

## Reflecting on the Johannesburg Summit of the Forum on China-Africa Cooperation (FOCAC): Where to from here?

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### Abstract

The FOCAC summit held between 3-5 December 2015 coincided with the launching of China's second Africa policy paper and became the first time that a FOCAC summit was held on African soil as the others had all been Ministerial gatherings following the first summit in Beijing. It came in a watershed year for global development efforts as the year witnessed the Financing for Development meeting in Addis Ababa, the adoption of the Sustainable Development Goals (SDGs) by the United Nations, the hosting of the Ministerial meeting of the WTO in Nairobi (for the first time in Africa), and the Conference of the Parties (COP21) held in Paris. Within this broader context, the following policy brief, which arises from a research project between the Institute for Global Dialogue (IGD) and the Friedrich Ebert Stiftung (FES), seeks to draw linkages between China's second Africa policy paper and the declarations of the Johannesburg summit. It thus asks what the FOCAC summit managed to achieve before asking what the way forward is in terms of China-Africa relations.

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suggestions are invited.*

## 1. Introduction

Many analysts have made note of the changes taking place in the Chinese economy as it makes the transition from an export driven model of development to a consumption based economy with a growing services industry. It has thus been argued that this transition in China may have negative impacts on various African economies as the demand for their resources decreases, thus exposing the reality that many countries on the continent continue to be overly dependent on exporting their natural resources at prices they are mostly not able to set. This observation is exacerbated by the state of the global economy and a sharp decline in commodity prices. Thus, while trade between China and Africa has rapidly grown since the formalisation of FOCAC as a mechanism for cooperation, critics of the relationship such as Patrick Bond <sup>1</sup> continue to point to the overall trade imbalance as a source of weakness in China-Africa relations.

This topic has become increasingly important for African countries as they seek to prioritise increasing their production capacity and making a transition from being sources of raw materials to beneficiating their commodities in order to move up the value chain and create more employment opportunities domestically. The FOCAC summit in Johannesburg sought to address these concerns and aspirations from the African continent, which were also expressed through the sustainable development goals (SDGs) by the Africa group of countries. Not only did the recent FOCAC seek to highlight China's commitment towards Africa's industrialisation, but it also sought to emphasise its commitment to areas such as agriculture, health, culture and people to people relations, and the training of Africa's human resources as ways to deepen cooperation. China's President Xi Jinping's announcement of a 10 point plan for Africa's development plan was accompanied by a massive US\$60 billion to ensure its success. <sup>2</sup>

However, what may have even been more significant was the timing of the release of China's second Africa policy paper; released ten years after the first policy paper had been adopted and on the eve of the FOCAC summit in Johannesburg. While the Johannesburg declaration <sup>3</sup> and action plan <sup>4</sup> chart a path for the next three years of China-Africa relations, the policy paper sets a longer term vision and broader framework, ensuring that FOCAC declarations should essentially align to the Africa policy paper. It is thus important to understand what the policy paper entailed, and how the subsequent declarations were made to align with the policy document. Indeed one can see some of the declarations and commitments in the Johannesburg action plan as the operationalisation of China's Africa policy paper.

## 2. Aligning the Johannesburg FOCAC Declaration with China's Second Africa Policy Paper

While it can be argued that the institutionalisation of the FOCAC framework in 2000 actually laid the foundation for the adoption of China's first Africa policy paper in 2006, it is quite clear that the policy document must encompass a broader vision extending beyond the ministerial meetings and summits that take place every three years under the FOCAC framework. It can thus be argued that the policy document sets the broad parameters within which FOCAC now operates. Given the importance of the policy in framing the contours of China-Africa relations, it is important to understand what the second Africa policy entails, and how the spirit of the policy fed into subsequent discussions under the FOCAC Johannesburg summit.

According to the policy document, China has been Africa's largest trading partner since 2009, with the trade volume rising to four times the trade volume in 2006 when the first Africa policy was released. <sup>5</sup> This emphasis permeates into the action plan of the Johannesburg summit, which underlines trade and investment as an integral part of relations, with China pledging to scale up its stock of direct investment in Africa to US\$100 billion in 2020 from US\$32.4 billion in 2014.

The two sides also committed to scaling up trade to US\$400 billion in 2020 from US\$220 billion in 2014, while mentioning the desire for more balanced trade in future. In order to assist in boosting trade, China further pledged to implement 50 trade promotion programmes across the continent.<sup>6</sup> However, the new era of China-Africa must not only address growing levels of trade, but also aim to gradually change the composition of what is being traded. This is quite evident in the emphasis on industrialisation.

The sentiment on the African continent was perhaps encapsulated by what was said by the Minister of Trade and Industry in South Africa, Rob Davies, where he states that “[t]he continent is really united in saying we really need to build a new basis for trade with China if we are going to reduce the quantitative inequalities. To grow the trade, we got to move from beyond just supplying raw materials, into us also supplying some value added products.”<sup>7</sup>

In reference to Africa’s industrialisation, the Africa policy paper states that ‘China will make prioritizing support for Africa’s industrialization a key area and a main focus in its cooperation with Africa in the new era.’<sup>8</sup> This is partly operationalised through the Memorandum of Understanding on the Promotion of China-Africa Cooperation in the Fields of Railway, Highway, Regional Aviation Networks and Industrialisation and through China setting up a China-Africa production capacity cooperation fund with an initial pledge of US\$10 billion.<sup>9</sup>

This is followed by a strong commitment to supporting Africa’s agricultural modernisation, the construction of national and regional energy production, and the development of various aspects of the marine economy in relevant countries.<sup>10</sup> These would all play a critical role in fuelling industrialisation efforts on the continent while transferring the labour intensive competitive industrial capacities of China to various African countries.

