Contents

Editorial 3
Dr. Sven Grimm, Director,
Centre for Chinese Studies

Policy Watch 4
Sino-Capitalism: Understanding the Likely Effects of China’s Reemergence on the
International Political Economy
Christopher A. McNally - Chaminade University, USA.

Commentary 11
Looking East, what does Africa see in the ‘Chinese Model’
Dr. Daouda Cisse, Centre for Chinese Studies, Stellenbosch University

Briefing Round-up 13
A Round-up of the top China-Africa news from the last month

The China Forum 18
Recent Events at the Centre for Chinese Studies

Contact Us 20

A Publication of:
The Centre for Chinese Studies
Faculty of Arts and Social Sciences, Stellenbosch University
Cover Photo: Stock Photo
Editorial

Dear Reader,

Just three examples of stories from the international media over the last couple of months: Chinese policy makers are weary of the threat of a US debt default as they are holding a large share of the US sovereign debt. China is buying sovereign debt of European countries, not least as a measure to support the Euro. Chinese growth and investment have cushioned the global economy from an even deeper dip after the financial and economic crisis. With these stories in mind, it is no wonder that we are discussing the global dimension of Chinese economic growth and development. This China Monitor explores the question of how China’s rise requires us to rethink what we took as certain truths.

It has become almost a truism that China’s gaining of economic strength does come with fundamental shifts in the global order. Its magnitude distinguishes it from the previous success stories of Asian countries like Japan, South Korea or Singapore. The contribution by Christopher McNally explores the global implications of what he calls a ‘Sino-Capitalism’ and what Chinese officials prefer to label as ‘a market economy with Chinese features’. Some of the thoughts in his analysis might be provocative and most likely also reflective of an American perspective. Yet, we all need to think about the broad implications of China’s rise - and think about it in terms of future opportunities and challenges, both from a political and economic perspective.

Within broader global considerations, an immediate question from an African perspective is: how did the Chinese do it and how can we do it, too? Political discussions about a policy of ‘looking east’ are ongoing in a number of African countries. In our commentary piece, CCS research fellow Daouda Cisse has contributed some thoughts on what we see when ‘looking East’ from the African continent. The lessons we take from that image, he argues, will be a function of how closely the observer zooms in to the policy decisions and the context of China. Quick answers, in any case are likely to be determined by a political agenda of the observers rather than based on proper analysis of complex realities in China.

This does not mean that lessons learnt have to be complicated. But it does mean that details merit a closer look of researchers. Even though much ink was spilled already by commentators on China’s rise: Our task as researchers and academics has just begun.

Yours sincerely,

Dr. Sven Grimm
Director, Centre for Chinese Studies
Sino-Capitalism: Understanding the Likely Effects of China’s Reemergence on the International Political Economy

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This is an extract from a larger concept paper by the author. The full paper can be accessed by contacting the author.

All views are those of the author, and do not necessarily represent the views of the Centre for Chinese Studies

Sino-Capitalism

While China might have been a minor player in the international political economy up until ten years ago, the characteristics of its domestic political economy now matter more than ever. China has surpassed Japan as the world’s second largest economy in real exchange rate terms in 2010, while its state-guided development model is gaining worldwide appeal among emerging market economies. A clearer conceptualisation of the interests, institutions and ideas underlying China’s domestic political economy is therefore a necessary precondition for understanding the likely impacts of China’s rise on the international political economy. After all, it is the emergence of capitalist development within China that has unleashed the productive forces driving China’s growing influence in international trade, finance, diplomacy and military affairs.

Stated somewhat differently, as in nearly all the major economies of Asia, China is undergoing rapid domestic change, which in turn affects both domestic and foreign policies. Understanding developments in China’s internal political economy can thus form a basis for understanding the likely effects of China’s international ascent. I put forward here a conceptualisation of the basic domestic political economic factors characterising China’s dynamism by proposing the concept of Sino-capitalism. What is Sino-capitalism?

Sino-capitalism is a capitalist system that is already global in reach and differs from Anglo-American capitalism in important respects. Sino-capitalism relies on informal business networks rather than on legal codes and transparent rules. It also assigns the Chinese state a leading role in fostering and guiding capitalist accumulation. China is, ultimately, a large late developer with a distinct socialist and imperial legacy. The ascent of Sino-capitalism therefore represents the first time that the global capitalist system is experiencing the rapid rise of a continent-sized capitalist power that espouses values, international viewpoints, and domestic institutional arrangements and power relations fundamentally different from those characterising
The Western system, especially in its present neo-liberal Anglo-American reincarnation, is built on specific precepts for how capitalism should function.

Sino-Capitalism in the International System

China is a continental-sized territorial unit with a deep historical legacy. It is perhaps the only major civilization outside Europe and North America that has shown signs of a massive and potentially successful transformation into an advanced capitalist political economy. Historically, only the United States of America’s industrialisation in the late 19th century comes close in terms of scale. China’s capitalist development, though, is happening in a much faster and more condensed timeframe. It also encompasses a much larger population.

