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on China's policy and its effects on Africa
(2007/XXXX(INI))

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MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

on China's policy and its effects on Africa (2007/XXXX(INI))

The European Parliament,

- having regard to the EU-China political dialogue which was formally established in 1994,
- having regard to the Commission Communication to the Council and the European Parliament entitled "A Long Term Policy for China-Europe Relations" (COM(1995)0279) and to its resolution of 12 June 1997 on the Commission Communication on a long-term policy for China-Europe relations¹,
- having regard to the United Nations (UN) Millennium Declaration of 8 September 2000,
- having regard to the Beijing Declaration of the Forum on China-Africa Cooperation (FOCAC) and to its Programme for China-Africa Cooperation in Economic and Social Development of October 2000,
- having regard to the Cairo Declaration (2000) of the Africa-Europe Summit under the aegis of the Organization of African Unity (OAU) and the EU,
- having regard to the 2001 Report of the Organisation for Economic Co-operation and Development (OECD) entitled 'The DAC Guidelines; Strategies for Sustainable Development; Guidance for Development Cooperation',
- having regard to the 2002 Constitutive Act of the African Union (AU) and the African leaders' October 2001 document entitled "The New Partnership for Africa's Development" (NEPAD), which was declared a programme of AU at the first AU summit,
- having regard to China's policy papers on the EU (2003)² and on African Policy (2006)³,
- having regard to the Commission policy paper entitled "A maturing partnership - shared interests and challenges in EU-China relations", (COM(2003)0533) endorsed by the European Council on 13 October 2003,
- having regard to the EU-China Strategic Partnership launched in 2003,
- having regard to the Addis Ababa Action Plan of the FOCAC published in December 2003,
- having regard to the 2004-2007 Strategic Plan of the Commission of the AU adopted on 7 July 2004 at the third summit of African Heads of State and Government in Addis Ababa, Ethiopia,

1 OJ C 200, 30.6.1997, p. 158.

2 Beijing, October 2003, <http://www.china-un.ch/eng/xwdt/t88637.htm>.

3 Beijing, 12 January 2006, http://www.gov.cn/misc/2006-01/12/content_156490.htm.

- having regard to the Paris Declaration on Aid Effectiveness adopted on 2 March 2005, following the High-Level Forum on Aid Effectiveness, by many European and African countries as well as by China
- having regard to the Gleneagles commitments of 8 July 2005 by the Group of Eight in Gleneagles,
- having regard to the Conclusions of the European Council of 19 December 2005 on "The EU and Africa: Towards a Strategic Partnership",
- having regard to the Communication from the Commission to the Council and the European Parliament entitled "EU – China: Closer partners, growing responsibilities" and the accompanying Commission Working Document entitled "Closer Partners, Growing Responsibilities: A policy paper on EU-China trade and investment: Competition and Partnership" (COM(2006)0631 and 0632),
- having regard to 9th EU-China Summit held in Finland in September 2006 and to the Joint Declaration issued at the conclusion thereof,
- having regard to the conclusions of the General Affairs and External Relations Council (GAERC) on China, adopted on 11 December 2006,
- having regard to the UN Charter and the UN Security Council Resolution 1674 on the Protection of Civilians in Armed Conflict (2006),
- having regard to the UN Programme of Action to Prevent, Combat and Eradicate the Illicit Trade in Small Arms and Light Weapons in All Its Aspects¹,
- having regard to the conclusions adopted by the GAERC, at its meeting of 3 October 2005, expressing EU support for an International Arms Trade Treaty within the framework of the UN, which would establish binding common standards for the global trade in conventional arms²,
- having regard to the UN 2007 mid-term report on the Millennium Development Goals (MDGs), which states that Sub-Saharan Africa is not on track to achieve any of the MDGs and that the current pace of poverty alleviation efforts in Africa would have to double if the MDGs target of halving the population living in extreme poverty is to be reached by 2015,
- having regard to the Joint statement by the Council and the representatives of the governments of the Member States meeting within the Council, the European Parliament and the Commission on European Union Development Policy: The European Consensus (2006)³,

