



**CHINA SOUTH AFRICA RELATIONS: EXAMINING GAINS AND HIDDEN CHALLENGES IN ECONOMIC AND  
DIPLOMATIC RELATIONS**

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## **DECLARATION**

I declare that this study research is my own unaided work. All citations, references and borrowed ideas have been duly acknowledged. It is being submitted for the Bachelor of Social Science masters Degree University of KwaZulu-Natal, Durban, South Africa.

Signed: ..... Date .....

## **Abstract**

According to Samuel Huntington's clash of civilizations whereby he gave a prediction that there will be a sudden decline of the Western economies and sudden rise of the Asian economies, paving a way for the Chinese dragon economy to rise and become a force to be reckoned with. The Chinese economy's sudden rise has caused it to expand thereby needing more trading partners from its neighbors and more partners from developing countries especially in Africa. Of which, the African continent is famous of its vast mineral wealth and natural resources from different countries, therefore making it a region that is not only rich but also fertile with visible challenges such as those of poor infrastructure, underdevelopment and ethnic conflicts. Moreover, apart from Africa's challenges, China's largest bilateral trading partner in Africa is South Africa, making it the single most important player in not only the Sub-Saharan region but also in the African continent as a whole. Nonetheless, it through a displaying of different approaches in this research that an understanding and conclusion is arrived at, the approaches to be explored in this research will be realism, idealism, Stolper-Samuelson theory, Power relations, Unipolar, Bipolar. Other approaches to be use will be derived from international relations and International political economy in order to adequately explore the South Africa China economic and diplomatic gains and hidden challenges. Trading partnerships between both players are centralized around economic, political and socio-economic fabric of both countries. South Africa is enjoying its strengthened economic and political relations with China, while the Chinese are also enjoying improved trading, socio-economic and cultural relations. This research will be mainly conducted using a qualitative research methodology, with all the data being sourced from secondary sources. However, the study's structure will explore on three sections, namely 1st section is going to tackle the economic, diplomatic and cultural relations between South Africa and China. Second section is going to discuss the challenges and benefits that both players are experiencing in their relations. Third section is going to explore if there is equilibrium in the benefits and challenges experienced by both players during economic, diplomatic and cultural relations.

## LIST OF ABBREVIATIONS

ANC	African National Congress
AU	African Union
BNC	Bi-National Commission
BRICS	Brazil Russia India China South Africa
CCP	Chinese Communist Party
CPSA	Communist Party of South Africa
COSATU	Congress of South African Trade Unions
DIRCO	South African Department of International Relations and Cooperation
DTI	South African Department of Trade and Industry
EU	European Union
FOCAC	Forum on China-Africa Cooperation
FDI	Foreign Direct Investment
GDP	Gross Domestic Product
G-20	Group of 20 Countries
GATT	General Agreement on Tariffs and Trade
FIFA	Federation Internationale de Football Association
IPE	International Political Economy
IR	International Relations
IMF	International Monetary Fund
JETC	Joint Economic and Trade Committee
MDC	Movement for Democratic Change
NAM	Non-Alignment Movement
NEPAD	New Partnership for Africa's Development
PAC	Pan African Congress
PAG	Partnership for Growth and Development

PRC	People's Republic of China
PPP	Purchasing Power Parity
PIGS	Portugal Ireland Greece Spain
UN	United Nations
UNSC	United Nations Security Council
UNGA	United Nations General Assembly
USA	United States of America
US	United States
US\$	United States Dollar
USSR	Union of Soviet Socialist Republics
ROC	Republic of China
RSA	Republic of South Africa
SA	South Africa
SACP	South African Communist Party
SACU	South Africa Customs Union
SADC	Southern African Development Community
SAIIA	South African Institute of International Affairs
TEXFED	Textile Federation of Southern African
TRALAC	Trade Law Center for Southern Africa
TDCA	Trade Development and Cooperation Agreement
WTO	World Trade Organisation
ZANU-PF	Zimbabwean African National Union- Patriotic Front
ZAR	South African Rand

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# CHAPTER ONE

## INTRODUCTION

### 1.1 Background

<sup>1</sup>Formal diplomatic relations between South Africa and China were initiated shortly after South Africa's formal transition to democracy in 1994. China had broken formal economic ties with South Africa in 1960 and focused its attention during the apartheid years on the liberation movements. Initially, the apartheid government's ties with Taiwan were retained in the post-apartheid era, within a system of dual recognition of Beijing and Taipei, which led to a bidding war between these two players for investment in South Africa. However, in 1996, Nelson Mandela, the first democratically elected president of the Republic of South Africa announced the breaking of ties with Taipei, due to the one China policy and the vast market of the PRC. This led to the establishment of partnerships and diplomatic relations with Beijing (Alden, 2007).

Taiwan's economic diplomacy towards South Africa was that of promoting investment and trade, it was achieved through using the embassy in Pretoria to expand economic interests such as exports to South African market. Whilst acknowledging the fact that South Africa was the most stable economy in Africa and also the gateway to Africa, this made it even more attractive for the Taiwanese government to extend its economic interests not only to South Africa but also to the rest of the African continent (Alden, 2007).

However, South Africa Taiwanese relations were strong until the period when the democratic transition came, the period when the Regime change happened and the South Africans voted in a single voice to usher in the newly democratically elected government led by Nelson Mandela. According to Tseng (2008) the reason as to why South African businesses wanted out of Taiwan was partly because, they felt that their businesses had reached a growth momentum but there was

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<sup>1</sup>Formal diplomatic relations between China South Africa were initiated shortly after South Africa's transition to democracy in 1994. Although the initial conception of the diplomatic relations between the two players became official in 1998. China as the largest emerging and developing economy in the international arena and South Africa as the most sophisticated economy in the African continent. The two players have shown significant steady growth of their economies, both as emerging markets, also sharing same ideas and policies towards building closer and stronger strategic cooperation that is focused on deepening bilateral ties, domestic diversity for the mutual beneficiality.

no room for expansion in the small population and confined economy of Taiwan. As such besides the Chinese economy was attracting not only South Africa but the rest of the world. Especially Africa they termed it untapped because it had very few investors from Africa. In addition, due to the influence and strength of the PRC, Hong Kong decided to go back and join the PRC, making it very attractive to a variety of investors from the many parts of the world. In response to the PRC's pressure towards the African National Congress to discontinue ties with Taiwan, newly democratically elected President Nelson Mandela was also under pressure from among others his party members, Congress of South African Trade Unions (COSATU), South African Communist Party, the government and South Africa domestic businesses, whom were all against Taiwanese autonomy and sovereignty, as stipulated in the one China policy (Tseng, 2008).

South Africa shifted its focus and cut all economic, diplomatic and political relations with Taiwan, so that it would focus on the one China policy through strengthening its diplomatic, political and economic relations with the PRC. This affected Taiwan in a major way, in terms of trade, investment, political and diplomatic relationships. But for China it was a win win situation because trade with South Africa doubled. With all that was formerly invested in Taiwan was now invested in China, together with a concession granted to China for access to key strategic areas in the South African economy. This allowed China more privileges of accessing mineral resources and other key sectors in the South African market.

However, the key aspect of the China South Africa relations is dominated by the historic shift, that Chinese leader Deng Xiaoping in the 1970s introduced market reforms. These saw the shift from Maoism to a great sustained growth of the economic through focusing on development initiatives, which secured a future for China in not only the regional but the international arena. Nonetheless, the market size and capacity of Chinese economy, not only attracted many South African investors but also Taiwanese investors, which in particular acted as a boost to the Taiwan economy and its investments in mainland China.<sup>2</sup>This showed how the PRC viewed

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<sup>2</sup> Though the PRC and Taiwan are known rivals with a relationship known as cross-straight, have been regarded in abbreviation as People's Republic of China (PRC) and Taiwan as the Republic of China which under the leadership of the Kuomintang party (KMT) ran to Taiwan after conceding defeat from the Communist party of China (CPC) Which was under the leadership of Mao Zedong. However apart from the historical projections on winners and losers, Mainland China supported trade and investment with Taiwan, through allowing it to invest in the Chinese

Taiwan in terms of trade and investments, but whenever it came to autonomy and independence, the PRC opposed Taiwan on the international arena including at the United Nations Security Council UNSC and general assembly (Cho, 2005).

<sup>3</sup>However, the Mandela presidency was determined to assert its sovereignty and independence, while simultaneously promoting the country's regeneration and reintegration into the global economy. As such, adopting the one China policy was one of the regeneration and reintegration strategies that assisted the Republic of South Africa (RSA) to choose the Peoples Republic of China (PRC) over the Taiwan, this was partly influenced by the PRC government. China is known for its large population of 1.2 Billion and South Africa is known for its vast mineral wealth that feeds a population size of only 52.9 million people. With such disparities and the already well known Chinese capabilities and abilities to engage in multilateral trade with the rest of the world including the West on mutual beneficial grounds, makes the relationship with South Africa very problematic (Cho, 2005).

However, <sup>4</sup>South Africa was also known as one of the fastest growing emerging economies in the world and also one of the most stable economies in the African continent, making it the biggest player and as Africa's largest trading partner to China. This research is going to explore if there are asymmetrical tendencies of one actor benefiting more than the other, of which can compromise the equilibrium, which is already problematic given the huge advantages China has over South Africa as the largest exporter in the world, highest and fastest mass production and technological advancement (Adams, 2009).

Additionally, China is seeking peace, inclusivity and non-interference in its foreign policy towards Africa, which makes it a reliable and trusted trading partner. As such, China's role as the largest emerging economy in the world has caused South Africa's economy to expand and reach

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market, its position with regard to the Taiwanese autonomy and independence remained unchanged and always on the opposition.

<sup>3</sup>Nelson Mandela was inaugurated as the first democratically elected president of the republic of South Africa on the 10<sup>th</sup> of May 1994. However after serving as president for a single term in office, as earlier promised by him, he stepped down in 1999. Nonetheless his presidency was determined to simultaneously promote the country's regeneration and reintegration into the global economy.

<sup>4</sup>South Africa was also known as one of the fastest growing emerging economies in the world and also one of the most stable Economies in the African continent, making it the biggest player and as Africa's largest trading partner to China today.

out to many multilateral trading partners; most of them are attracted by the relations that South Africa has with China (Porcaro 2009). For instance in Africa, most economies are in need of foreign direct investment and financial assistance with no strings attached. China has been the solution to this problem, through providing assistance to most of the continent without seeking a hidden agenda. Consequently, South Africa has taken the opportunity to expand its economy through engaging in trade and investments with African economies on a regional and individual basis all throughout the continent, although it may seem like a competition between the two emerging powers. China has the lions share in Africa even though South Africa is the biggest African investor in China has strengthened its relations even deeper with China. However, as the impact of South Africa China relations becomes more practical, there arises a need for more empirical research on the diplomatic and economic relations. These present both opportunities and threats for the South African economy, which seems to be showing deepening relations with China (Noluthando, 2013).

## **2) Preliminary literature study:**

The study conducted by Wu and Alden (2014) indicates that, historical relations between China and Africa date back to the Ming Dynasty around the period between the 13th to the 16th centuries, under the leadership of Admiral Zheng. Additionally, during the period of 1950s when African countries gained independence. China established formal relations with African countries. It was also during the same period that the People's Republic of China was formed hence the pursuit for establishing formal relations with independent African states. During 1954 at the Bandung conference, issues adopted focused on building stronger ties through forging peace, refusing to align with colonial and oppressive governments. The Non Align Movement (NAM) was formed around 1955 which played a pivotal role in influencing and shaping China's foreign policy towards African countries. Moreover, this alignment between the PRC and Africa countries paid off particularly when the PRC needed votes at the Security Council for a permanent seat of which due to the large voters block from the African countries, PRC won the UN permanent Security Council seat without much opposition (Wu and Alden, 2014).

<sup>5</sup>Scholars such as Payne and Veney (1998) argue that the foreign policy of the PRC was influenced by the engagements that it had with the developed countries especially United States (USA) and Russia, partly through the way that the two global powers operated and opposed with different ideologies and economic models. However, it was during the period of the cold war that Africa became a hot bed for Russia and US proxy wars. Which were fought to suppress the spread of communism by the United States. These battles were fought for domination where was also fought in Vietnam, South America and South East Asia. Moreover, the PRC did not take sides in the ideology wars between the multi polar powers; instead China chose to stand with the victims of these proxy wars, who were the Africans. Immediately after the cold war, there was hope in the African continent, and when the Soviet Union disintegrated into small weak states. It also saw the withdrawal of the two powers Russia and United States. This withdrawal created an opportunity for the PRC to rush into Africa and establish relations, which were based on mutual trust, fairness, non-racial, promotion of peace and strengthened relations through economic partnerships, trade and investments. Hence the shift from militarism to economics as a new global strategy way of states engaging globally (Payne and Veney, 1998).

However, China's focus and engagement with Africa was politically, economically and socially connected and directly driven by the need for mineral and natural resources and political support on the international arena. Such as the UN Security Council vote that saw the PRC win a permanent sit, because of the African bloc vote. As such, China also had trade and investment relations with US and Russia which although happened in the absence of African states. Directly influenced the nature of relations that China was to have with Africa, with a particular focus on South Africa (Saich, 2010).

This effect and influence that the two global powers had on China caused it to formulate policies that shaped the way China was to engage with African countries, South East Asian countries and South America. Research conducted by Saich (2010) indicates that after the demise of the rivalry between the two super powers, United States and Russia left the PRC with little choice to re-invent the wheel that was to shape the way its foreign policy towards the Western powers and former allies such as Russia would be. During the cold war, China aligned with Russia for

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economic, military and political and ideological support while Taiwan aligned with the US military, economic and political support (Saich, 2010).

In addition<sup>6</sup>the ideological war between the communist party of main land China and nationalist party of Taiwan, in which Mao Zedong a communist and Chiang Kai Chek a nationalist in 1949. Sadly for Taiwan, the domestic war of ideologies resulted in Mao Zedong claiming victory while many supporters of Chiang Kai Chek escaped to Taiwan, due to fear of being persecuted by the new rulers of the ROC. However, as soon as Mao Zedong the leader of the communist party settled down as the leading national party, he changed the name of China from the ROC to People's Republic of China PRC, (Saich, 2010).

However, not everyone was pleased by the victory achieved by Mao Zedong's communist party. The United States did not abandon Taiwan's nationalist party; it however formulated policies that sanctioned the PRC which further isolated the communist party from the rest of the world but certainly not from its previous allies. Although, the United States provided tactical and military support for Taiwan in order to strengthen it from possible invasion by the aggressive PRC. This did not secure Taiwan from future partnerships with the PRC in terms of trade and investments. However, Hutchinson (1975) and Taylor (2006) further argue that even though the PRC was under international sanctions initiated by the United States partly due to the Tiananmen Square massacre of the democratic protestors, it never lost support from Soviet Union who provided tactical, military and trade support.

It is argued that the Soviet continued providing support for the PRC as its communist ally Hutchinson, (1975) and Taylor, (2006). However, the intensity of proxy wars around intermediate zones according to Mao Zedong in African countries intensified. The war of ideology between the United States and Russia on intermediate zones, which implied third world countries as zones for proxy wars (Taylor, 2006). <sup>7</sup>This concept of intermediate zones was originally introduced by Mao Zedong to indicate that the war between capitalism and communism would be fought for economic domination of as many countries as each could, until

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<sup>6</sup>The ideological war started in ROC between Mao Zedong who was a communist and Chiang Kai Chek who was a Nationalist in 1949. Sadly for Taiwan, the domestic war of ideologies resulted in Mao Zedong claiming victory while many supporters Of Chiang Kai Chek escaped to Taiwan, due to fear of being persecuted by the new rulers of the ROC.

<sup>7</sup> Mao Zedong introduced the concept of intermediate zones, as a means of identifying affected developing states. In this case African states, which experienced proxy wars, fought by the two global players US and Russia.

the most influential is declared the winner particularly in South America, South East Asia and Africa. Moreover, lessons learnt by China in its engagements with Russia during the period of proxy wars of ideology with the United States in many parts of the world, especially Africa, caused it to shift its foreign policy towards supporting developing countries in Africa through supplying military and financial support that would enable them to defend and fight for their liberation. Moreover, the aggressive behavior of the United States influenced China to adopt policies that were non-racial, non-imperialist, non-colonialist and non-hegemonic, especially towards countries of Africa affected by the proxy wars (Hutchinson, 1975 and Taylor, 2006).

Despite many attempts made by Mao Zedong to integrate the PRC into the World Trade Organisation (WTO), there were challenges of ideological conflict that hindered the PRC from joining and been accepted into the WTO (Saich, 2010). One of these challenges is that of human rights violations against its workers, which made it impossible to trade fairly with other markets without facing criticism. However, due to its expanding economy, China realised that for it to keep pushing ahead, its dire need for oil and mineral resources needed to be constantly supplied by the developing countries of Africa.

Compounding this is the fact that despite the alienation of the US and EU markets due to its growing appetite for the number one commodity in the international market, oil. It caused the PRC to look towards the south in African countries such as South Africa, Angola and Mozambique which then due to the double standards of the West, accused the PRC of dealing with rogue states. These rogue states allegedly did not respect international law and treaties. Despite these tensions with the US and European Union (EU), the PRC indicated that the US China relations were regarded as the most complementary economies, which led to the naming of the countries relations and connection as 'Chimerica' (Ferguson, 2007). Ferguson noted that the Chinese had adopted a culture of saving while the US were known for their spending habits, of which led to the culture of the Chinese lending while the US borrow (Ferguson, 2007).

<sup>8</sup>The main focus of this research is on China South Africa relations with a particular focus placed on the historical background that these two emerging economies shared from the past until

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<sup>8</sup>Otherwise, the main focus of this research is on China South Africa relations with a particular focus placed on the historical background that this two emerging economies shared from the past till present. However, evidence provided by contemporary scholars such as Alden and Wu (2014) indicates that China South Africa relations date back to early 19th century.

present. However, evidence provided by contemporary scholars such as Alden and Wu (2014) indicates that China South Africa relations date back to the early thirteenth to sixteenth century. A period when Chinese explorers and miners had a gold rush, whose origin was the South coast of China and some parts of Mauritius, travelled to South Africa in search of mineral resources, particularly gold. During the period of early nineteenth century South African stories were travelling around the world about the discoveries of gold and diamonds. These stories caused a gold rush, whereby travelers would arrive into the country to try their luck at extracting gold or other minerals. As such, the influx of Chinese explorers caused the mining corporations to decide to make Chinese labor official in the mining industry and after a short period of working together, the numbers of Chinese workers increased in South Africa. The Republic of China decided to establish consular services office in Pretoria to assist with documented Chinese labor.

However, in the period of 1905 under the leadership and directives of South African president Jan Smuts, decided to deport all Chinese laborers, thereby putting an end to the increased Chinese population. However, there was left a small group of Chinese settlers in Johannesburg. These small groups remained in South Africa as evidence of traces of past relations that the Republic of China (ROC) and South Africa shared (Alden and Wu, 2014).

<sup>9</sup>The Diplomatic and political relations between South Africa and Taiwan were initiated in 1976 were seen as somehow beneficial to Pretoria and Taipei (Geldenhuys, 1990). This was because the two players enjoyed stronger links, the result was promoting entrepreneurship to invest and establish businesses in black populated areas. Such as KwaZulu-Natal and Eastern Cape provinces, where the level of investment grew exponentially. Thereby boosting two way trades from the 1970s to 1990s which saw growth of trade from 30 million to 5 billion, with different groups of investors from Taiwan and ROC coming on board.

Evidence provided by Mills (1995) indicates that there was a sudden rush of Taiwanese investors in the homelands of South Africa; this was particularly influenced by the decentralised policy of industrialisation implemented by the apartheid government. Taiwanese investors took advantage of this policy and established small factories specialising in clothing and textile. However, their

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<sup>9</sup> Diplomatic and political relations with Taiwan were initiated in 1976; this was seen as somehow beneficial to Pretoria and Taiwan. Because they both were facing the established stronger links between Taiwan and South Africa were particularly focused on promoting entrepreneurs to invest and establish businesses in black populated areas.



growth in numbers was as a result of the initiative of the apartheid government to reduce tax on small factories for clothing and textiles as an incentive to attract more investors and to allow investors to maximise their returns and increase their profit margins (Mills, 1995).

Nonetheless, apart from the incentives the apartheid government provided to the Taiwanese investments, it still managed to trade with mainland China behind the curtains, although mainland China was always against trading with oppressive, colonial, racist and imperialist regimes. The study conducted by Hutchinson (1975) indicates that although mainland China was always against regimes that were oppressive, colonial, imperialist and racial in nature, it did not completely reveal its position with regards to state economic interests. This non-alignment stance made it very problematic for the PRC because the colonial and imperialist regimes such as United States and apartheid South Africa had previously benefitted the ROC through trade and investments and also through economic partnerships. However, mainland China continued its trade relations with the Apartheid regime behind the curtains, even after declaring war on oppressive colonial and racial regimes such as the Apartheid regime (Hutchinson, 1975). The regime in focus here is South Africa, due to its relevance in this research and also due to its oppressive, colonial and racist stance against certain specific populations. The most controversial and conflicting revelation is that the ROC was still engaging with apartheid South Africa even though it was publicly denouncing its alignment with the apartheid regime. This showed how cunning and controversial the PRC was in maintaining trade relations even when it was contradicting with its moral obligations to the liberation movements based in South Africa at that time namely the African National Congress (ANC) and South African Communist Party (SACP) (Hutchinson, 1975).

Although mainland China was always trading secretly with those regimes that it publicly denounced, this did stop it from pursuing trade relations with African countries. Otherwise research conducted by Butts and Thomas (1986) indicates that South Africa had a gross domestic product (GDP) at the value of R104.8 billion which according to the dollar was estimated to be \$52 billion in the year 1984. The major component of the South Africa economy was the mining sector. Mining was strategic in the economy and minerals were the most exported item in the country. During the period of 1978 to 1981, the economy of South Africa recorded growth at 16% which was partly influenced by foreign direct investment, which again attracted more FDI

at a level of 33% Butts and Thomas (1986). The other unique feature of South Africa was its military capability, which was stronger than all the regional member countries militaries combined (ibid).

Its military prowess made it a force to be reckoned with not only in the region, but also in the continent. The state of South Africa depended on mining as the backbone to sustain the economy and to maintain the status of their military so they could continue influencing the region politically and economically. Challenges recorded include the issue of population growth, because during the nineteen eighties, South African population was estimated to be at 33million, with Africans on the majority and whites, Indians and Colored falling under as the smaller population groups (Butts and Thomas, 1986)

<sup>10</sup>Findings made by Butt and Thomas (1986) indicate that in 1985 the South Africa Rand was R1=\$1.28 but after a period of five years these disparities went high with R1=\$.38 and by 1983 the Rand was selling at R.89 meaning that the Rand weakened at a while the national debt owed to foreign donors stood at \$23.6 billion. These features and others indicate just how low and weak that the South Africa economy was falling weak as time passed, to the low of 57% compared to the dollar. Butt and Thomas (1986) argue that the biggest daunting task was that of maintaining the apartheid system, even though it served well the interests of the minority white population, there were dangers of a weakening economy due to international sanctions.

However, it was realised that due to the weakening of the rand, sustaining the apartheid system became very costly. This was mainly influenced by the status quo, who ensured that security is paramount even at a high cost of maintenance and ensuring that South Africa's military force at the Angolan border were paid and fed at a daily cost of \$1.5 million. Maintaining and ensuring that laborers were transported to and from their places of work became almost impossible and this was largely as a result of settling populations according to their races in different locations across the country, the weakening rand which affected drastically the ailing economy (Butt and Thomas, 1986).

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<sup>10</sup>According to findings made by Butt and Thomas (1986) indicate that although in 1985 the South Africa Rand registered a high of R1=\$1.28, after a period of five years the rand upsurged to a high of with R1=\$.38 compared to the dollar showing exceptional strength in the global market. But by 1983 the Rand was selling at R.89 meaning that the Rand weakened at a while the national debt owed to foreign donors stood at \$23.6 billion.

Consequently, apart from the challenges of the Apartheid regime, official diplomatic relations between China South Africa began in January (1998). This was the period when the two states made it official and begun diplomatic visits by leaders from both sides. Bilateral agreements were also signed during the same period and this meant that trade between the two players could thrive and step into the next level. China has been at the forefront of many developmental initiatives in Africa ever since the 1970s which was particularly famous for China funded the Tanzania-Zambia railway also known as Tazara railway line (Shelton and Alden 2007).

Other initiatives included supplies and funds for military equipment for the African Union that in total amounted to 75% of all total assistance given from other partners. This idea of continuing trade with Africa even when China knew that African economies were shallow and very weak to trade evenly, caused it to be seen as a friend or as the revolutionaries would call it a comrade. Because it stood with them during the struggle for liberation and supplied weapons to help them win the war against the colonialists and the imperialists. Nonetheless after the establishment of diplomatic relations between China and South Africa. Diplomatic visits by leaders from states in question increased. The then South African deputy president <sup>11</sup>Thabo Mbeki had the first diplomatic visit in April 1998. The second state visit from the South African state was made by the speaker of the national assembly, Ginwala in October 1998 (Shelton and Alden 2007).

