

North West University

SOUTH AFRICA'S ECONOMIC DIPLOMACY RELATIONS WITH CHINA IN THE POST- APARTHEID ERA

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DECLARATION

I **Boiketlo Motshegoa**, a candidate for a Masters Degree in International Relations in the North West University (Mafikeng Campus), in the faculty of Human and Social Sciences, solemnly declare this work titled "South Africa's Economic Diplomacy Relations with China in The Post-Apartheid Era" , hereby submitted for the fulfilment of a Masters Degree in International Relations, is authentic and sincere and the materials referred to has been clearly cited.

Each significant contribution and quotations from other authors has been acknowledged accordingly

Signature


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ABSTRACT

This research study examines the relations between South Africa and China in the context of economic diplomacy being used to advance national interest. As such the bilateral relations of the two countries located in different continents which have both struggled with development within the global sphere has been explored. This study demonstrates how South Africa has become a convenient and strategically viable country to befriend in Africa, for China to gain entry to the rest of the continent. South Africa's involvement with China served as a validation for the rest of Africa to feel comfortable with China's infiltration in the continent. South Africa had been leading the African Agenda and appears to have lost momentum since its strengthened relations with China. China's involvement with South Africa has defocused the country and the continent as a whole. As such South Africa appears too submissive towards China which remains focused on its core interest, that is global dominance. Meanwhile, South Africa has suffered incidents where its sovereignty and credibility have been questioned as a country and a nation. Inferences of incidents of the Dalai Lama visa saga have been quoted, including, the negative bearing brought by the Yuan devaluations in 2015. The research method used in this study is qualitative. The benefits to this bilateral relation have been assessed citing the advantages and disadvantages. The study further examines the viability of the relations going forward. Furthermore, recommendations have been made with the aim to assist the governmental policy positions regarding China. The study further seeks to add and improve on the existing material on China and South Africa as a contemporary topic of interest widely explored in the field of International Relations.

DEDICATIONS

This paper is dedicated to my loved ones whose support and confidence in me is invaluable. My sincere gratitude to my father Obakeng Mokgethi Motshegoa who has given us the gift of education and endurance. My mother Ketilwe Motshegoa who has instilled values of self-worth and confidence in me and my siblings. My sister Bonolo Lentlopane who always gives me tough love and encouragement and whom I admire a lot. My brother Orapeleng Lentlopane who has supported me throughout and continues to give me courage. My brother Botshelo-Letlotlo whom I rely on for guidance and motivation. My little angles, Coeco and Lenaneo who have built me beyond imagination and always brighten up my days. They have given me a sense of purpose and a newly defined life of motherhood. I have no words to express my gratitude to Buti Johannes Makgale who saw to it that I receive this degree. He has been a great friend and a pillar of strength throughout this endeavour.

A blue ink stamp from the North West University Library. It features the word "LIBRARY" in a bold, sans-serif font, with "NWU" in a smaller font above it, all enclosed in a rectangular border.

Last but not least, I am truly grateful to the North West University Post Graduate Bursary for having made this dream possible for me. There is no way that I could forget Professor Victor Ojakorotu for his guidance and for imparting an invaluable wealth of wisdom throughout this journey. Furthermore I am truly grateful to Professor Lere Amusan for his patience and commitment towards students. Such commitment is key towards developing and nurturing young Africans and further safeguarding the future of this continent.

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CHAPTER 1

1.1 BACKGROUND

South Africa-China relations remain an intriguing study in the contemporary International Relations field, given the evident shift from the western global influence towards the now fast-developing east. To this end the South Africa-China relation signifies the genesis of a long-suggested solution towards development in the south through forging and maintaining the South to South relations. As noted by Grimm et al. (2013), following a transformed South Africa including its diplomatic relations, the new government pledged diplomatic allegiance towards the People's Republic of China (PRC) in 1998. This became practicable as a result of the dismantling of Apartheid policy for which South Africa had been isolated from the international community. Prior to 1998, South Africa had maintained a close official relationship with the government in Taiwan for both strategic and economic reasons. It will be noted that Taiwan had suffered contentious sovereignty until 1971 when China joined the United Nations Security Council and henceforth assumed occupancy of its seat and Taiwan became an enclave(Ojo & Sesay, 1998).