1 UN Document A/Conf 182/15), July 2001, <http://disarmament.un.org/cab/poa.html>.

2 Council of the European Union 2678th meeting, Luxembourg, 3 October 2005.

3 OJ C46, 22.2.2006, p.1.

- having regard to its resolution of 7 September 2006 on EU-China Relations¹,
 - having regard to the Commission Communication to the Council and the European Parliament entitled "From Cairo to Lisbon - The EU-Africa Strategic Partnership", COM(2007)0357 and to the Commission/Council Secretariat Joint Paper "Beyond Lisbon, Making the EU-Africa Strategic Partnership work" (SEC(2007)856),
 - having regard to the EU's China Country Strategy Paper and Multiannual Indicative Programme 2007-2010², which allocates EUR 128 million of development cooperation aid from the EU to China,
 - having regard to Rule 45 of its Rules of Procedure,
 - having regard to the report of the Committee on Development (A6-0000/2007),
- A. considering that sustainable development in Africa can be significantly fostered or affected by the action of emerging powers, such as China,
 - B. considering that both the EU and China are committed to contributing to peace, security and sustainable development in Africa,
 1. Stresses the need to strengthen the impact of EU policies in Africa, namely by ensuring delivery of promises and commitments; in this context, highlights the importance of the EU Reform Treaty in enhancing EU effectiveness and coherence in external relations, duly encompassing development concerns and policies;
 2. Urges the EU to develop a coherent strategy to respond to the new challenges raised by emerging donors in Africa, such as China, including a coordinated approach from different Member States and EU institutions; stresses that such a response must not attempt to emulate China's methods and aims, since that would not necessarily be compatible with EU values, principles and long-term interests; notes that such a response should be integrated in the EU dialogue with the AU and in relations with all African partners, namely within the framework of the Joint EU-Africa Strategy and its Action Plan;
 3. Urges the EU and China to increase support to NEPAD as the driving force for a sustainable development strategy for Africa and also to support African regional organisations, the AU, the Pan-African Parliament (PAP), African national parliaments and governments in enhancing their leadership and ownership of such a strategy; calls on the EU to help strengthen African capacity to ensure donor and investor coherence and to guarantee that foreign investment contributes to fostering sustainable development;
 4. Stresses that the European Parliament is willing to engage with the Chinese National People's Congress, the PAP and African national parliaments in a dialogue aimed at fostering sustainable development and enhancing their scrutinising capabilities;

¹ OJ C 305 E, 14.12.2006, p.219.

² http://ec.europa.eu/external_relations/china/csp/index.htm

5. Calls on the EU to encourage China to assume its responsibilities as a permanent member of the UN Security Council, including the "responsibility to protect", acknowledging that China's presence in Africa, by itself, regardless of any "non-interference policy" intentions, does have real impact in host countries, including politically;

Sustainable Development

6. Calls on the EU and the Member States to strengthen relations with African countries by delivering on aid commitments and making the pursuit of the MDGs a priority; regrets that despite the Gleneagles pledges to double EU aid to Africa, core official development assistance (ODA) actually declined in 2006, if calculations exclude debt cancellation and peacekeeping activities;
7. Calls on the EU to encourage China to provide untied aid to African partners, ensuring that economic conditions attached to international grants or loans will not undermine sustainable development;
8. Calls on the EU to encourage China to make use of its health expertise to support initiatives aimed at combating the poverty-related pandemics that ravage Africa, namely HIV/AIDS, malaria and TB;
9. Stresses that any international partnership for development should be not government-oriented only but also people-focused, since sustainable development is only possible with the empowerment of civil society: women and minority or vulnerable groups should be particularly supported and valued as essential agents for development; stresses that freedom of association and free and plural media are essential conditions for development and need to be supported by such partnerships;

Energy and natural resources

10. Recognises the importance of transparent management of natural resources in mobilising revenues that are key to development and poverty reduction, ensuring stability of supply and preventing resource-related conflict and instability in resources-rich countries; calls on the EU to encourage African resource-rich countries to adhere to the Extractives Industry Transparency Initiative (EITI) by providing enhanced political, financial and technical support to EITI; urges the EU to actively engage with the government of China and Chinese companies in order to encourage them to support the EITI; calls on the EU to advocate the expansion of the scope of the EITI, namely to other natural resources, such as timber, and also to encompass revenue flows to governments through resource-backed loans;
11. Calls on the EU actively to promote transparency, not just in terms of revenue collection, but also in terms of expenditures of natural resource revenues, by supporting initiatives to enhance budgetary transparency in African countries; urges the EU to promote 'responsible lending' by all donors, requiring recipient resource-rich countries with a history of bad governance and corruption to take concrete steps towards greater transparency in revenue management as a condition for receiving non-humanitarian assistance;

12. Calls on the EU to advocate the conclusion of international conventions on energy resources extraction or exploration to include transparency of licensing arrangements and contractual terms that determine fiscal flows to governments and a clause on investment of a percentage of profit in local community development;