President Nelson Mandela was third on the list of South African leaders paying diplomatic visits to China in May 1999 Naidu, (2007)., Thabo Mbeki visited in October 2001, after becoming president of RSA, while another visit was by then South African chairperson of the national council of provinces, Naledi Pandor in October 2002 (Naidu, 2007).

From the PRC, Hu Jintao who was then deputy president paid a diplomatic visit to South Africa in February 1999. The next state visit from the PRC was made by the Chairman of the standing committee of the National People's Congress Mr. Li Peng in November 1999, which was followed by that of Jiang Zemin who was the president of the PRC in April 2000. In April 2001, the chairmen of the national committee of the people's political consultative conference

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<sup>11</sup> Thabo Mbeki was deputy to President Nelson Mandela until 1999 when Mandela decided to step down, Mbeki became president of South African for almost two terms from 1999 to 2008, on his last year of the second term he was succeeded by Kgalema Motlanthe. Who became one of the shortest serving presidents of South Africa, he served as president from 25<sup>th</sup> of September 2008 to 9<sup>th</sup> of May 2009 Thabo Mbeki also played a critical role in the conception of New Partnerships For African Development (NEPAD).

Mr. Li Ruihuan visited South Africa Naidu, (2007).The PRC sent its premier Zhu Rongji in September 2002, lastly the deputy Premier Li Langing paid a diplomatic visit to South Africa in January 2003. Of course this was not the end of diplomatic visits made by leaders from the two states. Moreover, when Jacob Zuma became president in 2009 he also paid a visit to China through an invitation from Xi JinPing who is the current PRC president in December 2014 (Naidu, 2007).

Nevertheless, <sup>12</sup>the Pretoria declaration was signed by both then presidents of RSA and PRC in April 2000.This document symbolised the formalisation of stronger ties of partnership between China and South Africa. It was signed in Pretoria when the PRC president paid a diplomatic visit to South Africa under the leadership of Thabo Mbeki (Naidu, 2007). However, the Bi-national Commission was also started during the same period of the presidency of Thabo Mbeki and PRC's Jiang Zemin for the promotion of deeper partnerships in diplomatic, political, economic and other sectors of importance for both players including monitoring to ensure balanced trade between the two players, especially for South Africa, due to trade deficit issues. Moreover, other BNC's to be chaired by the RSA and PRC in June 2004 focused on the Addis Ababa action plan for the promotion of peace and stability and development in Africa. The Forum on China-Africa Co-operation (FOCAC), Support for New Partnerships for Africa's Development (NEPAD), the signing of South African Customs Unions(SACU) for free trade agreements between China and Southern African Development Community (SADC) area, RSA granting PRC Market economy status, strengthening South to South co-operation, accepting their global status as global players, so to have a say in the new world order, especially on issues to do with peace, stability, proper governance, justice and equality committing to the one China policy (Naidu, 2007).

Although diplomatic relations had begun with good spirits, the presidency of Thabo Mbeki did not fully support the speed at which African countries were taking to accept the PRC as a mutual partner, otherwise instead of opening its arms to the PRC, the leadership of Thabo Mbeki took cautionary steps as explained by Alden and Wu (2014). This was in order to safe guard the

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<sup>12</sup>The Pretoria declaration was signed by both then presidents of RSA and PRC in April (2000), Naidu (2007) continues by stating that this declaration was signed in Pretoria when the PRC president paid a diplomatic visit to South Africa under the leadership of Thabo Mbeki.

raw materials from South Africa. <sup>13</sup>President Mbeki stated that African states should be careful in the way and manner in which they conducted themselves with the PRC. Lest they became mere suppliers of raw materials in exchange for finished products. However, this statement was not taken lightly by the PRC under the presidency of Hu Jintao who in February 2007 gave a speech in response to President Mbeki's cautionary speech.

Stating that the PRC had good intentions and that it was aware of the fears of imbalances between economic structures and scope of Chinese trade and investment (Alden and Wu, 2014). Hu Jintao advised African states that their fears would be settled through friendly consultations and deepened partnerships and co-operations. However the PRC was not as innocent as earlier perceived, due to the incident that happened in Zimbabwe, when a ship carrying weapons destined for Zimbabwe during the election tensions between the ZANU-PF and MDC in April 2008. When the RSA realized that the ship was carrying cargo destined for Zimbabwe, it joined forces with the SADC community to criticize the PRC for its double standards (Taylor 2007).

Furthermore, the Presidency of Thabo Mbeki was under immense criticism due to tensions and disagreements between the Mbeki presidency and the leadership of Angola, Zimbabwe and Sudan. As such, the Sudanese leadership didn't agree with South Africa with regard to how they were to engage with the PRC. However, Mbeki's leadership style didn't change much amidst tensions and disagreement with party members and other leaders from different African countries. The negative effects his leadership was having on other African leaders caused South African investors based in those African countries to start losing business contracts and deals to PRC investors (Alden and Wu, 2014).

Moreover, before the end of the Presidency of Thabo Mbeki, he was unexpectedly ousted by his rivalries within the ruling party in December 2009 and his immediate replacement as RSA president was Kgalema Motlanthe to finish the short term left by the ousted. This was partly due to handling of the tensions and disagreements between RSA and leaders from other African countries, the Beijing issue and the Zimbabwe election crisis quiet diplomacy, that was not criticised by the US and other members of the United Nations Security Council (UNSC).

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<sup>13</sup>President Mbeki stated that African states should be careful in the way and manner in which they conducted themselves with the PRC lest they became mere suppliers of mineral resources in exchange for manufactured products.

Nonetheless the incoming of President Jacob Zuma was received warmly by many stake holders and leaderships, especially from Beijing, which was rushing to smoothen ties with RSA because it viewed it as the gateway to Africa. President Zuma was also eager to smoothen relations with Beijing; this was partly because during the global economic crisis, only the PRC economy withstood the crunch. This ability by the PRC caused the Zuma leadership to look towards the east, which subsequently was Zuma's campaign strategy, of adopting a developmental state approach that was previously used by most Asian states. Alden and Wu (2014) state that President Zuma's first diplomatic visit to PRC was in August 2010 which was aimed at strengthening mutual strategic interests and partnerships as well as moving to the next level of bilateral ties.

Although South Africa viewed the PRC as a strategic partner in terms of trade and investments, the PRC had since the conception of their relations regarded South Africa as the mineral resource hub of the African continent. Most of the minerals found in South Africa were on demand on the international market and most preferably by the PRC. According to research done by Daly (2008), these minerals were very important tools that China required to feed its ever expanding economy. Africa is the centre at which China has planted its feet and has no intention of leaving anytime soon. However, African minerals such as titanium are very important to China since they help in the production of fighter jets and other military wares. Diamonds are found in large quantities in South Africa and that's why China seeks to strengthen its relations with South Africa for the purposes of securing mineral resources and trade benefits Daly (2008).

However, apart from high on demand minerals found in South Africa and being regarded by Beijing as "the continent's treasure house", the largest producer of gold and big reserves of "industrially important metals and minerals" (Dayly, 2009:80). South Africa is also one of the two leading African countries (next to Angola) with whom China does business De Beer and Schreiner (2009). The latest figures from South Africa's Department of Trade and Industry indicate China as the top exporter to and importer from South Africa by country (DTI, 2011). Nonetheless, the dynamics of the China South Africa relations as emerging powers within the new global geopolitical and geo-economic order were formalised when South Africa received an invitation in December 2010 to become part of the BRIC which stood for Brazil, Russia, India,

China group of emerging powers (Seria, 2010). South Africa's entry into this formation underlines its role as an economic leader on the African continent (Taylor, 2006).

Although South Africa's entry into the BRICS partners opens closed doors for South African traders and investors. This also set apart South Africa from the rest of the African continent. However, the Bi-national commission introduced by the Thabo Mbeki regime according to research conducted by Grant (2011) states that the commission was to establish protocol to be followed and thereby become a guide not only for the China South Africa engagements but also for the BRICS counterparts, who have through the Department of International Relations and the Department of trade and industry. However, Shelton (2012) states that apart from the BRICS bloc coming together to benefit each other through trade and investments. Diplomatic visits between China South Africa acted as an example for other players, which became more intensified as time moved forward; they became the beacon by which the strengthening of the relations depended upon. Infact the state visits strengthened not only the diplomatic relations and but also the bilateral relations which were deepened. In addition, officials from China South Africa continued visiting each other, some of the visits were made by ministers from various departments such as foreign affairs, finance, international relations and political party officials, premiers. To be specific, the diplomatic visits encouraged and motivated further the relations between the two players (Shelton, 2012).

Although a vibrant and promising one, the relationship between China and South Africa has been rough at times (Radebe, 2009). Opposition against Chinese trade and investments was led by the trade union federation COSATU, which described cheap imported Chinese goods as a "hurricane" that would damage local industries, especially the textile industry. South Africa's textile union estimated that 800 manufacturing units and approximately 65,000 jobs were lost because of allowing and opening doors towards Chinese imports. Yet South Africa, according to Radebe (2009) like other African countries, also owes a historical debt of thanksgiving towards China for its position against colonialism in support for the liberation movements.

Researchers such as (Naidu,2006) argue that although South Africa China relations position South Africa as the gateway of Africa, due to its influence as a regional powerhouse for the SADC community and its mineral wealth and sophisticated economy that is diversified more than any other in the whole continent. It still faces challenges in its engagement with China due

to the issues and challenges of lacking experience in trading with a power house such as China. South Africa's position in the continent together with its MNC's spread across the continent makes it the only economy in the continent that can trade with China on a much better scale compared to other African economies. As such China's engagement with the continent was motivated by the engagement that it had with stable economies of Africa such as South Africa, Angola and Egypt.

Nonetheless apart from South Africa's position in the SADC region and its stability founded under its MNC's spread across the continent and in some other parts of the world. (Naidu, 2006) have critiqued these relations and have stated that the levels of disparities between the two economies are a matter of concern. Although China has recently made large strides in the Western world in economic and political relations, available room to engage with African economies on a much intensified scale, remains doubtful because issues of trade balance and equilibrium makes its engagement with South Africa and the rest of the continent more problematic than safe (Wasserman, 2006).

It is imperative to note that existing assumptions made by scholar Edinger, (2008) are somehow overboard and ambiguous, that China-Africa relations are founded on the Chinese interest on African minerals as the new scramble for Africa. Some of these assumptions have some weight, which can be seen in the way China is extracting mineral resources and energy sources in the form of oil, gas and precious metals simultaneously from all resource rich African countries(Daly 2008). This research however will not focus on these assumptions but rather on the positive outcomes that may portray both players positively and benefitting from each other, because there are South African firms and investments based in China as much as there are Chinese investments based in South Africa and the rest of the continent.

Nonetheless, due to existing arguments that view China as a new hegemony seeking to further its interests over those of its counterparts from developing countries especially in Africa. This makes it impossible for this research to portray equilibrium and asymmetry as both players face different challenges that could be solved by the larger, stable and more productive economy, which is China. While Africa is exporting raw mineral resources to China, it receives finished products from China that have been manufactured from its mineral resources (Edinger, 2008).



However, although there are existing challenges of China exporting finished products to South Africa and South Africa exporting to China raw materials. South Africa China economic relations can be assumed to be based on trade assumptions made by Anthony and Grimm et al (2013). If a country is overly dependent on another in terms of trade, the former should grant the latter some preferential allowance on access to land and other strategic sectors of its economy. However, China South Africa economic relations officially begun in the 1990s, recorded data of their trade relations indicate relations recorded a high of US\$14 million which upsurged in their next encounter in 1997 and recorded a high of US\$1.5 billion. However, between the years 1998 and 2004, bilateral trade between China South Africa went up exponentially the recorded growth was 36%, which rose to US\$2.75.

According to Davies (2004) apart from available recorded data indicating China South Africa trade relations deepening and expanding since 1990s to 2004. South Africa also played a pivotal role in issuing China a market economy status which allowed China to trade freely without much hindrance in the Africa continent. However, the global economic powers such as the US and Europe who influence the WTO, repeatedly denied the PRC market status stating that according to the WTO, the Chinese would be granted market economy status at a later arranged stage. This meant that the PRC would never trade with Europe and the US until it was granted market economy status by the WTO Davies (2004).

Therefore, the move to grant market economy status to China by South Africa was both partly political and economic. The nature and result of the grant meant that South Africa would benefit from the vast Chinese domestic market and secondly the political connection with China would set it apart from the rest to negotiate matters of importance at global gatherings, such as the G20 summit, which features twenty of the leading economies in the world. China would be mandated to represent not only the emerging economies but also the developing countries. (Davies, 2004)

Consequently, Naidu (2007) argued that the World Trade Organisation (WTO), under its accord, which stated that by 2015, China should have qualified for market economy status. The problem of this WTO ultimatum was the US and EU, who saw things differently when it came to China, mainly due to political and not economic reasons. China was seen by many western powers as an ally of Russia and a communist regime that was a threat to their interests. This was also motivated by the Tiananmen Square protests of (1989) which saw the deaths of many innocent

students that went on strike demanding the communist government to adopt democracy. However, trade between the two countries has indicated that one side is outweighing the other in terms of exports and overall trade Naidu (2007).

Historically, apart from the Chinese authoritarianism on its citizens during the Tiananmen protests. In South Africa, the lifting of sanctions after the demise of the apartheid regime allowed the new democratically elected leadership, the opportunity to start afresh with regards to building alliances with new regional and international players Alden (1998). While at the same time formulating a new path of foreign relations with respect to international laws and regulations for human rights to be upheld, and at the same time engaging with other players on the global economy.

Even with its small size compared to large economies such as the US and China, the South African economy soon after the democratic transition became very competitive on the international markets in areas such as agriculture and manufacturing. However, according to research conducted by Alden (1998) there were certain conditions that transpired during the formulations of the China South Africa relations. These conditions came as a form of relations with conditions. They stated that South Africa had to cut and abandon all former relations with Taipei, and establish fresh relations with China only. And that the new South African democratic dispensation will only accept a one China doctrine and that was the People's Republic of China PRC (Alden, 1998).

Nonetheless, the need for South Africa to accept the one China policy was mandatory because of the historical conflict that Taipei had with Beijing. Of which China promised to open doors that it claimed it had made available to the South African investors(Cho 2005). These open doors included the investment opportunities the PRC had created in the East Asian region, which was composed of countries such as Hong Kong, Macau, Indonesia and Malaysia. These meant that the One China policy created opportunities for South Africa to take advantage of in exchange for cutting economic, diplomatic and political ties with Taiwan. As much as South Africa wanted to continue its relations with Taiwan, it became almost impossible to retain trade relations with Taiwan because the mainland PRC provided a bigger sustainable and better market than what tiny Taiwan was offering Cho (2005).

However, it was during the Mandela presidency that South Africa had entered a new era of democracy, which required a new approach that was completely different to one of the previous predecessors, the apartheid regime. The Mandela presidency adopted a new approach that was more idealistic in the way it viewed the world. According to Mandela (1993), the world needed to be more idealistic in terms of the manner in which it promoted democracy globally, in order to solve the many challenges of the world, especially with regard to issues of human rights (Mandela, 1993).

Despite calls for global idealism by Mandela (1993), China South Africa and the BRICS bloc and the issue of power and realism have been at the forefront of both international relations and the international arena. However, the end of World War II brought a shift of power on the international arena, the power shift happened when the European powers weakened due to the destruction of infrastructure and investments during World War II. Albeit the war ended in 1945, another war begun the same year, the cold war between the two super powers US and Russia. This war was also regarded as a war of ideologies that saw the breaking down of the Soviet and the weakening of Russia and the raise of the emerging economies namely China, India and Brazil and later the formation of the BRICS bloc.

The <sup>14</sup>BRICS Bloc stands for Brazil, Russia, India, China and South Africa. These countries were first grouped in 2001 by <sup>15</sup>Jim O'Neil who was the first to group the emerging economies and called them BRIC bloc. However, this group of emerging economies was established on the 16th day of May 2008 and South Africa later joined the BRIC Bloc in 2010 which later came to be known as BRICS. According Jim O'Neil, a leading investment banker from Goldman Sachs argues critically of South Africa's inclusion into the BRICS bloc.

The main reason for this outburst was the South Africa's economic size compared to the other counterparts namely Chin, Brazil, India and Russia. The South Africa's growth projections for the next five years and the GDP depreciated from 2012 indicated 3.2% to 2.7%, 2013 saw a rise to 3.6% and 2014 saw a much higher growth of 4.2%. Naidoo (2012) These five emerging economies all came into the spotlight because shortly after their formation there was a global

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<sup>14</sup>BRICS Bloc stands for Brazil, Russia, India, China and South Africa; they were first grouped in 2001 by Jim O'Neil. However, this group of emerging economies was established on the 16th day of May 2008 and South Africa joined the BRIC Bloc in 2010 which later came to be known as BRICS.

<sup>15</sup> Jim O'Neil is a global chairman of Goldman Sachs Asset Management coined the term BRIC in 2001.

economic crisis, during which the emerging economies had showed economic resilience and stamina, while developed economies and countries were showing weakness in their economic stability (Lye and Zhang, 2010).

Moreover, research shows that developed economies are still feeling that pinch even years after the global crisis (Lye and Zhang, 2010). Lye and Zhang state that the first BRIC meeting held in 2009, in the city of Yekaterinburg, Russia. These emerging economies later met in 2010 in Brasilia, Brazil for a second time, exactly one year after the first meeting. The significance of this particular meeting was that it was when the emerging economies stood together and advocated for a multi-polar world order, thereby causing a shift from the previous unipolar world order that was dominated by the US economic and military power and hegemony (Lye and Zhang, 2010).

BRICS entry into the G20 was confirmed in which all members used their geopolitical influence to fight the global economic crisis. However, a third meeting was planned for the following year (2011), whereby the host nation was to be China. According to Goldman Sachs, China's economy is larger and more stable than all the rest combined. Goldman Sachs state that the BRICs emerging economies will become stronger and bigger than the G6 group of developed economies by the year 2025 (Naidoo, 2012). Goldman Sachs continues in its projections that the current G6 will not be the same by the year 2050, only two of the existing 6 will be standing, those two would be the US and Japan and the rest will be designated as emerging economies. By 2010 these emerging economies registered growth patterns that shocked the whole world, and the recorded patterns indicated are as follows (Naidoo, 2012).

According to research conducted by Sandrey, Fundira et al. (2013) apart from BRICS growth projections presented by Goldman Sachs. South Africa during the apartheid period was very stable and competitive in the global market with regards to agriculture, mining and manufacturing. However, after the democratic dispensation, the invitation to enter the BRICS bloc by China, Came as an opportunity for South Africa's new leadership to grow and expand the economy. Nonetheless, the main challenges facing South Africa include those of smaller economic and population size compared to other BRICS member states. The BRICS, ever since their conception has always focused its energies on the growth domestic product (GDP) growth and performance with regard to trade. The GDP of South Africa compared to the other partners

is relatively small and it's below that of that of Russia and India and the population is also around a quarter of that of Brazil and Russia (Sandrey et al., 2013).

Although the unique aspect of South Africa lies on its purchasing power parity (PPP) which puts it on a fare stage compared to other players of the BRICS bloc. South Africa also has a vast mineral wealth that can sustain it economically. Disagreeable arguments on the function of South Africa in the BRICS bloc is rather minimal, albeit the potential benefits that maybe available for it to use to its advantage. Such as the vast market that each player has to offer. For instance China and India both have population sizes that amount to 2.5 billion, with Brazil and Russia also above the average regarding population size above hundred million (Sandrey et al., 2013).

South Africa on the other hand having 54.0 million people, as per the 2014 trading economics, which compared to other BRICS members, is not even half of the second last smallest population group. Apart from issues of population size, South Africa is also facing challenges of unemployment and high poverty levels that are hindering it from becoming a more labor intensive, which could boost the levels of production in most sectors, through skills training programmes. This could also mean that the challenges of poverty and unemployment will be solved because there will be jobs available for every youth (Sandrey et al., 2013).

However, some analysts believe that it's too early to judge the BRICS and before it can become the force to be reckoned with, it has to rise above the developed economies of the West and of course that the US (Glosny, 2010). Otherwise for now the challenges of unemployment and poverty in all member states will continue to persist. Some are feeling the pinch on an even more intense level than others due to existing disparities in terms of the existing gap between the rich and the poor.

This also reflects on the economy and the amount of quality jobs that are generated each year, and also the existing unemployment rate in each country. A unique aspect of the South African economy is that inspite of its small economy compared to fellow BRICS members, none of the members holds reserves of mineral wealth as much as South Africa, which according to world standards, remains the wealthiest country (Glosny, 2010). South Africa has vast deposits of platinum, gold, coal, diamonds and other precious metals that are only found in South Africa (Glosny, 2010). This aspect makes South Africa a valuable player in the BRICS bloc, notwithstanding its vast economy, no matter how small compared to the other members; it still

has managed to invest into other members such as China, whereby South African businesses have become success stories.

Nonetheless,<sup>16</sup>Kahn (2011) states that apart from the fears of a new scramble of Africa by the BRICS members, there was some forms of shift after the post-cold war era, indicating a shift of power from a bipolar world order to a multipolar world order that saw the sharing of the superpower and hegemonic status by more than two global powers. Nonetheless, there are structured roles that all the BRICS members have assumed since its inception. China became known as the factory of the world; Brazil, the world's garden; Russia, the gas station of the world; India, the world's backyard office and finally South Africa was known as the world's gatekeeper and jeweler (Kahn, 2011).

What is unique about these BRICS members is their knowledge of the mining sector, which makes it look as if South Africa could be facing a BRICS bloc scramble for its mineral wealth. However, inspite of the challenges facing South Africa of being seen as a weak link in the BRICS bloc, there are factors that could be shared to bring light into these assumptions. Research conducted by Kahn (2011) indicates how according to the Holdings British Multinational banking and financial services Company (HSBC) which is the fourth largest bank by assets in the world. HSBC conducts global research in various levels on issues of global importance, such as the 2050 forecast of emerging economies which shows that China will be the largest economy of the world, while India will follow as the world's third largest economy. These two emerging economies have shown their uniqueness in population size, economic capacity and the technological advancement index that puts them on a level of their own apart from the rest of the world (Kahn, 2011).

Furthermore, other BRICS members projections indicate that Brazil will stand at number seven and Russia at number fifteen, with South Africa at number 30, but without proper or in-depth accuracy on global standards, especially based on the forecast (Kahn, 2011). Inspite challenges of being the smallest populated country in the BRICS bloc, South Africa has a commanding tone

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<sup>16</sup>Kahn (2011) states that apart from the fears that of a new scramble of Africa by the BRICS members, there were some forms of shift post-cold war era. Which indicate that there has been a shift of power from a bipolar world order where there were two global powers that were holding superpower and hegemonic status but later it was replaced with a multipolar world order that saw the sharing of the superpower and hegemonic status by more than two global powers.

in the African continent. These were ensured by the policy formulation process that was implemented by the South African reserve bank to stretch out and invest all over the continent while still restricting itself from delving into the global market.

Surprisingly, South Africa, apart from being the continent's largest local investor, it also boasts of having the largest foreign direct investment (FDI), with the motor vehicle industry leading in this regard. However, in the BRICS bloc, China became the single largest investor overtaking the United States, which during the period of overtaking, was busy fighting terrorism and pursuing weapons of mass destruction in Iraq and the rest of the Middle East. Curiously, research conducted by (Kaplan,1983) indicate that South Africa has the capacity to reach out to the world more than other African countries in terms of direct foreign investment, which according to history is happening at a very recent stage, probably after the fall of the apartheid.

According to Lye and Zhang (2010), the BRICS emerging economies, were registering growth levels in their economies. This was during the global economic crisis that saw the developed economies falling weaker and weaker, for instance the PIGS Portugal, Ireland Greece and Spain all suffered economic depression, which saw some enter into recession. While the BRICS bloc was growing stronger and stronger. Despite all these positive outlooks and predictions about the BRICS bloc, there are few known challenges that may stand in the way of that continuous rise and growth path. These challenges are focused on matters of mutual interest and political gains (Lye and Zhang, 2010).

So far there has been a tag of war between the four main members, which are Brazil, Russia, India and China. These tugs of war are being fought by two on two by China and Russia and China and India. Lye and Zhang (2010) indicate that although the BIC (Brazil, India and China) are in one bloc, they don't have many economic interests in common, firstly, the Chinese economy is the biggest in the BRICS bloc and they have a very careful and polite policy towards the US more than the others put together, Russia thinks the whole bloc should adopt an aggressive policy towards the US while China thinks the opposite. China's largest trade patterns are more in the global economy than in the BRICS bloc, the China-Russia economic partnership is more alike than it is with the other members of the bloc. This means that their economies are more open towards the global market with a large portion of their exports toward the global market contributing largely to their GDPs. While the other Brazil, India and South Africa are

more strategic whenever it comes to their trade with China, economically this is a more mutually beneficial angle (Lye and Zhang, 2010).

