



Shanghai Forum 2018 Perspective Highlights

China-Africa Relations Towards Shared Prosperity

ROUNDTABLE 05 Session One

13:30-15:15, May 26

Chair:

**ZHENG Yu, Professor, School of International Relations and Public Affairs,
Fudan University**

Miriam Altman, Commissioner, National Planning Commission, South Africa

Moderator:

Miriam Altman, Commissioner, National Planning Commission, South Africa

Zhou Chao

**Vice President, China-
Africa Development
Fund**

**Ten Years of CADfund Support to Africa's Industrialization: Lessons
for the Next Phase**

1. Over the past decade, the China-Africa Development Fund has actively supported the Belt and Road Initiative, and has played an important role in innovation process, especially direct investment and financial innovation.
2. Africa has a bright prospect for development. The opportunities for investment between China and Africa are far greater than challenges. African countries are actively seeking more opportunities to upgrade the level of local infrastructure construction and industrialization, and attract FDI under the framework of PPP, especially in the field of infrastructure investment.
3. In terms of challenges, for China, "going global" strategy has yet to be fully implemented, and many Chinese companies need to deepen their understanding of international practices and operations, especially local laws and regulations. For Africa, the investment environment needs to be optimized. The policies of some countries, for instance, lack continuity and practicality. In addition, the low level of infrastructure construction will have a continuously influence on local commodity price.
4. We can learn from China's experience that problems encountered in development can be solved through development.

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Tshediso Matona
Secretary, National
Planning Commission,
South Africa

Twenty Years of China-SA Diplomatic and Commercial Relations: A View from the NPC on Accelerating and Diversifying Trade and Investment

1. Since 2012, South Africa's national development plan has begun to shift its focus to attracting foreign investment. South Africa positions itself as a gateway to Africa. South Africa's economy is highly diverse and is thus in strong need of foreign investment.
2. The trade structure between South Africa and China is crucial to South Africa's industrialization. China plays an important role in promoting this. In the future, the two sides will further integrate China's Belt and Road Initiative to improve the trade structure between the two countries, improve the quality and enhance the overall influence.
3. China-South cooperation has been driven by strong political will. In the future, both parties will further work to build and improve the mutual trust mechanism between the two countries.

Kobus van der Wath
Founder & Group
Managing Director,
Axis Group
International / The
Beijing Axis

Trends in China-Africa Commercial Relations: Strategic Imperatives for Government and Business

1. Not every African country exports to China in the same way. Therefore, we should not only focus on the current trade relations between China and Africa, but also consider the African countries that have not yet had deep contact with China.
2. In terms of trade in services, tourism in Africa has great potential for development. We need to further improve in areas such as destination management, investment attraction, visa facilities, and online payment.
3. More attention should be paid to the common interests of both parties. This may change the behavior of both parties. Sometimes, both parties need to make some compromises to coordinate their interests. In the bidding process of the project, a comprehensive understanding of China-Africa relations is needed.

DISCUSSION

1. The BRIC New Development Bank will focus on the development of emerging markets in the future, with particular emphasis on infrastructure lending.
2. Ethiopia's special economic zones have a leading position in Africa. One of the reasons is that the government clearly knows how to position its own industries and knows where its own core competitiveness is.
3. The lack of strategic think tanks will place greater constraints on the development of Africa. Therefore, we should help African countries build local think tanks, which will help promote investment.

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ROUNDTABLE 05 Session Two

15:45-17:00, May 26

Jonathan Woetzel
Director, McKinsey
Global Institute

Dance of the Lions and Dragons: How Are Africa and China Engaging, and How Will the Partnership Evolve?

1. There is enormous opportunity for mutually beneficial, sustainable growth in Africa.
2. China is Africa's largest economic partner and ranks top five in trade, FDI stock, FDI growth, infrastructure growth, and aid to Africa. No other country in the world ranks top five in all these five dimensions.
3. A common myth is that there is a large Chinese government office controlling the activity of Chinese firms in Africa, but this is not the case. Consistently across the countries, the private sector dominates by a staggering proportion.
4. The current opportunity is mainly dominated by 3 major sectors: manufacturing, resources, and infrastructure, whereas the emerging sectors are housing, ICT and telecoms.
5. It is estimated that some African countries will default on Chinese debt, further straining the current EPC contracting model; half of incumbent family-owned businesses will die; Africa will experience a China-led digital revolution; and as Chinese economic growth slows down, investment flows to Africa will accelerate.