Given the globalised nature of the international system, states have prioritized economic development in order to be able to participate effectively and meaningfully in the resulting global village. This shift is said to have been motivated by the gap between the north and south. The argument advanced, is that Africans were granted political independence but remained economic colonies. They had to endure strong influence by western multinational agencies and corporations, and International Institutions throughout the strategic sectors of African economies. However, the trend of events that came in the wake of the collapse of communism in Eastern Europe and the Soviet Union in the late 1990s, and the formation of the World Trade Organization (WTO) in 1995 ushered in an increasing expansion of the global economy such that different actors are now competing for spheres of influence in the New World Economic order. As a result of the competition for spheres of economic influence, the increasing presence and economic influence of China in Africa has been noted. China is struggling for strategic hegemonic interests (Bayo, 2011).

With Chinese firms expanding overseas and taking advantage of overseas resources and markets, China has acquired, by economic means, interests that could only be obtained in the past by means of war. At the same time, Chinese firms expanding overseas are in urgent need of diplomatic protection (Hao, 2014). Continued studies indicate that the economy of China is the second largest economy in the world, and has been experiencing a steady growth for over three decades. Due to the observed pattern of its economic growth, China is sure to experience more growth as its economic power is translated into political power. This will ensure the country's global dominance which is much sought after by powerful states. However, China's growing power in the current Western controlled global system, compels it to seek partnerships in foreign markets at an accelerated pace. It has become China's apex priority to shape its foreign policy in response to the dynamic global system, particularly the now crucial economic integration. China's policy position of non-meddling in domestic politics, had indeed played to its advantaged to some degree. However, it has now become obsolete since the country has now assumed a somewhat leading role in international politics. China could instead leverage its rising economic power in international affairs to position itself and further use its economy to invest in various countries and safeguard its interests. China needs to find the right balance between the necessity to wield a bigger global influence and the need to circumvent being too forceful(Hu, 2013).

Having being recognised as a player in the international system in the wake of its adoption of multi-racial democracy, South Africa desired to pursue a rapid economic development policy, to respond to the dynamics of the evolving hegemonic interests of the East-West divide. From the East, China has evolved as a role player, positioned to take on any emerging power from the West.

As a global economic world power, the Chinese government, for instance, has paid attention to the importance of enhancing soft power, which is employed through the use of attraction and persuasion in foreign policy. China's foreign policy can be generally described as a multilateral cooperation in the global sphere. However, despite its commitment towards global peace, China has received mixed reactions since its ascension to power within the global sphere(Beasley, et al., 2013).

Gumede (2015) argues against South Africa's seeming tactic of overly compromising to please China; he seems this insensitive towards democracy earned through immense sacrifices. He further rejects the government's decision to allow what he terms 'the Asian Dragon' to target and bargain with strategic sectors of the economy. Furthermore the South Africa-China relation inevitably allows for a new form of colonialism, this time not from Western powers, but from the East. A pessimistic reaction towards China's presence could be that it is hungry for natural resources and solely interested in growing its energy reserves through the extractive industry within the African continent. This is to be acquired whilst turning a blind eye on the domestic challenges prevalent in the countries of interest throughout Africa, particularly the issues of governance which affect socio-economic wellbeing of these countries. On the contrary, China's commitment towards poverty eradication in the developing countries has been largely applauded and is further seen as a critical role player in enhancing the suggested South to South relations. Such observation is re-enforced, although contested, through China's benevolent act of donating a state-of-the-art Headquarters to the African Union to the value of \$ 200 million (Ighobor, 2013).



China's presence in Africa has been based on the premise of providing a different development model for African states. Therefore, Africans see China's contact with the continent as a relevant point of departure from Western neo-colonialism, political conditions and governance dictates. African political leaders are tired of failed western economic models and policies that have brought the vast majority of Africans to the brink of destitution through the implementation of Structural Adjustment Programmes (SAP) and neo-liberal economic models. It is different from unequal trade, outright impositions, threats and sanctions, and smart-bomb diplomacy which have characterized African-Western relations (Bayo, 2011).

The Sino-Africa relation is growing at a remarkable pace primarily because China does not pass judgement on the governance of African states and its leaders. It is totally committed towards respect for state sovereignty and non-interference, and has further demonstrated its commitment towards development through forming partnerships with states ostracized by the West. These exclusions often pertain to then on-compliance to democracy and good governance including recognition of human rights and the rule of law, with free market as the economic stimulant. Furthermore, China and Africa are said to be further united by

a common desire to escape the legacy of colonialism (Taylor, 2010, p. 77). Africa is seen as a strategic economic development partner as it provides an alternative for new markets, infrastructural projects, human capital investment, cultural exchange and abundant mineral resources. With the growing presence of China in the continent, the West no longer enjoys the monopoly of influence over Africa's future development (Cheru & Obi, 2010).