The Africa policy makes mention of various tools to finance this ambitious agenda, including preferential loans, the China-Africa Development Fund, special loans for African small and medium sized enterprises, the Africa Growing Together Fund, China-Africa industrial cooperation fund, and the BRICS’ New Development Bank. In addition to this, it is stated that least developed countries adhering to the One China policy would continue to be granted zero-tariff treatment for 97 percent of taxable items in order to ensure the continued access of African commodities into the Chinese market.<sup>11</sup>

The action plan adopted in Johannesburg goes into more detail with China offering US\$35 billion of concessional loans and export credits, while pledging to expand the China-Africa Development Fund from US\$5 billion to US\$10 billion. In addition to this, China also committed to gradually expanding the Special Loans to Support Small and Medium Sized Enterprises in Africa from US\$1 billion to US\$6 billion. Alluding to the implementation of the SDGs, Chinese support for Africa was also expressed through the establishment of the Assistance Fund for South-South Cooperation. LDCs further benefited through China exempting the outstanding intergovernmental interest-free loans due by the end of 2015 in what has become a traditional offering in these high level meetings under FOCAC.<sup>12</sup>

In the area of development cooperation, the policy paper states that ‘China’s assistance will be primarily used in the areas of human resources development, infrastructure, medical care and health, agriculture, food security, climate change response, desertification prevention and control, and wildlife and environmental protection, and for humanitarian purposes, with the aim to help African countries alleviate poverty, improve people’s livelihoods and build up capacity for independent development,’ which is also echoed in the action plan adopted in Johannesburg.<sup>13</sup> 20 billion Renminbi Yuan has been allocated for setting up the China South-South Cooperation Fund to support other developing countries combat climate change.

People to people and cultural exchanges have also been a growing feature of relations, with nearly 3 million visits made between China and Africa annually. This aspect of cooperation has also manifested itself in the setting up of Confucius Institutes and encouraging the learning of the Chinese language. With growing linkages between journalists and various forms of media, the China-Africa Press Center is also given mention in order to increase mutual understanding of China-Africa relations. The China-Africa Joint Research and Exchange Plan and the China- Africa Think Tanks 10+10 Partnership Plan is also mentioned as priority areas to enhance people to people relations in the next three years.<sup>14</sup>

These commitments in the Africa policy also find expression in the Johannesburg action plan, with China offering 2 000 degree education opportunities and 30 000 government scholarships to African countries. In terms of vocational education, 40 000 training opportunities in China were agreed to, while China will assist in the training of 200 000 local African vocational and technical personnel. Among media professionals, 1000 annual training slots have been reserved for African journalists and press professionals, while 200 African scholars would visit China annually over the next three year period. African youths also stand in line to benefit from China-Africa youth mutual visits, with 500 African youths to be invited per annum.<sup>15</sup>

Given persistent security challenges in Africa, the policy document mentions the Initiative on China-Africa Cooperation Partnership for Peace and Security in order to support the development of collective security mechanisms in Africa such as the African Standby Force and the African Capacity for Immediate Responses to Crises.<sup>16</sup> This is in line with the creation of the Mission of the People's Republic of China to the AU in 2014, which adds to the growing emphasis for the support of stronger regional integration. US\$60 million of free military assistance over the next three years will also help in boosting the meagre resources of the AU, which mostly relies on foreign donors such

as the European Union (EU) and United States (US) to conduct its core operations.

### **Recommendations: Where to from here?**

There is a widespread acknowledgement across the African continent that despite the trade imbalances, China remains a reliable partner. This is echoed by South Africa's Minister of Trade and Industry, who states that everything "[...] they (Chinese) said they would do at Focac in 2012, they pretty well did, and more. There is a good record of delivery on what is agreed at these engagements. They are a pretty reliable partner and that is why something like Focac attracts so much attention from African countries."<sup>17</sup>

Given this reliability in turning pledging into attainable goals and then implementing them, it is imperative that African countries seize the opportunities presented by FOCAC in order to assist in meeting their individual and collective goals. However, this must be done in a coordinated manner so as to enhance intra-Africa cooperation and ensure that China's interventions have spillover effects beyond individual nation states across the continent. This is even more important given the enhanced role of the African Union and NEPAD within the FOCAC. The following recommendations must thus be taken into account in the period leading up to the next FOCAC:

1. In the area of people to people and cultural diplomacy, the African Union and Regional Economic Communities (RECs) must take seriously China's invitation to set up cultural institutions in China with a focus on showcasing pan-African culture in China. While language programmes may be difficult to agree on, leading literature, arts and culture from across the continent could be on display and even translated into Chinese under the FOCAC agreements. This will enhance China's understanding of the rich culture and diversity on the African continent. Political literature from across the continent should also form a part of this.

1. In terms of the myriad pledges on infrastructure development, the AU and RECs must become proactive players in order to ensure that infrastructure projects undertaken by China help in facilitating intra-Africa trade and the movement of people. The African Development Bank can certainly play a leading role in this regard.
2. Based on comparative advantages, China's plans to move some of their access manufacturing capacity towards the African continent must certainly have a regional impact rather than being confined to individual countries. Institutions such as the African Development Bank, which have prepared a number of studies on manufacturing and industrialisation, must be brought in to identify ways of creating regional value chains in terms of facilitating manufacturing and industrialisation.
3. The FOCAC platform must thus be increasingly seen by the African continent as an opportunity to finance and build capacity towards initiatives with a regional and pan-African impact rather than those confined to individual countries, which can be the focus of bilateral engagements. This will help build cohesion and operationalise the long held rhetoric of pan-African unity and regional integration.

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