Gao Wenyue
Managing Director,
China-Africa
Business
Development,
Standard Bank

Ten Years of ICBC-Standard Bank Partnership: The Experience in Building This Relationship to A Leading Private Investor in Africa

1. ICBC and Standard Bank are committed to supporting the development of Chinese companies investing in Africa, working with local financial institutions and providing products with preferential services. Other banks in China like China development Bank are increase investments in Africa with the advantages provided by ICBC and Standard Bank.
2. At the product level, Standard Bank further strengthens the business cooperation between China and Africa and enhances the sharing of their customer bases, such as building an e-banking interface and platform for banking customers from both banks.
3. At present, the main task of ICBC and Standard Bank is to promote the internationalization of RMB in Africa. The Standard Bank of South Africa is an important bridgehead for ICBC in Africa as well as a crucial financial fulcrum.

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Alain Peddle
Deputy CEO,
PingAn Insurance

Discovery and Pingan Health: A Leading SA Health Insurance Company's Role in Supporting Delivery in China

1. Discovery and Pingan Health aim to become the global leader in shared value insurance.
2. Vitality, a health improvement program developed by the joint venture of Discover and Pingan Health, provides additional value through awards for clients, allows for lower-priced premium for insurer, and reduces burden on healthcare system for the society, in support of the Healthy China 2025 Plan.
3. The joint venture has taken advantage of Discovery's advanced risk management and cost-control assets, as well as Pingan's technology. There are enormous opportunities to bring tech out of china and deploy in South Africa through such joint ventures.
4. When establishing joint venture with foreign capitals, the management of the Chinese companies should better understand the demands of their foreign counterpart.

Yan Feng
Chairman, First
Automobile Works
Import and Export
Company

FAW's Long Experience Investing in Vehicle Manufacturing in South Africa: how it Developed, Lessons Learned, and Plans Going Forward

1. FAW's oversea businesses cover 49 countries, among which more than 60% of exports are locally assembled.
2. FAW aims to reach a balance between the development of the corporation and the host country.
3. There are enormous opportunities as well as challenges in the African market. In terms of opportunities, the sales volume of automobile throughout African is only 1.2 million per year, which shows a huge potential of this industry. As of challenges, the level of trade liberalization in southern African remains low. Inconvenient custom clearance, high tariffs, and high logistic cost cast impediment on the development of foreign capitals.
4. FAW customizes their products according to the demands of local people, and put high emphasis on personnel localization. Their operation strictly abides by local laws and regulations.
5. FAW is devoted to the social responsibility. A fixed percentage of their annual income is devoted to their social responsibility fund.

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DISCUSSION

1. Under the South Africa Customs Union, the southern Africa can be regarded as an integrated market, though different countries may have different practices. However, to achieve completely free trade throughout Africa is still a long way to go. These problems are expected to be resolved in the future.
2. Strategic cooperation is not only at the financial level, but more importantly at the personnel level.

(Editor: Yunqing Zhuang、Shan Feng)



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China-Africa Relations Towards Shared Prosperity

ROUNDTABLE 05 Session Two

08:30-12:00, May 27

Chair:

Zheng Yu: Professor, School of International Relations and Public Affairs, Fudan University

Miriam Altman: Commissioner, National Planning Commission, South Africa

Moderator:

Zheng Yu: Professor, School of International Relations and Public Affairs, Fudan University

Justin Lin
Professor, Peking
University
Former Chief
Economist of
the World Bank

The Rise of China and the Opportunity for Africa

1. Over the past 40 years, China has created a miracle in economic development, and this experience provide important lessons for Africa today.
2. Technology upgrading is an important factor that promote economic growth, but it's not necessarily newly invented technologies. The highest growth is often achieved in middle and low income countries which enjoy late-mover advantage and utilize existing technologies.
3. The Chinese experience: segregated from international society and hence subsidizing and protecting its own industry basis before 1978; Overcoming the international bias and attracting world investors with its comparative advantages: abundant high quality labor. This is a good model for other countries to imitate.
4. The transferring of the labor intensive industries happened in 1950s and 1960s between US and Japan, in 1970s between Japan and Asian Tigers, in 1980s and 1990s between Asian Tigers and China.
5. Today the transference is seeking another destination, and Africa should catch this opportunity to be the destination. This wave of transference differs from the past with its unprecedented size, enough for industrialization of many Africa countries.

