STATUS OF SINO-SOUTH AFRICAN BILATERAL RELATIONS AND BRICS

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ABSTRACT: Modern political and economic relations between Africa and China began during the cold war when China continuously supported Africa’s quest for independence. This was the Pre-Democratic South Africa during the apartheid period. South Africa - China relationship took a concrete shape in the Post-Democratic South Africa. This was the Post-Apartheid period when the constitution of South Africa had been adopted. People’s Republic of China has since become Africa’s second largest trading partner after the United States. China follows a policy of maintaining relations with the countries of Africa on an individual basis. Chinese relationship with South Africa has emerged as one of the most significant bilateral relationships of the African continent.

KEYWORDS: Bilateral Relationship, BRICS, Diplomacy, Foreign Policy, International Relations, Global Politics

INTRODUCTION

Historical Experiences

South Africa - China relations could be studied in the context of economic, political, historical, military, social and cultural connections. There is evidence that the two regions were involved in trade relations in the ancient period and these trade relations go back to the 14th century. The journey of the Moroccan traveler and scholar, Ibn Battuta to the parts of China under the Ming Dynasty and then his voyages to the Horn of Africa and down to the Mozambique Channel give ample evidence of the trade and cultural relations between the two regions. These relations were however not deeply rooted as trade was the only prime concern of the relationship.

Contemporary Global Politics

The world today has taken a different shape altogether and international relations are given due recognition under any given circumstances. Relations are guided by preferences of the countries and these preferences have brought the two regions closer than they have ever been. Modern political and economic relations between Africa and China began during the cold war when China continuously supported Africa’s quest for
independence. This was the Pre-Democratic South Africa during the apartheid period. South Africa - China relationship took a concrete shape in the Post-Democratic South Africa. This was the Post-Apartheid period when the constitution of South Africa had been adopted. People’s Republic of China has since become Africa’s second largest trading partner after the United States.

**Sino – African Foreign Policy Perspective**

China follows a policy of maintaining relations with the countries of Africa on an individual basis. Chinese relationship with South Africa has emerged as one of the most significant bilateral relationships of the African continent. Their friendship dates back to the 1950s. The Chinese people supported the people of South Africa in their struggle against apartheid. It was on 9 May 1994 that Nelson Mandela became the President of the country. A new interim constitution had been adopted by the country. The birth of New South Africa in 1994 paved the way for the establishment of diplomatic relations between these two countries. The present constitution of South Africa was adopted in 1996 which came into force in Feb 1997. The two countries formally established their diplomatic ties on 1 January 1998. Since then the two countries have had agreements on various occasions in 1997, 1998, 2000, 2001, 2002, and 2003, 2006 and so on.

**Sino – South African Foreign Policy Perspective**

The economic cooperation and trade between China and South Africa has developed rather fast. The trade potential between the two countries is comparatively high. The volume of bilateral trade in 1991 was US$14 million and in a span of ten years, the bilateral trade stood at US$2.58 billion.

There have been extensive exchanges and cooperation between China and South Africa in such fields as culture, science-technology, education, judiciary affairs, health and sports, etc. South Africa and China, both being developing countries share similar historical experiences and face common challenges in development. A deeper understanding between these two countries will strengthen the south-south cooperation dialogue which will in turn help other developing countries of the world. China being the largest developing country in the world needs enormous energy reserves so as to run its ever growing industrial sector. Moreover, it needs support from various
countries of the international community so as to support its endeavor in the United Nations. Both these preferences of Chinese foreign policy could be easily met if China maintains close relationship with all the African countries. China always wanted a backing from the international community so as to support its One China agenda. This agenda has been put on the back bench by Chinese authorities since development in the industrial and the technological sector is being given more importance.

**Partnership Channels**

South Africa, on the other hand considers China as a better trading partner than the developed western colonial world. The psychological fear of the western developed countries has drove African countries closer to the People’s Republic of China. African countries have appreciated Chinese efforts in the area of developmental aid. Any aid offered by the developed western world tries to put certain restrictions on the host country such as human rights restrictions and certain economic sanctions. Chinese aid on the other hand comes without conditions. Chinese government has tried to invest the money the way country wants. China in return gets favor in its economic and political policies.

China has taken initiatives to strengthen these economic ties by promoting various organizations. The China-Africa Business Council is one such non-governmental organization which has been founded by the China society for promotion of the Guangcai Program, the United Nations Development Programme and the Ministry of Commerce/China International Center for Economic & Technical Exchanges. This organization has been set up to get involved all the non state owned businesses into the process.

