

China-Africa: a maturing relationship? Growth, change & resilience

3 December 2015 | Johannesburg, South Africa
Co-hosted by DEGRP and SAIIA



Justin Yifu Lin and Giles Mohan. © Willem de Lange/SAIIA

In December 2015, the DFID-ESRC Growth Research Programme (DEGRP) and the South African Institute of International Affairs (SAIIA) held a one-day workshop to discuss key issues influencing Sino-African relations. The event – held in parallel with the second summit of the Forum on China-Africa Cooperation (FOCAC) – gathered together project leads from DEGRP’s China-Africa research stream, SAIIA researchers, and other participants from academia, the private sector and civil society. Ex-World Bank Chief Economist Justin Yifu Lin gave the keynote speech, and UNIDO Goodwill Ambassador Helen Hai also presented.

The event began with opening remarks from Elizabeth Sidiropoulos (SAIIA) on China’s role in Africa’s ongoing transformation. Sidiropoulos suggested that China’s ability to adapt policies in an evolving context could constitute a valuable lesson for African countries. Louise Shaxson of DEGRP then highlighted the importance of ensuring that the next phase of intensified Sino-African relations allows for inclusive economic growth.

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Justin Yifu Lin, ex-Chief Economist of the World Bank, gave the keynote speech, identifying opportunities for industrialization and structural transformation in Africa. He referenced the growth trajectories of Taiwan, South Korea, and Japan, as well as the more recent transformation of China, underlining how these countries achieved high growth by shifting attention away from the agricultural sector towards industrial activities. Industrial policy and leverage of latent comparative advantage were flagged as key factors influencing Africa's economic transformation, and Lin highlighted Mauritian industrial development as evidence of the benefits of both.

Following the keynote, discussant Helen Hai, UNIDO Goodwill Ambassador and CEO of Made In Africa Initiative, shared her experiences of investing in African industrialization. Describing two recent successful light manufacturing projects – the setup of factories to produce shoes in Ethiopia, and garments in Rwanda – Hai proposed a “triangle” of conditions essential for business success: global markets, Asian manufacturing knowhow, and African local comparative advantage. Meanwhile SAIIA's Peter Draper provided an alternative view, questioning whether Lin's Mauritian model is replicable, and drawing attention to key differences between African and east Asian states.

The first session of the day focused on challenges and opportunities for Africa in the context of China's changing role in the global economy. Deborah Brautigam, of Johns Hopkins University, presented on Chinese investment in Africa. Brautigam pointed to a normalisation in trade growth rate between China and Africa, but also highlighted the difficulty of accurately assessing the true level of Chinese FDI in Africa due to the lack of reliable data. She also discussed the different types of Chinese FDI to Africa and the factors that affect their localisation.

SAIIA's Peter Draper presented on the possible future of the China-Africa relationship given changes to China's economic conditions, for example economic rebalancing, increased domestic costs, financial sector issues and an increasing emphasis towards new sectors (services in particular). These changes have implications for Africa, in particular in terms of the flows and composition of Chinese FDI. Draper also highlighted however that Africa is in competition with South East and South Asian countries for these investments. For African countries to attract these investments, they need to focus on achieving improved governance and an enhanced business environment.

The second session of the day explored issues of peace, security and governance in Africa. It opened with a presentation by Nottingham University's Lina Song on local governance in China and lessons it might offer for low-income African countries. Song highlighted how local governments played a key role in contributing to local development in China. This was possible due to their role vis-à-vis the central government, which was characterised by a certain level of autonomy. She then argued that African local governments can make use of this experience to come up with effective plans for local development, and ensure that they are adequately resourced to implement these plans.

Daniel Large, of SAIIA, spoke about the need for China-Africa relations to recognise how peace and security issues affect core aspects of the relationship. Recent security problems in many African countries have changed China's role in protecting its investments and workers abroad, and altered the nature of its interactions with African countries. Large pointed to Chinese engagement in South Sudan as a testing ground for a new kind of Chinese diplomacy in Africa, based on practical mediation rather than non-interference or indifference. Discussant Norman Sempijja from SAIIA questioned the wisdom of more robust peacekeeping efforts, while Helen Hai flagged the connection between peace and economic growth.

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The final session of the day considered natural resources and biodiversity in the context of China-Africa trade. The session started with a presentation by SAIIA's Ross Harvey on China-Africa relations with regards to extractives. Harvey emphasised some trends that can affect trade in natural resources: the end of the commodities super cycle, and also increased consumption in the Chinese domestic market. Harvey suggested that African countries can position themselves to take advantage of these trends, but that they need to avoid investment that provides only short term gains at the expense of long term sustainability.

This was followed by a presentation by IIED researcher Xiaoxue Weng on the role played by China in Africa's informal natural resources-based economies. Weng explored common misconceptions about the environmental and social impacts of natural resource-based activities. With reference to case studies from the forestry sector, she proposed that negative impacts aren't necessarily China-driven: in a Cameroonian example, an African-instituted ban on logging interfered with a lucrative informal arrangement between local suppliers and Chinese buyers, with implications for local livelihoods and environments.

Closing remarks were provided by Deborah Brautigam, reflecting on the FOCAC summit to come.

A selection of media coverage:

- [CNBC Africa "Beyond Markets"](#) – Television interview with Giles Mohan (DEGRP) and Ross Harvey (SAIIA)
- [Business Day interview](#) – Television interview with Deborah Brautigam (DEGRP)
- [NRC web article](#) - Deborah Brautigam interviewed by Bram Vermeulen