Consequently, analyzing China’s rise must be open to new analytical approaches that go beyond established theories in international relations and power transition theory. The concept of Sino-capitalism is intended to put present debates on the future impact of China that revolve around a “China Threat” versus a “China Engagement/Enmeshment in the Liberal Order” dichotomy in a somewhat different light. The concept of Sino-capitalism attempts to comprehensively integrate domestic institutional, ideational and political factors and apply these to the competitive landscape of the inter-state system and global capitalism.

At times, debates on China’s future have incorporated domestic politics, psychological factors and other aspects. But at base power transition theory still relies on the systemic properties of the international system. It holds that there are recurring aspects of power transitions internationally that transcend time and space since the basic conditions facing all states are the same. The most fundamental condition is the anarchic structure of the international system. Historically, though, the international system has not been shaped by anarchy alone. In contrast to the views presented by scholars such as John J. Mearsheimer, it is quite arguable that the properties of the international system are undergoing constant change, especially with the advent of nuclear weapons and other weapons of mass destruction. Moreover, any system-level analysis must take into account the nature of global capitalist competition and the incentives it creates for nations to attract the best human, organisational and innovative capital. It is ultimately the accumulation of capital that enables military power to be exercised. And financial, technical and cultural/ideational capital can in its own right structure international power relations.

Therefore, the rise of Sino-capitalism does not imply an inevitable prospect of global war, the idea that China’s rise cannot be peaceful. Rather, conflict and symbiosis, rivalry and cooperation are all shaping the interactions of Sino-capitalism and Anglo-American capitalism. In this regard, the study of Sino-capitalism agrees with G. John Ikenberry’s statement that “The U.S.-China power transition can be very different from those of the past because China faces an international order that is fundamentally different from those that past rising states confronted.” Yet, it is questionable to which extent the “unusually durable and expansive” liberal order established by the United States can withstand the rise of Sino-capitalism. Even with reinvigorated U.S. leadership of the liberal order and concerted efforts to sink the roots of this order as deep globally as possible, Sino-capitalism’s impact will be disruptive.

The Western system, especially in its present neo-liberal Anglo-American reincarnation, is built on specific precepts for how capitalism should function. Sino-capitalism does not fully share these precepts. The ascent of Sino-capitalism ultimately implies that the world will be faced with a massive systemically important
late developer that espouses a very different form of capitalism. Specifically, Sino-capitalism puts less trust in free markets and more trust in unitary state rule and social norms of reciprocity, stability and hierarchy.

For sure, all forms of capitalism have benefited from the openness and expansiveness of the Western liberal postwar order. But with the liberalisation of international finance in the 1980s, the system has developed yet again (as before 1914) deep contradictions that undermine its stability. The financial crisis of 2008 has thus not only provided Beijing with new evidence that enlightened state management will offer protection from the natural excesses of free markets, but also convinced other emerging market economies to move away from Anglo-American capitalism. State capitalism, one might interpret, is the logical institutional answer for weaker players in the global system to withstand the sheer power of international financial flows and to successfully compete over scarce resources in the global race to capture shares of the next leading sector.

Nonetheless, John Ikenberry argues that the liberal order needs to be made “so expansive and so institutionalised that China has no choice but to become a full-fledged member of it.” This reflects the view that China can become a “responsible stakeholder” that is increasingly constrained by the liberal global order. In contrast to these views, the study of Sino-capitalism holds that China’s form of capitalism is emerging as a global system with globally systemic influences. The liberal international order thus will be faced with a massive capitalist power that is unlikely to feel fully comfortable with the precepts of liberal market capitalism. Can the liberal order adjust to this and incorporate Sino-capitalism (and other forms of emerging capitalisms, such as Brazil’s and India’s)?

Integrating China’s emergent capitalism globally has not been a problem so far, since Sino-capitalism was clearly subordinate to Anglo-American capitalism. Right now, Sino-capitalism can probably best be described as being both in symbiosis and rivalry with established economic governance institutions. Large doses of cooperation and shared authority over the global system between the major powers exist. However, as Sino-capitalism’s comprehensive global influence increases, its underlying precepts and institutional arrangements will gain in significance and global reach. Certainly, the invigorated G-20 grouping will serve as a test case for how well a more encompassing form of international governance can fair. Problems with, for instance, managing the global currency system are not especially encouraging in this respect.

In the end, fundamental differences between Sino-capitalism and Anglo-American capitalism point to how global governance will most likely become fraught with deep institutional, political and philosophical differences. It is therefore doubtful that the rules and institutions of the Anglo-American liberal order can easily absorb Sino-capitalism. While full-out war is highly unlikely between the United States and China, Sino-capitalism and Anglo-American capitalism will increasingly compete and clash over global governance principles.

**Analytical Points**

The concept of Sino-capitalism is not intended to conclusively generate information on the exact effects of how the structure of China’s domestic political economy will shape the country’s international posture. As long as one presupposes a modicum of human agency and learning, the effects of China’s rise must remain indeterminate. Indeed, how China reemerges will depend on leadership choices in
China, America and beyond. Different circumstances, critical junctures and international crises could all push the U.S.-China dynamic in one direction or another.