Consequently, Apart from differences and challenges between BRICS counterparts, their fragility is never so obvious that it could either make or break them. This is in terms of their influence towards developed economies and their special groups such as the G8, which includes three of the BRICS members China, Brazil and India. The other challenge of the emerging economies especially in the case of China is according to Chinese analysts, argue that it is very difficult for an emerging economy to rise up in a unipolar global system without causing conflict (Feng, 2008). Historically, an emerging economy in a unipolar system can face challenges of adversity from the unipolar power (Feng, 2008). In this case, China had to ensure that its rise has no threat or challenge to the US. In order to achieve a peaceful transition of power, Chinese analysts conducted studies on the historical relations that US had had with other emerging powers such as Japan and Germany (Feng, 2008).

Historically, the very cause of wars was as a result of an emerging power rising in a unipolar system, without cooperating with the existing power; it caused conflict that resulted in fully blown wars such as the WWI and WWII. Moreover, China has decided to build stronger ties with the US, so that the threats of conflict will fade. Furthermore trust could be built and furthered with stronger relations in trade and investments as well as diplomatic ties. However, the strategy of China is not to bulldoze its way through other members. But rather to establish a working relationship that can flourish and not only benefit all parties concerned built on trust and strong ties between each other (Feng, 2008).

Apart from the challenges faced by the Chinese peaceful rise in a unipolar global system. Research conducted by the<sup>17</sup> International Monetary Fund IMF (2012), indicates that between the periods from 2001 to 2011, there was a surge of economic growth in African economies and this had everything to do with Chinese influence in the continent. The growth path paved by China was felt in South Africa, with its economy growing fast and expanding its reach towards the East Asia region. The issues of imports and exports between the two economies came into the forefront of their relations, mainly because of the differences in the size and variety of

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<sup>17</sup>IMF (2012) indicates that between the periods of 2001 to 2011, there was a surge of economic growth in African economies and this had everything to do with Chinese influence in the continent.



imports and exports coming from both countries. South Africa during that period was famous for mining and exporting mineral resources to China (Crul, 2013).

Evidence provided by Sandrey and Edinger (2009) shows that China's focus on the African continent developed to a mature stage when China formulated its foreign policy document that was mainly concerned with building and strengthening its relations with Africa. Which was named Africa on Chinese foreign policy. The year 2006 marked the foreign policy specifically tailored towards fitting the African setting, for instance the Forum on China Africa Cooperation (FOCAC) adopted that African countries would be strengthening their bilateral relations, while still widening their scope towards the inter-governmental organisations such as the United Nations (UN) for veto power of voting as a bloc and also at the WTO in order to influence trade policies directed towards developing countries.

## Research questions

1. What is China South Africa relation's agenda?
2. What are the gains associated with South Africa's relations with China?
3. What are the challenges likely to affect South Africa?
4. Is there Equilibrium between South Africa China relations?

## Objectives

To examine the agenda of China South Africa relations.

To explore the gains and challenges affecting South Africa

To investigate for asymmetry and equilibrium in the relations

## Structure of dissertation:

This research is made up of six chapters, which are as follows

Chapter one:

This chapter provides an introduction to the dissertation and includes the following: background, literature review, research objectives and problems, finally the structure of the dissertation.

Chapter two:

The chapter focuses on the theoretical framework, research methodology and analysis, whereby the focus will be on dominant theories that will guide the research.

Chapter three:

This chapter provides a historical background to China South Africa relations as emerging economies and their geopolitical influence in international relations.

Chapter four:

Focuses on the economic and diplomatic relations between South Africa China.

Chapter five:

Explores the gains and hidden challenges of the China South Africa relations and strives to expose asymmetry or equilibrium, if any.

Chapter six:

This chapter provides a summary of the dissertation, makes recommendations on the topic, and provides a conclusion and a reference list of the researched work.

## CHAPTER TWO

### THEORETICAL COMPONENT

#### 1.2 INTRODUCTION

The component mainly focuses on theories of international relations and international political economy respectively, through using neoliberalism and realism as the main dominant theories of both international relations and international political economy. For the purposes of explaining the existing power and economic relations between China and South Africa. According to Campel (2008), China in its influence in Africa challenged Europe and United States in terms of providing no-strings attached aid, financial support for infrastructure, trade and investments, which was a boost to grow African economies. However, apart from the Chinese influence in Africa, the influence of a free market trade policy in the China Africa trade relations and around the world encouraged emerging and developing states to join, so that they could trade with developed countries of the West. As such, the influence of<sup>18</sup>neoliberalism as the dominant theory of international political economy, influenced ideas of international free trade which was adopted because it resonates with most global players, also because it allowed them to engage in trade without barriers (Frieden and Lake, 2000).

Nicholson (2002) states that realism in international relations has been and still is the dominant and influential theory in explaining and describing states and how they relate and engage with each other on the international fabric. Historically, <sup>19</sup>realism was the only theory that provided theorists with accurate explanations and interpretations of the global system Morgenthau (1978). Nicholson continues by stating that in international relations, states are the dominant actors, in which they pursue power even at the expense of inflicting harm to others.

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<sup>18</sup> Neoliberalism is an approach to economic and social studies based on a shift from public sector to the private sector. Liberals advocate for international organisations as institutions for ensuring order, stability and peace. Liberals also motivates actors to embrace interdependence, cooperation and coordination as tools to achieve mutual goals. In addition, neoliberalism proposes that state governments should cut down on deficit expenditure, reduce subsidies, reform tax law in order to expand the tax base, take out fixed exchange rates and open up markets to trade freely by limiting protectionism. Let private sector dominate business, allow private property and limit government interference in the market.

<sup>19</sup> Realism is regarded as an approach to global politics, which was born out of the ideas of power politics and the belief that human behavior is dominated by the distribution of power.

More so, the relevance of this research is to outline gaps which can be filled and used to better China South Africa and China Africa relations. As such, apart from existing gaps to be filled and the relevance of this study, realists believe that power politics control the international system through using a doctrine called balance of power. This can be likened to the China South Africa relations, using the Dalai Lama saga. However, the realists according to <sup>20</sup>Hans Morgenthau (1978) believe that states in the international system pursue their own interests and personal survival is their ultimate objective. Just as how China pursues its own agenda in Africa aimed at extracting mineral and natural resources to fuel its ever growing economy (Borovska, 2011).

Morgenthau (1978) states that power is the central focus of the international system, of which without balance of power, would result into total chaos. However, power politics have been visible in the China South Africa relations, and have shown China to use its economic muscles against South Africa. For instance the Dalai Lama was denied Visa to South Africa, because China feared that with the Dalai Lama's visit. It could harm the already strengthened and deepened relations that the two players enjoyed.

Despite of the Dalai Lama's canceled visit to South Africa, and issues of power politics as stated in the previous paragraph. Scholars such as Salmon (1999) and Papp (1947) share different views on how to describe or define international relations. Although they differ in their definitions, they have similar views with regard to how the international system operates. They argue that the term international relations cannot be defined in a single way and there shouldn't be any other way available to do so. If there were any single definition, it would be very problematic and misleading. Therefore, whenever there is any communication or usage of the term, it should be directed towards the universal subject of that name. This means that the definition should be globally oriented Salmon (1999) and Papp (1947).

For instance, during the 2010 soccer world cup, countries from all over the globe come together to challenge each other using their national soccer teams to compete for a world cup. The mentioned game is managed internationally by the international federation of football association (FIFA), which brings together all nations from all over the world to engage in the game of soccer. The unique part of this game is that during the game period, which is normally one month, business people also meet to advertise and sell their products. . Therefore, not only does

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<sup>20</sup> Hans Morgenthau is an American political scientist, also regarded as the most famous of America's realists.

soccer brings people together socially but also creates an atmosphere for business and competition, making it a successful neoliberal initiative Salmon and Papp (1947, 1999).

However, <sup>21</sup>according to Papp (1999) description of international relations in the contemporary context is very diverse and interconnected, always changing and evolving since the nineteenth to the twenty first century. Papp's argument is that international relations is very complex in the context of the international arena. He therefore provides two ways of approaching this. Firstly during the nineteenth to twentieth century, international relations and affairs were dominated by the state as the central actor; this meant that during that period, all engagements and events were planned, dominated and controlled by the state. This also meant that the state was powerful both nationally and internationally.

Moreover, as time evolved, systems changed and as businesses expanded there emerged new international non-state actors, these actors included non-governmental organisations (NGOs), Multinational corporations (MNCs) and international governmental organisations (IGOs). The mentioned international actors have had influence on the international arena, this was significant and what made it even more influential was the fact that their numbers grew faster as time evolved. The uniqueness of their influence was relevant even for research purposes because their presence, numbers and influence indicated a global shift from state dominance in international relations (Papp, 1999).

Secondly, international actors in the twenty first century were described as ever expanding and growing in numbers in both time and space. For instance, international non state actors recorded growth from a small number of seventy five in fifty years then later reached a total of two hundred state actors. This happened in the nineteenth century all the way to the twenty first century. IGOs, NGOs and MNCs also showed the same growth from previously small numbers to reaching epic proportions by the year 2000 (Papp, 1999).

Something noteworthy about the non-state actors was a few had more influence than others, this was so due to their country of origin. For instance, international non-state actors from the United States of America were influential due to the nature and level of influence that their country had on the international arena. But individually, they also had their influence and this was so due to

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their ability to invest and establish their presence in many countries around the world. Especially in third world countries while still holding bases or connected to their countries of origin (Papp, 1999).

The rubric of international relations according to <sup>22</sup>Nicholson (2002) is interwoven and intertwined in a united fashion with a rhythm that unites humanity through representations of states. The system specifically relates to human relationships and interactions, not only in one state but in the global arena. Nicholson (2002) posits that international relations is a study of human interactions in a global perspective, this global system however, is not governed by any central authority, making it a soft chaotic system whereby there is less anarchy. Papp (1999) argues that during the mid-twentieth century, the seas and oceans were like highways and crossroads interlinking the whole world and whoever controlled these waterways controlled international relations.

This concept that Papp referred to was also known as sea power, which involved the strengthening of the naval base of a particular country, for instance the United States during the same period of the late nineteenth to mid twentieth century, certain respected individuals from the US navy advocated for strengthening of the navy as a tool to tackle the seas and gain domination over other global powers. These individuals were US Admiral Alfred Mahan and the other more influential from the Great Britain was geographer Sir Halford Mackinder who not only believed in sea power but land power as well. He believed that whichever global power that dominated the region of Europe, would respectively dominate the global arena. His argument was placing Europe as the most powerful region in the world during the period of mid-twentieth century, (Papp, 1999).

Furthermore according to <sup>23</sup>Salmon (1999), diplomatic relations are the most important engagements between two sovereign states. For instance, China South Africa after establishing diplomatic relations; bilateral ties were strengthened and the two players were able to engage in

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<sup>23</sup>According to Salmon (1999), diplomatic relations in international relational are the most important engagements between two sovereign states. For instance, China South Africa after establishing diplomatic relations, bilateral ties were strengthened and the two players were able to engage in business freely without any difficulties or challenges.

business freely without any difficulties or challenges. In the case of China South Africa, their bilateral act of establishing diplomatic relations was unique to the two players based on their historical relations that dated back to the early nineteenth century.

Diplomatic missions, these allow players to establish embassies in each other's country, took place and have worked well for the benefit of China South Africa relations. This allowed the Chinese to introduce their soft power on developing countries to learn Mandarin, as a prerequisite for strengthening their economic and diplomatic relations. Also for purposes of enabling deeper cultural ties in terms of Chinese morality and Chinese culture. The problem with China's soft power or cultural dominance is that, it imposes its culture and leaves no room for debate on the matter. Making it mandatory for any player that wishes to engage with China, to rethink their position or rather go with the flow, likened with the old Western saying that goes "if you can't beat them, join them".

Scholars such as Papp (1947), Salmon (1999), and Nicholson (2002) all believe in the emergence of non-actors and the level of influence that they pose in international relations. The only view that differs with the others is that of Nicholson, who argues that although non-state actors have grown exponentially in the last century, the state still remains the dominant actor in the international political economy. He states that, the normal international engagements between states have never stopped and won't stop anytime soon.

Through the example of the Soviet Union, Nicholson believes that as states during that period remained dominant in running their economies and engaging in economic affairs, even after the fall of the Soviet the state will remain in control run important sectors of government in the international arena. <sup>24</sup> Papp (1947) and Salmon (1999) posit that even as time evolves, states and their sovereignties melt down and this is due to the influence and dominance of the non-state actors on the international arena. Therefore, the role of the state remains on the strings. Nonetheless, Papp argues that there has been another shift and this time it is the shift from military power and capability towards a reemergence of economics whereby even as military

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capabilities remained as a source of influence, economic dominance became the more preferred choice in international affairs.

The framework of this research presents liberalism as an internationally accepted theory of international trade due to its nature and preference as one of the oldest theories. That has proved to be dependable on the international political economy (IPE) due to advocating for free trade amongst states and companies. However, according to Frieden and Lake (2000) the main theories of international political economy are realism and liberalism and this is evident through the way engagements and relations between China and South Africa, which played a pivotal role in establishing agreements such as the Southern Africa Free Trade Agreement based on liberal principles.

However, contesting theories such as Marxism view capitalism and the market system as key instruments of the capitalists for the purpose of accumulating wealth for themselves and thereby creating more poverty and inequalities for the working class. Liberals view the market and politics as voluntarily working together harmoniously for the benefit of both parties. For instance, the economic relations between China and South Africa indicate free movement of goods and services and also indicate that both players adopted free market policies that enable a more harmonious trading environment that makes it possible for both players to engage freely in trade without hindrances. As will be explained in the history of China South Africa relations, China Under the leadership of Deng Xioping, who after the demise the Mao Zedong, introduced market reforms that liberalised the Chinese economy, so that China would not be left behind by the neighboring East and South East Asian tigers that had already adopted capitalist development model (Harvey 2005).

From the perspective of Frieden and Lake (2000) positions IPE as the dominant discipline that explains issues of global power and wealth in terms of understanding global economic activities and also understanding the nature of international relations and international economics. Frieden and Lake (2000) adds value in the definition of the concepts in this research as follows; international political economy is the study of economics and political engagements in the global arena. Economy therefore is explained as a production, distribution and consumption system, whereas politics in IPE becomes the governing of institutions through instituting rules and regulations on how to engage economically and socially.



In the study conducted by Rogowski (1989) gains and losses in free trade are differentiated by protectionism, which on its own benefits the domestic industries, for instance in the case of South Africa where domestic industries especially manufacturing required protection from the influx of Chinese goods lest they would cause a negative effect on the local industries, such as the textile industry, which could result in the closure of many domestic businesses. This would result in job losses and affect the economy in the long run. Free trade was the main cause of this rush or influx of Chinese goods into the South African market, it resulted in many job losses and also many closure of many domestic businesses. Because domestic manufacturers couldn't compete with Chinese cheaper and low quality goods compared to what they manufactured. The local industries produced high quality goods that last long with high prices that the poor couldn't afford, that also required proper savings from the middle class consumers.

The <sup>25</sup>Stolper-Samuelson theory provides a better understanding of the benefits of free trade towards domestic industries. Three major production points will be sourced to explain these developments, and these are mainly, land, labor and capital. The gains can be found in the production of items that are available in abundance. Losses will be felt negatively especially when there are limited resources that result in limited production. Furthermore, these issues of gains and losses can be better explained in settings whereby a certain economy possesses capital and labor in abundance but lack land and another possesses capital and land but lack labor. Such are the settings of China South Africa relations, whereby China possesses labor and capital but lacks land, while South Africa possesses capital and land but limited in labor. These have not changed much to this present time (Rogowski, 1989).

From the perspective of Stolper-Samuelson theory in explaining gains and losses of international trade, makes it the ideal theory for this framework. This is due to its ability to resonate with conventional settings of international trade and link them with contemporary settings. For instance, when there's a high exposure to international trade that is welcomed by low cost international transport, it highly benefits the domestic industries and their production in a positive way. With limited exposure to international trade, will limit the benefits of domestic

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<sup>25</sup> Stolper-Samuelson theory provides a better understanding of the benefits of free trade towards domestic industries that produce locally. Otherwise, three major production points will be sourced to explain these developments, they are mainly, land, labor and capital.

productions, which would negatively affect their overall outcome, even the economy at large due to such limitations. The Stolper Samuelson theory states that it is very rare or even impossible to find an economy that enjoys the benefits of possessing both land and labor in abundance (Rogowski, 1989).

The China South Africa relations can be mutually beneficial if both players begin to capitalise on what each lacks or possesses such as labor, capital, skills, resources and focus on acquiring it from the other and expand and grow each economy. However, due to the common knowledge of the functions of realism in international relations, most large economies focus on self-interestedness rather than vying for the mutual beneficiation of the other trading partner with no ulterior motives.

<sup>26</sup>South Africa can be an autarky economy if it solves its problems of labor and skills, of course this solutions according to some scholars lie with its engagement with China, which is in a strategic position to provide skilled personnel to conduct its activities on South African soil. Scholars such as Alden (2005) believe that such engagements can be tricky, given the nature of investment and the issues of skills transfer in the South African labor market. However, most global powers have been famous of not willing to train the host country's personnel, lest they replace them with their trainees and abandon agreements that took long to formulate.

## Research methodology

A qualitative research methodology was used to explore the nature and level of interactions and engagements between South Africa and China on aspects of both economic and diplomatic interest. Qualitative research methods will also be used to explain realism and liberalism and thus provide an in-depth explanation of the nature of both theories in relation to international relations, power relations, economics and diplomacy. Moreover, this research can be linked to basic research in social sciences as Neuman (2011) states that basic research is a type of research that is modelled to support fundamental knowledge on the operations and functions of the world system and their state of affairs. Moreover, many researchers according to Durrheim (2009) use

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fundamental research, to support or prove theoretical ideas as an aim to explain questions like what, why and how the world or international affairs works the way it does.

Denzin and Lincoln (2011) posit that while comparing qualitative to quantitative research methods, qualitative is more inclined towards the use of objective data while quantitative research is inclined towards the use of subjective data. This in short version meant that qualitative research, with its style of interviews involving respondents, such as participant observation was all about language and communication, while quantitative research was all about numbers and statistics.

This research has used a desktop research methodology to gather data from various sources to put together this study, the reason for using a Desktop research is due to the nature of the data collected, which dates back to the 16<sup>th</sup> century. This data can be sourced from government archives and journal reports, Academic dissertations and Thesis, NGO reports and published books which can be sourced cost effectively and efficiently through the internet. Also can be understood through seeking facts from existing information, historical backgrounds, published and unpublished articles. The putting together of all these sources will help in making up this research paper (Nueman, 2011).

(Nueman, 2011) further states the importance of using deductive methods especially in studies where the researchers start their study with an abstract concept which identify the rational that connects among concepts. Moreover, researchers also try to establish a theory by combining the theoretical concepts and the hypothesis, through working to achieve better empirical evidence. In addition, this study draws from both liberal and realist principles in order to engage with the research questions, through linking qualitative data to the notion of realism and liberalism.

Hence, this research's analysis according to Nshimirimana (2014) will be to purposefully use a qualitative research methodology in order to explore the topic and explain the questions in an in-depth and understandable manner. However, desktop research made it easier to access data that could've been difficult accessing, if the study required primary data. This is challenging to access because of time, cost and other restrictions from government departments, who regard certain information as classified and top secret.

The challenges of realism in international relations, in this case the China South African relations indicate tendencies of realism due to the nature of economic strength and size that China has over South Africa. Moreover, the level of engagements that China has reached in the international arena, shows how advanced its economy is compared to that of South Africa. Issues of political strength brings equilibrium to the relations, bearing in mind the African Voting bloc, with South Africa as the gateway to Africa makes it an important ally for the PRC. Nonetheless, free trade agreements between China and Southern Africa including South Africa has shown the influence and acceptance of liberalism as the best and safest way to trade amongst African economies and also between China and South Africa. The Stolper Samuelson theory has been used to explain economic and trading patterns through using both conventional and contemporary settings, to explore and analyse the situation between the two regional powers.

## CHAPTER THREE

### HISTORICAL BACKGROUND OF CHINA SOUTH AFRICA RELATIONS

#### Introduction

According to the research done by Waldron (2008), states that the first China Africa meeting dates back to the 14th century, this happened when there was a visit to over 30 countries by a Chinese official named Admiral Zheng. However it was during the 1955 Bandung conference that there were established relations between China and Africa Waldron (2008).

Eglin (1991) posits despite the Admiral Zheng's visit to over 30 African countries, and the 1955 Bandung conference for establishing China Africa relations. The war of ideologies fought between Mao se Tung and Chiang Kai Check was fought by communists and capitalists. Check had support from the United States while Mao was supported by the Russians. The Communists won the battle, and Check fled to Taiwan where the United States continued to support him with weapons. His relations with the US continued to grow. Later it was Mao that renamed the Republic of China (ROC) and turned it into the People's Republic of China (PRC). Hutchinson (1975) asserts that Mao supported the Non-Alignment Movement (NAM) in order to cut its ties with the imperialist, colonialist and racist regimes such as South Africa and many others around the world.

Consequently, after the death of Mao Zedong, Deng Xioping came in and introduced market reforms that were in line with the neoliberal agenda. The purpose of this move was to ensure that China was not left behind by the East and South East Asian economies. Namely South Korea, Singapore and Taiwan (Harvey 2005). Deng focused on four main sectors also known as modernisations, Agriculture, Education, Science and Defense, for the specific purpose of integrating authoritarianism and neoliberalism. The idea of adopting neoliberalism was to create an environment whereby competition would thrive between state owned firms with the specific goal of achieving innovation and economic growth (Harvey 2005).

However this chapter discusses issues to do with the evolution of relations that China has had with Africa that has caused it to increase its engagements and much to do with these, are about feeding its ever expanding and growing economy with African mineral resources. Wasserman

(2012) claims that in order for China to maintain the speed at which its economy was growing it required more energy and mineral resources to feed its appetite. Focus is also on the Chinese support to the African National Congress during the revolutionary period when China took a stance against oppressive, colonial, imperialist and racist regimes, such as the Apartheid regime in South Africa during the liberation struggle era of the 1950s.

Additionally, China established diplomatic relations with ANC government after the democratic transition that saw the demise of the Apartheid regime and the ushering in of the democratically elected government of South Africa under the leadership of the ANC. Sub topics introduced in this chapter include sanctions against the Apartheid regime, whereby the international community builds pressure against the Apartheid regime due to its unequal, oppressive and separatist policies against the majority populations.

The other subtopic discusses Pretoria Taipei relations, which is the capital of Taiwan that enjoyed relations with the Apartheid regime, when the regime allowed Taiwanese investors some tax breaks so they could make profit. Of which when the ANC came into power, chose the people's republic of China (PRC) over Taiwan as the legitimate China, and caused Taiwanese investments to lose profits due to labors unions cries for minimum wage. Additionally, South Africa's breaking of ties with Taiwan explains the reasons and causes for making decisions of this kind. China Taiwan relations indicate the big brother relations that the PRC is showing towards Taiwan bearing in mind the points of convergence and divergence of these relations.

### Historical background to the China South Africa relations

The study conducted by Wu and Alden (2014) indicates that, historical relations between China and Africa date back to the Ming Dynasty around the period between the 13th and the 16th centuries, under the leadership of Admiral Zheng. However, during the period of 1950s, African countries gained independence and this was the same period that China established formal relations with African countries. It was also during the same period that the People's Republic of China was formed hence the pursuit for establishing formal relations with independent African states. During the period of 1954 at the Bandung conference, issues adopted focused on building stronger ties through forging peace, refusing to align with colonial and oppressive governments.

The Non Alignment Movement was formed around 1955 which played a pivotal role in influencing China's foreign policy towards African countries. Nonetheless, it is during this same period that with the never ending efforts and assistance from the Chinese government towards the African countries especially liberation movements. Moreover, this alignment of the PRC and the Africa countries paid off particularly when the PRC needed votes at the Security Council for a permanent seat of which due to the large voters block from the African countries, the PRC won the UN permanent Security Council seat without much opposition (Wu and Alden, 2014).

Payne and Veney (1998) argue that the foreign policy of the PRC was influenced by the engagements that it had with the developed countries especially United States (USA) and Russia, partly through the way that the two global powers operated differently with different ideologies and economic models. However, it was during the period of the cold war that Africa became a hot bed for Russia and US proxy wars which were fought to suppress the spread of communism. These battles fought for domination were also fought in Vietnam, South America and South East Asia.

Moreover, the PRC did not take sides in the ideology wars between the multi polar powers; instead China chose to stand with the victims of these proxy wars, who were the Africans. Immediately after the cold war, there was hope in the African continent, the Soviet Union disintegrated and weakened into small weak states. It also saw the withdrawal of the two powers Russia and United States. This withdrawal created an opportunity for the PRC to rush into Africa to establish relations, which were based on mutual trust, fairness, non-racial, promotion of peace and strengthened relations through economic partnerships, trade and investments. Hence the shift from militarism to economics as a new way of globally engaging.