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Christopher Alden
Professor, London
School of Economics

A Chinese model for Africa: Problem-solving, learning and limits

1. Development as emulation, or policy transference, is an important process for African countries to gain experience from "models" to help their own growth.
2. It can be divided into instrumental learning, social policy learning, political learning, and imitating. For a successful transference to happen, some information must be made clear: implementing agents, methodology, location of the learning, and risks and possibility of failure. Trials and errors are necessary for the learning process.
3. China-Africa relationship changed overtime. In Mao's period, it was outward-looking and revolution-oriented. In Deng's period, it was inward looking. After 2000 it was outward again, and projects such as FOCAC were initiated. In Xi's period, China is projecting itself as the leader of the developing world, and various aiding and cooperating projects covering industries and agriculture are initiated.
4. In the case of Ethiopia, the transfer has started from passive into active learning. But some problems still exist, such as language and time management.
5. We call for African initiative and participation of active governments in the policy transference in this new phase of China-Africa relationship.

Tang Shiping
Professor, School of
International
Relations and Public
Affairs, Fudan
University

The Development Triangle: State Capacity, Institutional Building, and Economic Policy

1. Despite the previous literature, today we must acknowledge that governments do play a role in economic development, and hence the ultimate problem for economic growth is "how can a state become developmental state ". The key to answer this question lies in the balance and merge of state capacity, the institutional building, and the industrial policy.
2. A model of four stages under a dynamic and evolutionary framework, the "development triangle", would help us better understand the situation. They are: (1) Igniting/jump-starting, (2) Sustaining via imitation, (3) Innovations in pockets as the economy moves up, and (4) Innovation at the frontier.
3. Each phase require the state to have different capacities (such as stability, state autonomy, policy-making and implementation), institutions (such as education, market, property rights, healthcare), and policies.
4. Data about the ending of civil war provide proof for this model.
5. Democracy is necessary in the third and fourth stage of development, but not that certain in the first and second phase, and could even bring negative effect in the first and second phase.

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Helen Hai
CEO, Made in Africa
Initiative

Practical Guide on Sino-Africa Cooperation

1. Since 2011, Ethiopia has overcome a lot of difficulties to become a successful case of industrialization with the resources relocated from and helps from China and Chinese companies.
2. Similar phenomena are happening in many other African countries.
3. What is really needed by African countries are techniques to catch fish, especially the guidance of how to take the first few steps.
4. Each generations of Chinese people have their own responsibilities. For my generation, it's to connect China with the world. For the students sitting in the conference hall, I encourage you to take on this responsibility in the future.

DISCUSSION I

1. Mathuna from South Africa: How can government create jobs?

Helen Hai: For a poor country, the most important thing of job creation is to take the first step of industrialization.

Lin: Government doesn't create jobs, but government can facilitate job creation through good guidance and attractive policies.

H. E. Mr. Berhane Gebre-Christos: One important thing is to build up a self-sustaining industry that create job under the guidance of the government.

2. A Professor from Aga Khan University: With reference to China's experience, what's the relations between higher education and economic growth?

Tang: In the early development phase, it's not the higher education, but the basic education that matters the most. Too much emphasis on high education is not congruent with the country's need in this phase, and drains the resources that should be invested in basic education.

Lin: I agree with Tang. Developed countries need high technology innovation and thus higher education, but for developing country, for job creation and economic growth it's basic and especially professional education that matters.

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**H. E. Mr. Berhane
Gebre-Christos
Ambassador,
Government of
Ethiopia**

Ethiopia's Economic Development and China-Ethiopia Development Cooperation

1. Ethiopia has a long lasting friendship and history of cooperation with China since the 1950s and 1960s.
2. In recent decades, Ethiopia has achieved great success in economic development and poverty reduction.
3. China is the biggest investment country in this process. Infrastructure project such as railway from Addis Ababa to Djibouti and Flight from Ethiopia to China, and the recent BRI are all proof of this mutual beneficial relationship.
4. Ethiopia's development goal is to become a middle income country in 2025, and the opportunity of transference of labor intensive industries from China is a great opportunity for Ethiopia.