The study of Sino-capitalism, therefore, does not attempt to derive from the structure of China’s emergent political economy a deterministic argument for a given outcome. Rather, it attempts to conceptualise the domestic dynamics of China’s emergent capitalism and thereby generate pointers for how to analyze China’s likely influence on the international political economy. Four basic insights emerge:

First, any analysis of power transitions needs to incorporate a view of the global system as being composed of at least two dynamics that are both contradictory and complementary. On the one hand, the Westphalian nation-state system divides the globe’s land surface into territorial states for which survival reigns supreme; on the other hand, the global system is predicated on the limitless accumulation of capital, which, for the most part, disregards borders as much as it can and is basically supraterritorial. Endless capital accumulation and territoriality, though, mutually condition each other and are, in the contemporary globalised system, co-dependent.

Second, since endless capitalist accumulation and bounded territorial units are co-dependent and intermingled, power must be viewed as taking on multiple dimensions. David M. Lampton’s excellent analysis of China’s growing power focusing on “Might, Money, and Minds” integrates the three major dimensions of China’s growing power. Or as Stephen Cohen and Brad DeLong put it: “Money is a key fact of power.” Quite ironically, the interactions of money between the United States and China have forced the two “into a very intimate and not very desired embrace,” a situation that Lawrence Summers has termed a “financial balance of terror.”

This financial balance of terror both conditions and accentuates rivalries between Sino-capitalism and Anglo-American capitalism. The concept of Sino-capitalism therefore attempts to consciously build an integrated political economy framework that views power as multi-dimensional, opening up multiple arenas in which China can emerge as a global competitor and rival to the United States. Though salient, geopolitical rivalry based on military power is not the only arena. Other arenas might emerge as more significant, possibly opening up new opportunities for Sino-capitalism to rise. For instance, if China succeeds in achieving that status of a viable reserve currency for the yuan, gradually replacing the U.S. dollar as the world’s reserve currency, Sino-capitalism could gain much more influence globally than current analyses anticipate.

Third, the study of Sino-capitalism attempts to consciously integrate domestic arrangements into the grander picture of global power transitions. It uses the conceptual lens of comparative political economy to explore the different institutional constellations of capitalist political economies and their interactions. Sino-capitalism is viewed as a unique emergent form of capitalism expressing a capital-state symbiosis under developmental conditions in which the state elite fosters economic progress as in its fundamental interest. In this manner, the concept of Sino-capitalism can hopefully aid our understanding of the implications of China’s rise for the international political economy.

Finally, the study of Sino-capitalism hopes to encourage more expansive perspectives concerning the likely consequences of China’s rise. While Sino-capitalism might wither away under the weight of a dominant and authoritarian state, it could also prove to be highly adaptable and resilient, perhaps offering better...
institutional solutions to the instabilities of international markets for finance, technology and resources. As in the past, the state dominant facets of Sino-capitalism could serve as a buffer against fickle markets and, if present Chinese reforms succeed, provide effective social safety nets to Chinese citizens. The bottom-up network style of capitalist production, in turn, could continue to allow China to effectively integrate into global production and knowledge networks. Unquestionably, so far Sino-capitalism has exhibited enormous adaptability, flexibility and entrepreneurship. While market-driven, it profits from the state’s guiding hand and support.

The helping hand that Chinese state institutions provide to private business has not been lost on American firms competing for an edge in the next leading sector. Conrad Burke, Chief Executive of Innovalight, a solar innovator, puts it bluntly: “How do you fight against enormous subsidies, low-interest loans, cheap labor and scale and a government strategy to make you No. 1 in solar?”

Creative and comprehensive Chinese industrial policies to foster new leading sectors and technologies are likely to create a new global playing field. The result: increasing frictions in the international political economy that pit liberal Anglo-American traditions against a slew of new emerging market competitors.

Perhaps more importantly, the hybrid institutional arrangements provided by Sino-capitalism – top-down state guidance; bottom-up networks of entrepreneurs and innovators; global integration – should not be underestimated. As Martin Jacques observes, Western views of China’s rise fall into one of two perspectives: either China’s rise is seen as a purely economic phenomenon, meaning China will become more like a liberal Anglo-American capitalist power, a “responsible stakeholder,” as it develops; or Sino-capitalism is seen as a form of developmental capitalism likely to fail. But perhaps neither of these scenarios is fully correct. Sino-capitalism could just as easily represent a new emergent system of global capitalism centered on China. Just as Michel Albert argued in 1993 that the slower Rhine model of capitalism would ultimately prove superior to the brasher neo-liberal model of Anglo-American free market capitalism, an examination of China’s economic achievements must be open to the fact that different models of capitalism can generate equal success.