Subsequently, China's engagement with Africa politically, economically and socially was partly connected and directly driven by the need for mineral resources and political support on the international arena, such as the UN Security Council vote that was won because of the African block vote. As such, China also had relations with USA and Russia which directly influenced the nature of relations that China was to have with other regions and countries, in this case Africa, with a particular focus on South Africa. This effect and influence that the two global powers had on China caused it to formulate policies that shaped the way China was to engage with African countries, South East Asian countries and South America (Saich, 2010).

(Eglin, 1991) the ideological war between Mao Zedong who was a communist and Chiang Kai Chek who was a nationalist in 1949, resulted in Mao Zedong claiming victory. While many supporters of Chiang Kai Chek escaped to Taiwan, due to the fear of being persecuted by the new rulers of the ROC. However, as soon as Mao se Tung the leader of the communist party settled down as the leading national party, he changed the name of China from the ROC to People's Republic of China (PRC).

Scholars such as Hutchinson (1975) and Taylor (2006) further argued that even though the PRC was under international sanctions initiated by the United States partly due to the Tiananmen Square massacre, it never lost support from the Soviet Union which provided tactical, military, ideological and trade support.

Additionally, these two scholars posit that the Soviets continued providing support for the PRC as its communist ally. The intensity of proxy wars around intermediate zones according to Mao Zedong in African countries intensified. However, according to Taylor (2006), the war of ideology between United States and Russia on intermediate zones, which implied third world countries as zones for proxy wars. This concept that was introduced by Mao Zedong, to indicate the war between capitalism and communism would be fought for economic domination of as many countries as each could, until the most influential is declared the winner particularly in South America, South East Asia and Africa. The aggressive behavior of the United States influenced China to adopt policies that were non-racial, non-imperialist, non-colonialist and non-hegemonic, especially towards countries of Africa affected by the proxy wars. (Alden and Wu, 2014).

However, according to Geldenhuys(1990), diplomatic and political relations with Taiwan were initiated in 1976, this was seen as somehow beneficial to Pretoria and Taiwan, because they both were facing the established stronger links between Taiwan and South Africa which were particularly focused on promoting entrepreneurs to invest and establish businesses in black populated areas, such as KwaZulu-Natal and Eastern Cape, where the level of investment grew exponentially thereby boosting two way trade from the 1970s to 1990s which saw growth of trade from 30 million to 5 billion, with different groups of investors from Taiwan and the ROC coming on board.



Evidence provided by Mills (1995) indicates that there was a sudden rush of Taiwanese investors to the homelands of South Africa; this was particularly influenced by the decentralised policy of industrialisation implemented by the apartheid government. Taiwanese investors took advantage of this policy and established small factories of clothing and textile. However, their growth in numbers was as a result of the initiative of the Apartheid government to reduce tax on small factories for clothing and textiles as an incentive to attract more investors and in particular so that investors could maximise their returns and increase their profit margins.

Nonetheless, in the study conducted by Hutchinson (1975) indicates that although Mainland China was always against regimes that were oppressive, colonial, imperialist and racial in nature. It did not completely reveal its position with regards to state economic interests. This non-alignment stance made it very problematic for the PRC because the colonial and imperialist regimes such as United States and Apartheid South Africa were regimes that had previously benefitted the ROC through trade and investments and also through economic partnerships.

However the regime in focus here is South Africa, due to its relevance in this research and also due to its oppressive, colonial and racist stance against its populations. The most controversial and conflicting revelation is that the ROC was still engaging with Apartheid South Africa even though it was publicly denouncing its alignment with the Apartheid regime. This showed how cunning and controversial the PRC was in maintaining trade relations even when it was contradicting with its moral obligations to the liberation movements based in South Africa at that time namely the African National Congress (ANC) and South African Communist Party (SACP).

<sup>27</sup>According to research conducted by Butts and Thomas (1986) indicates that South Africa in the period of 1984 had a gross domestic product (GDP) at the value of R104.8 billion which according to the Dollar was estimated to be \$52 billion. Nonetheless, the major component of the South Africa economy was the mining sector; it was strategic in the economy and was the most exported item in the country. <sup>28</sup>During the period of 1978-1981 the economy of South Africa

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<sup>28</sup>During the period of 1978-1981 the economy of South Africa recorded growth at 16% which was partly influenced by foreign direct investment, which again attracted more FDI at a level of 33% Butts and Thomas (1986).

recorded growth at 16% which was partly influenced by foreign direct investment, which again attracted more FDI at a level of 33% Butts and Thomas (1986).

The other unique feature of South Africa was its military capability; Butts and Thomas posit that the military force was stronger than all the regional member countries militaries combined. Making it a force to be reckoned with not only in the region but also in the continent to some extent. The state of South Africa depended on the backbone of the economy, the mining sector to sustain the economy and to maintain the status of their military so they could continue influencing the region politically and economically. Challenges recorded include the issue of population growth, because during the 80s, South African population was said to be at 33million, with Africans on the majority and whites, Indians and Colored falling under the smaller population groups.

<sup>29</sup>According to findings made by Butt and Thomas (1986) indicate that in 1985 the South Africa Rand was R1=\$1.28 but after a period of five years this disparities went high with R1=\$.38 and by 1983 the Rand was selling at R.89 meaning that the Rand weakened at a while the national debt owed to foreign donors stood at \$23.6 billion. These features and others indicate just how low and weak the South Africa economy was falling weak as time went to the low of 57% compared to the Dollar.

Moreover, the biggest daunting task was that of maintaining the Apartheid system, even amidst the dangers of a weakening economy due to international sanctions. However, it was realized that due to the weakening of the Rand, maintaining of the Apartheid system became a very high cost, this was partly due to maintain the status quo. Through ensuring that security is paramount even at the high cost of maintain and ensuring that South Africa military at the Angolan border were paid and fed at a daily cost of \$1.5 million.

## Sanctions against the Apartheid government

Evidence shared by Butt and Thomas (1986) indicates how sanctions affected the South African Apartheid government. However sanctions are always effective whenever they are imposed by more than one strong economy onto one that defies international laws, to be precise, sanctions

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are imposed by a large number of developed countries that are for instance leading and dominating on economic and military achievements onto a rogue state that defies international norms. In addition, although the blame goes to the Apartheid policies of marginalizing populations based on race and ethnicity, the issue of <sup>30</sup>sanctions imposed on South Africa by the Western governments, led by the US became partially successful, and this is due to the fact that, different states around the world have different economic and political needs and interests which differ due to the geographic location of certain countries and others due to the constant need and supply of certain natural or mineral resources.

For instance, during the post-cold war era, the US together with other global powers imposed sanctions on Russia due to old disagreement on nuclear and military issues. Russian gas that was pipelined from Russia to many European countries across Europe helped in energy supply and other primary domestic needs for many European countries. The challenge of the so called sanctions on Soviets gas were, they were not in the best interest of the European countries; therefore, they were ignored even by those that signed the petition to stop the Russian gas pipeline from running across Europe. Issues of self-interest based on economics and politics prevailed amidst US sanctions that were directed towards the Soviets. Furthermore, in relation to this research the apartheid government was also in the same predicament with the Western enforced sanctions, which instead of weakening the apartheid regime, they strengthened them even further.

Of particular relevance to this research are the sanctions against the apartheid regime in the form of an arms embargo. This specific sanction was aimed at not only reducing but cutting off the supply of any arms to South Africa, partly due to the human rights violations that the apartheid regime had violated especially during the Sharpeville massacre. At Sharpeville, students were shot at by the police using live ammunition and this caused the international community to view the regime as committing genocide. The arms embargo was specifically directed towards weakening the military strength of the apartheid regime but instead, they strengthened them. Partly through allowing a shift from dependence to independence, meaning where the apartheid

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regime depended on imports of arms shifted to manufacturing of arms that later became an economic benefit for the economy.

However, in the cause of history, sanctions that have proven to be successful are those that have been imposed by a bigger economy towards a weaker economy, for instance the case of Zimbabwe, whereby the sanctions enforced by the Western governments towards the Zimbabwean economy, partly due to the expulsion of white farmers with claims that their 100 years lease agreement had expired. The Zimbabwean economy was hit so badly that almost half of its population fled to neighboring countries due to shortages of food at local food stores and currency undervaluation to extreme low levels (source).

Evidence provided by Becker (1987) indicates that sanctions directed towards the apartheid regime were much wider and diverse than anticipated. However, due to the nature of South African's economy and mineral wealth, instead of sanctions crippling the economy causing the masses of people to revolt due to lack of food and jobs, they created a shift from capital intensive economy towards a much needed labor intensive economy. This was very beneficial to the black populations and eventually beneficial to the economy as a whole. Sanctions were placed on electronic exports to South Africa, nuclear assistance was cut out, financial assistance was also cut. According to Becker (year), President Ronald Reagan sent threats to further intensify the sanctions based on the fact that the US congress both republicans and democrats both shared the same views on this particular matter.

<sup>31</sup>Although the United States was eager, willing and ready to impose sanctions on the minority but economically powerful South African whites, it was also aware that the group that was going to be affected the most was the black Africans and poor majority. Becker, (1987) posits that the minority white population controls the economy, making them the employers and the ruling class, the black population with their numbers, remain important to the apartheid elite ruling class. They provide labor and also provide a consumer base that feed on locally produced products. The issue of skilled personnel is at the forefront of this discourse, because the South African economy is divided into four parts; mining, manufacturing, agriculture and technological industries that require skilled personnel to work and produce. The issue of skilled shortages was

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<sup>31</sup>Although the United States was eager, willing and ready to impose sanction on the minority but economically powerful South African whites, it was also aware that the group that was going to be affected the most was the black Africans and poor majority.

deliberately done by the apartheid government in order to create dependency of other ethnicities upon the minority whites (Beker, 1987).

Grimm, Kim et al. (2014) posit that during the sanctions period, Pretoria diplomatic relations with Taiwan became very firm and unique due to the fact that both states were against and afraid of the threat and spread of communism into their countries. The threat was not only from the PRC but also from the Soviets, who had established relations with the Pan-African Congress (PAC) headed at the time by Robert Sobukwe, a much respected revolutionary leader from South Africa.

Nonetheless, the double trouble facing Pretoria and Taipei allowed the two to even strengthen their relations so that they could support each other whenever the other needed assistance. Pickles and Woods (1989) argue that the result of sanctions that were followed by all US businesses pulling out of South Africa. It left the Apartheid regime with no other options to boost its economy and cover the large gap that the US had left behind. The only available option was to look towards the East Asian economies. In the period of the 1980s trade with Asian economies increased exponentially to levels that saw South African exports towards the Asian economies grow reaching the 19% mark from scratch to reaching a much higher level of intense trading of 31%. By the year of 1987. These statistics come from the South African side, the Asian economies side also showed that their exports towards the South African market increased at alarming rates.

Although Taiwan had the backing from the US, in 1976 proved that the US backing alone was not enough to win the Taiwan international recognition in the place of the mainland China (Grim et al., 2014). However, the United Nations General Assembly (UNGA) resolution 2758 replaced Taiwan with the PRC. This stance further isolated the Taiwan regime from the international community, thereby giving the PRC more exposure on the international arena. Furthermore, the apartheid regime relied heavily on its counterpart Taiwan for trade and military support in terms of training.

Sanctions against the communist regime of China were felt but the perspective shared by Rennack (2006) indicates that in the year 1989 students were massacred at Tiananmen Square by Chinese security forces. This was to suppress the democracy movement. The country at the forefront of enforcing the sanctions was the United States; these sanctions came at a time when

US China relations had flourished for two decades. However these sanctions included the suspension on trade, military assistance, financial assistance, satellite activities, all export controls, and the freezing of Chinese assets in the US.

### Pretoria Taipei relations

In the period of the 1980s Taiwan was the largest single foreign direct investor in South Africa; this was partly true because the apartheid government supported the initiative because at that period, the main focus of the South African economy was in manufacturing and sector for services. The office of investment services in South Africa recorded during the same period an amount of \$1.5 billion in investment packages from Taiwan, however, compared to former years, Taiwanese investment in South Africa has dropped at an alarming rate. These was partly because of the South African investment patterns in Taiwan, since the 1950sto the 2013, it is said that there have only been approximately 73 investments belonging to South Africans in Taiwan.

Whilst acknowledging the fact that Taiwan had very advanced infrastructure that could support any investment on its soil, issues to do with population size affected the South African investor confidence because they felt that the small population of 23 million Taiwanese was not sufficient to make a profit and expand their investments there. However when compared to the PRC, with a population size of 1.3 billion, most investors rushed to invest so they could cash in from that consumer base because they could invest and expand their investment and still make good profit margins more than they could have gotten from Taiwan.

Prior to the political scuffles between the PRC and Taiwan on whom is the authentic and legitimate main player relating with South Africa and the global community, Taiwan had also its challenges in South Africa. Business wise, Taiwanese invested mostly in textiles positioning themselves at the rural homelands of the Eastern Cape and KwaZulu-Natal provinces. The turn off towards the Taiwanese happened after the democratic dispensation that saw the apartheid regime removed and the ANC stepping into power. Despite the labor unions such as Congress of South African Trade Unions (COSATU) becoming very powerful and influential with regards to protecting workers' rights. This not only affected the Taiwanese in terms of wage negotiations especially regarding minimum wages. It also proved too risky for the Taiwanese because they could not make the same profit margins they used to make during the apartheid era.

Although the Taiwanese had invested a considerable amount into the South African market, with their investments providing approximately 45000 jobs to the local communities, with a total number of 620 Taiwanese businesses invested in South Africa. Considering the issue of minimum wage and pressure from the trade unions such as COSATU, there was a realization that there were other countries with open economies in the African continent with welcoming market open doors that could enable them to invest and make profit. Their only option given the new direction that the ANC had chosen to take, which was with the PRC. This caused the Taiwanese to start relocating to other countries across Africa, China and Southeast Asian countries.

Furthermore, while considering the tensions between the PRC and Taiwan this did not deter the Taiwanese investors from investing in mainland China, partly due to the PRC administration, who decided that they needed to be connected to Taiwan so they could use that for political influence and manipulations in Taiwan politics. However, since the Chinese acceptance of the Taiwanese investors into their large market, for South Africa to attract Taiwanese investment into South Africa, it would mean a lot of reforms and new policy formulations to allow them back as before.

### South Africa breaks formal relations with Taiwan

Taiwan's economic diplomacy towards South Africa was that of promoting investment and trade,. This was achieved through using their embassy in Pretoria to expand economic interests such as exports to the South African market. Whilst acknowledging South Africa as the most stable economy in Africa and also the gateway to Africa, made it even more attractive for the Taiwanese government to extend its economic interests not only to South Africa but also to the rest of the African continent.

However, South Africa Taiwanese relations were strong until the period of the democratic transition when the regime change happened and the South Africans voted in a single voice to usher in the newly democratically elected government led by Nelson Mandela. According to Tseng (2008) the reason as to why South African businesses wanted out of Taiwan was partly because, they felt that their businesses had reached a growth momentum but there was no room for growth in the small population and confined economy of Taiwan. Apart from that, the mainland Chinese economy was attracting not only them but the rest of the world; they termed it untapped because it had very few investors.

In addition, Hong Kong decided to go back and join the PRC, making it very attractive to a variety of investors from many parts of the world. In response to the PRC's pressure towards the ANC to discontinue ties with Taiwan, the new democratically elected President Nelson Mandela was also under pressure from his party members, Congress of South African Trade Unions (COSATU), South African Communist Party, the government and South Africa's domestic businesses, which were all against Taiwanese autonomy and sovereignty.

A number of punitive steps have been taken which include cutting off diplomatic relations including diplomatic and special business permits that allowed Taiwanese businesses to flourish in the South African market. The process of stopping all relations with Taiwan was done in a manner that showed respect for Taiwan. This was done through allowing Taiwanese businesses based in South Africa a grace period of one year to relocate or sell their businesses at a reasonable price and also without much pressure from the government of South Africa to rush and burn.

Unlike other countries that also had to go through the same ordeal treated the Taiwanese in a totally different manner from the one by South Africa. The Taiwanese were given no grace period which meant sudden death or selling at a loss just to relocate to another country or return home. <sup>32</sup>According to Tseng (2008) some consular services offered by Taiwan to their diaspora in South Africa never stopped since not all Taiwanese businesses followed the group that was relocating back to Taiwan after selling their businesses.

## China Taiwan relations

When South Africa shifted its focus and cut all economic, diplomatic and political relations with Taiwan, so that it would focus on the One China policy through strengthening its diplomatic, political and economic relations with China, it affected Taiwan in a major way, in terms of trade, investment, political and diplomatic relationships. However it was a win situation for China because trade with South Africa doubled with all that was formerly invested in Taiwan.

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<sup>32</sup>According to Tseng (2008) some consular services offered by Taiwan to their diaspora in South Africa, never stopped. Because not all Taiwanese businesses followed the group that was relocating back to Taiwan after selling their businesses. These former diplomats decided to invest in other sectors of the South African economy, these included Forestry, Fishing and IT, in which they played influential roles.



Evidence provided by the Taiwan Affairs and Information Office of the State Council (1993) indicates that the China Taiwanese relations have both qualities of convergence and divergence in terms of economic and diplomatic relations. Moreover, the PRC is known for its campaign that discredits Taiwan's statehood claiming that Taiwan should agree to be absorbed into the mainland economy of China which on a broader perspective, is not acceptable to Taiwan's officials, partly because of the issue of the aggressive nature of the Communist Party towards its citizens and historically towards the issue of Taiwan's statehood.

However, Taiwan enjoys a neoliberal economy and believes that it is their right to remain apart from mainland China. Furthermore, according to (Singh, 1997), the point of convergence between the PRC Taiwan relations is the economic relations which the Taiwan Affairs and Information Office view as an open door policy practiced by the PRC towards Taiwan. As such, a historical relation between the PRC and Taiwan during the period of Mao Zedong's leadership refused and was against trade with Taiwan and likewise the Taiwan regime, which was governed by the nationalist party, totally blocked all trade activities with mainland China. Be that as it may, the demise of Mao Zedong saw the rise of a new leader with a different approach to economics and trading style; Deng Xiaoping who introduced reforms that saw the great Chinese shift from Maoist agricultural economics to Xiaoping's market economics.

Xiaoping's shift introduced also a new era, which saw the beginning of trade relations between the PRC and Taiwan, which with cooperation from both actors in 1980s (Cho, 2005). The beginning of trade between the PRC under the leadership of Deng Xiaoping and the Taiwan under the leadership of the nationalist party saw a growth that achieved a trade volume of \$1.5 billion.

<sup>33</sup>However other mitigating factors included facts of convergence in the use of a single common language between China and Taiwan, their cultural and linguistic uniformity made it easier for the two to engage in trade without many challenges. The major stumbling block was the ideological disparities that threatened the peaceful coexistence between the two actors (Cho, 2005). These affected South Africa because during the Apartheid era, South Africa traded well

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<sup>33</sup>However other mitigating factors included facts of convergence in the use of a single common language between the China and Taiwan, their cultural and linguistic uniformity made it easier for the two to engage in trade without many challenges, however, the major stumbling block was the ideological disparities that threatened the peaceful coexistence between the two actors.

with Taiwan and their relations were strengthened because of the isolation that they both faced by the international community. However, after the democratic transition in South Africa, the ruling party African National Congress under the leadership of Nelson Mandela, decided to end relations with Taiwan and committed themselves with the Peoples Republic of China.

## Conclusion

This chapter has discussed issues relating to the historical background of China South Africa relations whereby critical events happened that shaped the course of history during both the cold war period and post-cold war era. This saw the weakening and finally the demise of the Soviet Union leaving Russia as an independent and stable global nuclear power house. However, the war of ideologies was not only fought against the global powers but also against the political powers in China which were Mao Zedong, the leader of the Communist Party and Chiang Kai Chek who was the leader of the Nationalist Party. Therefore it was dominated by communism and capitalism.

Check had support from the United States while Mao was supported by the Russians. It was the Communists that won the battle, and Check fled to Taiwan where the United States continued to support him with weapons and their relations grew. Later it was Mao that renamed the Republic of China (ROC) and turned it into the People's Republic of China (PRC). Taiwan broke away from the PRC and established itself as an autonomous state with its own government away from the PRC government.

The PRC that was finally recognised as the legitimate China, since the Taiwanese regime also regarded itself as the Republic of China (ROC). When the United Nations Security Council sit was granted to the PRC, further isolated the Taiwan as an independent state and as an international actor. This became even harsher when many states around the globe followed the UN's recognition of PRC and adjusted their foreign policies in favor of the PRC. Additionally, sanctions against the Apartheid regime were discussed and it was realised that through international pressure groups and the non-alignment stance declared by other actors on the international arena caused the weakening and finally demise of the apartheid regime.

Notwithstanding that the PRC still conducted business with apartheid South Africa even when it knew other global actors had boycotted doing business with Pretoria. Moreover, Pretoria Taipei

relations during the apartheid regime flourished, with incentives of tax breaks for all Taiwanese investments in the homelands of Eastern Cape and KwaZulu-Natal provinces.

These enabled the Taiwanese to make profit and expand their businesses to more than 450 thereby creating jobs for more than 6500 local residents where these mini factories were established. South Africa broke ties with Taiwan in favor of the PRC and this affected Taiwan's investments in South Africa in a very negative way. It ended with the Taiwan being kicked out of South Africa so the PRC and ANC could begin investing in strategic sectors of the South African economy. Finally China Taiwan relations indicate the prowess of the PRC with regards to economics and trade. The fact that both Taiwan and PRC both share the same language and culture, with the only disparity found on ideological difference has caused the PRC to look at Taiwan as an opportunity and Taiwan looking at the PRC as a large market and consumer base that is very attractive to them and the rest of the world.

## CHAPTER FOUR

### ECONOMIC AND DIPLOMATIC RELATIONS OF CHINA SOUTH AFRICA

#### Introduction

This chapter focuses on China South Africa economic and diplomatic relations. However, issues of policies have played a major role in the strengthening of the relations with regards to the increase to levels of access into each other's economy and mainly access into strategic sectors of the economies. Although China South Africa relations have been known to be strengthening by the day, there are other factors that are discussed to reveal the growth patterns of China South Africa relations. These patterns include the Chinese influence in inviting South Africa into the BRICS group of developing countries, which are Brazil, Russia and India.

Moreover, other matters to be discussed will be issues to do with Chinese businesses in South Africa and at the same time South African businesses in China. Agriculture is discussed to show how this particular sector has grown in both economies, especially in South Africa which is famously known for its capabilities in agriculture during the democratic dispensation period. Nonetheless, On China South Africa Diplomatic relations, starting with the evolution of diplomatic visits between China and South Africa from the period of the cold war to the post-cold war new world order. Discussions are based on both player's leadership visits and how these visits influenced the engagements and relations these two players.

However, there are other issues of importance that are brought up, such as the Dalai Lama saga whereby the Chinese government demanded that South Africa should not allow the visit of the Dalai Lama into their country due to the friction that the Chinese were having with Tibet. Finally, the establishment of Chinese Confucius institutions in South Africa to assist South Africans in learning more about the Chinese culture and linguistics which is dominated by Mandarin into the South African school's curriculum is discussed.

#### China South Africa economic relations

Based on trade assumptions made by Anthony, Grimm et al. (2013) if a country is overly dependent on another in terms of trade, the former should grant the latter some preferential allowance that allows the access to land and other strategic sectors of its economy. However,

China South Africa economic relations officially begun in the 1990s. Recorded data of their trade relations indicates that their first trade relations recorded a high of US\$14 million which upsurged in their next encounter in 1997 and recorded a high of US\$1.5 million. However, between the years 1998 and 2004, bilateral trade between China South Africa went up exponentially the recorded growth was 36%, which rose in US\$2.75. (Grimm et al. 2013).

According to Davies (2004), South Africa played a pivotal role in issuing China a market economy status which allowed China to trade freely without much hindrance with Europe, the US and Africa as a whole. However, the global economic powers such as the US and Europe who influence the WTO, have repeatedly denied the PRC market status stating the Chinese were operating under a non-market economic status. The implication was that the PRC would never trade with Europe and the US until it was granted market economy status (Davies, 2004).

Therefore, the move to grant market economy status to China by South Africa was partly political and economic. This is due to the nature and result of the grant which meant that firstly South Africa would benefit from the vast Chinese domestic market and secondly that the political connection with China would set it apart from the rest to negotiate matters of importance at global gatherings, such as the G20 summit, which features twenty of the leading economies in the world. China would be mandated to represent not only the emerging economies but the developing countries as well (Davies, 2004).

(Naidu, 2007) argues that the problem of the WTO delays to grant China market economy status, was that the US and EU, who saw things differently when it came to China, mainly due to political reasons and not economic. China was seen to many western powers as a communist regime that abuses its powers and violates the human rights of its citizens. This was mostly motivated by the Tiananmen Square massacre that saw the deaths of many innocent students that went on strike demanding the communist government to adopt democracy. However, trade between the two countries has indicated that one side is outweighing the other in terms of exports and overall trade.