**South Africa - Taiwan Diplomatic Relations**

On November 27th 1996, it was declared by Mandela that Pretoria would cut its diplomatic ties with Taiwan and establish full foreign relations with the PRC. This was decided to be done from January 1st onwards. This declaration was a clear indication of South Africa trying to strengthen its ties with China. Although this decision was a setback for South Africa - Taiwan diplomatic relations but it gave impetus to the Sino South African relations. Taiwan although had more investments in South Africa than China.
Transfer of Power in Hong Kong

The transfer of the territory of Hong Kong to the PRC also had a great impact on the South Africa China relations. The transfer of Hong Kong to China in July 1997 proved a big facilitator in hastening the process of South Africa - China relationship. Hong Kong in 1997 was considered to be the third largest Asian investor in South Africa and South Africa could not afford to let go the opportunity.

The current multi racial regime in South Africa is looking forward to break its isolation and play a decisive role in the world affairs. Chinese partnership is extremely important in order to play the role. South Africa is also trying to get an African Seat in a restructured United Nations. China being a permanent member of Security Council can help South Africa in this endeavour. China on the other hand can look forward to an impressive political, economic and technological partnership with South Africa.

Decades of Bilateral Relations

The birth of New South Africa in 1994 paved the way for the establishment of a New Democratic South Africa. People’s Republic of China soon realized the worth of South Africa and formally established diplomatic ties with South Africa in January 1998. Bilateral relations have reached to very high levels since then. Bilateral relations in economic, political and socio-cultural sectors have strengthened overwhelmingly, which has now completed more than a decade. Further analyses is divided into three major sections, South Africa – China economic relationship, South Africa – China political relationship and South Africa – China socio cultural relationship.

1.) South Africa - China Economic Relationship

Bilateral relations between South Africa and China formerly began in January 1998. Economic relationship between the two countries has significantly developed since then. The literature review of South Africa – China economic relationship is studied under four sub themes – Industry, trade and investment, agriculture and service industry.

(i) Industry

China in the last few decades has become one of the leading countries in the world who seek energy to continue their industrial growth. China has been trying to establish
relationships with all the energy rich countries in the African continent. South Africa being the dominant country of Sub-Saharan Africa works as a key gateway to Sub-Saharan Africa. Chinese interest in developing commercial linkages with South Africa greatly increased after the first democratic elections in South Africa in May 1994. Unshackled by the anti-apartheid sanctions; the door was wide-open for growing links between China and South Africa. South Africa possessed many of the resources that China needed for its economic modernization program such as iron ore, basic steel and iron vehicle parts and accessories and mining machinery. Ian Taylor (2006) discusses that the trade between the two countries in 1993 was worth US$500 million while in 1994 it reached to US$898 million. In a very short span of time, South Africa had become a China’s largest trading partner in Africa. South Africa offers a very conducive environment for industrial establishments. Mary Alexander (2009) points out some of the advantages which South Africa has over other countries when it comes to industrial establishment in South Africa. South Africa offers one of the highly developed first world economic infrastructure in the world. South Africa also possesses a huge emergent market which could be utilized to sell the products.

The economic policies of South Africa are governed by the principle of Democratic Socialism. Since 1994, the government has displayed a commitment to open markets, privatization and a favourable investment climate. In her article, Mary Alexander discusses the crucial GEAR strategy introduced by Finance Minister Trevor Manuel in June 1996. GEAR strategy stands for Growth, Employment And Redistribution. This strategy covered the years from 1996 to 2000.

South Africa however has been on a receiving end in the Industrial sector, as compared to China. One of the important factors of free trade agreement with South Africa would be the inability of the government to protect the uncompetitive firms. Similar scenario occurred in June 2006 when South African government announced that it was looking into imposing voluntary restrictions, in the form of quotas, on textile and clothing imports from China. Herman Wild (2009) in his article has clarified that South Africa in 2006 wanted to impose restrictions on textile imports from China so as to provide breathing space to the ailing textile industry in South Africa. All these restrictions however were brought to an end in the year 2009.
China primarily wants an energy security for its ever increasing industrial growth. For its energy requirements, China is banking upon African continent. As discussed by Ms. Yvonne Mhango and Mr. Jeremy Stevens (2009) in their article, Sasol, one of the leading industrial firm of South Africa is planning to provide the Coal to Liquid technology to China. Sasol would send a group of engineers to China to see the prospects of this technology in China. Other MNC’s of South Africa such as Naspers, SAB Miller and CRE have been enthusiastically investing in China since beginning. China however has been blamed for not investing in South Africa with some progressive plans.

(ii) Trade and Investment

Trade and investment prospects for both the countries if they cooperate and collaborate are very bright. China and South Africa are amongst the important developing countries of the world. Their collaboration with other developing countries could also lead to favorable results. Swaran Singh (1998) in his gave a comprehensive view of the Sino-South African Rapprochement. The author has emphasized that transfer of Hong Kong to China has been a big factor in the South Africa China relations. After the transfer of the territory of Hong Kong, China became South Africa’s fifth largest trading partner. The author has also discussed the investments of Taiwan in South Africa, shift of South African diplomatic ties and its effect on South Africa - Taiwan relationship.