Although China has now become a convenient model for growth and development for the developing states, this gradually acquired status has not been easy. China's peaceful rise and accelerated forging of new diplomatic relation and development trade does not imply that it is entirely unconditional and open to any country in need. China's respect for state sovereignty and non-interference in domestic affairs possibly stems from its own experience and the past fragmentation of its territories leading to the one-China policy. China's foreign policy can be analysed as an inwards outside approach, meaning that domestic affairs largely determine its foreign policy. Therefore China does not take kindly to any action legitimising any government of its fragmented territories through diplomatic visits or any formal relations thereof. Such is viewed as a threat to its core interest of protecting its one-China Policy.

The commitment of China towards protecting the identified core national interest through economic strengthening and expansion is meant to be demonstrated in this study.

The Chinese government emphasises that Sino-Africa relations must be viewed as a strategic partnership based on five pillars which are; strengthening mutual trust, develop mutually beneficial "win-win" economic cooperation, increase cultural interaction, strengthen security cooperation and maintain close coordination in international affairs (Cheru & Obi, 2010).

Deducible from these five pillars is that Africa is a strategic ally for China to be able to influence both global political and economic cooperation currently determined by the Supranational and International organs. Strengthening security cooperation and maintaining close coordination in international affairs cannot be significantly achieved when Africa is underdeveloped. A supporting view is that nation states are also engaged in fierce competition for economic gains and at the same time seek cooperation with other

like-minded states in order to shape regulatory institutions in their favour (Saner & Yiu, n.d.).Therefore an argument that China is applying economic diplomacy to advance its long term plan to ascend to world power is thus substantiated.

The importance of a strong economic link between South Africa, a leading economy on the African continent, and China, reputed the largest developing country in the world, cannot be over-emphasised. Alden and Wu (2013) noted that South Africa's formal ties with China have resulted in advancement from the cautious approach adopted by former president Thabo Mbeki to a more all-embracing character under President Jacob Zama. Apart from diplomatic relations, increasing economic activities, particularly at the level of trade, have manifested in a jump by 35% between 2012 and 2013 from R205 billion to R270 billion respectively, thereby making China the country's largest trading partner. While South Africa and China have a bilateral relationship, both countries also operate at a multilateral level, being members of BRICS, an acronym for an association comprising Brazil, Russia, India, China and South Africa. It should be noted that South Africa became a member in 2010 basically for a strategic economic interest. Further highlights on this shall be given in course of this study. However, what is of concern to this study is that, much as the trading relationship between China and South Africa has increased as indicated earlier, a comprehensive review of the indices reveals that South Africa has recorded some measure of deficit. This development has generated mixed reactions, especially among scholars and commentators in the fields of politics and economics. While some scholars believe that Sino- South Africa relations will in the final analysis be mutually rewarding, some others are doubtful of such an outcome. This study derives from the need to undertake an inquiry into this seeming dilemma with the view to contextualize the relevant issues.

1.2 PROBLEM STATEMENT

Even though the success of diplomacy is measurable through the extent of global peace and stability post World War II, states still go to great lengths to achieve their national economic interests. Economic diplomacy is viewed as mutually beneficial to the states involved but the probabilities that one state benefits

more or at the expense of the other cannot be overlooked. A majority of the governments in the African states are hanging in the balance and may not have the upper hand when negotiating for economic agreements. Many African states have long relied on foreign assistance or loans from international financial institutions for state currency needs (Amadou, 2014). African leaders negotiate from a compromised position even though endowed with natural resources, for they lack the required technology needed to refine these raw materials. South Africa is no exception to this situation. Even though the South African government has shown to be irrevocably committed to enhancing its relations with China, the seeming stalemate among scholars and commentators on the rationality or lack of such in the economic collaboration between both countries does not show signs of abatement. This study is therefore motivated to conduct an inquiry to determine what becomes of the economic relationship with the view to adding to existing literature on the issues. The continued divergent and sometimes diversionary opinions in respect of the Sino- South Africa relations require more critical examination for the benefit of the ordinary citizens.