In South Africa, the lifting of sanctions after the demise of Apartheid allowed the new democratically elected leadership the opportunity to make a fresh start especially a fresh with regards to building alliances with new regional and international players. On the other hand it was formulating a new path of foreign relations with respects to international laws and

regulations for human rights to be upheld, and at the same time engaging with other players on the global economy (Naidu, 2007). Even with its small size compared to large economies such as the US, soon after the democratic transition, the South African economy became very competitive on the international markets in areas such as agriculture and manufacturing.

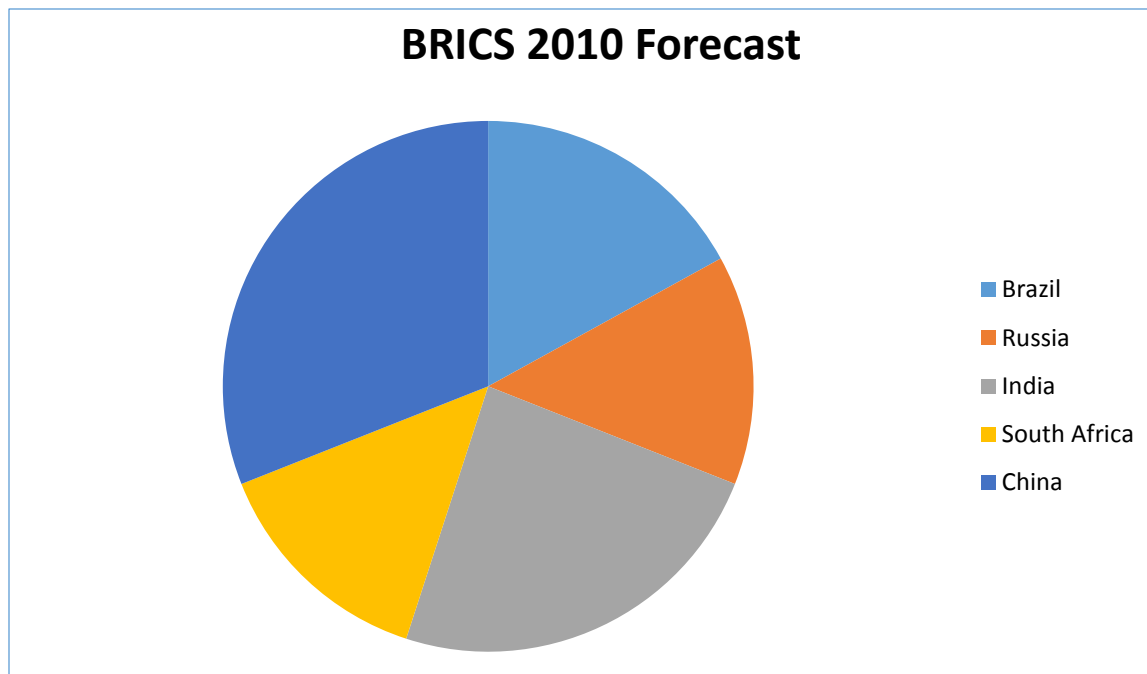
However, there were certain conditions that transpired during the formulations of the China South Africa relations (Alden, 1998). These conditions came as a form of relations with strings attached. They stated that South Africa was mandated to cut and completely abandon all former relations that the apartheid regime had established with Taiwan and that the new democratic dispensation would only accept a One China doctrine and that was the People's Republic of China (PRC).

Nonetheless, the need for South Africa to accept the One China policy was mandatory because of the open doors that it claimed it had made available to the South African investors. These open doors included the investment opportunities the PRC had created in the East Asian region, which was composed of countries such as Hong Kong, Macau, Indonesia and Malaysia.<sup>34</sup> This meant that the One China policy created opportunities for South Africa to take advantage of in exchange for cutting economic, diplomatic and political ties with Taiwan. As much as South Africa wanted to continue its relations with Taiwan, it became almost impossible to retain trade relations with Taiwan because mainland PRC provided a bigger sustainable and better market than what tiny Taiwan was offering (Mandela, 1993).

However, it was during the Mandela presidency that South Africa had entered a new era of democracy, which required a new approach that was completely different to that of the his predecessors, the apartheid regime. The Mandela presidency adopted a new approach that was more idealistic in the way it viewed the world. According to Mandela (1993), the world needed to be more idealistic in terms of the manner in which it promoted democracy globally in order to solve the many challenges of the world, especially with regard to issues of human rights.

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<sup>34</sup>This meant that the One China policy created opportunities for South Africa to take advantage of in exchange for cutting economic, diplomatic and political ties with Taiwan.



Source: by Lye and Zhang (2010), indicating the 2010 forecast of growth margins each of the BRICS partners were estimated to record.

### Figure 1 BRICS 2010 Forecast

All BRICS emerging economies recorded GDP growth in 2010 as indicated in the graph above. With China leading the group in terms of economic size and growth, it is also heading towards becoming the biggest and strongest economy worldwide, which by the year 2027, it will overtake the US and become the largest economy in the world (Lye and Zhang, 2010).

### South Africa and the BRICs bloc

Sandrey, Fundira et al, (2013) posit that during the apartheid period, South Africa was very stable and competitive in the global market with regards to agriculture, mining and manufacturing. But after the invitation to enter the BRICs bloc which later came to be known as the BRICS made up of Brazil, Russia, India, China and South Africa. The main challenges facing South Africa include those of economic size and population size compared to other BRICS member states Fundira et al, (2013). Furthermore, the BRICS ever since their inception have always focused their energies on their GDP growth and performance. With regard to trade, South Africa on the other hand is smaller in both economic and population compared to other BRICS partners. The GDP of South Africa compared to the other partners is relatively small with Sandrey, Fundira et al. (2013) arguing that South Africa gross domestic product is below a quarter of that of Russia

and India and the population is also around a third or a quarter of that of Brazil and Russia, with a 50 million but compared to China and India is way below the radar of a billion population size.

Although, Glosny (2010) and some analysts believe that it's too early to judge the BRICS and before it can become the force to be reckoned with, it has to rise above the developed economies of the West and of course that the US. Otherwise for now the challenges of unemployment and poverty in all member states will continue to persist amongst all members. But some are feeling the pinch on an even more intense level than others due to existing disparities in terms of the existing gap between the rich and the poor, which also reflects on the economy and the amount of quality jobs that are generated each year and also the existing unemployment rate in each country.

The <sup>35</sup>unique thing about South African economy is that in spite of its small economy compared to fellow BRICs members. None of the members holds reserves of mineral wealth as much as South Africa, which according to world standards, remains the wealthiest country whenever it comes to deposits of Platinum, Gold, Coal, Diamonds and other precious metals that are only found in South Africa. This aspect of South Africa makes it a valuable player in the BRICS bloc, notwithstanding its vast economy, no matter how small compared to the other members, it still has managed to invest into other members such as China, whereby South African businesses have become success stories.

Nonetheless Kahn (2011) posits that apart from the fears that of a new scramble of Africa by the BRICs members, there has also been some forms of shift post-cold war era which indicate that there has been a shift of power from a bipolar world order where there were two global powers that were holding superpower and hegemonic status but later it was replaced with a multipolar world order that saw the sharing of the superpower and hegemonic status by more than two global powers. Nonetheless, there are structured roles that all the BRICS members have assumed since its formation. According to Pearson, (2010) argues that the BRICS members came together for economic liberation and autonomy and also to challenge the global powers, this was

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successful because the coalition of BRICS member states protected themselves from the domination of the super powers(Pearson, 2010).

As such, China became known as the factory of the world, Brazil became known as the world's garden, Russia was known as the gas station of the world, India was known as the world's backyard office and finally South Africa was known as the world's gatekeeper and jeweler. What is unique about these BRC members is their knowledge of the mining sector, which makes it look as if South Africa could be facing a BRC bloc scramble for its mineral wealth. However, inspite of the challenges facing South Africa of being seen as weak link in the BRICs bloc, there are factors that could be shared to bring light into these assumptions (Kahn, 2011).

Research conducted by the Kahn (2011) indicates how according to the HSBC which is the fourth largest bank by assets in the world, stands for Holdings British Multinational banking and financial services Company. However, HSBC conducts global research in various levels and issues of global importance such as the 2050 forecast of emerging economies starting with China, shows that it will be the largest economy of the world, following its BRICS counterparts India which will follow as the world's third largest economy, these two emerging economies have shown their uniqueness in population size and technological advancement index that puts them on a level of their own apart from the rest of the world(Kahn, 2011).

Inspite challenges of being the smallest populated country in the BRICS bloc, South Africa has a commanding tone in the African continent.<sup>36</sup>This was ensured by the policy formulation process that was implemented by the South African reserve bank to stretch out and invest all over the continent while still restricting itself from delving into the global market(Kahn, 2011).

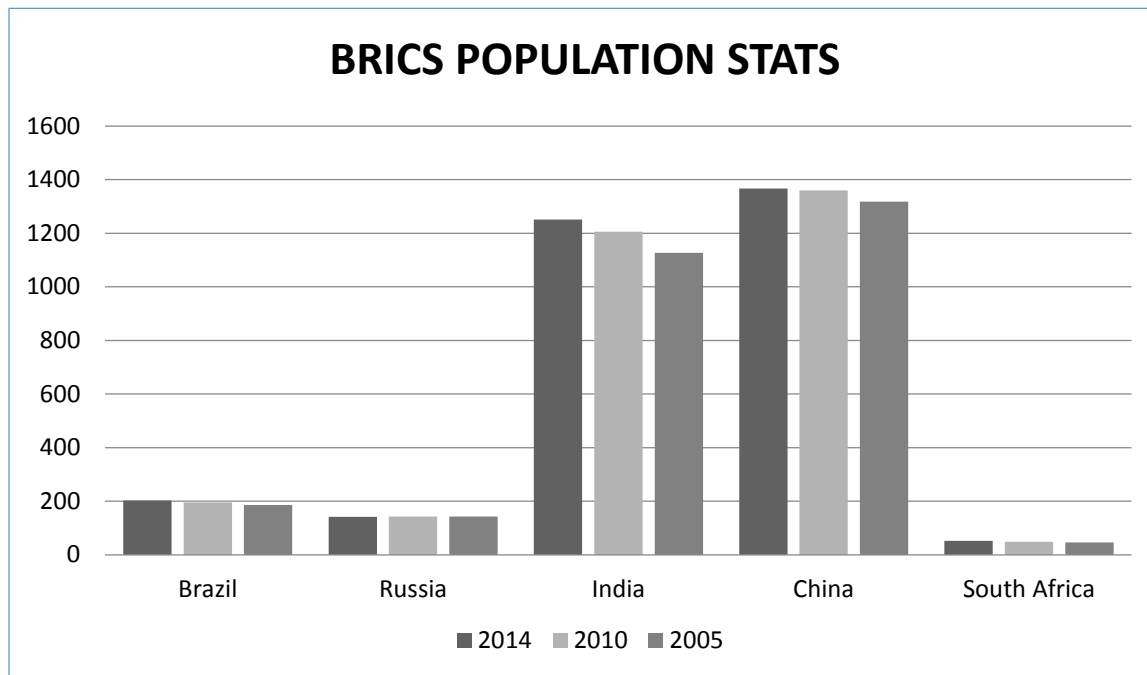
Surprisingly, South Africa apart from being the continent's largest local investor, it also boasts to having the largest foreign direct investment (FDI), with the motor vehicle industry leading in this regard.<sup>37</sup> However, in the BRICS bloc China became the single largest investor overtaking the United States, which during the period of overtaking, was busy fighting terrorism and pursuing weapons of mass destruction in Iraq and the rest of the Middle East. Curiously, research

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<sup>36</sup>This was ensured by the policy formulation process that was implemented by the South African reserve bank to stretch out and invest all over the continent while still restricting itself from delving into the global market.

<sup>37</sup>However, in the BRICS bloc China became the single largest investor overtaking the United States, which during the period of overtaking, was busy fighting terrorism and pursuing weapons of mass destruction in Iraq and the rest of the Middle East.

conducted by Kaplan (1983) shows that South Africa has the capacity to reach out to the world more than other African countries in terms of direct foreign investment to other countries, which according to history is happening at a very recent stage, probably after the fall of Apartheid.



Source: Kaplan (1983) indicating the population differences between the BRICS countries from the years 2005 to 2014, the shocking differences are evidence enough to tell the challenges that South Africa may face with regards to levels of influence in the BRICS bloc.

**Figure 2 BRICS POPULATION STATS**

Research conducted by Carmody (2012) <sup>38</sup>alludes that South Africa, which is the most powerful state in Africa in terms of military capability and the second largest economy, has its internal challenges that are hooked on its historical past that has everything to do with apartheid. The inheritance that the ANC had to accept in order to move forward as a newly democratically elected government was tied up with a complex economy that was predominantly run by the

<sup>38</sup>Carmody (2012) alludes that South Africa, which is the most powerful state in Africa in terms of military and economic dominance throughout the continent. Has its internal challenges that are hooked on its historical past that has everything to do with Apartheid.

minority white population. However all these did not stop the newly elected government of South Africa to grow wings and invest throughout the continent, with its outstanding size of its economy, power of its military and state(Carmody, 2012).

The only challenge to all these South African investments in Africa was that they were all controlled and owned by the minority white population, meaning they did not bring much returns to the country that can help solve the challenges of unemployment and poverty.<sup>39</sup>However access to land, notwithstanding their expertise in agriculture and their abilities to supply their produce to almost all the regional neighbors but to other parts of Africa as well. In spite of South Africa's influence on the African economies, in terms of trade and investment of its multinational corporations focused on mining and Agriculture (Carmody, 2012).

Other BRICS counterparts especially China gathered more influence in Africa due to the financial support and infrastructural development that China extended to the African countries, caused it to be accepted and it overtook the South African investments. Meaning that China single handedly had become the biggest investor in Africa surpassing the US and France. This was a great achievement for China firstly because of its technological advancement and the levels of expertise and skills. If these skills can be transferred to African labor, can turn things around for the better for African productivity (Carmody, 2012).

### China and the BRICS bloc

Lye and Zhang (2010) note in their research on China and the BRICS bloc that the crisis of the global economies worked negatively to the developed economies and positively to the emerging economies. This means that<sup>40</sup>the BRICS emerging economies, were registering growth levels in their economies. This was during the global economic crisis that saw the developed economies falling weaker and weaker, while the BRICS bloc was growing stronger and stronger. Despite all these positive outlooks and predictions about the BRICS bloc, there are few known challenges that may stand in the way of that continuous rise and growth path. These challenges are focused on matters of mutual interest and political gains, So far there has been a tag of war between the

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<sup>39</sup> Access to land, notwithstanding the South African domestic expertise in Agriculture and their abilities to supply their produce to almost all the regional neighbors of the Southern African Development Community (SADC).

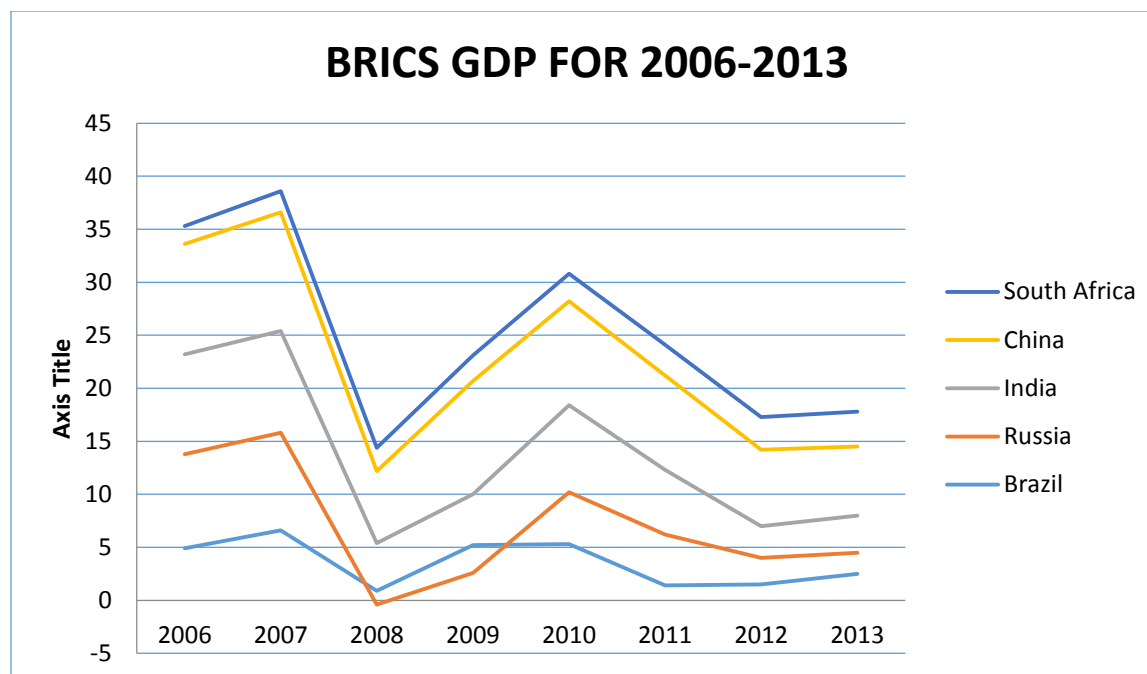
<sup>40</sup>The BRICS emerging economies, were registering growth levels in their economies. This was during global economic crisis that saw the developed economies falling weaker and weaker, while the BRICS bloc was growing stronger and stronger.

four main members, which are Brazil, Russia, India and China. These tugs of war are being fought by two on two by China and Russia and China and India.

Lye and Zhang (2010) indicate that, although the (BIC) Brazil, India and China are in one bloc, they don't have many economic interests in common, firstly, in the BRICS bloc China holds the largest share in the BRICS development bank, with its large economy it has managed to single handedly opened another development bank in East Asia for the purposes of funding Asian and they have a very careful and polite policy towards the US more than the others put together, Russia thinks the whole bloc should adopt an aggressive policy towards US while China thinks the opposite.

China's largest trade patterns are more in the global economy than in the BRICS bloc, the China Russia economic partnership is more alike than it is with the other members of the bloc. This means that their economies are more open towards the global market with a large portion of their exports toward the global market contributing largely to their GDPs. While the others Brazil, India and South Africa are more strategic whenever it comes to their trade with China, this is a more mutually beneficial economic angle (Lye and Zhang, 2010).

Consequently, the differences between the BRICS counterparts could either make or break them, these is in terms of their influence towards developed economies and their special groups such as the G8, which includes three of the BRICS members China, Brazil and India. The other challenge of the emerging economies especially in the case of China is according to Chinese analysts, who believe that it is very difficult for an emerging economy to rise up in a unipolar global system without causing conflict.



Source: Feng (2008)<sup>41</sup> shows BRICS projection of GDP growth and depreciation patterns from the 2006-2013. Graph also shows some members growth patterns indicates negative growth at some point but later stabilize and level with the rest.

**Figure 3 BRICS GDP FOR 2006-2013**

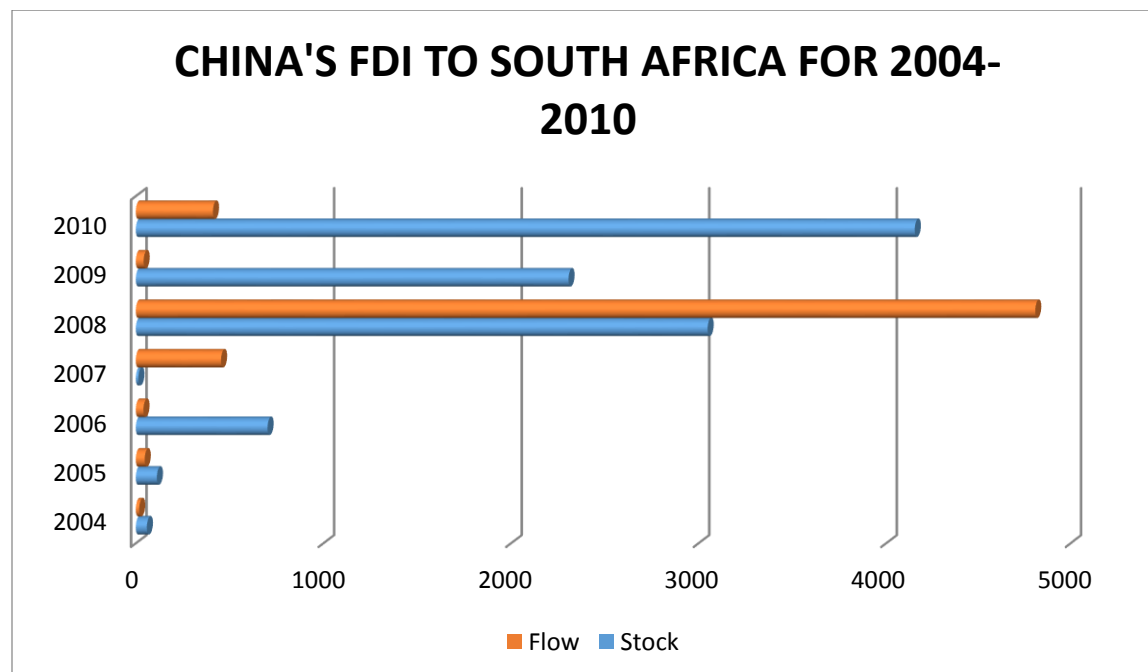
### China South Africa trade relations

Despite the ugly past of Apartheid that South Africa had to go through, the newly democratically elected government has been busy paving a way for South Africa to expand its influence and dominance in the SADC region and the towards strategic partners that share specific interests in trade relations (Crul, 2013). Such partners are China and, which has been a close ally of South Africa since the apartheid period. However, as China settled down in Africa after the liberation struggles and independence was achieved by most African countries. It started stretching its wings and muscles throughout the continent. This influence moved it to the biggest trading partner for the African continent both in terms of exported goods and imported goods (Crul, 2013).

<sup>41</sup>Shows BRICS projection of GDP growth and depreciation patterns from the 2006-2013. Graph also shows some members growth patterns indicates negative growth at some point but later stabilize and level with the rest.

IMF (2012) indicates that between the periods of 2001 to 2011, there was a rise of economic growth in African economies, due to the partnerships signed between the African governments and China. These growth path paved by China was also felt in South Africa, with its economy growing fast and expanding its reach towards the East Asia region. The issues of imports and exports between the two economies came into the forefront of their relations, mainly because of the differences in size and variety of imports and exports coming from both countries. South Africa during that period was famous for mining and exporting mineral resources to China, Crul (2013). The below table indicates the levels and amounts of foreign direct investment coming from China to South Africa from 2004-2010 (Sandrey and Edinger, 2009).

According to evidence provided by Sandrey and Edinger (2009) show that China's focus on the African continent developed to a mature stage when China formulated its foreign policy document that mainly directed toward building and strengthening its relations with Africa. The year 2006 marked the foreign policy specifically tailored towards fitting the African setting, for instance the Forum on China Africa Cooperation (FOCAC) adopted that they would be strengthening their bilateral relations, while still widening their scope towards the intergovernmental organizations such as the UN for veto power of voting as a bloc and also at the WTO in order to influence trade policies directed toward the developing countries.



Source: Crul (2013), indicating foreign direct investments that China has been investing in South Africa from 2004-2010.

#### **Figure 4 CHINA'S FDI TO SOUTH AFRICA FOR 2004-2010**

Nonetheless, inspite of the developed countries and their economies influence on the international arena, China knew it would have a better chance to compete fare with the developed economies. Otherwise since 2001 its inception into at the WTO caused China to be able to increase its African reach which earlier had been forecasted by 2010 to hit trade volumes of a hundred billion dollars. Moreover, the main goal of China in the African continent is primarily the need for mineral resources which were meant for fueling China's economic growth and expansion. However, during the same period of 2006, South Africa under the leadership of Thabo Mbeki advocated for free trade agreement with China, so that the existing bilateral trade would be maximized without any stumbling blocks (Crul, 2013).

#### **Chinese Exports to South Africa**

Consequently, trade relations between China South Africa were directed towards Agriculture and land issues. South Africa after the demise of Apartheid faced with the challenges of land reforms have the ability to not only create employments for the many unemployed youth, this could also be an opportunity to learn from and with Chinese farmers who had different farming methods that could revolutionalise the current production levels that South Africa was experiencing. However Sandrey and Edinger (2009) provide an indepth understanding to the China South Africa trade relations, which have been dominated by trade in mineral resources, manufacturing, technology and infrastructural development. As such, on this regard they also share trade in agricultural products from China to South Africa and also trade in Agricultural products from South Africa to China. Trade in Agriculture between the two players has become pivotal due to the significance of the products and the farming methods shared. Although there are technological advancement shared by both players (Sandrey and Edinger, 2009).

Nonetheless, trade between China South Africa since 2006 has been on the increase, the case of Chinese trade with global market accounted for US\$ 969.323 million, which according to global standards went up to 27.15%, however, focus is on China South Africa trade relations and

patterns, which during the same period also rose up eventually improving the South African position by one spot from 28th to 27th. These improvements meant that according to the Chinese goods export destination of choice rankings, South Africa was improving on global standards (Sandrey and Edinger, 2009).