Trade, investment and infrastructures

13. Calls on the EU to expand its economic impact on the development of Africa by reforming its own Common Agriculture Policy, facilitating access of African products to the EU market and helping to lift Africa out of the 'commodity trap'; in this context, urges the EU to encourage all actors involved, namely the Member States and emerging donors such as China, to diversify trade and investment, transfer technology to Africans, strengthen international fair trade rules, expand global market access for African products, lower taxes on processed goods from Africa, promote trade facilitation, encourage regional integration in Africa and facilitate remittance flows from African residents;
14. Calls on the EU and China to support the AU and NEPAD in conducting environmental impact assessments and evaluating the potential pro-poor growth of foreign investment projects in Africa, especially in the field of energy and infrastructure, as well as developing a more transparent system of contract awarding and public spending; highlights the importance of long-term planning in public spending by African countries of profits obtained through the recent commodity price rise, energy exploration gains and foreign investment flows;

Environment

15. Calls on the EU to encourage Chinese export-credit agencies, including the Exim Bank, to conduct systematic environmental assessments of infrastructure projects in Africa, such as dams, roads and mines;
16. Calls on the EU to advocate a global engagement in climate change, allocating new funds which should not be diverted from existing aid budget lines, and to pursue an international regulatory system that requires action according to responsibilities and capabilities, such as the adaptation financing index proposed by Oxfam;
17. Calls on the EU to engage in multilateral discussions with AU Member States and China on the global threats of environmental degradation and climate change and to push forward a post-Kyoto framework;

Good governance and human rights

18. Calls on the EU to act consistently with its own values, principles and commitments in its relations with those African governments that prevent or pervert democracy and violate human rights, by denying them the control of aid, budget support or investments; urges the EU to ensure that, in such cases, humanitarian and other assistance is provided through local civil society organisations and helps reinforce their capacity; calls on the EU to urge other major donors, such as China, bound by the UN international human rights conventions, covenants and instruments, to act similarly;

19. Stresses that China's "no-conditions" investments in those African countries misgoverned by oppressive regimes contribute to perpetuating human rights abuses and further worsen governance; in this context, highlights the importance of greater EU support to governments, institutions and civil society actors that promote good governance and respect for human rights in Africa, namely national parliaments, development and human rights organisations, free media, anti-corruption bodies, etc;
20. Calls on the EU to ask all aid donor and recipient countries to respect the guidelines and transparency standards set by the International Financial Institutions (IFIs); urges the EU to persuade Chinese authorities to encourage national banks to adopt the "Equator Principles" on social and environmental standards;
21. Urges the EU to encourage China to sign the OECD's Anti-bribery Convention and ensure its implementation, not just within China, but also in its relations with African countries;

Peace and security

22. Calls on the EU to make its Code on Conduct of Arms Exports a legally binding instrument;
23. Calls on the EU to encourage China to increase the transparency of its national arms export control regime, namely by ensuring complete reporting on exports to the UN Register on Conventional Arms Exports and upgrading its arms export control rules in order to block arms transfers to countries and regions, particularly in Africa, where international human rights and humanitarian law are systematically violated;
24. Calls on the EU to maintain its arms embargo on China, as long as China continues to export arms to armed forces and armed groups in countries, many of them in Africa, that fuel and perpetuate conflicts and perpetrate gross violations of human rights;
25. Calls on the EU to ask China to suspend military cooperation and arms trade deals with those governments that are responsible for human rights violations, are involved in conflicts or on the brink of war, such as Zimbabwe, Sudan, Chad, Democratic Republic of Congo, Ethiopia and Eritrea;
26. Calls on the EU to continue advocating an international legally-binding Arms Trade Treaty on all conventional weapons, negotiated at UN level;
27. Calls on the EU to encourage China to continue increasing its participation in UN or AU peacekeeping missions in Africa and to expand that contribution by also supplying combat troops, when necessary and in accordance with UN mandates;
28. Instructs its President to forward this resolution to the Commission and the Council, the governments and parliaments of the Member States, the government of the People's Republic of China and the Chinese National People's Congress, the African Union, NEPAD, PAP and FOCAC.

EXPLANATORY STATEMENT

China's rise and its 'go out' policy

China's impressive economic rise, with an average economic growth of 10% since 1990, has turned it into the fourth largest economy in the world and the largest official holder of foreign exchange reserves. At the same time, China is still a developing country, with vast socio-economic disparities, undemocratic governance, lack of fundamental freedoms and basic human rights and serious environmental problems.

To meet the needs created by its rise, China adopted a 'go-out' policy. Is China's scramble in Africa a driver for prosperity based on «win-win cooperation» or is it reaping African natural resources for Chinese profit and undermining sustainable development? Also, while expanding, China may be exporting some of its worst home practices, including corruption, bad lending, lack of labour rights and environmental standards. What, then, should the EU do?

