

The triangle China-Africa-Europe – Why co-operate and how?

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The European Commission is suggesting trilateral dialogue and co-operation between Europe, Africa and China.¹ This paper aspires to put the proposal into perspective of an ongoing discussion about Chinese engagement in Africa.

China is undergoing breathtaking changes and is emerging as a new superpower. These "tectonic power shifts" (Messner) at global scale come with many uncertainties, including for the raising power itself. China's declared aim is a "harmonious development". The country is poor compared to OECD standards – and will remain so –, but it is increasingly powerful: vast currency reserves and strong trade performance combine with the permanent seat in the UN Security Council. Nevertheless, China is searching for its role in a global governance architecture that is still largely shaped according to power structures of the mid-20th century. Like it or not: China is growing into the role as a superpower, despite remaining a developing country in many aspects. It has to fill an unfamiliar and more uneasy global role, which is a unique challenge to this generation of Chinese, too.

Africa is one continent where the growing Chinese impact becomes obvious. Chinese investments in Africa have grown tremendously – it is estimated to have doubled in one year to 12 billion US\$ in 2006, compared to 6.27 billion in 2005. In 2008 two-way trade is expected to reach 117 billion US\$, more than two-thirds of which fuels and oils. In order to sustain its own growth, China needs resources. Energy, particularly oil, is crucial for China; a third of the oil supply of the People's Republic comes from African states (Angola, Sudan, etc.). African markets are also of potential interest to China's manufacturing industry, with many products in the lower value segment. To give but one example: due to Chinese plastic sandals, shoes have become affordable for many poor African consumers. Overall engagement of Europe in Africa is most relevant, e.g. in foreign direct investment, trade volumes, or aid levels to Africa, as the Commission's staff working document rightly highlights. However, Chinese growth rates are impressive and China is an actor to count with in Africa.

The amount of Chinese aid is difficult to estimate, as OECD-DAC definitions are not applied by China (or India or other emerging international actors, for that matter). China, like other non-DAC countries, co-operates with package deals. We thus do not know how much of Chinese aid is made up of commercial credits, export subsidies or the like. Estimates of Chinese aid to Africa according to ODA definitions applied by the OECD are of 1.5 billion US\$ annually. Only Saudi-Arabia, Venezuela and India are anywhere near the average amount of 1 billion US\$ annually in funds to developing countries. Overall, the contributions of non-DAC donors to international development are estimated at around 10 billion US\$ annually, amounting to about one tenth of global development funds.

¹ Commission's communication (COM (2008) 654). This communication is accompanied by a staff working document (SEC (2008) 2641).

External funding for Africa's development is needed and additional funding should thus be appreciated. However, knowledge about Africa's internal political dynamics remains rather limited in the Far East. Differences with Western interests and concerns about unilateral Chinese engagement can result in international pressure on China, not just from 'the West'. Beyond the rhetoric of South-South co-operation, some African governments and civil societies formulate demands towards Chinese actors to live-up to their responsibilities. For a powerful actor like China, strict non-interference is virtually impossible: both Chinese government's action and inaction has consequences for actors in Africa and elsewhere.

How should Europe react to China in Africa?

Europe has various options to react to growing Chinese engagement in Africa. Possible options would be to (i) ignore emerging actors and carry on regardless, (ii) communicate with each other and co-operate where possible, or (iii) try to "contain" Chinese engagement by outbidding or by openly confronting it.

While containment would be countering the philosophy of "effective multilateralism" which is at the core of European external relations, the alternative option of carrying on regardless would go against an impetus to reform European external relations. This reform is ongoing and is based on the declared desire for (a) greater effectiveness of European global policies in order to actively contribute to shaping globalisation, and (b) greater effectiveness in particular in the area of development co-operation. Dialogue and co-operation is a sensible choice and appears to be the only viable option. Open and early discussions are crucial – and of interest to all actors, if a 'harmonious development' is to succeed. Trilateral dialogue needs not and should not exclude criticism where different opinions/values prevail.

Motivations for more communication or co-operation between China, Africa, and Europe might vary among the actors, but good reasons for discussions and even co-operation within this triangle can be found in all three entities:

- *Europe and China* should inform each other about activities and would ideally avoid working against each other, thereby supporting positive developments in Africa (in line with the Paris declaration);
- *Africa and Europe* have experience of co-operation among economically unequal but politically equal partners. China is not new to co-operation with African states, but has limited experiences on the African continent. Information sharing might help to foster multilateralism;
- *Africa and China* together can push Europe to reform its external relations even more and thus make the complex European system of delivery of aid more speedy (as external support to processes like enhanced division of labour) and accommodate for a multipolar world.

