

**PRESENTATION BY THE DEPARTMENT OF FOREIGN AFFAIRS
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RELATIONS SEMINAR**

**“HOW CAN CHINA AND SOUTH AFRICA’S PARTNERSHIP BENEFIT
AFRICA?”**

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In my contribution to this seminar I will attempt to highlight the strategic and programmatic opportunities in terms of how South African and Chinese cooperation can strengthen Africa’s development and stability.

Obviously, as Director NEPAD at the Department of Foreign Affairs, I am inclined to focus on development, also considering that panel discussions in the afternoon will consider peace and stability.

From a strategic point of view, it is clear that Africa is China’s continent of choice, for the fact that it is the most mineral and resource rich continent in the world, and could prove to have lucrative future markets if it were allowed to develop. Both of these are critical in terms of expanding and sustaining China’s economic boom.

It is not difficult to find literature on how China is currently redefining its space in Africa. This topic has established itself as the ‘theme of the decade’ and perhaps will continue to be so for many decades to come. Let us therefore consider what the African imperatives of such a strategic relationship will be.

The African continent is currently engaged in a renewal process, aimed at breaking away from political instability, poverty, and underdevelopment, as well as Africa's weak capacity to defend and advance her interests in the global arena. At the centre of this renewal is the African Union (AU), which is based on the acceptance by African leaders that integration of the African continent offers a meaningful strategy to improve the condition of African people. Thus the AU articulated a desire to accelerate implementation of the Abuja Treaty by condensing and invigorating its integration processes.

In the African definition, regional integration for the continent is essential in order to increase market size, economies of scale and the maximisation of comparative and competitive advantages in order to attract investors. Economically, it may be recalled that the Abuja Treaty provides for an African Economic Community to be set up through a gradual process, in six stages over 34 years, i.e. by 2028 – progressing through the linear approach of establishing a continental customs union, common market and finally an African Economic and Monetary Union.

The key building blocks of this strategy are increased political unity and concerted action through the AU and accelerated socio-economic transformation through NEPAD. A new breed of leaders is emerging in Africa and they are realising that Africa needs to take charge of her own development and destiny.

For us as South Africa this is translated in our foreign policy, which is driven by the African agenda, which captures South Africa's goals for the African continent as the resolution of conflict and the building of a framework in which socio-economic development can take place.

Within the African Agenda, one of our key focus area is to enhance the capacity of African institutions so that they can provide a framework for each African

member state to reach its full potential in terms of peace, security, stability, economic and social development, civil society participation and gender equity'. In our view, socio-economic development cannot take place without peace and stability, as these constitute necessary conditions for socio-economic development. Conversely, socio-economic development is necessary in context of addressing root causes of conflict and instability.

To this end, the consolidation of the African Agenda serves as point of departure in South Africa's engagements with the international community. This entails:

- Strengthening of African Governance structures at regional and continental levels, with specific reference to the AU and SADC.
- Supporting the implementation of the peace, security and socio-economic development programmes of these institutions, in particular NEPAD.

South Africa, in collaboration with key African countries, has been at forefront in developing NEPAD as Africa's premier development programme; in mobilising African and international support for NEPAD and in supporting NEPAD structures and processes.

The adoption of NEPAD in 2001 was the affirmation by Africa of a shared vision, conviction and a pledge by Africa and its leaders to eradicate poverty and to place African countries, both individually and collectively, on a path of sustainable growth and development and thus halt the marginalisation of Africa in the globalisation process.

The primary objective of NEPAD is to eradicate poverty, halt the marginalisation of Africa in the globalisation process; promote the empowerment and economic integration of women and to achieve the Millennium Development Goals

(MDGs). Interlinked with these efforts to create conditions for investment, growth and development, are initiatives to raise the necessary resources to address the development chasm in critical sectors that are highlighted in the Programme of Action, such as infrastructure, education, health, agriculture and ICT.

Over the past seven years, the activities of Africa and its partners have evolved from the conceptualisation of frameworks for achieving the new vision to the implementation of strategies and action plans in identified priority areas. Sectoral frameworks and mechanisms have been developed and are being implemented on the programmes and projects in these areas, which include:

- The Comprehensive African Agriculture Development Programme;
- The Short-Term Action Plan for Infrastructure Development;
- The Science and Technology Consolidated Action Plan;
- The Environment Plan;
- The AU/NEPAD Health Strategy;
- The Education Action Plan;
- The Tourism Action Plan;
- Standards and guidelines for the African Peer Review Mechanism, and
- The Africa Productive Capacity Initiative.

The latest economic report by the UN Economic Commission for Africa predicts that real economic growth in Africa will slightly improve to 6.2% in 2008 compared with 5.8% in 2007. It is expected that slowdown in US economy will not have a substantial effect on Africa and that robust commodity demand and prices will continue with high growth in Asia and no significant drop in growth in Europe.