"Beijing's Safari": looking for natural resources

Chinese involvement in Africa accelerated in the 1990s. In 2000, the newly created Forum on China-Africa Cooperation agreed on ambitious plans. 2006 was dubbed China's "Year of Africa" because of investment and aid announcements made by Beijing.

For instance, in DR Congo alone (holding one of the world's richest assortment of minerals), China promised a 5 billion USD loan to build roads, railways, hospitals and universities.

What are the strategic drivers for China's 'go out' policy in Africa? First and foremost, oil. China became the world's second-largest oil consumer in 2003 and Chinese demand is expected to double by 2025. Some 30% of China's crude oil imports now come from Africa and oil accounts to 50% of Africa's exports to China. Angola was, in 2006, China's top African supplier, followed by Sudan and Congo-Brazzaville. China is also looking for other natural resources (uranium, copper, cobalt, ore and timber, etc.) and new markets. Finally, China seeks to reinforce political leverage, gather endorsement for the "one China policy" and profile itself as a global power.

Africa is particularly attractive because most African states lack the capacity to explore and control national resources, often rely on foreign expertise and investment and there are only limited regulatory constraints and competition.

'South-south cooperation' or 'neo-colonialism'? China's impact in Africa

Beijing presents Sino-African relations as economic "win-win cooperation" between equal partners. With a record of lifting millions of its own citizens out of poverty, China promotes an alternative state-directed model for development, which can be alluring in a continent where neo-liberal reforms imposed by the West failed and where many rulers are keen on

centralising powers.

So far, China's footprint in Africa has led to an increase in Chinese demand for raw materials, which pushed up commodity prices, and increased competition. Moreover, China has made African friends with investments in the construction of badly-needed infrastructures. But there are also growing complaints about lost manufacturing capacity, low salaries, dire working conditions and lack of safety standards in Chinese-owned companies operating in Africa.

Chinese interest seems confined to resource-rich (or "resource-cursed") countries, bypassing a large number of other African nations. Moreover, soaring commodity prices benefit resource-rich countries but make life harder for the rest of the continent – and prices will not remain high forever.

Chinese cheap products are reaching African markets, allowing people to make use of new technologies (e.g. mobile phones) and save on basic expenses (e.g. clothes) but also hampering African industries, with bankrupted factories aggravating unemployment, particularly in the textile sector (the so-called Chinese "textile tsunami"), through unfair competition caused by environmental and social dumping.

On aid and investment, Chinese assistance would often not qualify as aid according to DAC criteria. The much trumpeted 5 billion USD China-Africa Development Fund is indeed mostly aimed at supporting Chinese enterprises and their projects in the continent. Chinese aid and investments are often tied and normally involve Chinese workers. Chinese loans, frustrating efforts to link aid to human rights, democracy, and good governance, can also create difficulties for African governments, by tying up resources in the long term and reducing eligibility for IFI financing.

China's investments and aid plans are obviously attractive to African partners. So is China's veto power at the UNSC. But this partnership can be much more beneficial if Africa is able to determine conditions: fair deals and proper management of the capital generated. African countries can increase their bargaining power by negotiating jointly, hence the importance of organisations such as the AU or NEPAD.

Illegal practices in resource exploitation, aggravated by the lack of capacity of African governments to supervise extractive activities, require greater transparency and accountability. Africa should support the expansion of the scope of the EITI, moving from 'publish what you pay' to 'publish what you damage'.

As for environmental impact, China continues to import illegal timber and ivory from African countries, and serious environmental damage is caused by Chinese projects, such as the Merowe dam in Sudan.

In the field of security and peace, China has extended military cooperation to several African regimes. Sudan and Zimbabwe are major recipients of Chinese arms. In view of its responsibilities as a permanent member of the UN Security Council, China must be urged to move from favouring state-centred security to supporting "human security". With more troops on the ground, China may better understand why it is necessary to assume the "responsibility to protect".

Many of the criticisms made against China mirror, to a certain extent, Western mistakes, past and present: trade rules and protective subsidies, supplying weapons, double standards, etc. Moreover, the Western appetite for cheap “made in China” products also contributes to China’s - today’s world factory - bulimia for natural resources. Europeans should not pretend to be the “good player” in this triangular relationship, for African countries have reasons to be frustrated and suspicious of them, as much as of China. African leaders invoke the right to catch up with industrialisation, with the inherent pollution costs. Africans also argue that assisting Africa is a matter of justice, not charity. Instead of entering the blame game, the EU, Africa and China should engage and cooperate for the sustainable development of Africa. China has shown itself to be sensitive to international expectations.