Strategically according to <sup>42</sup>Xiong (2012) RSA just like other mineral rich African countries, not only provides PRC with an export destination but also in the Case of the mineral resource rich countries, they supply PRC with mineral that fuel the expansion and growth for the Chinese economy. However, in the case of South Africa, the relations with the PRC are different because the South African influence on the SADC region provides the PRC with a gateway into Africa without much effort. Moreso, in the case of the PRC, it provides South African exports with a large consumer base that surely brings great returns to South African businesses. With regards to Global influence, South Africa relies on the PRC to provide a power balance on the global arena in favor of African countries.

Nevertheless, trade relations between China South Africa during the period of 2005 increased dramatically by 57% and 46% respectively, including general machinery worth approximately \$794 million, while electrical machines worth approximately \$844 million, these increases indicated the bond that the two countries had developed and also indicated the products that China was sending to South Africa. Moreover, Sandrey and Edinger (2009) state that albeit the already existence and influence that South Africa had on textile on the SADC region, Chinese clothing exports increased dramatically regardless of the nature of reception they would receive from South Africa. However, based on the good nature of their relations, China also continues to send more textiles, even when such exports would cause South African businesses to close or threatened to cut jobs. In fact, the Chinese textile exports towards South Africa during the period of 2005 went up by 138%, which was formally worth \$280 million in 2005 to \$667 million in 2006.

Regarding Chinese exports to South Africa recorded an upsurge by 38.4% which amounted to US\$6,819 million, which according to global index on importing, indicates that Germany comes first and then China come second. However, trade data indicating the South African trade deficit

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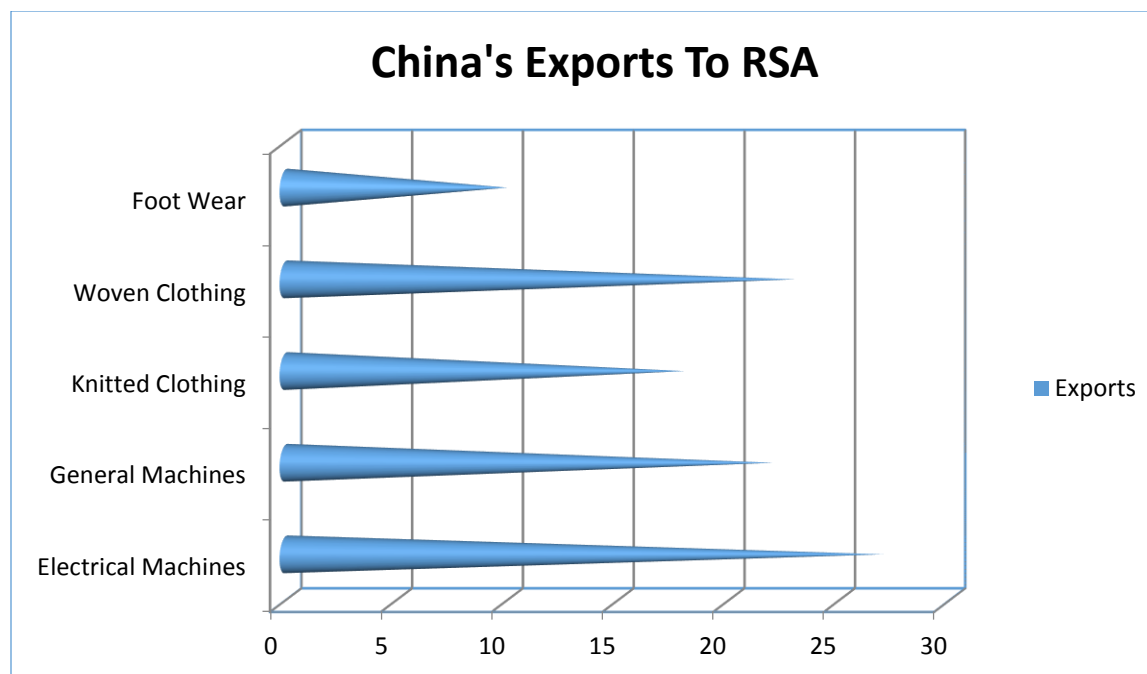


with China shows a negative US\$-4,783 million compared to a South African trade deficit with European Union which recorded negative figures aswell US\$-5,256 million. Nevertheless, according to South African trade laws, Gold is only exported to specific countries and not all countries, meaning that, only a selected few enjoy the benefits of Gold imports from South Africa, one such country is China, Russia, India and Brazil.

These lists could be understandable because of the <sup>43</sup>close relations that the BRICS members have forged and also because of the need to expand and grow each other. So if South African formulates policies or trade laws that restricts other countries from accessing its mineral resources, other members will be forced to introduce such trade laws so that only then can benefit from strategic sectors of each other's economies. Scholars such as Daly (2008) provide arguments on the nature and hunger for African minerals that China has developed for feeding its ever expanding economy, but also according to the pie chart below, the negative impacts that the Chinese textiles are causing to the South African domestic industries is notable, due to shut downs of local businesses and job cuts due to high levels of competition (Daly, 2008).

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Source: Sandrey and Edinger (2009), indicating Chinese exports to South Africa with various products, some could be hurting South African industries

**Figure 5 CHINA'S EXPORTS TO SOUTH AFRICA**

### South African exports to China

Although South African exports to China are not the same as the global exports to China, in 2006 the global exports to China went up to 19.9% which was in US\$ 791.794 million. South African exports to China also went up during the same period by 18.9% which was US\$4,095 million, a figure that was higher than the previously lower US\$3,443 million. More so, the upsurge of South African exports to China strengthened South African market as a dependable destination of imports. In spite of positive growth of South African exports into China, the trade balance was never achieved. Chinese exports to South Africa exceeded those of South Africa to China thereby creating a trade deficit on South Africa.

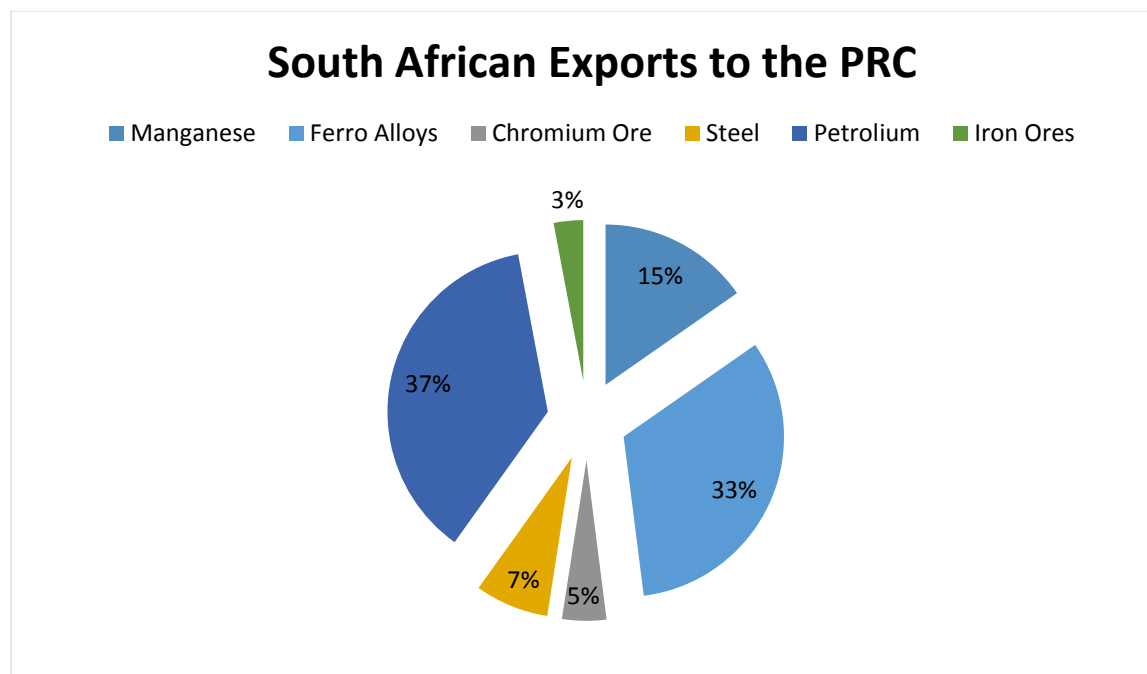
Nonetheless, <sup>44</sup>South Africa is famous for its reserves of mineral resources that make it stand out from the rest as the mineralogical hub of the world, with deposits that range from Cobalt,

<sup>44</sup>South Africa is famous for its reserves of mineral resources that make it stand out from the rest as the mineralogical hub of the world, with deposits that range from Cobalt, Manganese, Ferromanganese, Platinum, Gold, Diamonds, Iron, Steel and many more are on the front list of the minerals that South African will be exporting to China.

manganese, ferromanganese, platinum, gold, diamonds, iron to steel and many more are on the front list of the minerals that South African has exported to China. These products comprise of mineral fuels and metals which according to Sandrey and Edinger (2009) posit that their demand surged but others due to global effects and low market demand also declined, such are the iron and steel minerals, which declined due to global demand slowing down. This decline was recorded as 30% which was worth US\$ 298 million and the global demand declined by 24%.

Furthermore, South African exports to the global market upsurged in 2006, which was the same year that China also recorded an increase in trade and an increase in demand for its products in the global market and among its close allies. However, South African products global demand upsurged by 11.62% from the previous lower percentage of the previous year 2005-2006 US\$57.9 billion (Sandrey and Edinger, 2009).

Exports to China went up by 48% from a previously low of US\$1,367 million to US\$2,036 million during the same period as that of the Chinese increase so did the South African market experience an increase of demand for its products. Some of these products formerly mentioned are as follows; iron ore with exports accumulating to US\$409 million, due to the upsurge of the demand levels especially by China went up to 20%. Moreover, demand for South African products went up which were petroleum, steel, chromium ores, Ferro alloys and manganese (Sandrey and Edinger, 2009).



Source: Sandrey and Edinger (2009), indicating South African exports and their percentages to China, which are all dominated by raw mineral resources.

**Figure 6 SOUTH AFRICAN EXPORTS TO THE PRC**

### Stolper-Samuelson theorem

According to Neary (2004), the Stolper-Samuelson theory can be better explained using examples, as follows, the economy exists, functions and is made up of two sectors, capital and labor. Labor and capital are the pillars of the theorem, due to the fact that they indicate the nature of the economy, for instance, if the South African economy is much controlled by capital, which makes it a capital intensive economy, and China due its vast population and technological advancement can be classified as a labor intensive economy, because it uses a much bigger ratio of labor to capital on import than on export (Neary, 2004).

Similarly, a capital intensive economy, such South Africa, uses a much bigger ratio of capital to labor on export than on import.<sup>45</sup> However, evidence provided by the Stolper Samuelson theorem dictates that the connection between technology and trade in a globalised world makes the two complement each other. Jones (2000) states that the issue of wages and trade in an import export

<sup>45</sup>Such the RSA uses a much bigger ratio of capital to labor on export than on import. However, evidence provided by the Stolper Samuelson theorem dictates that the connection between technology and trade in a globalized world makes the two complement each other.

economy can be tricky but rewarding for the wage earners if steps are taken carefully. The Stolper Samuelson theorem indicates that, if there are tariffs raised on all imports competing goods and sectors, it might encourage the import sector to expand domestically, thereby creating more jobs and sustaining them through ensuring skilled personnel continue producing quality goods all these costs must fall to the export sector.

However, the South African economy needs to expand its labor intensive sectors, in order to create employment and this way, issues of uncertainty and labor unrest that mostly scare away investment that can solve unemployment in the country. So the more labor intensive sector grows stronger and the more capital intensive sectors grow smaller. These in turn will make way for the labor intensive sectors to expand with high demands than capital intensive and therefore increases wages. These means that when import competing products are labor intensive, employees gain more wages monthly or weekly while capital owners or employers lose relatively little. These can also be stated that protectionism through the increasing of tariffs on import competing goods, make positives impacts on employees and their wages are raised (Jones, 2000).

Furthermore, Hendricks (2003) discusses inequality as a pandemic eating up the South African society from within, with issues of inequality and high unemployment go hand in hand. Since those that are living in poverty lack skills, whenever there are injustices upon their lives there is never much to say due to the poor representation and lack of knowledge and information. South Africa has to solve its domestic challenges first before it records any equilibrium with China; these issues are better discussed by Natrass (1998), who argues that solutions to many challenges of the labor market can be resolved using policies that are macro-economically oriented.

Hendricks (2003) further argues that, for there to be a competitive labor market and an economy that advocates more for increasing the exports through increasing the production levels, policies that focus on the labor market and macroeconomics should be on the same page. Secondly, the more exposed an economy is towards the international market, it becomes subject to international policies and regulations which in many ways always clash with domestic laws and policies. Governments and their economies are always mandated by its citizens to ensure the

smooth running of business and the economy, which will result to job creation and the expansion of the labor market (Hendricks, 2003).

Gains and losses in free trade are differentiated by protectionist policies implemented by the state, which benefits the domestic industries, for instance in the case of South Africa, domestic industries especially manufacturing, required protectionist policies from the influx of Chinese goods. Such as the textile industry, this could result in the closure of many domestic businesses of which would increase unemployment. However, Free trade was the main cause of this rush or influx of Chinese goods into the South African market. However, what was locally manufactured was high quality that lasted longer than the competition, but the high prices of these locally manufactured goods required proper savings from the middle class consumers who felt a need for cheaper goods albeit their low quality and couldn't last for long (Hendricks, 2003).

As such, the Stolper-Samuelson theory provides a better understanding of the benefits of free trade towards domestic industries. Three major production points will be sourced to explain these developments. They are mainly, land, labor and capital. The gains can be found in the production of items that are available in abundance and capitalising in them. Losses will be felt negatively especially when there are limited resources that result in limited production. Furthermore, these issues of gains and losses can be better explained in settings whereby a certain economy possesses capital and labor in abundance but lacks land and another possesses capital and land but lacks labor. Such is the settings of China South Africa relations, whereby China possesses labor and capital but lacks land, while South Africa possesses capital and land but limited in labor (Rogowski, 1989).

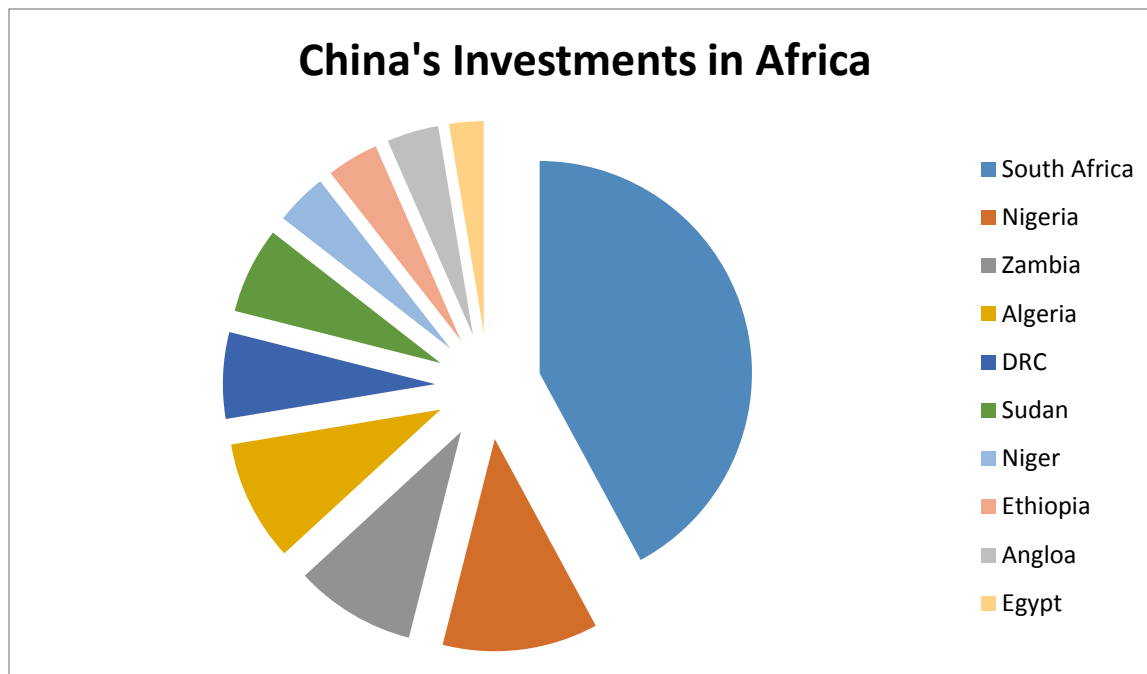
Moreover, according to Nastrass (1998), for a government to be functional and effective, it can never achieve much in isolation. It has to rely on the abilities and capabilities of its neighbors and other advanced economies for technical advice, partnerships, bilateral and multilateral agreements and cooperation's. This requires engagements and competition on the international arena, but for this to be sustainable, economies are forced to reduce certain productions and increase some, which affect employment of many people. Thirdly, Natrass states that the South African labor market lacks long term growth projections; the other challenge comes from capital intensity sectors, which have attracted more investments than labor intensive sectors.

This has been the South African case for a long time, whereby the capital intensive sectors are favored more by international investments, due to technological advancements than the labor intensive which most of the times lacks the technicalities or technological advancements and skilled personnel<sup>46</sup>. The investments end up bringing along their skilled personnel to work in South Africa, which should not be the case (Nattrass,1998). However, South Africa continues to receive the larger portion of investments in Africa, this is mainly because of availability of secure infrastructure that builds investor confidence. The South African government also provides and creates a conducive environment for foreign investments to flourish. <sup>47</sup>In 2010 South African received 32 per cent of investments from China which was the largest in Africa and still growing, while others received investments below the 10 per cent mark, indicating their level of development in terms of infrastructure and development, of which South Africa enjoys both and maintains the level of advancements (Nattrass,1998).

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Source: Nattrass (1998), indicating Chinese investments in Africa, with South Africa dominating the others with the lion's share of 32%.

#### **Figure 7 CHINA'S INVESTMENTS IN AFRICA**

Furthermore, research conducted by Burke, Naidu et al. (2008) indicates South African companies in China and Chinese companies in South Africa, these RSA investments in the PRC have shown how dynamic South Africa's economy is compared to other African economies. Some South African companies in China have invested between US\$5 to 10 million, for instance Miller from the South African Breweries (SAB), has invested among the highest from South Africa with amounts ranging from US\$500 million to US\$1 billion. According to a business observer and journalist, South African investments in the PRC have reached epic levels of between US\$1.2billion to US\$ 2 billion (Naidu et al. 2008). This was an amazing figure, indicating that South Africa was operating on a level of its own comparing to other African countries. Moreso, provided below is evidence of South African investments in China.



Name of Company	Industry
Spur	Hospital
SAB Miller	Beverages
Sasol Energy	Energy
First National Bank	Financial
Standard Bank	Financial
Old Mutual	Financial
Anglo Gold Ashanti	Mining
Anglo Coal	Mining
Gold Fields	Mining
Anglo American	Mining
Kumba Resources	Mining
African Explosive ltd	Engineering
Landpac	Engineering
Metspan	Manufacturing
Freeplay	Manufacturing

Source: Burke, Naidu et al. (2008) indicating South African companies in China, also showcasing South Africa's investor's dominance in the Chinese market. With mining and engineering dominating the rest.

According to Burke, Naidu et al. (2008) this table shows almost all the RSA businesses operating in PRC. This table also indicates how far-fetched the numbers of RSA investments in China have become. With many RSA investments operating in PRC, do not operate with their government's funding unlike Chinese investments in RSA, whereby the PRC government

supports its investments based in RSA financially until they become stable and operational. If at all South African government could support its investors abroad, this could assist them to expand and become more influential like Chinese investments.

Furthermore,<sup>48</sup> PRC investments in RSA have been said to grow exponentially, this in spite of the complexities that Chinese companies are faced with in RSA. Challenges range from unions and labor unrest to wage disputes. In spite of all these challenges, Chinese investors in October 2007 such as the Industrial Commercial Bank of China (ICBC) bought 20 per cent from RSA Standard Bank shares, which compared to other PRC's investments in Africa was the highest (Naidu et al. 2008).

Moreover in February 2008 Chinese investor Sinosteel invested US\$440 million, which was directed towards accelerating the mining and production of ferrochrome. However, the strategic sectors and areas of interest for most Chinese investors in RSA are focused and directed towards the mining of chrome and electronics assembling focused on TVs, DVDs, VCDs and Hi Fi home theatres. Moreso, Hisense a Chinese company based in the RSA bought a Daewoo electronic factory in order to accelerate its productions that were not only meant for the RSA market but also for the neighboring countries, such as Botswana, Namibia, Lesotho and Mozambique (Naidu et al. 2008).

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<b>Name of Company</b>	<b>Industry</b>
Huawei	Communication
Zijin	Mining
JISCO	Mining
COVEC	Engineering
CREC	Engineering
FAW	Automotive
Sinosteel	Mining
XOCECO	Electronics
Hisense	Electronics
ICBC	Banking
Zhongxing	Communication
Sinoprima	Manufacturing

Source: Shelton and Alden (2007), indicating Chinese companies in South Africa. Although this table shows less Chinese investments in South Africa, than South African investments in China, the reality on the ground differs completely.

### China South Africa diplomatic relations

Official diplomatic relations between China South Africa began in January 1998. This was the period when the two states made it official and begun diplomatic visits by leaders from both sides. Bilateral agreements were also signed during the same period and this meant that trade between the two players could thrive and step into the next level. China has been at the forefront of many developmental initiatives in Africa ever since the 1970s which was particularly famous for China funded the Tanzania-Zambia railway also known as Tazara railway line (Shelton and Alden, 2007).

Other initiatives include funding with military equipment for the African Union that in total amounted to 75% of all total assistance given from other partners.<sup>49</sup>The idea of continuing trade with Africa even when China knew that African economies were shallow and very weak caused it to be seen as a friend or as the revolutionaries would call China a comrade, because it stood with them even during the struggle for liberation and supplied weapons to help them win the war for liberation. Nonetheless after the establishment of diplomatic relations between China South Africa, diplomatic visits were made by leaders from states also increased Shelton and Alden, 2007).

Moreover, other BNC's to be chaired by the RSA and PRC in June 2004 focused on the Addis Ababa action plan for the promotion of peace, stability and development, the<sup>50</sup>Forum on China-Africa Co-operation (FOCAC), Support for New Partnerships for Africa's Development (NEPAD), the signing of SACU for free trade agreements between China and Southern African Development Community (SADC) area, RSA granting PRC Market economy status, strengthening South to South co-operation, accepting their global status as global players that have a say in the new world order, especially on issues to do with peace, stability, justice and equality and committing to the One China policy(Shelton and Alden, 2007).

Although diplomatic relations had begun with good spirits, the presidency of Thabo Mbeki did not fully support the speed at which African countries were taking to accept the PRC as a mutual partner, otherwise instead of opening its arms to the PRC, the leadership of Thabo Mbeki took cautionary steps as explained by Alden and Wu (2014), in order to safe guard the raw materials from South Africa.

However, this statement was not taken lightly by the PRC under the presidency of Hu Jintao who in February 2007, gave a speech in response to President Mbeki's cautionary speech stating that the PRC had good intentions and that it was aware of the fears of imbalances of economic structures and scope of Chinese trade and investment. Hu Jintao advised African states that their

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<sup>50</sup> Forum on China-Africa Co-operation (FOCAC), Support for New Partnerships for Africa's Development (NEPAD), the signing of SACU for free trade agreements between China and Southern African Development Community (SADC) area,

fears would be settled through friendly consultations and deepened partnerships and cooperation's (Alden and Wu, 2014).

However the PRC was not as innocent as earlier perceived, particularly due to the incident that happened in Zimbabwe, when a ship carrying weapons destined for Zimbabwe during the election tensions between the ZANUPF and MDC in April 2008. When the RSA realised that the ship was carrying cargo destined for Zimbabwe, it joined forces with the SADC community to criticize the PRC for its double standards. President Mbeki stated that African states should be careful in the way and manner in which they conducted themselves with the PRC lest they became mere suppliers of mineral resources in exchange for manufactured (Alden and Wu, 2014).

Furthermore, the Presidency of Thabo Mbeki was under immense criticism due to tensions and disagreements between the Mbeki presidency and the leadership of Angola, Zimbabwe and Sudan. The Sudanese leadership didn't agree with South Africa with regard to how they were to engage with the PRC. However, Mbeki's leadership style didn't change much amidst tensions and disagreement with party members and other leaders from different African countries. The negative effects of his leadership was having on other African leaders caused South African investors based in those African countries to start losing business contracts and deals to PRC investors (Alden and Wu, 2014).

Moreover, before the end of the Presidency of Thabo Mbeki, he was unexpectedly ousted by his rivalries within the ruling party in December 2009 and his immediate replacement as RSA president was Kgalema Motlanthe to finish the short term left by the ousted. This was partly due to handling of the tensions and disagreements between RSA and leaders from other African countries, the Beijing issue and the Zimbabwe election crisis quiet diplomacy, that was not criticised by the US and other members of the United Nations Security Council (UNSC).