1.3 RATIONALE OF THE STUDY

The current limitation to the available data on the concept of economic diplomacy is that scholars only highlight the advantages of the concept. Emphasis is placed on the peaceful and mutually beneficial means for states to fulfil their national interest. Economic diplomacy is viewed as befitting solution towards addressing economic challenges of the underdeveloped countries whilst benefiting the investor country. A possibility that economic diplomacy is a subtle means identified by China in this instance to attain global power is to be scrutinised in this study. The African countries embrace the unprecedented keenness of China towards their economic development without attaching prescriptive conditions to governance of the country of interest. This study seeks to test the existing thoughts that economic diplomacy is mutually beneficial. The degree to which the said benefits prevail is to be investigated; particularly in South Africa as a case study. The findings of this study shall add to existing literature that attempt to make clarifications on the contentious issues of the essence of the Sino-South Africa relations. Besides, the study shall highlight new

knowledge and opinions on how far the two countries have impacted their respective economies and its multiplier effects on their nationals, and would then offer a basis for weighing the need for continued collaborations. Finally, the study shall offer a fresh perspective to the analysis of economic relations between two countries with differing economic capabilities and would avail policy formulators with a guide by an objective narrative of the link between national interest and economic partnership.

1.4 AIM OF THE STUDY

The aim of this study is to demonstrate the use of economic diplomacy by China in order to advance its national interest.

1.5 RESEARCH OBJECTIVES

The aim of this study shall be achieved in pursuit of the following set of objectives:

- Examine the concept of economic diplomacy and its role as a foreign policy thrust of China
- To establish who benefits from this bilateral relation through economic diplomacy
- Demonstrate how China uses economic diplomacy to advance its national interest

1.6 RESEARCH HYPOTHESIS

China has identified economic diplomacy as a favourable means to attain global dominance and advance its national interest.

1.7 RESEARCH METHODOLOGY

The methodology or research design adopted for this study is the qualitative method research model. Methodology refers to the principles and ideas on which researchers base their procedures and strategies. The composition of this study deals with pragmatic political activities largely captured in various media and

materials. Cohen & Crabtree (2006) provide a simple description of qualitative research as “a form of social inquiry”. They further explain that this method incorporates different forms of inquiry depending on the nature of the field of study. Given the fact that the qualitative method is derived and dependent on different research disciplines, many approaches can therefore be applied when using this method. Nonetheless, the inherent common traits concerned with qualitative method are that it is interpretive and naturalistic. These common characters of qualitative research are also commonly highlighted in various definitions.

Qualitative research is a form of social review concerned with the way people conceive their experiences and surroundings. Various approaches are attached to this research method, however all these methods seek to understand the social reality of individuals, groups and cultures. The core contention of qualitative research is that it's interpretive of the prevailing social reality (Holloway, 1997). Qualitative research is also referred to as naturalistic inquiry which is developed within the field of human and social science. This method is concerned with theories on interpretation and human experience. These observables include various strategies for systematic collection, organization and interpretation of textual material obtained while interacting. “The aim of such research is to investigate the meaning of social phenomena as experienced by the people themselves” (Malterud, 2001)

1.8 DATA COLLECTION AND ANALYSIS

Given the nature of this research work, the data used for analysis has been obtained largely from both primary and secondary sources. The relevant data used in this research study, has been sourced from various media which includes reports and news. Furthermore, the study relied on literature that includes books, articles, electronic publications, journals etc.

1.9 PROPOSED DATA ANALYSIS PROCEDURE

The study has adopted a mixed analysis method which has proved more suitable given the type of data that has been used.

“Mixed analysis involves the use of both quantitative and qualitative analytical techniques within the same framework. Mixed analyses involve the analysis of one or both data types which occur either concurrently (i.e., in no chronological order), or sequentially in two phases (in which the qualitative analysis phase precedes the quantitative analysis phase or vice versa, and findings from the initial analysis phase inform the subsequent phase) or more than two phases (i.e., iteratively). The analysis strands might not interact until the data interpretation stage yielding a basic parallel mixed analysis, although more complex forms of parallel mixed analysis can be used, in which interaction takes place in a limited way before the data interpretation phase”(Onweugbuzie & Combs, 2011). Integrative data analysis strategies for mixed-method evaluation designs are derived from and illustrated by empirical practice: data transformation, typology development, extreme case analysis, and data consolidation/merging (Caracelli, 1993).

In specific terms, the method of analysis to be adopted for this work will be the content analysis approach, which by definition refers to an approach that identifies and summarises message content. Content analysis in this instance refers to the analysis of such materials as books, brochures, written documents, transcripts, news reports, visual media, etc.

1.10 DELINIATION OF CHAPTERS

The research is divided into four chapters which are explained as follows;

Chapter one: Introduction

This chapter will contain the background to the study, problem statement, aim and the objectives of the study. The chapter will also comprise the hypothesis, research methodology, data analysis procedure as well as delineation of chapters.