The communication is careful to speak of both dialogue and (possibly) co-operation. It is far from certain that the common ground is strong enough in all countries or on all issues to engage in trilateral co-operation.

Why should Africa engage in trilateral discussions with Europe and China?

A trilateral dialogue or co-operation appears to be in the African interest, too. Africa has seen political and economic changes to the better, but prevailing challenges remain vast. African states will need strong external support to sustain positive developments for its population. The continent faces tough international competition. Its negotiation position is not easy, despite improvements. Yet, it is rightly insisting in having the chance to shape its own future.

Changes in Africa since the end of the Cold War were often hardly noticed by a wider European public. Despite very patchy developments across a continent of 53 states, the continent has on average witnessed economic growth of 5-6% annually since 2000. This is arguably not enough for sustainable reduction in high poverty levels, but it is positive. Elites face growing demands by their populations in African states; a younger generation takes independence for granted and wants to see tangible improvements in their lives. Africa has also created new institutions based on principles of good governance, democracy and human rights – like the African Union and the New Partnership for Africa's Development (NEPAD). These institutions are struggling with political and capacity constraints, but Africa currently counts more democracies than ever before.

Due to these positive developments, African elites have more policy space than in the 1980s or 1990s. They might be tempted to opt for trying to play different actors against each other, instead of engaging in trilateral dialogue. However, individual states or regional organisations are often too weak to confront powerful external forces. Their capacities and resources are scarce and might become even scarcer in the future.

With the world financial crisis, development efforts are likely to come under pressure again. Ironically, Africa is somewhat cushioned from immediate negative effects of the banking crisis due to its marginal position in the global economy and its underdeveloped banking system. Yet, intermediate effects are likely to hit Africa even harder: a slowdown in global economic growth will put development funding and foreign direct investment to Africa under pressure. If it is to see sustainable development, the continent will have to attract more financial flows.

Are the principles for dialogue and co-operation set right?

The Commission communication suggests three key principles: (i) pragmatism and a progressive approach, (ii) a shared approach and (iii) the effectiveness of aid.

- *Pragmatism* is necessary, as the Chinese understanding of co-operation does not follow Western definition of development co-operation. Reference to OECD-DAC standards as pre-conditions for dialogue would thus be premature; 'effective multilateralism' will require flexibility in a world of shifting power. Co-operation, however, is different. The EU should be careful not to compromise standards. In any case, co-operation will have to be successful in the eyes of those who are meant to benefit from it.

- Dialogue needs to go beyond bilateral debates between the EU and China. Discussion *about* Africa – as envisaged by the EU-China strategy – is not enough. It would raise suspicions on the African continent about intentions of both the EU and China. A *shared approach* with African partners is sensible, even though dialogue and co-operation might be complicated with more parties involved. Only when African actors participate will dialogue and co-operation be in accordance to the internationally signed Paris Declaration.
- Better coordination among various actors is likely to increase the *effectiveness of aid*. The included reference to the country level in Africa is in accordance with the Paris Declaration and the EU's code of conduct on a division of labour. China's own development experiences could be of interest to African states. Yet, different framework conditions in different countries will have to be taken into account.

Furthermore, the communication refers to commitments and agreements at international level on which dialogue and cooperation should be based, such as the Millennium Development Goals and the Paris Declaration.

Which sectors are suggested for dialogue and co-operation?

The Commission's communication suggests four possible areas for dialogue and co-operation: (i) peace and security, (ii) support for African infrastructure, (iii) sustainable management of the environment and natural resources, and (iv) agriculture and food security. The annexes list ongoing activities of all three sides in these areas. Sectors are broad, but cover key issues.

