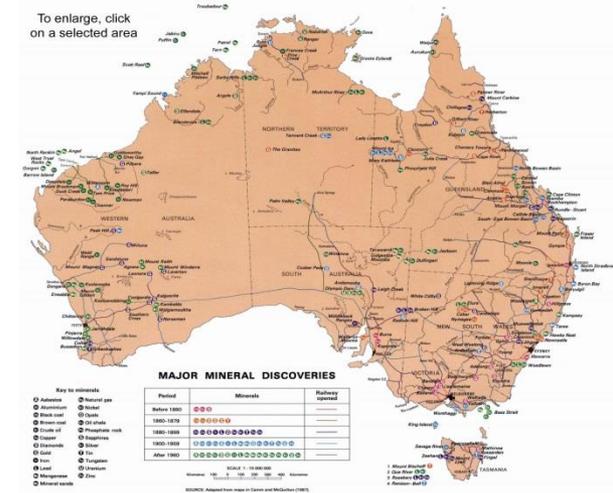


Trends in Australia - China - Africa Relations



Aims:

- To briefly consider China and Australia's current engagement in Africa
- To identify common interests and synergies
- To highlight emerging trends and opportunities for Australia – China collaborations in areas of 'triangular cooperation' with African countries (de Jonge, 2016)



China's Engagement in Africa

- Historical links between China and Africa from Ming Dynasty in the 15th Century
- 'Soft Diplomacy' approach and engagement that fluctuates between benevolent facilitator of African development and resource seeking trading partner
- Gradual expansion in trade relations, increasing with China's 'Go Global' policy, followed by exponential growth (around 2012) to become Africa's largest trading partner (US160 billion p.a.)
- Focus on the extractives industry – most important being oil, plus iron ore, copper, zinc, diamonds, uranium (from Namibia)

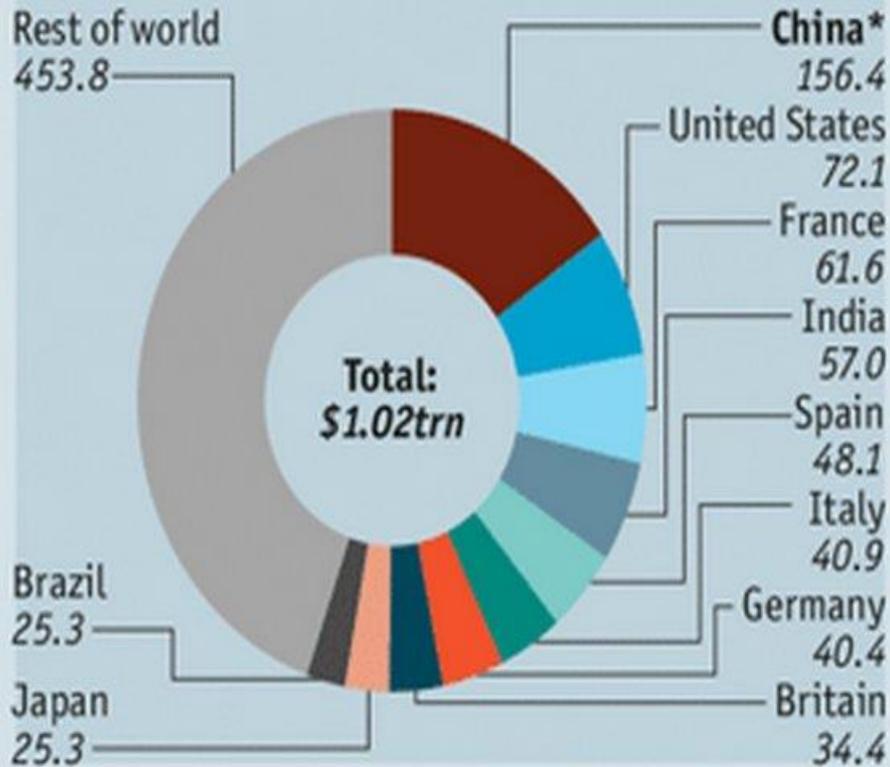


- Growth in community presence too – over one million Chinese have moved to Africa in the last decade (Economist, 2015)