Sino-capitalism’s growing global clout is perhaps best viewed as a double edged sword: it could bring peace and prosperity, or a drawn-out struggle for global leadership. Sino-capitalism’s rise therefore is most likely to produce a dynamic mix of mutual dependence, symbiosis, competition and friction with the still dominant Anglo-American system of capitalism. And as Sino-capitalism rises competition will grow more intense across various spheres, from military and cyberspace to innovation and reserve currencies. Nonetheless, despite increasing competition, ever deeper webs of global interdependence and symbiosis could form.

As a result, the concept of Sino-capitalism implores us to see China’s rise not as one-dimensional, but rather as riddled with complexities and contradictions. Domination and integration, conflict and cooperation, hierarchical and horizontal networked relations, and exclusive territorial rule and endless capital accumulation all coexist in the present international political economy. While Sino-capitalism’s ascent will create a reordered global hierarchy, nonviolent competition is just as likely, perhaps even more likely with the advent of nuclear weapons, to generate this than open warfare. The study of Sino-capitalism therefore not only hopes to inspire new perspectives on the consequences of China’s rise, but also a rethinking of the nature and logic of the contemporary system of global capitalism.
End Notes:

1 Sometimes this aspect of China’s emergent capitalism is termed “network capitalism” or “guanxi capitalism.”


3 Japan has naturally led the way for Asian capitalist development, though its cultural reach is more limited than China’s.


6 Indeed, for endless capitalist accumulation to proceed, the anarchic features of the interstate system must be balanced by its coherent and orderly features. This contradictory struggle is well expressed in Immanuel Wallerstein, *World-Systems Analysis: An Introduction* (Durham, NC: Duke University Press, 2004), pp. 56-57.


8 A focus on cultural/ideational capital and its influence would tie into the third major approach to international relations theory: constructivism.


12 See on this point Frieden, *Global Capitalism*.


18 This does not imply that capitalist firms are independent of state structures. Quite the opposite! But capitalist firms tend to seek the most profitable returns, often disregarding borders and state rules.


Commentary

Looking East, what does Africa see in the ‘Chinese Model’

By Daouda Cisse, Research fellow, Centre for Chinese Studies, Stellenbosch

With China’s spectacular development in the past decades, global interest in learning from the state led “China-model” has heightened considerably. Whilst before, Western-dominated institutions could routinely instruct other countries to emulate American policy practices to undertake lasting growth, today it is Chinese authorities (based on their own experiences) that are taken as role-models of an overall ‘rethink’ of economic, financial and development policy. However, a partial appreciation of China’s development approach could only lead to a partial understanding, if not misrepresentation, of the critical lessons and dynamic policy mechanics.

It becomes important to ensure any analysis is as accurate and contextualised as possible when looking to China for policy lessons. In this area, various World Bank research departments have published working papers to help synthesise the key lessons from China’s development experience for other developing countries, particularly in Africa. In addition, other fora, such as the China-DAC Study Group have engaged in debates about factors for the Chinese success and what to learn from it for development elsewhere. These works offer significant insights into key learnings and factors, decision-making approaches and institutional mechanisms, and overall strengths and weaknesses found throughout China’s 30 years of reform experience, as well as addressing the adaptability of these lessons to the African context.

Overall, there are significant differences between China and Africa economic framework conditions and growth trajectories. China’s economic growth has relied on agricultural reforms, and subsequently, a growing investment and capital formation coupled with a phenomenal trade surplus. At the same time, there was no significant increase in external assistance and indebtedness; rather, foreign investment was attracted – ‘foreign’ is here including from the entities of Hong Kong and Taiwan and from members of the Chinese diaspora elsewhere. The state sector has reduced in size and the private sector in China has grown steadily over the years and has become one of the big drivers of productivity growth and employment generation.
By contrast, African markets (and their potential) are far smaller than the Chinese. African economic growth has been less sustained, and has been influenced by booms and busts in commodity prices. Foreign investments were attracted mostly in the commodity sector, much less so in processing and manufacturing. While reforms on the continent have been significant, they have not generated the same ‘pay off’ as in China. Macroeconomic stabilisation has been achieved (to a larger extent), but the effects on growth have not materialised as strongly as anticipated; not least so as Africa’s productive sectors continue to be stifled by structural shortcomings, e.g. insufficient emphasis on training and education, lack of merit-based employment and promotion, inadequate energy and transport infrastructure, little available capital. In terms of employment and growth, there has not been a strong structural shift from the public- to the private sector and capital formation has not accelerated.

While the broader population of researchers and academics do not agree on many of the finer points of China’s developmental lessons, they can and sometimes do converge on a rough consensus: when it comes to admiring China’s increasingly glittering record of growth, trade, investment and poverty reduction rates, researchers and academics agree (on the basic policy level at least) that the ability of Chinese leadership and governing institutions to move away from a strict ideology-based policy-making approach, towards one that was pragmatic and ultimately more fluid and effective in nature is the significant trend.

In other words, recalling the old adage, when trying to divine the secrets of China’s economic and developmental practices, for all practical purposes, it’s advisable not to miss the trees for wood.