Nonetheless the coming in of <sup>51</sup>President Jacob Zuma was received warmly by many stakeholders and leaderships, especially from Beijing, which was rushing to level ties with RSA

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<sup>51</sup>President Jacob Zuma was received warmly by many factors and leaderships, especially from Beijing, which was rushing to level ties with RSA because it viewed it as the gateway to Africa.

because it viewed it as the gateway to Africa. President Zuma was also <sup>52</sup>eager to level relations with Beijing; this was partly because during the global economic crisis, only the PRC economy withstood the crunch. This ability of the PRC caused the Zuma leadership to look towards the east, which subsequently was the Zuma's campaign strategy, of adopting a developmental state approach that was previously used by most Asian states. Alden and Wu (2014) state that President Zuma's first diplomatic visit to PRC was in August 2010 which was aimed at strengthening mutual strategic interests and partnerships and moving to the next level of bilateral ties.

The <sup>53</sup>PRC however has since regarded South Africa as the mineral resource hub of the African continent. The most minerals found in South Africa were minerals that were on demand on the international market and most preferably by the PRC. Minerals are very important tools that China requires to feed its ever expanding and ever growing economy (Daly, 2008). Africa is the centre at which China has planted its feet and has no intention of leaving anytime soon. However, African minerals such as Titanium are very important to China since they help in the production of fighter jets and other military wares. Diamonds are found in abundance in South Africa and that is why China seeks to strengthen its relations with South Africa for the purposes of securing mineral resources and trade benefits (Daly, 2008).

South Africa has been regarded by Beijing as "the continent's treasure house", as the world's largest producer of gold and big reserves of "industrially important metals and minerals" (Daly, 2009). South Africa is one of the two leading African countries (next to Angola) with whom China does business (De Beer and Schreiner, 2009). The latest figures from South Africa's Department of Trade and Industry indicate China as the top exporter to and importer from South Africa by country DTI (2011). Nonetheless, the dynamics of the China South Africa relations as emerging powers within the new global geopolitical and geo-economic order was formalised recently when South Africa received an invitation in December 2010 to become part of the BRIC which stood for Brazil, Russia, India, China group of emerging powers

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<sup>52</sup> eager to level relations with Beijing, this was partly because the during the global economic crisis, only the PRC economy withstood the crunch, this ability of the PRC caused the Zuma leadership to look towards the east, which subsequently was the Zuma's campaign strategy, of adopting a developmental state approach that was previously used by most Asian states.

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(Seria,2010). South Africa's entry into this formation underlines its role as an economic leader on the African continent. For a detailed discussion of the various historical stages in China's relationship with South Africa (see Taylor (2006:127-152).

The formal diplomatic relationship between South Africa and China was initiated shortly after South Africa's formal transition to democracy. China had broken formal economic ties with South Africa in 1960, and focused its attention during the apartheid years on the liberation movements (Taylor 2006). Initially the apartheid government's ties with Taiwan were retained in the post-apartheid era, within a system of dual recognition of Beijing and Taipei, leading to a bidding war between these two countries for investment in South Africa. However, in 1996 president Nelson Mandela announced that the ties with Taipei would be broken and Beijing alone will be recognised (Alden 2007).

The Bi-National commission that was introduced by the Mbeki regime established the protocol to be followed and thereby became the guide of the China South Africa engagements through the department of International relations (Grant, 2011). However, Shelton (2012) states that diplomatic visits became more intensified as time moved forward, they became the beacon by which the strengthening of the relations depended upon, infact the state visits strengthened not only the diplomatic relations but bilateral relations were deepened. In addition, officials from countries continued visiting each other, some of the visits were made by ministers from various departments such as foreign affairs, finance, international relations and political party officials, premiers from both sides, but to be specific, the diplomatic visits encouraged and further cultivated the relations between the two players (Shelton, 2012).

## Conclusion

In conclusion this chapter has provided evidence from various sources indicating how China South African have engaged economically in terms of trade and investments and how these have been influenced by issues and challenges of population size, economic size, skilled personnel, levels of technological advancement and production abilities and capabilities. However economic relations between China South Africa begun in the 1990s and they became stronger after the democratic transition. This saw the demise of apartheid and the ushering in of the newly democratically elected government of the ANC under the leadership of the president Nelson Mandela. Mandela was caught in a cross fire of deciding between the PRC and Taiwan, but due

to the strict conditions set aside by the One China policy, the Mandela presidency was forced to adopt mainland China as the only trading partner. The One China policy offered incentives of more opportunities in the East Asian economies and the only way was through accepting PRC as the one and only trading partner.

Moreover, the politics behind this maneuver was that, the Taiwan government was formed by fellow former Chinese people who spoke the same language and shared the same culture as that of the mainland PRC. As such the PRC became only harsh to the Taiwanese government politically on the international arena. The UNSC had also given recognition and status to the mainland PRC as a permanent Security Council member and denied the Taiwanese government any status. This was followed many other institutions around the world. Taiwan had a small economy that was technologically advanced but with a small population compared to that of the PRC. Moreover, the PRC allowed Taiwanese investors to invest in the PRC economy. This way both players benefitted yet one was more satisfied than the other.

The <sup>54</sup>BRICS Bloc stands for Brazil, Russia, India, China and South Africa, they were first grouped in 2001 by Jim O'Neil. However, this group of emerging economies was established on the 16th day of May 2008 and South Africa joined the BRIC Bloc in 2010 which later came to be known as BRICS. <sup>55</sup>These five emerging economies all came into the spotlight when there was a global economic crisis, which showed that the emerging economies through their partnership had showed resilience and stamina. When developed economies and countries were showing weakness in their economic stability. The role of China in the BRICS bloc and how its influence as the second biggest economy in the world can be used to elevate the other members to economic stability was also discussed.

Additionally, South Africa's role in the BRICS bloc, which is regarded as the mineral hub of the world, which ranks highest for holding most deposits in the world was explored. Its role in the BRICS bloc is challenged by many scholars as being of little effect, this partly due to the fact that South Africa's economy is smaller compared to that of the other members, and population

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<sup>54</sup> BRICS Bloc stands for Brazil, Russia, India, China and South Africa, they were first grouped in 2001 by Jim O'Neil. However, this group of emerging economies was established on the 16th day of May 2008 and South Africa joined the BRIC Bloc in 2010 which later came to be known as BRICS.

<sup>55</sup>These five emerging economies all came into the spotlight when there was a global economic crisis, which showed that the emerging economies through their partnership had showed resilience and stamina.



wise South Africa is also last. What makes South Africa unique is the fact that its multinational corporations (MNCs) have spread all over the world with specialties in mining, communication, finance, agriculture and manufacturing.

China trade relations with South Africa were discussed and the result was that there were a lot of imbalances in terms of economic structures and trade patterns and scope of investments from PRC to RSA. As explained by the Stolper Samuelson theorem, the economy exists, functions and is made up of two sectors, capital and labor. Labor and capital are the pillars of the theorem, due to the fact that they indicate the nature of the economy, for instance, if the South African economy is much controlled by capital, which makes it a capital intensive economy, and China due to its vast population and technological advancement can be classified as a labor intensive economy, because it uses a much bigger ratio of labor to capital on import than on export. Similarly, a capital intensive economy, such as the RSA, uses a much bigger ratio of capital to labor on export than on import.

Nonetheless, official diplomatic relations between China and South Africa began in January 1998. This was the period when the two states made it official and begun diplomatic visits by leaders from both sides. Bilateral agreements were also signed during the same period and this meant that trade between the two players could thrive and step into the next level. After China South Africa started official diplomatic relations, diplomatic visits by leaders from sides started and this was done in order to strengthen their bilateral relations and deepen trade and economic co-operation and further partnerships. However, from the presidency of Mandela to the presidency of Zuma, much has transpired between the two players. The diplomatic relations between two players have grown and deepened from one leader to the next, except for the leadership of Thabo Mbeki, who cautioned other African Leaders to not become mere suppliers of raw materials to China in exchange to manufactured finished products, just like in the days of colonialism.

## CHAPTER FIVE

### GAINS AND HIDDEN CHALLENGES

#### Introduction

This chapter focuses on the gains and hidden challenges that China South Africa has experienced ever since they started their partnerships and deepened their bilateral trade and investments. The chapter discusses the gains and hidden challenges that South Africa has experienced from its close relations with China. Studying Mandarin as a foreign language in South Africa is discussed as one of the cultural diplomacies that the Confucius institutions from China based around the world including South Africa, notwithstanding the benefits that comes with learning mandarin for South African citizens, due to the growing geopolitical influence of China in today's world and its deepened relations that it enjoys with China. Issues of asymmetry and symmetry between the two players, as well as those of political asymmetry and equilibrium between the two states which is discussed further through identifying which state gains more than the other or if there is any equilibrium whereby no state loses more than the other in this relations.

#### Gains and Hidden challenges

Historically, China South Africa has experienced different lifestyles and different settings, namely apartheid was the system in South Africa that disadvantaged the majority populations and in the PRC the situation was different, because the formation of a republic happened in October 1949. However, the gains mentioned in the above topic are more confined to the scope of trade and investments, Confucius institutions, Mandela institutions, the language of Mandarin in Africa, Chinese migrant traders, African migrant traders.

However, according to the Minerals Industry of China (MIC) in 2012 for mineral resources, that are less spoken of on the international arena. China was ranked first as the biggest gold, Aluminum, magnesium, mercury, phosphate rock, tin, zinc, talc, salt, steel, lead, antimony, cement, bismuth, coal, fluorspar producer. As such, apart from the already existing Chinese knowledge of mining. Deepening relations with South Africa which is the biggest gold producer in the world gives China a boost to growing its economy, especially due to the existing Chinese knowledge of the importance of mineral resources, makes China a very determined player. Alden and Wu (2014) argue that, South Africa has been trying to shift from remaining an economy that

supplies raw material to one that exports finished materials. However, the PRC government had different plans, instead of assisting its trade partner step up and become an exporter of finished products. It gave RSA an approved destination status for tourism purposes, and indeed number of tourists from the PRC to RSA has increased exponentially, indicating that in 2003 over 33,000 travelled to South Africa. Likewise the number of South African travelers visiting PRC is relatively low and this could be attributed to the nature of inequalities and existing challenges of poverty, unemployment and the widened gap between the rich and the poor populations (Alden and Wu, 2014).

Breslin and Taylor (2008)<sup>56</sup> posit on the issue of human rights violations in China after the Tiananmen Square protest in June 1989. It's a period when China was put on the spot light by global powers, due to human rights violations and authoritarianism. The Chinese communist party's stance against democracy caused them to use live ammunition against protesting students. This became a symbol of resistance and remembrance of the Tiananmen Square, although the authoritarian PRC government was determined to never let any resistance or uprising occur on its soil, especially not a democratic protest Breslin and Taylor (2008).

### Soft Power as both a gain and a hidden challenge

<sup>57</sup>Confucius is the philosopher that existed in China a long time ago. He was also regarded as the Socrates of East Asia, Du Toit (2015). What is amazing is that even after so many decades from generation to generation, since 2500 years ago when Confucius lived, his teachings and philosophy still influence so many lives from different parts of the world. Globally, Confucius institutions were established formally as a tool of cultural diplomacy or soft power and Lemmer (2013). That saw the establishment of 440 Confucius institutes and also established were the 646 Confucius classrooms globally. In Africa alone, there are about 25 Confucius institutes. Du Toit (2015) states that establishment of Confucius institutes is primarily for the purpose of teaching Mandarin and also to teach Chinese culture and various courses in language and literature.

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<sup>56</sup>According to Breslin and Taylor (2008) on the issue of human rights violations in China, state that after the Tiananmen Square protest in June 1989, it's when more focus and pressure was put the issue of human rights.

<sup>57</sup> Confucius born 551-479 is an ancient Chinese philosopher, teacher, editor, politician, during his times, due to the turmoil and injustices he had witnessed happening to his people. He decided to develop code of ethics that would guide the conduct of government business, based on respect, honesty, education, kindness and family institution.

China in terms of linguistics through using as a tool of soft power, has managed to come into agreements with the South African National government. To establish Confucius institutes as tool for internationalising South African universities, to start practicing and preparing its youth population to speak the language of the next global power. However, Qi and Lemmer (2013) state that the issue of learning Mandarin as a foreign language in South African universities, is part of a globalised idea of understanding and spreading the Chinese language, morals and culture. While at the same time embracing multilingualism as a tool for furthering the abilities of students in terms of their knowledge and understanding. Universities that have accepted are University of South Africa (UNISA), University of Stellenbosch, Rhodes University and University of Cape Town (UCT). The theme used to encourage learners to join by most South African universities is that of China's global importance, economically and politically (Qi and Lemmer 2013)

As such, Mandarin is not only spoken in China, but it is the national language of Taiwan and among the top four official languages of Singapore. However, one of the major purposes connected to the sudden urge to learn Mandarin is the growing numbers of immigrants in China, Taiwan, Singapore and global citizens. Mandarin is also being researched as an international language for the understanding of Chinese heritage, morals and culture. Notwithstanding the complexities of the Chinese society and rule of law. Which is comprised of 55 officially known small groups of different nationalities, each with different languages, according to the history of Chinese society about these minority nationalities, they were all included politically into the Chinese fabric (Qi and Lemmer, 2013).

Confucius institutes <sup>58</sup> provide an opportunity to shift focus in the China Africa relations, this is mainly to assist in creating a new mindset amongst African leaders that China is in Africa entirely for the purpose of taking mineral resources and focusing on nothing else (Donnelly, 2000). The idea of cultural diplomacy or soft power is to portray China as a human caring state. The idea of Confucius institutes based in South African universities is entirely focused on China's sudden rise and its influence on the global politics and the global economy not forgetting

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<sup>58</sup>Confucius institutes according to Donnelly (2000), create a different atmosphere for China to engage with Africa on a different level or platform. These institutes educate and inform populations about the code of ethics and morals of China. With the original Confucius ideology based on honesty, faithfulness, righteousness, generosity and strong family values, creates an opportunity for African leaders to trust China. The idea of cultural diplomacy or soft power is to portray China as a human caring state.

the deepened relations between China and South Africa. Nonetheless, on this regard, China South Africa relations shouldn't be separated from relations that China is having with other African economies, because separation would give China more power to dominate other regions and countries in the continent. Although challenges of self-interest will always come up, due to realism being the dominant theory of international relations, and also due to China's position as the second largest economy in the world, creates a platform for power relations. According to Donnelly (2000), realism assumes that global issues can be solved through understanding the concepts of self-interest and power.

In definition, realism can be defined as a theory that puts emphasis on the law of the jungle; this is due to the absence of a central authority or global government, which has resulted in international anarchy Morgenthau, (1978). As such, Nicholson (2002) states that realism in international relations has been and still is the dominant and influential theory in explaining and describing states and how they relate and engage with each other on the international arena. In international relations, states are the dominant actors, in which they pursue power even at the expense of others. For instance how US invaded Iraq and Libya without respecting their sovereignty (Nicholson, 2002).

Moreso, the importance of this study is to outline gaps that have not been outlined before by researchers, such as the need for South African government to financially supporting domestic investors based in outside countries, in order to expand and grow themselves, such as China, in order to create opportunities for locals to work overseas. This could help solve challenges of unemployment and skills shortages. As such, realists believe that power politics control the international system through using a doctrine called balance of power Morgenthau, (1978). Realists believe that power is the central focus of the international system, of which without balance of power, would result into total chaos Morgenthau, (1978). However, with regard to China South Africa relations, soft power and realism, the interconnection with Chinas behavior towards other emerging and developing economies is connected to realism and power relations based on who is stronger and who is more influential than the others should set the rules of engagements and impose their agenda on the others, even against their will (Morgenthau, 1978).

According to Salmon (1999), diplomatic relations in international relational are the most important engagements between two sovereign states. For instance, after establishing China

South Africa diplomatic relations, bilateral ties were strengthened and the two players were able to freely engage in business without any difficulties or challenges. Their bilateral act of establishing diplomatic relations was unique to only these two players based on their historical relations that date back to the early nineteenth century (Salmon, 1999).

Diplomatic missions, which allow players to establish embassies in each other's country, took place and have worked well for the benefit of China South Africa relations. It has allowed for the Chinese for instance to introduce their soft power strategy, in terms of learning Mandarin as a prerequisite for strengthening their cultural diplomatic relations. For purposes of enabling deeper cultural ties, Chinese morality and Chinese culture (Foreign Ministry of the People's Republic of China, 2002). The problem with China's soft power or cultural diplomacy is that, it imposes its culture and leaves no room for debate from other players on the matter. Making it mandatory for any player that wishes to engage with China, to rethink their position or rather go with the flow.

### Africa in China's foreign policy

Sun(2014), states that the normal assumption of China's interest in Africa was partly right and partly wrong; reason being that the Chinese had developed a foreign policy that specifically targeted Africa, hence the topic of this paragraph, Africa in China's foreign policy. As such, the Sino-Soviet conflict was fought by China mostly in discrediting the Soviets in Africa and portraying themselves as the better option. It was during the same period of increased interests and competition for African minerals, that China formulated its specific foreign policy agenda on Africa. Parts of the foreign policy indicated Chinese interests in Africa namely, political, economic, security and ideological. Of which most of these policies affected South Africa China relations in their economic, diplomatic and trade relations Sun (2014).

However starting with the political interests, China and Africa both had a history of colonisation, which according to Chinese scholars, was regarded as a shared common adversary, which was the imperialists and the capitalists (Sun, 2014). Moreover, according to Chinese scholars, most African countries after independence had assumed an impartial position between the socialists and capitalists, thereby making it more conducive for the Chinese to step in and establish themselves (Sun, 2014).

Furthermore, apart from the African impartial position with neither socialists, communists nor capitalists, which made it easier for the Chinese to step in and establish its agenda. The number of African countries as stated in the United Nations member states list, accounts for one quarter of the entire member states listed. Making Africa a continent with influence to swing votes wherever they want or choose. China has made its intentions known with regard to the issue of unity when voting for its agendas, such as the African bloc vote that gave China a win for the Beijing Olympics (Goldstein, 1998).

However African states did not only swing positive votes to get China what it wanted but it also swung votes of abstention, meaning that their silence still affected the votes in favor of China. However, with regard to the Chinese aggression on the Tibetans, makes China a double standards player due to its NAM stance against the Apartheid regime. But yet still go ahead and oppress Tibetan masses through cultural genocide (Goldstein, 1998).

Nonetheless, apart from Chinese double standards nature against the Tibetans, even after opposing the Apartheid regime openly. The issue of self-determination and universal suffrage are a basic fundamental right for each citizen of the world, and a denial of these rights is a denial to human dignity. The problems posed by the PRC towards the Tibetans are a violation of human rights and their leader the Lama, who has been exiled from his own country to live in India due to tensions and threats to persecute him (Goldstein, 1998).

However, the tag of war between the Taiwan and the PRC was lost when African countries threw their unwavering support to the PRC and the African bloc vote at the United Nations General Assembly to put an end to the Taiwan membership and support for the One China policy. Nevertheless, the support for Taiwan did not entirely die; there remained some African countries that still supported Taiwan even amidst the tensions that existed between the two, which has resulted to the breaking of ties that have never been normalized (Goldstein, 1998).

According to Sun (2014), some African countries chose to retain their relations with Taipei, such as the Burkina Faso which began official diplomatic relations with China in 1973 but later moved to Taipei in 1994, Gambia started official diplomatic relations with China in 1974 but later moved to Taipei in 1995. Sao Tome and Principe established diplomatic ties with China in 1992 but later recognised and established other diplomatic relations with Taiwan in 1997. Taiwan however, has been fighting a losing battle with China, and this could be attributed to the China's

sudden economic growth and global influence, which was proven in 2006-2007 whereby remaining African states such as Niger, Malawi and Chad suddenly cut their relations with Taiwan and recognised only China as the only diplomatic and economic partner.

## Economic interests

The need to prioritise between political and economic relations in the African context is partly due to the African political importance to the Chinese (Sun,2014).). However, this didn't stop the PRC from investing in the continent and establishing itself as the sole diplomatic and political and economic partner of the African states. Nonetheless, Chinese scholars state that China Africa relations have been growing in stages for instance from the period of 1949-1979, China focused on political agendas, whereby China's economic relations with Africa was based on supporting the liberation struggles that were all against imperialism, colonialism, apartheid and oppression and racism.

From the period of 1979-1990s China's focus moved from supporting the liberation movements and focused on development initiatives that were aimed at building infrastructure and economic stabilization (Sun,2014). States that the key step towards strengthening economic cooperation and ensuring growth through the expansion of markets and the economy, is through ensuring the shift from political support to economic partnership. Finally by the early 1990s Chinese penetration into the international market and of course the ready African market, filled with energy, raw materials and mineral resources helped fuel the growing and expansion of the Chinese economy (Sun,2014).

According to the South African situation, the Foreign Direct Investments that flow from China are not always doing a good for the masses. However, Woltmann (2013) provides a critique to the nature of foreign direct investments and how they affect the domestic market. Moreover, Askouri (2006) Tull (2006) and Porcaro (2009) argue that China has not been having transparent relations with other African countries, such as Sudan, although China is assisting with developmental aid and infrastructural development, it has gone further into interfering with general elections and also fueling the political climate in Sudan. Moreover, Chinese investment are also flooding the Zambian market, and making the local traders lose out on making a decent profit. When Michael Sata was president of Zambia, he castigated Chinese businesses for concentrating on making quick profits and not concerned about benefitting the people of Zambia.



President Sata compared the Chinese to colonizers (Askouri, 2006 Tull, 2006 and Porcaro, 2009).

## Security Interests

Africa and China have historically never been involved in any conflict. There has never been any reason for China to feel threatened by the African states and likewise the African states have never had any reasons to feel insecure about the Chinese presence in Africa (Tseng, 2008). The security threat that may arise to affect Chinese investments based on the African continent is instability, ethnic conflict that would affect even Chinese migrant workers based in Africa and poor infrastructure. This issue of Chinese insecurity about its investments and citizens living in Africa was firstly influenced by African political tensions during elections and also ethnic conflicts and civil wars. Secondly influenced by the Chinese growth and expansion that has been felt in every African state immensely. The number of Chinese migrants working in Africa has grown exponentially to approximately one million in 2012 (Tseng, 2008).

## Ideological interests

Post-cold war era found China still under reforms, therefore not ready for trade and investments with other states, however, issues of ideology have always dominated its engagements with other states and also influenced China's foreign policy towards Africa. Historically, the Chinese plan and philosophy towards Africa and other developing regions was that it would be at the helm of assisting African countries in the fight against imperialism, colonialism, apartheid and revisionism (Yu, 1988).

However, the sudden need to fight authoritarian governments was partly influenced by its historic situation whereby it was forced to seek a friendlier diplomatic position to ensure its existence toward external invasion. The problem with relying on ideology was that towards those African states that adopted a socialist model, resulted in China supporting those states even when it was also struggling economically (Yu, 1988). This position resulted in China using a different approach, which was fair to all, even to those that did not agree with the socialist model. The People's Republic of China adopted a One China policy and whoever supported them, was included as an ally. Politically, the Chinese position was partly influenced by economic interests and the continuation of political support for the One China government (Yu, 1988).

Furthermore, the People's Republic of China (PRC) is globally regarded as the most accepted, supported and advanced authoritarian government. The lack of democracy and elections within the ruling Chinese Communist Party has not done much to change or influence its engagements with the rest of the world.<sup>59</sup> Chinese scholars believed that the Chinese model in Africa was very important due to its reach and dominance on the African continent, meaning that the Chinese investments in Africa are very much necessary and essential for the survival of the African economies and the African market. That is why some African scholars such as Bodomo (2009) argue that although currently China's strategy in Africa is that of soft power, sooner rather than later, it will become a super power resented and feared in the world. However, according to Botha (2006) although South Africa has yielded a lot of influence in the African continent, especially in regional bodies such as SADC, and continental body of AU due to the role it plays as an economic power house.

### Asymmetry and Equilibrium

China Africa relations ever since their inception have been on the centre of debate by academics and writers from different parts of the world Askouri (2006) Tull (2006) and Bodomo (2009). In the case of South Africa there is some equilibrium partly based on South African mining companies that have for so many years been at the forefront of the mining sector. The unique position of South Africa according to Bodomo (2009), is that it has a stable economy that has been the most stable in the African continent for a long time ever since the apartheid era.

The South African defense force during the 1980s counter attacked more than four African countries in a row, namely Botswana, Mozambique, Namibia, Zambia and Zimbabwe. In a bid to control the movements and training camps of the revolutionary movements and with rumors that the apartheid regime had developed a nuclear bomb. This proved that the South African military was one of the strongest in Africa and even the world. China on the other hand has had a capable military that if measured by the power index, that measures the military strength of a country. Power index also indicated as in abbreviation as (PWRLNDX) measures as including many aspects that relate to balance, such as economic stability, up to-date infrastructure and efficient

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<sup>59</sup> Some Chinese scholars believed that the Chinese model in Africa was very important due to its reach and dominance on the African continent, meaning that the Chinese investments in Africa are very much necessary and essential for the survival of the African economies and the African market.

border security Botha (2006). On this regard, South Africa has it all, making it the closest ally with the smallest population in the BRICS bloc.