Chapter two: Literature review and theoretical framework

This chapter will provide relevant literature that is meant to support the study and its objectives. The chapter will further include the analysis and comparison of theories relevant to this study.

Chapter three: Data presentation, analysis and findings

This chapter will contain data presentation, analysis and findings

Chapter four: Recommendations and conclusion

This part of the study will provide recommendations and further conclude the study.

CHAPTER 2

2.1 LITERATURE REVIEW AND THEORETICAL FRAMEWORK

This chapter deals with the supporting literature which is meant to assist in comprehending the topic at hand and further critique, as well as support, the formulated hypothesis. The included literature will assess the diplomatic relations of China and South Africa as the elected case study. A reflective summary and analysis on this partnership will be captured prior to 1994 to date. The chapter will cite examples of trade and investment commitments and further assess the possible developments thus far. The benefits to this bilateral relation shall be examined with the hope of indicating whether the partnership is mutually beneficial or not. Given the fact that South Africa has been considered the key role player in both Africa's economic and political leadership, Sino-Africa relations has been reflected on. This is with the hope that by assessing China's relations with the rest of the continent, the study will bring about a well-informed and conclusive perspective. The economic diplomacy concept will be thoroughly explained with the use of demonstrative examples as references. Furthermore the chapter shall also incorporate theoretical framework to assist this study.

2.2 BILATERAL RELATIONS - SOUTH AFRICA AND CHINA

According to Apia and Naidu (2008), the change in the South African government following the 1994 elections made way for a rapid reintegration into international politics. However, the South Africa-China bilateral relations presented a challenge for a newly formed government and its infant foreign policy. South Africa had to define its position regarding its recognition for the fragmented Chinese governments which all claimed their legitimacy and sovereignty. The South African government had maintained diplomatic relations at ambassadorial level with Taiwan whilst also embracing diplomatic relations with the People's Republic of China (Multer, 1998). Despite the intricacy of these relations, South Africa could not ignore the then steadily emerging People's Republic of China without risking straining the existing relations with the Republic of China (Taiwan) and Hong Kong. Situated in the Asian continent was China, developing with

remarkable rapidity and, in the African continent, South Africa with the newly formed democratic government. Ultimately, South Africa had to make a choice and it chose to recognise and acknowledge the People's Republic of China as a potential and most suitable partner. Scholars and commentators have shown great interest in this partnership for it involved strategic states within the current international sphere. In their analysis Apia and Naidu (2008), further claim that formalising relations with China was deemed most logical with the anticipated benefits including access to a growing consumer market, promoting interests in emerging markets of the developing world, facilitating development and advocacy of a multiple system and promoting a common agenda for the reform of the global political and economic system.

Many possible suppositions have been advanced to explain the core reasons why China extended its diplomatic relations to South Africa. An empirical perspective could be that South Africa has relatively more economic stability and good governance than the majority of the African countries as most had received independence as former colonies. Its natural endowment and manufacturing capacity also serve as luring factors for China. Due to its peaceful transition from apartheid government and maintained stability, it has been regarded as a model country in the continent. As such, the South African government has been eagerly involved in resuscitating the African agenda (the African Renaissance initiatives) under the leadership of former President Thabo Mbeki.

Chatty (2013) argues that South Africa's economic strength has traditionally underpinned its key role in trade and economic integration initiatives in the region. This includes its important role in the Southern African Customs Union, and economic liberalisation efforts within SADC. Furthermore, the extreme importance of South Africa's significant role through the regional trade activities, especially its economic diversification strategy cannot be overlooked. South Africa accounts for 41% of SADC's total trade and about 63% of SADC's Depend 24% of Africa's GDP. The sub-Saharan countries linked to South Africa are major export markets for its non-commodity manufactured goods and its services, thus increasing the market opportunities for Chinese goods.

As an important player in the African Union and the United Nations Security Council (UNSC), South Africa also held a non-permanent seat in the UNSC from 2007-2008 and 2011-2012. Its role had been further affirmed as an important role player in the continent, with considerable impact on Africa's agenda. Accordingly, China's interest and approach to South Africa is sometimes analysed as China's Africa strategy in the broader context, for its diplomatic relations with South Africa seems to legitimise its presence in the African continent. Furthermore, such was validated in 2011 when China extended an invitation to South Africa to join the BRIC's club. Thus based on effectively developed diplomatic relations, South Africa and China have formed promising political and economic ties (Grimm et al. 2014). Even so, South Africa's incorporation into BRICS has not been without apprehension. The major concerns raised have been that the territory and population of all the other BRICS states are far greater than that of South Africa. It is in essence the smallest member of the group both in its economy and size. The assumption however rests in the claim that South Africa remains the leverage of China which assisted South Africa in the membership of BRICS despite its good relations with Brazil and India. It is therefore assumed that South Africa's participation in BRICS at present is to some degree, indirectly dictated by its bilateral relationship with China (Xiong, 2012). On the other hand an enthusiastic view is that South Africa's participation in the BRICS will stimulate free trade among the member states which is assumed will bring about economic growth. This includes even greater trade relations between South Africa and China. Another exciting factor about the BRICS bloc is its Development Bank as it is anticipated that it will relieve the South from the leash of the Breton Woods institutions (Crul, 2013)