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Zambia: Electricity Parastatal Zesco gets U.S $240 Million loan from Chinese Bank

ZESCO Limited has signed US$240 million loan facility with Industrial and Commercial Bank of China to develop 330 kilovolt transmission line from Pensulo substation to Kasama and through Msoro to Chipata west substation. The development of the two projects will facilitate the supply of reliable electricity into the northern and eastern parts of the country. Energy and Water Development Minister Kenneth Konga said the construction of the 330Kv transmission line projects was expected to start before October 2011 which would create 1,000 direct jobs.

Cement production in Mozambique to triple through Chinese investment

Several cement factory projects are being launched in Mozambique, including three from Chinese companies, which will make it possible to triple cement production in the country in just two years, according to the Economist Intelligence Unit (EIU), of The Economist group. According to the EIU in its most recent report on Mozambique, expansion of cement production capacity is intended to cover growth in demand from the construction market in Mozambique, with large mining, energy and construction projects as the main sources of demand.

South Africa, China strengthen police cooperation

South Africa and China have agreed to share their expertise and work together to combat crime. South African Deputy Police Minister Maggie Sotyu held discussions with China’s Vice Minister of Public Security, Zhang Xinfeng, recently in Pretoria. Both ministries also committed themselves to strengthening cooperation to combat transnational crimes. Other key issues that came up for discussion were that of organised crime, while drug and human trafficking also featured in the discussions.

China keeps top spot in Ernst & Young Renewable Energy Country Attractiveness Indices

Ernst & Young has released its latest edition of its global “Renewable Energy Country Attractiveness Indices”, which states that China remains by far the most promising location to pursue future renewable energy business opportunities. China scored particularly high on its wind index, but also on solar PV. The report states that nations around the world are increasingly broadening the scope of their renewable energy portfolios amid “challenging market conditions”.

Coca-Cola plans to list on Shanghai stock exchange

Coca-Cola, the world's biggest soft drinks manufacturer, is in talks with the Chinese authorities to list its shares on the Shanghai stock exchange. China experts say the move heralds a wave of Chinese listings as the world's biggest companies look to build their businesses in the world's most populous nation. The move marks yet another dramatic shift in Coca-Cola's relationship with China.

Angola’s balance of trade surplus increases, with China as main customer

Angola has boosted its balance of trade surpluses by reducing imports and increasing exports, not least to China as its main customer, official Angolan statistics showed. According to the latest report from Angola’s Customs Service, imports fell by 12.5% in 2010 to US$18.1 billion, whilst exports rose 2.1% to US$52.3 billion. Angola’s foreign trade figures in 2010 showed a change in the geographical distribution of Angola’s trade with Portugal remaining the main supplier,

China plans to light up Africa with solar

China plans to build solar power projects in 40 African nations, aiming at cutting the continent’s reliance on fossil fuels and at opening a new market for Chinese manufacturers, the biggest producers of solar panels. The programme would require US$100 million in investment, Sun Guangbin, the
secretary-general of photovoltaic products at the China Chamber of Commerce for Import & Export of Machinery and Electronic Products, said in a recent interview. The projects would use competitive bidding and Chinese-made panels, Sun added.

China to increase imports from SADC countries, says vice premier Chinese Vice Premier Wang Qishan said China will increase imports from member states of the Southern African Development Community (SADC), so to facilitate stronger mutually-beneficial trade ties. Wang made the remarks while addressing the opening ceremony of China-SADC Business Forum in Beijing, which was attended by SADC Chairman Hifikepunye Pohamba and over 200 Chinese and African entrepreneurs. Trade volume between China and SADC countries stood at US$61 billion last year, nearly half of the overall China-Africa trade volume.

South Africa seeks to alter balance of BRICS trade, report says South Africa wants to address “structural imbalances” in its trade relations with Brazil, Russia, India and China, Business Report said, citing Rob Davies, the minister of trade and industry. The aim is to get South Africa to sell more “value-added products” to its BRICS partners, instead of just primary products and raw materials, the Johannesburg-based newspaper said.

China rejects Clinton’s ‘new colonialism’ rantings in Zambia Chinese analysts have dismissed a statement by US Secretary of State Hillary Clinton that warned Africa to be wary of “new colonialism” as China expands its ties in the continent. Clinton recently said that “we don’t want to see a new colonialism in Africa,” when asked about China’s growing influence in the continent.

China offers loans to boost SMEs in Africa China has signed contracts valued at US$ 220 million with African countries, offering loans from a special fund to support 13 projects of small and medium enterprises (SMEs) in Africa, the Chinese Ministry of Commerce (MOC) said shortly. Besides the contracting funds, the China Development Bank (CDB), the undertaker for the special loans, has pledged support for 19 projects.

South African coal has first gain in four weeks on China buying It is reported that coal export prices gained for the first time in four weeks at South African Richards Bay terminal as China, the world biggest consumer of the fuel accelerated buying in the face of power shortages. Ms Amrita Sen a commodities analyst with Barclays Capital in London said “Demand for good quality coal from China and India has come back and we have seen a stabilization and a bit of an uptick of prices.”