Africa's Key Trading Partners

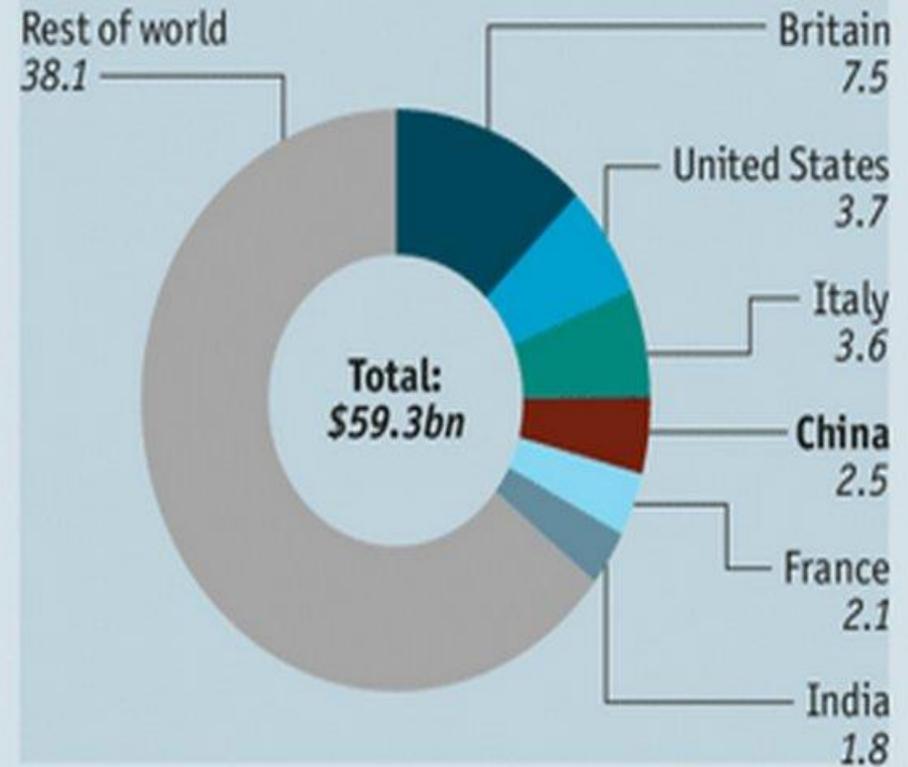
The scramble in Africa

Goods trade with Africa, 2013, \$bn



Sources: UNCTAD; IMF

Foreign direct investment in Africa, 2012, \$bn



*Including Macau and Hong Kong

China's Status in African Development

- Strategic embedding in the fabric of infrastructure development – construction industry, building of roads, railway, dams, mines, hydro power stations, hospitals, schools;
- Contribution to education development – training of doctors, teachers, granting of scholarships with 60,000 Africa students on scholarships in China, increasing to 100,000 by 2020 (Carney, 2017, ABC News)

Support for China in Africa

- 32%: Investment in infrastructure
- 23%: Cost of Chinese products
- 16%: Business Investment
- 6%: Support for country and affairs
- 5%: Non-interference
- 18% Other..... (CNN 2016)



Local Concerns about Chinese Businesses in Africa

- Concerns about Chinese firms
- Lack of transparency (implications for attracting inward FDI)
- Poor standards in workmanship (roads , highways, construction)
- Loss of low level jobs in some sectors
- Lack of training of locals or nurturing of local talent
- Dissatisfaction with work ethics (locals cannot meet expectations)
- Degradation of the environment
- Poor quality goods
- Negotiation of local culture and norms

But Changes are occurring

(Carney, 2017, China Correspondent)