The year 2015 had been declared the year of China in South Africa since 2014 was also declared that of South Africa in China. Furthermore strategic role players from China, Brazil and Russia have sealed their commitment toward economic growth through the signing of accords, which includes the Industrial Development Corporation (IDC) of South Africa. These agreements are anticipated to stimulate job creation through mutual cooperation. Furthermore China has awarded South African students 200 scholarships in a cultural exchange and skills development programme. As captured in the Beijing Declaration, the two countries are set to cooperatively increase the status of bilateral trade by promoting the trade of high added-

value mass-produced goods and intensifying China's investment in South Africa. Another area of priority is groundwork development, including the building of roads, railways, ports, power plants, airports and housing. China and the majority of African states have committed towards ensuring the full activation of the plans as stipulated in the Beijing Action Plan 2013 to 2015 of the Forum on China-Africa Cooperation (FOCAC). South Africa will, for the specified 6 year period, co-chair FOCAC following Egypt, as Africa's representative. FOCAC is one of the most strategic organizations concerning Africa and its development partners. South Africa is to host the sixth Ministerial Conference of the FOCAC (SA Year Book, 2013/14). Although the South Africa-China relations continue to grow through diplomatic agreements and political understanding, the compelling question remains- how does this partnership benefit the larger society in terms of socio-economic advancement.

Curl (2013), argues that although South Africa benefits somewhat from its trade relations with China, the sustainability of this partnership remains a concern amongst scholars. China overtook the United States and its European competitors for it swiftly managed to move from the ninth position to being the current major trading partner. Even though Germany and United States were the ones that were above or higher as trading partners of South Africa, China managed to surpass the west in this regard. In 2010 the stock of total Chinese foreign direct investment was 70 times more than in 2004 and this came with a record flow of foreign direct investment (FDI) that was worth US\$ 4.81 billion in 2008. The growing ties between China and South Africa were furthered when China provided loans to South Africa and also included various countries in Africa. Curl (2013), further indicated that between 2006 and 2011 the trade balance between South Africa and China changed. Trade between the two countries almost tripled in a relatively short period. For example South Africa's deficit became a surplus in 2011 and this was seen as a positive development for South Africa as well as the founding of a major trading partner in the emerging markets which was seen as a possible way to strengthen South Africa's negotiating power.

Even though Curl (2013) further emphasised that the relation between South Africa and China seemed to benefit South Africa, study of the South Africa Unemployment Rate in 2012 pointed out that even though the supports of loans by China to South Africa is seen or perceived to be playing a positive role in the

economy of the country there is a growing dissent in South Africa about Chinese involvement which is visible. Since the relations of China and South Africa the rate of employment has not changed from 2006-2011, when unemployment was around 25 percent.

Commentators such as Dinah (2012) cautioned that the trade between South Africa and China is an unsustainable long term goal and made an example that during the years before the worldwide financial crisis, the GDP growth per annum was approximately 5 per cent. The economy would grow again after the short recession at the heart of the crisis. The GDP grew by 3 percent per annum between 2010 and 2012, and this was usual. That being said, the argument is that an economy that grows with such pace usually creates jobs but this was not and is not, the case with South Africa. The image portrayed by the east is of enormous growth of wealth and unemployment rate as low as 4 percent, while Chinese companies are employing Chinese workers on their worksites in various African countries. These are the factors that contribute to the predictions that relations between South Africa and China are unsustainable.