Furthermore, Chinese foreign direct investments in South Africa are actually bigger with bigger budgets than South African foreign direct investments based in China (Woltmann, 2013) this could be as a result of the high productivity, mass production and economic competitiveness. Gumede Giday and Selassie (2012). China has the largest labor market in the world with a population of 1.3 billion, makes it difficult to doubt this fact.

### Political Asymmetry

Although there may seem to be evidence of weakness on the African economies, which were split into small weak economies during the 1884-1885 Berlin conference in Germany. In spite of the availability of mineral resources in some African countries, small populations and poor infrastructure and poor governance caused many governments to go deeper into debt owing international financial institutions such as the World Bank and International Monetary Fund. Some African countries such as South Africa have been seen as the big brother of Africa ever since the presidency of Nelson Mandela, due to stability of its economy, good governance and good management of mineral and natural resources. However, the unique thing about the African countries is their ability to vote as a bloc in international gatherings, such as the United Nations General Assembly (UNGA). Bodomo (2009) argues against the issue of asymmetry based on the relations that the PRC has been having with other small states in Europe, such as Norway which has a relatively small population of 4 million people, compared to many African states that have populations of 20 million going upwards Bodomo (2009).

However, in its relations with China, there is asymmetry, in terms of economic and trade relations. Therefore, population size does not determine asymmetry Bodomo (2009). With regard to the African perspective that has 54 independent countries which have developed a habit of voting as a bloc. This makes it difficult to say there is no asymmetry when the African Union displays their strength in unity; they actually beat China in some international settings and meetings. That is why China seeks to use that political support to gain support whenever it comes to voting. For instance during the Beijing Olympics, it was AU voting bloc that assisted China to win during the decision making of the International Olympics Committee (IOC). The AU has also assisted China in getting the permanent seat at the United Nations Security Council

(UNSC) when African states threw their support behind China instead of Taiwan (Bodomo, 2009).

### Established Commissions to ensure equilibrium and balance of trade

The China South Africa partners for growth and development (PGD) was established after lengthy discussions between the two leaders from the PRC and RSA 2006 specifically to cater for the many problems of trade deficit and imbalance that South Africa was facing as it conducted trade with the PRC. However a smaller economy with a smaller population compared to the PRC's second largest economy in the world, with a 1.3 billion population. Surely needed assurance that trade and economic relations would be balanced and most importantly, that they would find convergence and equilibrium (Molepolle, 2011). The functions of the PGD started officially in 2007 in order to ensure that the Memorandum of Understanding (MOU), that was specifically focused on key sectors that required immediate attention. These were mining, infrastructure and development initiatives, notwithstanding the need for healthy, balanced and sustainable trade relations between the two regional powers.

Moreover, the Bilateral trade and Investment Cooperation Mechanism was put in place, and through the leadership and guidance of former president Thabo Mbeki in 2002, the establishment of the Bi-National Commission was initially the most important commissions established that would provide guidance through ensuring trade balance and equilibrium between China South Africa (Molepolle, 2011). The Joint Economic and Trade Committee (JETC), a very significant committee was incorporated within the (BNC).

Nonetheless, the purpose of setting this committee within a commission was to facilitate discussions and cooperation for the purposes of finding common ground Molepolle, (2011). Among the discussed items was strengthening partnerships for Growth and Development (PGD), aiming for mutually beneficial opportunities through cooperation between the two regional powers and finally strengthening partnerships in support of NEPAD and FOCAC. Finally the South Africa Economic and Trade Cooperation Forum held in Pretoria 2000, for the purposes of ensuring the balance of trade. However, through the forum, the PRC invited 23 South African businesses to officially sign contracts between the two countries, which according to the South Africa Department of Trade and Industry amounted to US\$311 million which was equivalent to

R2.3 billion. The products for trade included agricultural produces and manufactured goods (Molepolle, 2011).

## Conclusion

This chapter has provided the various angles of how the relations between China and South Africa are faced with various criticisms of hidden challenges and gains. The China South Africa relations are relations that have been focused on for a while, due to the two states being regarded as emerging economies, although there has been criticisms about the concept of emerging economies, likened to the Asian economies that were regarded as emerging but did not step up to become fully developed economies. Matters of human rights violations have been discussed and what has been found is that, China has a bad record of abusing the human rights of its citizens. An example is the Tiananmen Square protests that ended up with the losses of many students lives.

Issues of soft power have been discussed whereby China uses its soft power or cultural diplomacy towards South Africa. This soft power approach has introduced a mandatory order that whoever conducts business with China must learn the Chinese language and accept it as an international language spoken and taught in South African universities. Confucius institutes have been established around the world and in Africa. South Africa holds the largest number of Confucius institutes and is also home to the largest Chinese migrant populations in Africa, who have a history that dates back to the apartheid era. Africa in China foreign policy shows how the PRC has an all-round plan for the African energy, mineral and natural resources. It has come up with four main interests that it has focused on Africa; these interests start with economic relations, security relations and ideological relations.

However, these interests all indicate just how far and wide plans China has for the African continent. Nonetheless, issues of asymmetry and equilibrium have been discussed followed by political asymmetry, which relays the political stamina Africa as a bloc has developed over the year, due to their ability to vote as a bloc. Finally the establishment of commissions and committees to settle and close the existing gaps of asymmetry in search for equilibrium and balance of trade between the two regional powers may have been the better option for South Africa, through focusing on better ways to engage. These established commissions were the China South Africa partners for growth and development (PGD) which was established in 2006.

The other was the (BNC) and the (JETC) committee, in 2002 for the purposes of ensuring meaningful discussions that would assist South Africa, because the PRC was benefitting more than the RSA.

## CHAPTER SIX

### SUMMARY AND RECOMMENDATIONS

#### Introduction

This chapter presents the summary, conclusion and recommendations and limitations of the study, all this based on the findings made throughout this study. Issues affecting China South Africa relations have developed at a very fast rate since the period of the liberation struggle. Moreover, China South Africa relations have grown from one stage to another, likening them to old wine that matures and gets better with age. However, it was after the South African democratic transition that South Africa's relations with PRC became more official and trade and investments increased exponentially. With China's sudden growth to become the second largest economy in the world, also regarded as the largest exporter in the world, makes it difficult for the South African economy and investors to level up trade relations with the PRC. Which is also the largest emerging and developing economy and even beating its former colonisers and imperialist masters.

Furthermore, China South Africa relations have evolved from just ideological to trade and investment, economic, diplomatic and political relations. Issues to do with hidden challenges and gains have been discussed in this study. Summarised and concluded. Recommendations are provided for the South Africa China relations, with specific focus on challenges and opportunities.

#### Summary

In summation of the China South Africa relations, this study has focused on bringing a new path for South Africa to use with regard to trading and investing with China. However, issues to do with the economic and diplomatic relations between China South Africa were assessed together with gains and hidden challenges facing these two players. Findings have shown that China has more advantage than South Africa, mostly because South Africa imports more than it exports, meaning its expenditure on imports is greater than the earnings made from selling South African products abroad, making even more stressing for the South African economy. Knowing that the need for balance, asymmetry or equilibrium between these two emerging powers is utmost

importance for the survival of relations between the two players. Relations with the BRICS as an official group have been assessed.

Payne and Veney (1998) state that the Chinese foreign policy towards the western governments United States and European states, have had much impact on its relations with these states, partly due to the fact that the PRC spent more time and effort trading with the Western powers, that are made up of developed countries of the world, from the leading to the top ten developed countries of the world. However, PRC's engagement with Africa is flawed, because as much as China would want to make African economies believe that it only has the best interests of African economy at heart. Time and energy spent on mining mineral resources from resource rich countries and energy rich countries indicates that Africa needs to shift its policies towards those that require investments to create opportunities for local masses through skills training and empowerment of women through technological training in leading companies (Payne and Veney, 1998).

Stories of hope in the African continent began being told after the demise of the cold war. The Soviet Union was broken down into weak states. Through the leadership of Mao Zedong, China broke ties with Russia, this withdrawal created an opportunity for the PRC to rush into Africa and establish relations. After the Chinese rush into Africa was established, it started working on infrastructure development, including roads. Railways, trade complexes and constructing buildings for the purposes of the host countries use for government businesses. Other major interests of the Chinese were relating to mining and energy, which was particularly focused on fueling its fastest growing economy (Payne and Veney, 1998).

China Africa relations, politically economically and socially was partly connected and directly driven by the need for deeper and strengthened relations. As such, China also had relations with in this case South Africa. This China South Africa relation was built on trust and integrity, focused on building likewise relations with other African economies but due to poor infrastructure and energy challenges, caused trade and investment problematic. This resulted in China assuming a different role of focusing on infrastructure development and also solving energy challenges facing African economies (Payne and Veney, 1998).



<sup>60</sup>Saich (2010) indicates that after the demise of the rivalry between the two super powers, United States and Russia left the PRC with little but no choice but rather re-invent the wheel that was to shape the way its foreign policy towards the Western powers and former allies such as Russia would be. Additionally, the norm was according to Saich during the cold war was that China aligned with Russia for economic, military and political and ideological support while Taiwan aligned with the US military and economic and political support.

Eglin (1991) states that the ideological war started in ROC between Mao Zedong who was a communist and Chiang Kai Chek who was a Nationalist in 1949. Sadly, the domestic war of ideologies resulted in Mao Zedong claiming victory while many supporters Of Chiang Kai Chek escaped to Taiwan, due to fear of being persecuted by the new rulers of the ROC. However, as soon as Mao se Tung the leader of the communist party settled down as the leading national party, he changed the name of China from the ROC to Peoples Republic of China (PRC).

However, the victory achieved by <sup>61</sup>Mao Zedong's Chinese communist party was celebrated but not for long before the next leader after the demise of Mao Zedong in 1976. <sup>62</sup>Deng Xiaoping (1904-1997) came into leadership as one of the new generations leaders that had different plans and ideas. He took a different turn with regard to development and other important sectors of its economy. He named these as four modernisations strategy, which included Agriculture, defense, Science and technology. He became the first Chinese leader to adopt a neoliberal free market policy.

Although, apart from Deng's radical turnaround strategy from communist policies into capitalist policies with the aim of using Capitalist style of production, his aim was at achieving economic growth and stability.

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<sup>60</sup>Nevertheless according to research conducted by Saich (2010) indicates that after the demise of the rivalry between the two super powers, United States and Russia left the PRC with little but no choice but rather re-invent the wheel that was to shape the way its foreign policy towards the Western powers and former allies such as Russia would be.

<sup>61</sup> Mao Zedong (1863-1976) was one of the most striking figure and leader of the twentieth century, He was also a founder of the Chinese Communist party (CCP). He also played a very important I introducing the red army. I 1966 he initiated the conception of the Cultural Revolution.

<sup>62</sup> Deng Xiaoping came into power in 1976 after the demise of the Mao Zedong. During the period of the Cultural Revolution (1966-1976), Deng was arrested and imprisoned for his involvement, his family too was arrested and persecuted during the same period. But after the demise of Mao, he reemerged as the highest leader of the CCP. His leadership style and ideology became known by the west and other developed parts of the world as the neoliberalism with characteristics of an authoritarian tendency.

Despite the efforts and policy implementation of the Deng Xiaoping administration in liberalizing the Chinese economy for the greater good of the Chinese people and their future. Previous attempts made by Mao Zedong to integrate the PRC into the World Trade Organisation (WTO), were always met by restrictions due to the Chinese Communist party's policies towards the West and the neoliberal ideology. Saich (2010) <sup>63</sup>believes there were challenges of ideological conflict between the Chinese communist party (CCP) and the neoliberal ideology with regard to free trade and privatisation. This hindered the PRC from joining and been accepted into the WTO. One of these challenges is that of human rights violations against its workers, which made it impossible to trade fairly with other markets without facing criticism. However, due to the factor of its expanding and growing economy, China realized that for it to keep pushing ahead, growing and expanding, its dyer need for oil and mineral resources needed to be constantly supplied (Saich, 2010).

Compounding this is the fact that despite the aspects of competition with the US and EU markets due to its growing appetite for the number one commodity in the international market, oil. It caused the PRC to look towards the south in African countries such as Sudan, Angola and Nigeria which then due to the double standards of the West, accused the PRC of dealing with Rogue states. Who did not respect international law and treaties (Ferguson, 2007).

Despite existing tensions between the PRC and US, EU, the PRC indicated that it valued the US China relations, which according the PRC, were of mutual beneficial status. This was the case due to the availability of a strong and dependable labor market in the PRC while the US required the PRC services of mass production of various international US based firms. This led to the naming of the countries relations and connection as 'Chimerica'. Ferguson noted that the Chinese had adopted a culture of saving while the US were known for their spending habits, of which led to the culture of the Chinese lending while the US borrow. Despite having two sides of a coin, meaning US China relations mixed with tensions and positive outlooks due to trade and investment (Ferguson, 2007).

Apart from the strengthening of US China relations as indicated previously by Ferguson, (2007). (Alden and Wu, 2014) takes us back to the main focus of this research, indicating that China

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<sup>63</sup>Saich (2010) believes there were challenges of ideological conflict that hindered the PRC from joining and been accepted into the WTO. These were mostly dominated by the policies of the Chinese Communist Party that disregard the free market and privatization policies advocated by the neoliberal ideology.

South Africa relations are also of a complimentary nature, this is due to the factor of availability of mineral resources in South Africa, which according to the Chinese economy are essential for the growth and expansion of the Chinese economy.

Issues of complementarity between the China South Africa relations are also evident in the history of the relations between the South African Communist Party and the Chinese Communist Party. Whereby both shared ideological policies that required state intervention into the functions of the economy, state owned land for the purpose of creating investor friendly environment. As such, apart from the two communist parties friendly reception, during the Apartheid era, in the early 19<sup>th</sup> century whereby many Chinese explorers entered the South African mining sector with hopes of getting gold and diamonds. Shows that even during the Apartheid era, South Africa required the services of the Chinese people and investors, this caused the South African mining corporations to decide to make Chinese labor official in the mining industry and after a short period of working together, the numbers of Chinese workers increased in South Africa. The Republic of China decided to establish consular services office in South Africa to assist with Chinese labor.(Alden and Wu, 2014).

### Current relations

Nonetheless after the establishment of diplomatic relations between China and South Africa, diplomatic visits continued and as time moved by, they became more intense and as the relations between China South Africa became stronger and deeper, Leaders from both states increased diplomatic visits. For instance when Thabo Mbeki was deputy president he became the first South African leader to visit China in April 1998. Moreover, a second state visit was made by South Africa's speaker of the national assembly, Ginwala in October 1998 (Naidu, 2007).

The Pretoria declaration, a very significant document indicating the strengthening of the China South Africa relations was signed by both then presidents of RSA and PRC in April 2000, Naidu (2007) states that the Pretoria declaration was signed in Pretoria, when the PRC president Jiang Zemin paid a diplomatic visit to South Africa under the invitation from the South African counterpart President Thabo Mbeki. Moreover, the Bi-national Commission, a very important commission aimed at monitoring and evaluating for any imbalances of trade between the two players. This Bi-national Commission was introduced by President Thabo Mbeki, the PRC's President Jiang Zemin supported the commission because it safe guarded and upheld fairness,

transparency and trustworthiness, that was critical for the promotion of stronger and deeper partnerships in diplomatic, economic, trade and other important sectors of importance available in both states China South Africa (Naidu, 2007).

Moreover, other BNC's to be chaired by the RSA and PRC in June (2004) focused on the Addis Ababa action plan for the promotion of peace and stability and development, the Forum on China-Africa Co-operation (FOCAC), Support for New Partnerships for Africa's Development (NEPAD), the signing of SACU for free trade agreements between China and Southern African Development Community (SADC) area, RSA granting PRC Market economy status, strengthening South to South co-operation, accepting their global status as global players that have a say in the new world order, especially on issues to do with peace, stability, justice and equality and advocating for human rights all over the world in the spirit of Mandela, and remaining Committed to the one China policy(Naidu, 2007).

Although diplomatic relations had begun with good spirits, <sup>64</sup>the presidency of Thabo Mbeki took precaution and advised that other African countries take their time before accepting the PRC as a mutual partner. Otherwise, instead of opening its arms to the PRC, the leadership of Thabo Mbeki became skeptical at the manner in which China was positioned in the global order as explained by Alden and Wu (2014).Furthermore, President Mbeki advised that African states should be careful in the way and manner in which they conducted themselves with the PRC lest they became mere suppliers of mineral and raw resources in exchange for manufactured products.

Nonetheless, the Presidency of Thabo Mbeki was under immense criticism due to tensions and disagreements between the Mbeki presidency and the leadership of Angola, Zimbabwe and Sudan. These disagreements were based on the leadership style that the Mbeki regime was offering towards African countries and their friendship that they had developed with the PRC. However, Mbeki's leadership style didn't change much amidst tensions and disagreement with

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<sup>64</sup>Although diplomatic relations had begun with good spirits, the presidency of Thabo Mbeki did not fully support the high speed in which African countries were taking to accept the PRC as a mutual partner. Moreover instead of opening its arms to the PRC, President Mbeki stated that African states needed to be careful with the manner in which trade relations between the PRC AND African states were conducted. This was due to the factor of evidence of equilibrium and convergence between the China and African states. Lack of proper and modernized infrastructure hindered African states and their economies from growing or even trading at a balanced level with large and experienced economies like China.

party members, South Africa multinational based in Africa, local businesses and other leaders from different African countries (Alden and Wu (2014).

Moreover, before the end of the Presidency of Thabo Mbeki, he was unexpectedly ousted by his rivalries within the ruling party in December (2009) and his immediate replacement as RSA president was Kgalema Motlanthe to finish the short term left by the ousted. This was partly due to handling of the tensions and disagreements between RSA and leaders from other African countries, the Beijing issue and the Zimbabwe election crisis quite diplomacy, that was not criticized by the US and other members of the United Nations Security Council (UNSC).

Nonetheless the incoming of President Jacob Zuma was received warmly by many factors and leaderships, especially from Beijing, which was rushing to soften ties with RSA because it not only viewed but also used South Africa as the passage to SADC region and other countries in Africa. President Zuma was also eager to smoothen relations with Beijing, this was partly because the during the global economic crisis, only the PRC economy withstood the crunch, this ability of the PRC caused the Zuma leadership to look towards the east, which subsequently was the Zuma's campaign strategy, of adopting a developmental state approach that was previously used by most Asian states. Alden and Wu (2014) State that President Zuma's first diplomatic visit to PRC was in August (2010) which was aimed at strengthening mutual strategic interests and partnerships and moving to the next level of bilateral ties.

Nonetheless, the dynamics of the China South Africa relations as emerging powers within the new global geopolitical and geo-economic order was formalised recently when South Africa received an invitation in December 2010 to become part of the BRIC which stood for Brazil, Russia, India, China group of emerging powers, Seria (2010). South Africa's entry into this formation underlines its role as an economic leader on the African continent for a detailed discussion of the various historical stages in China's relationship with South Africa, see Taylor (2006).

The formal diplomatic relationship between South Africa and China was initiated shortly after South Africa's formal transition to democracy. China had broken formal economic ties with South Africa in 1960, and focused its attention during the apartheid years on the liberation movements Taylor 2006). Initially the apartheid government's ties with Taiwan were retained in the post-apartheid era, within a system of dual recognition of Beijing and Taipei, leading to a

bidding war between these two countries for investment in South Africa. However, in 1996 president Nelson Mandela announced that the ties with Taipei would be broken and Beijing alone will be recognized (Alden 2007).

However, Shelton (2012) states that diplomatic visits became the building blocks of the current China South Africa relations. Infact the state visits strengthened not only the diplomatic relations and but also the bilateral relations between the two players. However, current relations have had their fair share of troubles, with South Africa still supplying raw materials in exchange for finished products. While China still remains the largest exporter in the World, South Africa finds it difficult to achieve trade balance in terms of import and Export due to the high and wide variety of the influx of Chinese goods coming into the South African market.

According to Guijin (2015), immediately after President Zuma's visit to the PRC, the Chinese Vice-President Xi Jinping in November 2010 came to meet South African Deputy president Motlanthe. The two leaders signed bilateral cooperation agreements on energy, trade, statistics and banking regulations. Moreover, in September 2011 South African Deputy President Motlanthe travelled at the invitation of the deputy president Xi Jinping. Deputy President Motlanthe was accompanied by a trade delegation from South Africa. During the visit, Motlanthe and Xi Jinping initiated a banking deal as earlier stated, on banking regulations during the November 2010 diplomatic visit by President Zuma. The bank deal involved the China Development Bank and the Development Bank of South Africa, whereby a deal worth US\$ 2.5 billion was signed. The two leaders also signed an MOU on exploration rights focused on mineral resources.

In July 2012 President Zuma accompanied by International relations Minister Maite-Nkoana Mashabane, Collins Chabane as the Minister of Presidency and Rob Davies as the Minister of Trade and Industry, to the 5<sup>th</sup> Forum on China Africa Co-operation (FOCAC) in Beijing. In March 2013 President Zuma invited the Chinese President Xi Jinping on a state visit to South Africa. The two leaders discussed on issues regarding the recently established working groups as tools of evaluating and monitoring cooperation in projects relating to trade, investment, infrastructure, energy, communication, human resource and Agriculture. With a specific goal on solving challenges that may face one player more than the other (Guijin, 2015).

During the 2012 FOCAC, President Xi Jinping of the PRC and President of South Africa Jacob Zuma, discussed areas of interest that required immediate attention. Positively both leaders agreed on various matters relating to comprehensive development in the China-Africa relations, the continued on the ground partnerships and cooperation's on different levels of trade and investments between China and Africa. Beijing Declaration implementation was insisted upon and Beijing Plan of Action for 2013-2015 which was targeting the next 5<sup>th</sup> Ministerial conference of the FOCAC, This was aimed at boosting morale and optimism into the China Africa relations (Guijin, 2015).

## Conclusion

The relations between China and South Africa have been assessed and the findings have been discussed in the third and fourth chapters, in order to answer the research questions presented at the first chapter. However, China South Africa relations seem very calm and focused, despite the many challenges that are facing South Africa both locally and internationally. The problems with such relations are that even when one benefits more than another. This could be attributed to the nature and setting of each economy and population size.

However, South Africa being the most advanced economy in the African continent, qualifies it as the gateway to Africa, these has been confirmed, through its role and leadership in the SADC region. China is also a regional leader and also global leader. Moreover, the regional leadership should not be the basis used to measure equilibrium or asymmetry, making it even more serious for South Africa in terms of finding solutions despite the many commissions and committees established with a need to find convergence and trade balance between the China South Africa relations. Thus many African scholars believe that finding convergence in the issues of trade balance and investments is very vital for the mutual beneficially to the South African and other African economies.

## Recommendations

South Africa has an opportunity to establish Mandela institutes in the PRC; this could allow Chinese populations wishing to learn more about Nelson Mandela as a global states man that stood against oppression, racism and apartheid so his people could be set free. Mandela institutes can be a soft power stance aswell in advancing South Africa and other African countries who can

also establish their institutes such as the Julius Nyerere and Thomas Sankara institutes to teach African languages, culture and traditions in China and around the world.

Despite the Chinese Confucius institutes around Africa and around the world that are specifically there to advance the interests of PRC, such as cultural diplomacy, learning mandarin and other Chinese traditions. Nevertheless, due to high levels of inequality and prolonged oppression by the former apartheid regime, the South African government should begin by supporting local investors with companies in China and the rest of the world. This way South Africa will remain relevant and competitive on the international arena. More recommendations suggest that South Africa should use the recommendation of increasing exports of finished products as an opportunity to create and generate much needed jobs for the youth. Policy formulations and implementations should be vigorous even though economic and trade deficit is still hitting hard at the South Africans.

The BRICS development bank should be used to answer many problems facing the South African and other African economies. These problems facing the South African economy range from solving the Eskom energy crisis, which has been affecting investor confidence, economic competitiveness, unemployment and productivity. Electricity is one of the most important technologies of the 21<sup>st</sup> century, because it has affected many livelihoods in a positive way around the world, through including electricity as a basic need next to water and shelter and food. It is also considered the pillar of modern economies in terms of productivity and employment creation and economic growth and competitiveness. These issues of African economic challenges are mostly attributed to poor electricity supply and poor maintenance of the available electricity. Nonetheless, South Africa is listed number 99 among the 144 developing countries facing energy challenges (AfDB).

### Limitations of the Study

The use of a desktop research method has affected this research immensely in a positive and negative way. This is due to the firstly the availability of secondary data that has played a critical role in this study, in terms of old and new data. Although whenever the issue of new data comes up, it's limited to used data. The negative aspect of desktop research is that, during the period of data collection, the study had to rely on used data all the time, of which affects the credibility of the data collected. While primary data may always be reliable and acceptable to both the



researcher and the beneficiary. The cost and time required to access it makes it even more problematic, for instance, acquiring primary data from government and leadership official can be very tricky, because such individuals are always busy and on the road travelling to meetings, or even attending meetings at their respective offices. This makes it very difficult for the researcher to access critical information for their study. However, desktop research has been beneficial for this study due to data availability and less time required to access data that is always readily available.

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