Since the beginning of the bilateral relations between South Africa and China, it was considered that the Chinese investment in South Africa is lower as compared to South African investment in China. However all of these perceptions changed with Industrial and Commercial Bank of China investing in the Standard Bank of South Africa by purchasing a whopping 20% stake. Thomas Orr (2007) in his article has described all the facets of this deal has broken the ice and will prove a major confidence building measure between the two countries. The prospects for the collaboration between the South African companies and Chinese firms are very bright. The opportunities for co-operation between South African companies and Chinese companies do exist especially after recent developments such as the collaboration between South African ABSA Capital and China Exim Bank.

Trade imbalance is considered to be a major factor which can hamper the growth of bilateral relations between two countries. In the case of South Africa-China relations trade and investment has increased significantly since the countries entered into bilateral relation.
in 1998; however an imbalance has remained in both these areas. Hayley Herman (2007) in his article has mentioned that trade deficit is major area of concern which was easily illustrated by South Africa’s introduction of textile quotas. Ms. Yvonne Mhango and Mr. Jeremy Stevens (2009) in their determine the global financial crisis as one of the factors behind the balance of payments problem, slow FDI in these two countries and slowing of accumulation of foreign exchange reserves.

Some of the encouraging features of South Africa-China investment sector were realized when China in 2009 defeated USA as South Africa’s biggest export destination. Mary Alexander (2009) also discusses that the South African trade and industry department data also showed that China replaced Germany as South Africa’s largest trading partner.

(iii) Agriculture

South African economy was initially considered as an economy based on primary sector. As discussed by Hayley Herman (2007) in his article, South African economy in the last 10 years has moved from primary to tertiary sector. All the sectors of South African agriculture have developed in every sense and South African Agriculture is now counted amongst some of the most developed agricultural sectors in the world. The author in his article has given detailed description of South African President Hu Jintao’s visit to Pretoria last month. The visit was characterized by seven concrete agricultural agreements between the two countries. These seven agreements were related to pear fruits, table grapes, apple fruit and tobacco-leaf.

(iv) Service Industry

Service sector has emerged as the leading sector of cooperation when economic policies of a country are considered. The economy of both South Africa and China has moved from primary to tertiary sectors and now service industry has outplayed other sectors. Scholars have however discovered the service sector in South Africa is plagued by Inequality. Unequal treatment of employees is considered to be the weakest point of South Africa’s economy. While discussing the economic policies of South African government in her article, Mary Alexander (2009) declares that inequality is South African economy’s weakest point. Mary explores that the Broad Based Black Economic Empowerment (BBBEE) initiated by South African government in the early 1990s is a government policy aiming to
bring South Africa’s long excluded majority into the mainstream economy. Scholars have argued that Crime is a major deterrent in the investment policies of South Africa-China. Hence in order to reduce the crime ratio, all issues have to be resolved amicably.

A recent development in the service sector has helped ethnic Chinese to become a part of the mainstream economic policies of the country. Yvonne Erasmus in his article “Facts, distortions of the facts, and fiction: Brief comments on the CASA judgment and its implications” published in 31st issue of The China Monitor of July 2008 offers a brief commentary on this recently decided case of the Chinese Association of South Africa. The decision of the court in this case states that Chinese South Africans should fall within the ambit of the definition of “black people” in the Employment Equity Act (EEA) 55 of 1998 and the Broad-Based Black Economic Empowerment Act (BBBEEA) 53 of 2003.

2.) SOUTH AFRICA – CHINA POLITICAL RELATIONSHIP

Political relationship between the two countries has catalyzed in the last decade. The literature review under this theme is divided into two sub themes so as to present a clear picture. Diplomatic relations and strategic relations are the two sub themes studied so as to understand the political relationship of the two countries.

(i) Diplomatic

Historical ties between South Africa and China date back to ancient times. Political relations however began comprehensively after the birth of New South Africa. Role of China in the nationalist movement of South Africa is also very significant. Ian Taylor (2006) has described the Chinese involvement in various countries of the African continent. South Africa is one of the countries which Ian Taylor has comprehensively dealt with in his book. The author in the beginning has discussed the Chinese foreign policy with regard to African countries. In the section of South Africa, the author has discussed the historical ties between the two countries, the involvement of China in the nationalist movement of South Africa, relations after the end of cold war, the Hong Kong factor and the Taiwanese factor. The author has tried to come up with an argument that the two developing countries in the future will have an important place in the world affairs. The author although is critical of the fact that South African market is being flooded by cheap Chinese products which could hamper the trade relations of the two countries. The Third China-South Africa Binational
Commission was recently held from 23-26 Sept. 2007 in Beijing. Thomas Orr (2007) has mentioned that various initiatives such as JIPSA, NEPA and AsgiSA were discussed during the Third Binational Commission. The diplomatic relations between South Africa and China recently completed a successful period of 10 years. As discussed by Prof. Yang Lihua (2007), the 10th Anniversary of China-South Africa diplomatic relations in 2008 saw events such as cultural performances, film weeks, art exhibitions, commodity fairs, a cultural relics exhibition, sports events and exchange of visits between press, academic groups, youth and women.