Gumede (2015) pointed out another perspective which is adding to the view of Dinh, South Africa and China are not equal partners in the agreement; China is the one dictating terms while South Africa has to let China do as it wants. For example the author gave the example of Janice Linden, a 38-year old black South African woman who was executed by lethal injection for allegedly being in the possession of an illegal substance in China. In 2008, Janice Linden was alleged to be in possession of methamphetamine at Ghanghon airport in the South of China. The president of South Africa, Jacob Zuma tried in vain to save her life through negotiations. This incident is said to have angered many South Africans as it demonstrated the country's impotence to persuade the apparently close ally to save the life of a South African citizen. The argument advanced was that South Africa appeared to go out of its way to accommodate China politically, while the Chinese seemed not to attach the same value to South African issues. However the Director-General in the Department of Home Affairs, Mkuseli Apleni disclosed that the reason why South Africa continued to protect its relations to China, was that it feared a "backlash" similar to those experienced by France and Australia for having allowed the Dalai Lama entrance to their countries. The Dalai Lama visited

the emergent markets Mexico and Brazil previously, without any outwardly political or economic penalties. The argument presented by some South Africans, among them those in the private sector, opposition parties on the liberal conservative side (for example the Democratic Alliance) and black political groups, (such as the Inkatha Freedom Party), strategic organisations, tried to discourage the South African strategic political and economic alliance with China. Many are of the view that South Africa's tactical treaties should remain with the industrial West – North America, Australasia and Europe. The leftists also entirely reject South Africa's hold of China as a geo-political and economic partner.

Furthermore, Gumede (2015) continues to highlight the trade deficit between China and South Africa and that the distribution of South Africa's low-priced raw resources to China does not create significant employment, while China exports labour-intensive, industrial products back to South Africa. The second argument is that cheap raw materials are sent to China but ironically they come back as expensive finished products. Again, Chinese exports enter South African markets easily while South African exports to China face difficulties. The case presented by Gumede is that the relationship between South Africa and China is one sided because South Africa seem to be losing a lot and China is gaining more than South Africa.

Contrary to the enthusiast's anticipation of great socio-economic benefits from the South Africa-China relations, the textile industry within the country suffered immensely as its work force was decimated in the past two decades. In 1996 the textile industry had employed about 220 800 people but this number had shrunk devastatingly to 91 816 in 2014. South Africa had reduced tariffs in the clothing, textile, and footwear and leather industry and thus precipitated the flooding of cheap Chinese imports in this industry. This occurred when South Africa was signalling what is referred to as tendencies of a welfare state through its social grants, a well-placed market which benefitted the Chinese clothing traders enormously. Another concern was the seemingly unregulated rate at which Chinese shops were appearing throughout the country. This was linked to the loss experienced in tax revenue due to customs fraud on clothing from China, costing the South African Revenue Service more than R3-billion in 2012. The Chinese clothing goods were largely sold for 40% less, increasing sales and maximizing profits (Crotty, 2015). China has demonstrated in many

cases that its primary motive is to preserve and prioritize its national interest throughout its economic political activities. Demonstrative of this claim is the devaluation of its currency which has been contested over the years including the recent devaluation which is said to have negative effects on many strategic sectors in South Africa and other countries. Due to the Yuan's devaluation the manufacturers, particularly in the steel industry, are already threatened by job shedding. The National Union of Metal Workers of South Africa puts blame on cheap imports from China and the high operational costs for the loss experienced in profits in the steel industry. The steel producers have called on the South Africa government to increase tariffs in this sector to assist in protecting the local manufacturers (Faku, 2015).

The Minister in the Presidency of South Africa raised concerns about the suggested actions against the devaluation of the Yuan through imposing increased customs duties on steel from China. The fundamental reason for the concern is South Africa's membership of BRICS as well as the possibility of China retaliating and increasing duties on its imports from South Africa. China acted to its benefit despite the unfavourable bearing on its BRICS partners, particularly small South Africa with developing economy. The concept of free trade is set for failure when the largest trader (China) in the world is tilting the game in its favour by injecting huge subsidies to the benefit of its own domestic industries. South Africa's counter action towards the devalued currency of China with the aim to protect the steel industry will not assist much (Mackay, 2015). This validates the claim that China uses trade or in this case economic diplomacy, to achieve its national interest thus dominating and influencing various spheres within the international system.

2.3 THE EVOLVEMENT OF CHINA'S ECONOMIC DIPLOMACY FROM SOUTH AFRICA TO THE REST OF AFRICA

A classic concept of diplomacy is defined as the conduct of relations between states and other entities with recognition in world politics by official agents and by peaceful means. Diplomacy is concerned with the management of relations between states and between states and other actors. Therefore economic diplomacy is simply concerned with international economic issues among states (Bayne & Woolcock, 2011). The

economic interests are vast and varied, however in this context the study is meant to zoom in on those that include economic means, economic ends, economic implications and economic causes. It may mean therefore that the economic means referred to (tariffs, quotas, currency manipulation, aid and sanctions) are now more important (Economides & Wilson, 2001). A relevant point of reference in understanding the concept of economic diplomacy is the formation of the Bretton Woods system post-WWII wherein rules were developed for economic relations between states but still maintaining national autonomy. This was with the exception that governments could pursue any economic practices provided the domestic practices did not have a negative effect on other countries.

