

How can China and SA's Partnership benefit Africa

Address to SALLA/Embassy of PR
China

10 Year Celebration of SA-China
Relations

Themes

- Why China matters to Africa ?
- How can SA China Partnership benefit Africa ?

Significance of China for African Development: Objective Factors

- China at the cutting edge of important structural changes in world economy
- Globalisation process, though uneven and unequal, has seen rise in “Global South” and expanding S-S trade
- Share of developing countries in global trade increased from 29% in 1996 to 34% in 2006 and 36 - 37% in 2007 and is poised to reach half world trade in the near future (UNCTAD)
- Half of this is S-S trade which has increased from US \$ 577 bn (1995) to US \$ 2 trillion (2006)

Objective Factors ctd

- Africa's trade with EU down from > 40% to 33%, while trade with Asia up from single digits to 29%
- Industrialisation of China (along with that of other emerging forces of the "Global South") resource intensive > propelling higher prices and better terms of trade for resource producing countries

Objective Factors ctd

- In the current economic downturn the existence of the “New South” offers to some degree a buffer against global financial crisis...while US heads for recession, China’s growth estimated by IMF to decline from 11,4% to a still impressive 9,3%
- This major reason why Africa’s growth projected to decline by less than 1%

Objective Factors ctd

- Growth in China thus creating vast export possibilities for other countries of the South (resources, beneficiated minerals products, other value added products)
- But Chinese exports also posing strong competitive to industrial sectors (clothing but also many other lines)

Objective Factors ctd

- Total trade SA-China up from R 5,2 billion 1998 to R 72,9 bn October 2007 – imports R 49,1 bn, exports R 23,7 bn.
- Exports mainly metals, minerals other commodities; imports manufactures
- Challenges narrow the gap, increase exports of higher value added products (motor vehicles and components, steel products, platinum products, agro industrial products, financial services)

Significance of China for Africa's development: Subjective Factors

- As a developing country, China shares many of the same aspirations as Africa for a more equitable global economic system
- Extensive cooperation in WTO G77 + China etc
- China instituted Forum on China Africa Cooperation

Range and Scope of Bilateral Cooperation

- BNC (Dep Pres Level) Strategic Dialogue (Foreign Ministers)
- Partnership for Growth and Development – aim to develop a more equitable relationship
- Technical work – discussion on long term access to resources in return for investment and market access for value added and beneficiated products; identification of a product list
- Clothing and Textile quota agreement

Possible Expansions of Bilateral Cooperation

- Possible SACU-China PTA
- China interest in relationship with IBSA
- Potential new agreements emanating from PGD process could be ground breaking and unprecedented

Significance for African Development

- China occupies a strategic position at the head of processes that will shape “phase 2” of current wave of globalisation
- Its industrialisation potentially holds out prospects for benefits to resource producing countries
- Subjectively, China has signaled a willingness to promote a new kind of relationship with Africa, in the context of a common quest for a fairer international economic system

Significance for African Development ctd

- Scope of dialogue indicates a willingness to move towards unprecedented agreements with African countries that could unlock significant developmental potential
- Must defend the “Enabling Clause” that allows deeper S-S cooperation and resist efforts to “disable” it