Province to province political relationships are being tried to establish so as to strengthen the communication between the two regions. Sichuan province in the western China region is one such program where the province will be given due importance so as to develop the province into a major mining hub.

(ii) Strategic

History of South Africa-China relationship is very long. Comprehensive political links however were started after the emergence of New South Africa in 1994. Formal bilateral relations between the two countries began in January 1998. There have been a number of strategic developments since then which coincided with some of the important diplomatic and economic measures so as to strengthen the bilateral relations between these two countries. Both South Africa and China are signatories to the (NAASP) New Africa – Asia Strategic Partnership which aims to improve economic relations between the continents of Africa and Asia besides building the strong political, cultural and individual ties that have existed for decades.

Strategic partnership between South Africa and China could be gauged by some of the other initiatives taken by the government of South Africa and China. Thomas Orr (2007) discusses all these initiatives taken by the two governments. Orr mentions JIPSA (Joint Initiative on Priority Skills Acquisition) and AsgiSA (Accelerated and Shared Growth Initiative) which have been promoted to strategically bring the skilled workforce under the compass of bilateral trade and investment. China has also been encouraged to use NEPAD (New Economic Partnership for African Development) as the main framework through which to engage the African Continent.
Premiers and important political leaders of both the countries on various occasions have recognized the use of various forums such as CSABF (China South Africa Business Forum), CADF (China Africa Development Fund) and FOCAC (Forum on China Africa Cooperation).

3.) SOUTH AFRICA – CHINA SOCIO-CULTURAL RELATIONSHIP

In order to easily understand the socio-cultural ties between the two countries since 1994, the section has been studied under three sub themes – migration, education and civil society. The literature reviewed under this theme gives a picture of the cultural ties which have developed between South Africa and China.

(i) Migration

The takeoff of China’s economy and its rapid development since the early 1980s was significantly helped by Chinese Diaspora. South Africa has a small overseas Chinese community that has its origin from the traders and settlers who came to the country three or even four generations ago. With immigration from China and Taiwan it is rapidly expanding in size perhaps by tenfold in recent years. Karen L. Harris (2007) has listed three major waves of migration. The Ist wave of migration is considered to have started when Manchu government in China withdrew its ban on emigration. These emigrants came to South Africa as traders, laborers and as sojourners. The IInd wave of Chinese immigration took place in the first decade of twentieth century after the discovery of golf on the Witwatersrand in the interior of the region. Chinese were imported as indentured labourers to work on the golf mines under stringent regulations. The IIIrd and the more recent wave of immigration started from late 1970s onwards when the then South African apartheid government developed closer economic and diplomatic ties with Taiwan and Hong Kong. Entrepreneurs were encouraged during this period. However the new diplomatic relations established between South Africa and China in 1998 led to a dramatic increase in Chinese immigration, both legally and illegally.

(ii) Education

Education is considered to be an important area of cooperation between the two countries so as to enhance the socio-cultural ties. Regular student exchange programs can
bring the people of two regions closer to each other. Natasha Pamplin-Bailey (2009) has stated that South African students in China are carving out golden opportunities for themselves. There are approximately 500 South Africans in Greater China and 250 in Beijing. The author accepts the fact that the living conditions in China are different from South African conditions. Moreover the difference in culture could be easily felt. However the author has recognized the benefits of the regular student exchange programs. The author is also enthusiastic about the current Education Revolution in China which will attract students from South Africa in the various fields of study.

(iii) Civil Society

Socio-cultural exchanges between two countries can enhance their bilateral relations. Establishing people to people contacts are very important in order to bring the two cultures closer to each other. People to people contacts are very less when South Africa-China bilateral relations are studied. Taku Fundira (2009) has discussed that China is at an advantage over South Africa as far as social and cultural factors are concerned. Chinese cultural ethos is deep rooted as compared to South African communities where majority of the population is still waiting to enter into the mainstream economic policies.

A major section of the society has not been included in the mainstream economic policies of the country. Crime thus has been on the rise. Yvonne Erasmus (2008) recognizes crime as a major deterrent to the socio-cultural exchanges and Chinese investment prospects to South Africa. Considering that China is amongst the largest foreign investors in South Africa following ICBCs acquisition of 20 percent of Standard Bank, Xenophobic comments towards the Chinese will only serve as an additional deterrent to attracting Chinese investment to South African economy.

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