- (i) ***Peace and security***: Peace and security in Africa are preconditions to development. Africa has undertaken efforts to strengthen its capacity in this area, not least so with the African Union. No doubt that China is an important partner: its permanent UN Security Council seat makes it key in global debates, e.g. about the situation in Darfur or on crisis in Zimbabwe. China's engagement in these two cases are criticised, and rightly so. Policy changes in Beijing towards these allies, however, also need to be acknowledged. It is little and it came late – but it did come. Note that Zimbabwe's Robert Mugabe was refused entry to mainland China during the Olympics and Chinese pressure was said to have been exercised when Robert Mugabe refused to form a coalition government. Recent developments illustrated that pressure on Zimbabwe's ruler will have to be maintained.
- (ii) ***Support for infrastructure***: Much remains to be done on Africa's infrastructure. It creates possibilities for market access for economic actors and will need to be improved to enhance – affordable and sustainable – energy supply for development. NEPAD has defined priorities and should be at the core of European and Chinese efforts. Coordination about who supports what should be a minimum task for dialogue.
- (iii) ***Sustainable management of natural resources*** is the basis for future growth and preparedness for future challenges due to climate change. Africa will be highly affected by climate change which it has least contributed to. Because of heavy Chinese and European

investments in this sector, African participation in transparency initiatives like in the resource sector would be relevant to consider in co-operation: e.g. the Extractive Industries Transparency Initiative (EITI), Forest Law Enforcement and Governance and Trade (FLEGT), the Kimberly process for diamonds, and the like. The Communication rightly emphasises this point. With increasing environmental standards in China and Europe, Africa might also risk to become the third option for 'dirty industries', which would create new challenges for the continent and the globe.

- (iv) **Agriculture and food security** is particularly relevant among the Millennium Development Goals, not least with a view to poverty reduction. African endeavours to enhance the agricultural sector through a NEPAD programme (Comprehensive African Agricultural Development Programme, CAADP) are rightly flagged as starting point by the European Commission, despite slow progress on the African side. China has an interesting track-record in increasing food security. This might not serve as a blueprint for Africa, but could contain helpful elements.

The Communication names various possible levels of engagement – from ad hoc discussion at AU level (e.g. on security), discussions with regional economic communities (e.g. on infrastructure or agriculture) to country-led discussion rounds of development partners. Potential fora for dialogue and co-operation are listed under each policy area.

Conclusions

- China is both a developing country *and* a donor. There is no either-or option between the two roles. Africa will need domestic reforms to strengthen or sustain recent positive changes in a context of increasing global competition. And Europe needs further reforms of its overly complex aid system. A dialogue resulting in a blame-game is unproductive and there is no reason for complacency on any side. There is an important role for think tanks on all three sides in this debate, as the communication rightly points out.
- While additional funding is most welcome by African countries, the high number of development partners and agencies requires tremendous management efforts. More development partners can thus also mean more strain on already scarce local resources if there is not a minimum of shared ground. Ideally, as the Paris Declaration pints out, national standards of the partners are the reference point. The Accra Agenda for Action explicitly also calls on non-DAC donors to adhere to these principles.
- Chinese package deals are less transparent, but might be equally or more effective than EU distinction between ODA, direct investments and other forms of co-operation. More transparency on Chinese policy towards Africa will need commonly agreed standards. Europe, for its part, will have to indicate its comprehensive role much better, i.e. engagement beyond ODA, including trade, security, and other policy areas that do not count as ODA but which are part of development partnership as outlined in the

Africa-EU strategic partnership. A common basis for discussion with China needs to be created. OECD standards are one option, but others might have to be sought.

- Regional bodies play an increasing role in Africa – and need to be considered in aid policies. Some provisions of the African Union, for instance, go further than Chinese policies of non-interference. For instance, article 4h of the African Union’s Charter provide for interventions by African states in an AU member country in defined cases.
- Non-interference does not necessarily have to mean inaction. China actively participates in the UN and peace-keeping endeavours. UN activities and regional bodies’ mandates will need to be coordinated or sequenced.
- Engagement in an environment with poor governance standards is an additional critical point. It can be expected that Chinese interests in stable conditions increase with the level of funding and experiences of loss. Increasing insecurity for Chinese investors, e.g. kidnapping of Chinese oil workers etc., are also likely to lead to policy changes. Basis for discussion should be African documents, for instance NEPAD’s Declaration on Democracy, Political, Economic and Corporate Governance.
- The communication is an invitation by the Commission to China and African partners. It will thus have to be embraced by Chinese and African actors at various levels. The initiative, however, needs to be commended, as it keeps internationally agreed commitments on the agenda and tries to enlarge their scope.

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