IFC arranges US$ 115 million package for Vodafone Ghana telecoms expansion A US$ 115 million financing package secured for Vodafone Ghana represented a growing appetite for commercial banks and development finance institutions to support companies focused on building infrastructure for long-term economic growth in Africa, said the International Finance Corporation (IFC) recently. The IFC mobilised the finance package from Chinese, German and African institutions, including the Export-Import Bank of China and the China Development Bank.

China rapidly becoming Mozambique’s main partner China is rapidly affirming its place as the main foreign power in Mozambique, replacing other traditional political and economic partners based on growing foreign trade, investment and cooperation, according to researcher Loro Horta. China provided exemptions on 420 Mozambican agricultural products and trade more than tripled between 2007 (US$ 208 million) and 2010 (US$ 690 million), whilst large investment have been channelled into infrastructure, mining and agriculture.

China’s import strategy should prioritize technology over capital China should import more “advanced technology, managerial experience, high-end talents and international brands” to improve the quality of the country’s industrial development, Vice Premier Wang Qishan said recently. Wang made the statement during the opening session of a four-day plenary meeting of the Standing Committee of the National Committee of the 11th Chinese People's Political Consultative Conference (CPPCC), China’s political advisory body.
China reverse-merger battle pits Morgan Stanley against hedge fund shorts. Kevin Barnes recently published a report accusing executives of Chinese fertilizer maker Yongye International Inc. (YONG) of using acquisitions to loot cash from the company and manipulates earnings. Barnes, an analyst at Cheyenne, Wyoming-based hedge fund Absaroka Capital Management LLC, set an estimated share value of US$1 for Yongye. He said Absaroka had already bet an amount he wouldn’t reveal on a decline in the stock, which closed the day before at US$4.58. The shares fell 23% in two days.

Economists discuss future of nation’s economic growth. China’s rise and economic growth was a central topic among global business leaders at the two-day New York Forum held in Manhattan recently. The event gathered more than 700 top CEOs, financiers, and government officials in the United States, Europe, China, Latin America and Africa to discuss economic growth issues. While more than half of the participants in the conference believed that China will overtake the US and become the largest economy in 20 years, Chinese experts think China’s economic development hasn’t reached its full potential.

China to remain positive in Sudan peace process. China expressed recently its willingness to maintain a positive and constructive role in promoting the peace process between the north and south sides of Sudan. "China is happy to see an agreement has been achieved by the Sudanese government and the south Sudan People's Liberation Movement (SPLM) on the disputed Abyei region," Foreign Ministry spokesman Hong Lei said at a press briefing.

Malema says South Africa should turn to India, China on mining. South Africa is likely to attract investment into its mining industry from India and China if it goes ahead with a policy of nationalizing mines proposed by the youth wing of the ruling African National Congress, Julius Malema, the leader of the organization, said. Malema has advocated the nationalization of South African mines, banks and land to spread the wealth of the country to the black majority.

Chinese leaders to support Sudan’s national reconciliation. Top Chinese legislator Wu Bangguo and Chinese Vice Premier Li Keqiang met respectively with visiting Sudanese President Omar al-Bashir recently, vowing to boost bilateral cooperation and support Sudan's efforts in national reconciliation. In their meeting at the Great Hall of the People, Wu called Bashir's current China trip an important visit in China-Sudan relations, which would facilitate greater development of bilateral relations.

ECOWAS Invites China to Regional Fair. The President of the ECOWAS Commission, Ambassador James Victor Gbeho, invited the private sector of the People's Republic of China to participate in the sixth ECOWAS Trade Fair scheduled to take place later in the year. This is aimed to strengthen the partnership between West Africa's private sector and their Chinese counterparts. Gbeho said their participation would help showcase the business opportunities that can be explored by both sides.

Ghana: Chinese Doctors Donate to Korle-Bu Hospital. A team of Chinese doctors has donated hospital equipment and instruments worth US$134,166 million to the Korle-Bu Teaching Hospital (KBTH) to assist the various wards and departments in healthcare service delivery. According to the leader of the medical team, Prof. Wei Jian Rui, the teaching hospital was the number one hospital in the country and West Africa, but lacked certain facilities to enhance healthcare service delivery.

Premier Wen vows to pursue justice for victims of train crash. Premier Wen Jiabao has vowed to "severely punish" those who are responsible for the fatal high-speed train collision and said "safety is a top priority" for the country's high-speed railways. "Our investigation must be responsible to the people," Wen promised in front of more than 180 domestic and foreign journalists. He stood under a railway viaduct where one high-speed train rear-ended another near the city of Wenzhou in east China's Zhejiang Province in late July, killing 39 people and injuring 192 others.
China welcomes Lagarde's selection as IMF chief

China welcomed the appointment of French finance minister Christine Lagarde as the next International Monetary Fund chief, saying Beijing hoped she would give emerging markets a greater say. The central bank said China also hoped Lagarde would "lead the IMF to play a positive role in stabilising the global economy". Her selection "followed an open, transparent and merit-based" process, it said. Beijing said it hoped Lagarde would "increase representation of emerging markets and developing countries in the IMF's governance".