China’s foreign policy: From ‘business is business’ to ‘quiet revolution’

China proclaims an “independent foreign policy”, based on the principles of “sovereignty and non-interference” and presents its involvement in Africa as strictly business. This means that aid and loans are provided to African governments on a supposedly “*no-strings attached*” basis - but, of course, there is always a “Taiwan clause” and pressure to shun the Dalai Lama. In fact, China’s presence in Africa does have political impact. Its ‘*trade only, no politics*’ approach, rather than ensuring neutrality, provides some African dictators with political and financial support to stay in power.

For instance, Sudan and Zimbabwe turned to China when international criticism increased on the regimes. In 2004, Angola broke off negotiations with the IMF, when China offered a 2 billion USD loan, without conditions on corruption or transparency: a cash flow which represents a financial boost to the ruling party in the run up to forthcoming elections.

Criticism of Chinese ‘intervention’ in Africa is thus becoming stronger. Chinese agents have been attacked in Nigeria, Ethiopia and Niger. In the worst case to date, nine Chinese workers and at least 65 Ethiopians were killed in April 2007, when Ogaden guerrillas attacked an oil installation in Eastern Ethiopia; foreign companies were warned against working with the Ethiopian government to exploit the region’s natural resources. Various other incidents are making China realise that there is no such thing as “*politics-free*” oil or mineral contracts. A number of anti-Chinese riots have also occurred in Africa.

Due to such mounting problems, China is understanding that it must adapt. The best example is Sudan: China threatened to veto UNSC resolutions on Darfur, in order to protect its economic interests in Khartoum; but, when international threats to boycott the Olympic Games were heard, Beijing named a special representative (April 2007) and Chinese pressure led to Khartoum’s acceptance of the Annan plan. Beijing is also scaling down relations with Zimbabwe: in 2007, Harare was not included in the African tour of President Hu and, in the meantime, Beijing announced withdrawal of all assistance except humanitarian aid.

International reactions to the Darfur crisis and the recent brutal repression in Burma may be making China realise that unconditional support to oppressive regimes and international isolation are not in its best interest. Also the risks of investing in failing economies and fragile states may be becoming clearer to Beijing: oil fields in Sudan coinciding with conflict zones

show that investing in pipelines is only profitable and sustainable if security is ensured. And security is not long-lasting where there is conflict associated either with human rights violations or bad governance.

Despite what some already call a “quiet revolution” in China’s foreign policy, limits are to be expected on how much Beijing will be willing to adapt: limits determined by the poor level of basic rights, freedoms and accountability enacted at home. The EU should, therefore, not only consider how to encourage China to assume a more responsible engagement in Africa, but also what to do in case China does not respond to international demands.

Competition or win-win partnership? Challenges for the EU

The EU needs to develop a common approach towards China, overcoming divergences caused by national interests, which undermine Europe's ability to influence Chinese foreign policy.

A common EU approach should be based on engagement. The EU should encourage China to play a bigger role in conflict mediation, peace-keeping and donor roundtables.

When engagement does not work, the EU should not underestimate the power of privately and publicly criticising China. EU Member States and UNSC members should also not hesitate, if necessary, to let China veto UNSC resolutions alone, putting in evidence its isolation.

The EU should also stop romanticising its relationship with Africa, based on historic or cultural links and common languages. Europe needs to turn its huge potential of influence in Africa into real political and diplomatic clout working for sustainable development in Africa. It is vital that the EU sticks to its policy of conditional engagement, while also expanding "positive conditionality" by increasing support to governments, institutions, civil society organisations and media that promote human rights, democracy and accountable governance in African countries.

While engaging with China on Africa, the EU should not overlook relations with other major and emerging players, namely the USA, Brazil and India.

China’s involvement in Africa has already had the positive effect of creating a renewed interest in Africa, contributing to a shift in perceptions: from a land of poverty and a destination for charity, Africa’s success stories are being recognised and there is increasing realisation in Europe that Africa’s resources could reduce the West’s dependence on risky Middle Eastern oil supplies and that Africa offers great potential for business. It is absolutely crucial to bear in mind that the best African resource is the African people. Empowering women, civil society organisations, free and plural media must be priorities of the EU and other partners working for the development of Africa.

Helping to build scrutinising capacities of the Pan African Parliament and African national parliaments should be a priority for the European Parliament, as well as in engaging with China’s NPC on the impact of the EU’s and China’s policies in Africa.