

Australia and Chinese Engagement with Africa

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Introduction

- Africa is blessed with abundant resources, but remains largely impoverished, deprived, and underdeveloped
- Africa needs investment in almost all sectors—infrastructure, technology, education, technical capacity, agriculture and food security, and **improved governance, public management and systems**
- Current global geo-political and economic climate presents opportunities to Africa and its development partners for mutual benefits
- Both Australia and China are development partners of Africa
 - Both with similar purposes—diplomatic and economic
 - But the extent, intensity, and modes of engagements with Africa differ
 - Their implications for impact, but also synergies

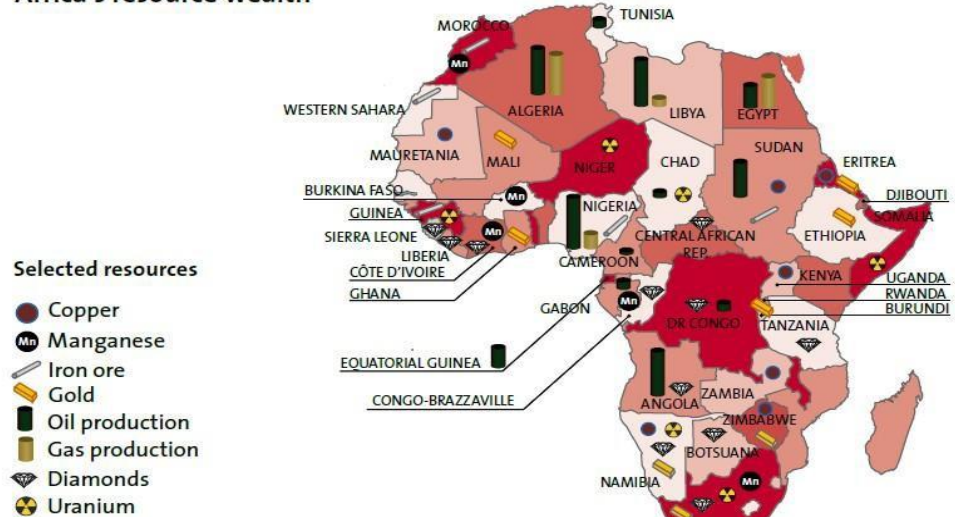
A Look at Africa

- Population of over 1bn across 54 states
- Growing fast and projected to be over 2bn by 2050, overtaking China and India

Blessed with immense natural resources including



Africa's resource wealth



Source: CSS Analysis in Security Policy 38

40% of the world's gold; 90% of its diamonds; 95% of the world's reserves of platinum group metal; 85% of its phosphate rock reserves; 30% of its bauxite; at least 50% of its cobalt; 60% of magnesium; 10% of global oil supply; 50% of palm oil; 70% of cocoa; 60% of coffee; vast untitled cropland, massive deposits of iron ore, Cooper, Uranium, Gas, and wide life.

China's Engagement with Africa

- While Chinese engagement with African the continent has undergone tremendous expansion, it is not a new phenomenon:
 - Predates establishment of PRC in 1949 and can be traced as far back as the **Han dynasty** (202 BC).
 - **China supported Africa's liberation**
 - Africa nations' support helped **Beijing claim the 'China seat' from Republic of China in the UN**
 - African officials refused to isolate China after the Tiananmen Square massacre incident in 1989, and were also the first to visit China.
 - Since 1991, the Chinese government has made **Africa the first place of visit each year – indicating the importance of Africa to China**
- Contemporary China–Africa relations are based on the parameters set out by the inaugural **Forum for China–Africa Cooperation (FOCAC) in 2000, and** further cemented in 2006 **Summit Meeting (attended by leaders from over 40 African states)**

China's Engagement with Africa

- Relationship principled on sincerity and equality, non-interference, joint pursuit of inclusive development, innovative pragmatic cooperation, **mutual interest and benefit (win-win partnership)**:
 - **Based on diplomatic and economics**
 - **Aid, trade and investment**
 - **Deepening engagement** (entered 'fast track of comprehensive development' (Xi 2013))
 - Diplomatic missions in almost all African countries
 - **Building of Joint Science and Agricultural Laboratories and Innovation Parks** (China–Africa Science and Technology Partnership Plan (2016-2018))
 - **Sino-Africa Joint Research Centre (JKUAT, Sept. 2016)**
 - **China–South Africa Science Cooperation Park (April 2017)**
 - **Capacity building colleges to train 200,000 students in Africa and thousands of scholarships to study in China**
 - **Military**—first overseas naval base (in Djibouti)

SINO-AFRICAN RELATIONS

- Since 2009 China has become Africa's largest trading partner.
- Bilateral trade between China and Africa in 2014 is more than \$210 bn. Forecasts suggest trade will be \$1.7 tn by 2030
- China is also the largest investor in African infrastructure pledging \$1 tn over the next decade
- EG: In Dec 2015, at the African leaders summit in Johannesburg, President Xi Jinping pledged more than \$80bn for development projects.



Recent Example: aid, trade and investment

- \$15 bn commitment for Ghana (possibility of \$4 bn more) (June 2017)
- For government's agenda on Infrastructure and industrialisation
- Based on the '**infrastructure for resources**' model (Angola model)

Australia's Engagement with Africa

- Malcolm Fraser in the 1970s
- Rudd government's renewal from 2007
- Increasing Australian engagement and investment in Africa

Modes of Engagement

- Engagement is influenced by respective histories and systems
- China
 - History of aid received (tied aid) leading to development
 - Politico-Economic System
 - Centralised and SOEs
 - No-conditions (except One China Policy)
 - Centralised and SOEs
- Australia
 - Liberalised economic system
 - Democracy, with more public scrutiny
 - Relies on private capital and investors
 - Of the \$2,170.8 bn outward FDI flow at the end of 2016, \$1,766.5 went to the top 20 countries (non of them in Africa). China is 5th destination, with \$87.9 bn

Prospects for Australian Investments

- Scenario
 - Improved infrastructure will make it more attractive for Australian investors
 - Concerns in Africa regarding leverage level to China
- What Australian government can do
 - Conclusion of International Investment Agreements (IIAs) with African economies
 - Support for Australian business , e.g. through EFIC
 - Education, capacity building and people-to-people relationships

Thank You