Chinese make their play for Metorex

Vale SA – the world’s largest iron-ore producer, may raise its bid for South African-based and JSE-listed Metorex Limited, in the wake of an offer by Jinchuan Group Company – China’s biggest nickel producer – of US$1.36 billion to acquire the base metals company. Metorex said it had not approved any agreement in relation to the Jinchuan offer. However, the companies said in a joint statement that the Jinchuan offer already had the firm backing of shareholders.

Africa can gain from dearer Chinese labour: World Bank

Rising labour costs will push over 80 million Chinese jobs in light manufacturing abroad over the next three to five years, with African nations well placed to lure many of them their way, said the World Bank. China’s economic success and hunger for resources have helped boost African growth, but Obiageli Ezekwesili, World Bank vice president for Africa cited a World Bank estimate that rising Chinese wages would lead to manufacturing firms going elsewhere, taking with them 83-85 million jobs.

Portuguese-speaking and Chinese business people to meet in Luanda, Angola

The capital of Angola, Luanda, is due to host the 2nd meeting of business people for trade and economic cooperation between Portuguese-speaking countries and China. This meeting will take place during this year’s Luanda International Fair (Filda) and aims to promote trade and investment between countries, as a result of a cooperation protocol between investment promotion agencies and chambers of commerce.

China approves plan for energy "golden zone"

The central government has approved plans for an energy industry "golden zone" linking Shaanxi province and the autonomous regions of Ningxia Hui and Inner Mongolia in north-western China. The zone spreads over 240,000 square kilometres. Energy production in this area accounted for 21% of China's primary energy output in 2010. "Many parts of China are facing energy shortages, and the abundant energy resources including coal and natural gas in the zone can meet that demand," said Sun, Hongbo, senior researcher at the Chinese Academy of Social Sciences.

China invests US$12.67 billion in Brazil

China stepped up its investments in Brazil in a big way with fresh investment of about US$ 9 billion, taking its overall foreign direct investment in that country to US$ 12.67 billion as the two countries warmed up under the BRICS alliance. China will invest US$ 4.5 billion in Brazil's technology sector this year shifting its investment in the Latin American country from agriculture and mining.

China trains petroleum workers in South Sudan

China has started a welder training course to help South Sudanese master knowledge and techniques relevant to the petroleum industry in which the newly-born nation has a large potential. A total of 30 trainees selected from about 800 applicants are under the vocational training, the first of its kind in South Sudan, and are expected to be backbone workers in the petroleum industry in the future.

Chinese ambassador to Mozambique formally hands over agricultural research centre

China’s Centre for Agricultural Research and Technology Transfer in Mozambique, located in the district of Boane, Maputo province was formally handed over by China’s ambassador to Mozambique to the country's government, Mozambican daily newspaper Notícias reported. The project cost over US$6 million funded by the Chinese government as part of cooperation between the two countries in the science and technology sector.
Nigeria, China sign Kainji hydro plant modernization contract

The Power Holding Company of Nigeria (PHCN) has signed a contract with Sinohydro Corporation and Harbin Electricity Corporation of China for the rehabilitation of Kainji hydropower station in Nigeria. The contract, valued at US$82 million, is scheduled to be completed within 42 months, when the refurbished hydro plant will generate 340 MW, media outlets reported.

Greenpeace links big brands to Chinese river pollution

According to Greenpeace several big clothing brands are polluting two of China's main rivers with hazardous chemicals. The new report by the environmental group raises questions about the companies Adidas, Abercrombie & Fitch, H&M and other companies. Greenpeace says they take advantage of China's lax environmental regulations. It called on the companies to make sure their products did not damage the environment and public health.

China expected to step up pace of investment in Africa

Asian giant China is expected to increase its focus on resource investments in Africa over the next 18 to 24 months, as the country moves to plug a mineral supply gap, China-focused advisory firm Beijing Axis founder and MD Kobus van der Wath said recently. Speaking at the Terrapin Africa Mining 2011 conference in Johannesburg, Van der Wath said he expected China, which is currently the third biggest investor in Africa, to boost its merger and acquisition (M&A) activity on the continent in coming years.

China secures first top-level post at IMF

The International Monetary Fund (IMF) announced that Mr Zhu Min, former deputy governor of the People’s Bank of China and special adviser to the managing director, will be appointed as a deputy managing director. The appointment symbolises China's growing presence in the IMF in line with its influence in the global economy. Mr Zhu will start working in his capacity of the newly created fourth deputy managing director post on July 26.

Ghana in talks with Chinese companies on eastern corridor road network construction

A delegation from Ghana led by the country’s Minister of Roads and Highways, Mr. Joseph Gidisu, has held talks with two Chinese construction firms about developing road networks in the country. The delegation which joined the ECOWAS team led by its President His Excellency, James Victor Gbeho held discussions with officials of the China CAMC Engineering Limited (CAMCE) and the China Gezhouba Company Limited (CGGC) in Beijing, China.