Australia's Engagement in Africa: Brief insight

- Synergy with China
- Engagement in extractive industries in Africa



- Largest investment in mining outside Australia is in Africa (40%)
- 200 Australian companies involved in 650 projects in 37 Africa countries (Lumsden & Knight {2012})
- Long standing ties with countries like South Africa and extensive trade relations, cultural and political affiliations
- **Highly regarded reputation in the extractives industry and other sectors.**

Leveraging the Australia – China Relationship

- China is Australia's strongest trading partner with common aspirations in Africa
- Proven track record of management expertise
- Strong attention to corporate governance
- Highly valued reputation for knowledge, understanding and sensitivity in dealing with local cultures in Africa
- Experience in addressing issues arising from proximity of mining sites, to traditional indigenous land and environmentally sensitive areas – ability to negotiate with multiple stakeholders
- **“Leveraging the social licence”** (Bob Carr, former Foreign Minister)
- China has access to much needed finances and Australia has the social licence to work together to strengthen trade, investment and development in Africa!



Other sectors of Engagement in Africa

- Diversity of investment environments and collaborative opportunities present throughout Africa but will only address a few.
- **Agriculture** – China increasing engagement in African countries
 - Africa has 40% of the world's arable land but produces only 9% of the world's agricultural output
 - Much needed but limited investment – 2.5% of China's total FDI in Africa was in the agricultural sector (Mag.2013 Mining & Agriculture)
 - Australian farming sector has a long history, extensive experience and world class research (agri-science) to contribute
 - Australian governments have made major contributions (e.g. ACIAR, Overseas Development Assistance etc)
 - Opportunities for more collaboration with China



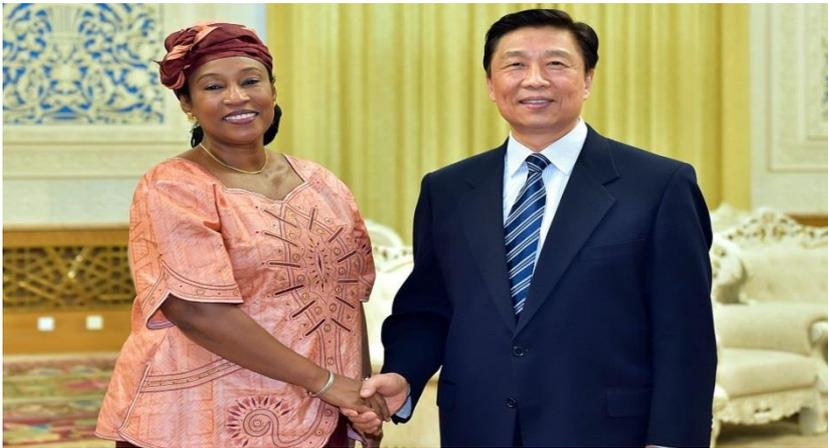
Education and Research / Research Training

- Highly valued in Africa and highly valued in China
- Australia has a long and successful history in the provision of international education - major export earner with education viewed as a trade in services
- It also has an international reputation for high quality professional training (VET sector) and research (judged by its global rankings)
- Expertise in these areas can be contributed to Africa in 'triangular' collaborations with China and individual African nations
- Significant contribution to be made in improving the quality of education, advancing the use of technology, preparing the young for the workplace and contributing to the economy!



Australia & China: Growing with Africa

- *Investing in Africa Via Australia – Why it Makes Sense* (Lumsden & Knight) advocate that Australia and China, two economies with common interests and different capabilities and access in Africa, come together to leverage the benefits of their experience, and create new opportunities – makes sense!
- Alice de Jonge highlights the potential for “*triangular cooperation*” between investment partners from Australia, China and host nations in Africa, to contribute to economic growth and development in Africa.



Where to From Here?

The African Union continues to work towards its declaration and commitment (2008) to 'prudent, transparent and efficient development and management of African resources.' Australian businesses and miners and Chinese investors in Africa, working in tandem within the infrastructure of Africa countries, can both help to achieve this! (Lumsden & Knight, 2012)