Continued effective macroeconomic management and improving governance and security situation is another factor that contributes to a positive economic outlook in 2008 and beyond, though many parts of Africa still suffer from conflicts and insecurity. On downside, there are many risks to Africa's growth over medium term:

- Any substantial slowdown or adverse adjustment in global economy could cause demand for Africa's exports to contract.
- A fall in demand and prices would have negative effects on Africa's growth outlook.
- Fluctuations in oil prices would also have adverse growth impacts on oil-importing countries.
- The continent also needs to manage risks to growth prospects emanating from unpredictable fluctuations in capital flows (especially aid) and from currency appreciation that can adversely affect international competitiveness.
- Unpredictable weather changes, conflicts and epidemics (HIV/AIDS and malaria) are additional factors that influence Africa's growth prospects in 2008.

Currently, few African countries are on track to meeting MDGs. However, there have been positive developments in recent years that give hope that challenge of meeting MDGs on continent is not insurmountable. Progress requires scaling-up of efforts both at national and international levels.

Acceleration of progress towards MDGs is constrained by a number of important challenges that require concerted efforts of African governments and their development partners. These challenges include climate change, infrastructure bottlenecks and rising inequality:

- Climate change poses a major threat to Africa's future and is likely to have a significant impact on biodiversity and to increase vulnerability of poor people to natural disasters.
- The poor state of infrastructure in Africa is a major impediment to domestic market and regional integration, to equitable access to social services, and to growth. Expansion of infrastructure has positive growth effects that would help the continent to accelerate progress towards the MDGs.

While NEPAD is foremost a partnership between and amongst Africans, it seeks to accelerate sustainable development in Africa through partnerships with the South, and to forge a new partnership with the developed North that changes the unequal relationship with Africa. In terms of Africa's strategic interest in its partnership with China, the acceleration of sustainable development is paramount.

From a programmatic point of view, the implementation of the Forum for China Africa Cooperation (FOCAC) Beijing Action Plan has brought particular benefits to Africa. During a review of the implementation of the FOCAC outcomes, in its first six months of implementation more than seventy agreements and Memoranda of Understanding were signed between China and African states within the designated areas of cooperation. Bilateral assistance agreements were also signed with forty-four African countries.

Visits were also made to Africa by prominent Chinese political leaders to more than fifteen African countries. Equally, a number of African delegations have visited China to follow up on the implementation of the FOCAC Plan of Action. In addition, in order to encourage and support Chinese enterprises to invest in Africa, China has established the China-Africa Development Fund, with an initial starting capital of US\$5 billion.

It is apparent that the FOCAC framework, considering it as the embodiment of China's contribution to African development, and peace and security, is setting a positive and constructive model to other major international actors as they approach Africa's socio-economic development requirements.

It must be appreciated that the principal focus of FOCAC implementation is concerned within the bilateral sphere. In this regard, a possible refocus is needed in terms of a regional approach, aimed at benefiting two or more countries. While there has been some progress made in achieving regional integration in Africa, there are still challenges that remain and they need to be addressed urgently. In order to accelerate regional integration, the following actions are necessary:

- Strengthening Regional Economic Communities (RECs), including the rationalisation of RECs and the involvement of the private sector and civil society;
- Improving macroeconomic frameworks for development and deeper integration;
- Improving regional trade by, amongst others, eliminating barriers to intra-regional trade; and
- Accelerating physical integration through infrastructure development.

Within SADC, we have realised that two intervention areas are central to the overall process of economic development integration, as follows:

- The first area is trade/economic liberalisation and development including, among others, free movement of goods, services and factors of production, and intra-regional investment and foreign direct investment.

- The second priority area is related to the development of efficient infrastructure and services to facilitate the free movement of people, goods and services across the region, which will be enhanced through interventions in the following key areas: transport and communications, information communications technology, energy, water and tourism.

Additional to the above two key priorities, SADC also has to deal with the regional dimensions of emergencies such as HIV and AIDS, natural disasters and food security.

In terms of programming, therefore, it is essential that within the China and South Africa's partnership, consideration be given to programmes that add value to regional integration, or enhance the capacity to achieve REC objectives, specifically SADC. In order to realise maximum impact, it is essential that programmes be developed in the context of spatial development initiatives such as development corridors, growth triangles, growth centres and transfrontier conservation areas.

In the second instance, it is suggested that programmes be based on broad participation and consultation, in order to engage as many stakeholders as possible, to create ownership for the outputs, and to internalise the principles upon which it is based.

Management of programmes should adopt the principle of subsidiarity, whereby all programmes and activities are undertaken at levels where they can be best handled. This means that the involvement of institutions, authorities, and agencies outside REC structures to initiate and implement regional programmes using their own generated resources should be promoted and encouraged.

It also calls for the engagement of regional expertise and institutions for programme management and implementation, which should further enhance capacity building and local ownership.

I should like to thank the institute for hosting this conference and hope that through the conclusions some concrete ideas will be developed on how Africa can engage more proactively with China for its long-term socio-economic development.