**Lawrence Edwards
Professor, University
of Cape Town**

Enhancing Mutual Benefit through Trade: China and the South African Economy

1. China is currently experiencing change of the growth path: slower growth rate, rebalancing of factors, rising wage, and is becoming a rising source of FDI.
2. Africa is not one country. South Africa is different from most African countries, economically and socially, such as higher GDP per capita, experience of deindustrialization, and relatively sophisticated export composition.
3. Despite some worry about the crowding of Chinese manufactured goods which could cast impact on local manufacturing industry, South Africa and China do have a bright future of mutual beneficial cooperation prospect.
4. Three main opportunities: (1) Rebalancing of China's growth create space for more South Africa exports, such as wine, to China. This help South Africa to be better incorporated into global value chain (2) South Africa could be a connecting point of China and other regional market in medium tech industries, such as the case of Beijing Automotive Group and their investment in South Africa. (3) Local market access provide incentives for investment, such as the case of Hisense, a TV manufacturer.

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Zhang Chun
Director, Institute
for Foreign Policy
Studies, Shanghai
Institutes for
International Studies

FOCAC: Assessment and Prospect

1. The FOCAC is currently a very successful case of China-Africa cooperation.
2. The FOCAC has experienced generally three phases of development: (1) 2000-2006/2008, the change of China from inward development into more outward development; (2) 2008-2012, the recovery from global economic crisis; and (3) 2012-now: exploiting the China's new stage of development.
3. The FOCAC is developing multilayer mechanisms for collective dialogues, including Strategic Dialogue, Policy Exchange, and Implementation Communication.
4. There some major achievements: (1) China is changing from trading with Africa into investing in Africa; (2) China is turning from a bargaining chip into a real opportunity; (3) Among the "Eastern Countries", China has become the most important one; (4) There have been some pilot countries and projects in the African continent.
5. Challenges Ahead: (1) How and to what extend can African countries achieve "one voice"? (2) How to overcome the suspicions and pressures from external (non-Africa) world? (3) How can China-Africa relations become sustainable in the long-run? (4) How to bridge the expectation gap between China, Africa, and external watchers? (5) How to evaluate and monitor the development? How to transcend GDPism?
6. Future prospects: (1) Building labor-division with Africans under the framework of FOCAC; (2) Aligning FOCAC with BRI, Africa Agenda 2063, UN 2030 Agenda for SD, and national strategies; (3) Developing comprehensive impact evaluation system; (4) Exploring trilateral/multilateral cooperation modalities; (5) Improving policy supporting system.

DISCUSSION II

Christopher Alden: How do China manage the debt of the African countries? Should and Would China provide help to the financial infrastructure development of Africa?

Zhang Chun: China and Africa are helping each other in the South-South cooperation. We should unite and stand together. However, this does not mean that the help has no ending. For a sustainable relationship it is important to have Africa's own initiative. We hope that Africans could coordinate among themselves.

Tang: An idea from IR perspective. The competition between difference FDI providers such as China, Japan, US, and Europe is good for the African countries in financial part.

H. E. Mr. Berhane Gebre-Christos: We hope to hear a coordinated one voice from African countries. And South Africa is expected to play a role in the world politics.

In FOCAC one voice is also an important part. A better economic integration is also expected. But based on current situation, we need to face things one

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by one. It's not yet time to realize a "one voice". It's important, but it's a prospected future.

Also we have to utilize properly the advantages and conditions we have in the cooperation with China. Also we have to take on some risks in the trying of different patterns. We Ethiopian have achieved some results, but that does not mean everything. How to get more currency, improving wage and consumption, how to better utilize infrastructure? These problems would be solved in the future.

Mathuna from South Africa: Most speeches are about how China has impacted Africa which shows China's concern and interest in Africa is growing. It's really good. And we need to contemplate more on the drive of this growth. However, emphasis should also be put on how China is affected by Africa. It's more about a mutual influence. We need more thinking.

(Editor: Junda Li, Yunmu Gong)