited role in Ukraine's reconstruction: expectations, constraints and strategic opportunities

By Dmytro Yefremov

Excecutive summary

As Ukraine prepares for post-war reconstruction, which it is estimated will cost $486 billion, attention has turned to potential sources of external support. As one of the world's largest providers of infrastructure-focused aid, China might appear to be a promising partner. However, China's constrained aid budget, geopolitical alignments and limited engagement in Europe lead to modest expectations. Annual aid from China to Ukraine could range from between $100 and $300 million, which is insufficient for Ukraine's vast recovery needs. Nonetheless, opportunities exist for targeted engagement, particularly in trade facilitation and low-cost infrastructure development. This commentary assesses the realistic scope of Chinese aid, its modalities and the implications for Ukraine's recovery planning.

China's Foreign Aid and the Limits of Strategic Engagement in Ukraine

In the aftermath of Russia's invasion, Ukraine faces an immense reconstruction challenge. Nearly one-third of the required funding—$155 billion—is allocated for infrastructure recovery. The search has intensified for international partners, raising the question: Can China play a meaningful role in Ukraine's post-war recovery? While China's aid model prioritizes infrastructure and positions it as an alternative to western donors, its capacity and willingness to support Ukraine are modest and politically constrained.

China's total foreign aid flows—estimated at $7–8 billion annually—are small relative to its economy and global influence. At just 0.061% of GDP, they pale in comparison to US foreign aid (0.255% of GDP). Given the increasing demands on China from Africa and Asia, each of which receive more than 40% of China's aid, and heightened competition linked to the reduction in US assistance in 2025, the resources available for Europe are likely to remain limited.

Historically, Europe has received only 3–5% of China's global aid. Ukraine received $210 million in the five-year period 2017–2021—behind Belarus, Serbia, and Bosnia and Herzegovina. Grants were primarily directed at health and education, while infrastructure was supported through commercial loans. Project selection is initiated bottom-up by Chinese firms and embassies, not through centralized strategic planning. Given the current bilateral tensions and China's cautious stance vis-à-vis Russia, an exclusive aid programme for Ukraine should not be expected.

The Approach and Conditionality

Despite its official rhetoric on non-interference, Chinese aid is politically and economically conditional. China's White Paper on International Development Cooperation calls for "policy coordination", which implies the need for closer political alignment and strategic consensus. Other requirements from the Chinese side can include confidentiality and closer government-to-government relations. However, China's relatively small footprint in Ukraine post-war would make political influence unlikely. Any aid to Ukraine looks primarily to be an instrument for image-building and gaining long-term market access for China rather than leverage.

Given China's emphasis on trade facilitation, Ukraine should explore expanding agricultural exports as a form of supportive economic cooperation. China has previously doubled its agricultural imports from the ASEAN member states to $150 billion over five years—a new approach that facilitates development without direct lending. Ukraine's continued trade relevance, particularly in grains, oilseeds and metal ores, positions it to benefit from such models. This route is aligned with China's shift away from controversial infrastructure lending, avoiding the reputational risks of "debt-trap diplomacy".

Advantages and Risks of Chinese Aid

China excels at low-cost infrastructure development. Road construction by Chinese firms costs half the amount of Japan's and one-third of Asian Development Bank-financed projects. Its "production-oriented" aid supports trade integration and value chain development. While this may reinforce Ukraine's raw material specialization, it nonetheless offers pragmatic benefits, especially where western donors neglect infrastructure.

Furthermore, project proposals from Chinese businesses might better reflect local needs compared to top-down western models, and China's delivery is often faster and less bureaucratic. If Chinese firms win contracts through international tenders, for example through the World Bank, they could deliver competitive results within established oversight frameworks.

However, Chinese aid poses serious governance risks. Contracts typically require the use of Chinese contractors, reducing local job creation and knowledge transfer. Oversight mechanisms are weak and civil society is often excluded from project planning. Studies show that Chinese-financed projects are more susceptible to corruption in fragile states, potentially normalizing illicit practices.

Lack of transparency is a systemic weakness. China's aid agency (CIDCA) ranks last in the Aid Transparency Index. This undermines evaluation, accountability and international coordination, all of which are critical to Ukraine's complex recovery context.

Ukraine's China Track in EU-Aligned Reconstruction

Beyond grants, concessional and commercial loans are the key instruments of Chinese assistance. Before the war, China lent Ukraine roughly $1.5 billion—mostly for food procurement. Future loans from Chinese entities could reach $600 million to $1.8 billion per year but would raise complications with Ukraine's existing institutional creditors (e.g., the IMF, Paris Club), although similar issues are not expected in negotiations with private sector creditors. China rarely forgives debt, preferring reprofiling. Contracts often contain confidentiality clauses and cross-default provisions that prioritize Chinese interests.

Ukraine's experience with a problematic grain loan in 2013–2022 demonstrates the pitfalls: allegations of corruption, repayment issues and the need for interest renegotiation. Further borrowing would require strict oversight, transparency and coordination with western creditors to avoid jeopardizing multilateral debt relief.

To synchronize its EU accession ambitions with China's limited role in Ukraine's reconstruction, Kyiv should position China as a complementary partner, focused on targeted, low-cost infrastructure and trade facilitation—areas that fill gaps in donor priorities. The EU's emphasis on concessional finance, de-risking and strong governance frameworks provides Ukraine with leverage to demand transparency and accountability in any Chinese engagement, reducing the risks of corruption and debt distress. Ukraine can frame trade-oriented cooperation with China—particularly in agri-food exports—not as divergence from EU norms, but as a parallel strategy to boost fiscal capacity.

Policy Implications

▪ **Manage Expectations:** Ukraine should not anticipate large-scale Chinese aid but could pursue sector-specific engagement, especially in areas where western support is limited.

▪ **Prioritize Trade over Loans:** Agricultural exports and trade facilitation offer safer and more mutually beneficial avenues than infrastructure loans that risk debt distress.

▪ **Ensure Governance Safeguards:** Any engagement with China must uphold transparency, avoid exclusive contractor use and align with EU reconstruction standards.

▪ **Strategic Complementarity:** Ukraine should position China as a complementary – not an alternative – partner, leveraging Beijing's low-cost delivery in areas aligned with EU integration.

Dmytro Yefremov

Visiting researcher, Department of Government, Uppsala University, Sweden. Associate professor, Department of International Relations, National University of Kyiv-Mohyla Academy, Ukraine.

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