China plans carbon trading pilot scheme

China will introduce a pilot scheme for carbon emissions trading and gradually develop a national market as the world's largest polluter seeks to reduce emissions and save energy, state media said. China will promote the market's development through “punitive” electricity tariffs on power-intensive industries and other new policies, Xie Zhenhua, a top climate official, was quoted by Xinhua news agency as saying. The report gave no timetable or other specifics on how the system would work.

China slams U.S. "interference" after Obama meets Dalai Lama

China accused the United States recently of “grossly” interfering in its internal affairs and seriously damaging relations after President Barack Obama met exiled Tibetan spiritual leader the Dalai Lama at the White House. Obama met the Nobel Prize laureate for 45 minutes, praising him for embracing non-violence while reiterating that the United States did not support independence for Tibet.

For more of the China Briefings we have collected in the last month, please see our Weekly Briefings, which can be accessed via our website: www.sun.ac.za/ccc
The China Forum - Recent Events

LI Yining at the CCS China Forum – 13 June 2011
Eminent Chinese economist Li Yining, from Peking University, recently visited the CCS and delivered a seminar at Stellenbosch University, entitled ‘Lessons From China’s Economic Development’. Professor Li is considered the ‘father’ of China’s economic reforms since the 1970s, and thus his visit and seminar, his only speaking engagement during his South African visit was an un-missable event. In a 45 minute seminar, followed by questions, Prof Li offered his experience and insight regarding China’s economic development, and how those lessons could assist the development of African nations. Prof. Stan Du Plessis, of the Department of Economics, Stellenbosch University, offered the reply to Prof. Li’s speech.

CCS attends roundtable discussion in Johannesburg – 13 June 2011
On 13 June 2011, CCS research fellow, Dr. Daouda Cisse attended a roundtable discussion on Chinese trade and investments, social and environmental impacts in Africa organized by the China Council for International Cooperation on Environment and Development (CCICED). The main objective of this roundtable was to give feedback to the CCICED members about environmental and social impacts of Chinese investments and trade in Africa. A report on the feedbacks about environmental and social issues of Chinese Investments and trade in Africa will be written by the CCICED and presented to Chinese Premier Wen Jiabao.

China Society for Human Rights Studies visits the CCS – 15 June 2011
On 15 June 2011, the CCS was visited by the China Society for Human Rights Studies (CSHRS), led by Mr Luo Haocai, President of the Society. The CSHRS is the largest national non-governmental organization in the field of human rights in China. It enjoys a special consultative status with the United Nations Economic and Social Council (ECOSOC) and is a member of the United Nations Conference of Non-Governmental Organizations (CONGO). On their visit, the CSHR participated in a discussion with members of the CCS and research fellows where they also discussed CCS projects.
The China Forum - Recent Events

CCS visit to China – 19 June to 6 July
The dean of the Faculty of Arts and Social Sciences, Prof. Hennie Kotze, and CCS director Sven Grimm visited China to engage with the CCS’ partners in China and explore further cooperation in research. Both were hosted by the China Academy for Social Sciences, namely its Institute for West-Asian and African Studies (IWAAS). Other institutions on the travel itinerary were, inter alia, the Institute for African Studies at Zhejiang Normal University, the Shanghai Institute for International Studies and, last but not least, Xiamen University. The latter is currently establishing a China Institute for International Development (CIID). Joint research with Chinese partner institutions on China-Africa relations and Chinese development is one of the key aspirations of the CCS, not least so by means of visiting fellowships from China. Dr Grimm also met African students who are currently enrolled in MA and PhD studies in China for some insights in African students’ life in China.

Delegation from Ugandan Energy sector visit CCS – 22 July 2011
On Friday, 22 July, a delegation from the Ugandan Ministry of Energy and Mineral Development visited the CCS for a discussion on Chinese engagement in Africa as part of an ongoing workshop they were undertaking in South Africa. The workshop was organised by Cape Town-based outfit Spatial Dimension.

CCS Personalia

The CCS welcomed three scholars in July as part of its visiting scholars and interns programmes.

Visiting fellow Dr. NIU Haibin hails from the Shanghai Institutes for International Studies (SIIS) and is researching the Sino-South African Strategic Relationship in the context of BRICS. Haibin will afterwards continue his research in Gauteng at the South African Institute of International Affairs (SAIIA), before returning to Shanghai.

Mr. Nick Jepson hails from Bristol University in the UK and is currently working on the South African rare earth elements mining sector, a sector that is at the moment globally dominated by Chinese actors. Nick’s work is also linked to SAIIA’s resource management programme in Cape Town.

Ms. Vanessa Eidt joins us from Johannes-Gutenberg-University in Mainz, Germany. Vanessa is working on the Chinese involvement in the South African financial sector, a topic that made headlines with Chinese ICBC’s purchase of shares in South Africa’s Standard Bank.