The economic activities entailed in economic diplomacy include trade, free trade agreements, investment, lending and aid amongst others. Most African countries are not industrialised and where manufacturing industries exist, they are of foreign descent. Therefore, the extraction of primary goods requires technology which is owned and sourced from the developed countries. These goods are then exported raw and bought back to their countries of origin at an added value price. The investment gestures included establishing the Multinationals which are widely criticized for their meddling with domestic policies and compromising state sovereignty, fuelling corruption, tax evasion and destruction of the environment resulting in climate change.



Economic growth seems to be an ideal yardstick in measuring the success of states in the present international system. Economic issues have become the lifeblood of any state and thus are at the pinnacle of the global agenda throughout the international forums. Some authors substantiate that economics is more important today than it has ever been. Foreign policy is increasingly driven by commercial considerations. Economic strength gives incomparably more political influence than military strength (Economides & Wilson, 2001). With an increasing use of economic diplomacy, states are able to achieve their foreign policy objectives without having to apply persuasion through coercive means such as war. Therefore, economic diplomacy can be deemed as a more suitable and a mutually beneficial concept in international relations used to achieve national interest.

An emerging trend is that the economy transcends politics and is achieving the set goals by means of effective competition instead of conflict and subjugation in order to dominate the global GDP. Nonetheless, some countries still continue in tracking an aggressive dogma, however such approach is less effective than using capital, goods, or services in the terrain of other nations. At the start of the 21st century, socio-political paradoxes in dealings among states have been disappearing into the background, whereas the role of the commercial element in foreign policy is gradually increasing. International relations are now conducted through economic motives as countries take part in the global division of labour, and liberalizing national economies in the context of globalization (Magerramov & Rustambekov, 2014).

China's relation with the continent of Africa is viewed with suspicion, due to the evidently unequal economies which are feared to possibly perpetuate dependence. China approaches Africa with a policy of non-conditionality, which is welcomed in some countries as an alternative to perceived Western legacies of neocolonial influence; but this policy does, however, undermine international censure of repressive regimes. Hunger holds the potential either to create devastating dependency or provide the stimulus for development since most African countries are in dire need of investment. Some patterns of China's engagement in Africa are reminiscent of neocolonialism, but whether this engagement is detrimental to development is in large measure determined by domestic conditions in African states (Menell, 2010).

Ramdoo (2011) explains Sino-Africa relations through the comparative advantage concept. African countries can bargain through their natural wealth, and the developed countries have the advanced technology and comprehensive capital as leverage. However the comparative advantage is invalidated through submissions that the natural resources are of limited use to Africa when unrefined, and cannot be used for the much needed development or further allow for participation in the integrated global economic activities. Furthermore a critical concern is that the investors with technical skills and clear exploitation and extraction plan capitalise on the limits or ignorance of the majority of resource-rich states. The existing disproportion of information among Governments, (who have limited insight about their national resources) and investors, (who often know more about the market and geographical potentials of the country) exposes

the imbalance in the partnership. This has positioned investors at an advantage, influencing various African countries to strike raw deals.

Sun (2014) advances an argument that although the economic diplomatic relations pursued in this study is a consensual process it does not answer the perpetual concerns of global inequalities amongst states. It is instead arguably promoting the current status quo of African countries lagging behind the developed countries and thus playing the catch up game. Another critical view is the fact that secondary goods are returned as imports and merchandised throughout the African markets. Therefore the claimed mutual beneficiation between China and Africa is undeterminable because the supplier of raw materials is also the consumer of the end product, meaning this partnership might be more profitable to the manufacturer, China. Such is evident and demonstrative in the rate at which China's economy is growing. Furthermore, tipping the scale in the Sino-Africa scenario is that one country although relatively large in terms of territory, has enormous influence over the entire continent with diversified governments and obvious political dynamics. In order to protect domestic markets, China has implemented measures to limit foreign investment. It has fully supported its national enterprises and has also backed its private sector to procure natural resources overseas and to fund associated infrastructure and services sectors, specifically in Africa. Its involvement with the continent is still viewed with scepticism and some analysts caution African leaders when dealing with China since their partnership policies seem too good to be true given the highly competitive nature in the international sphere. The infrastructure assets exchange deals, where the counterpart of the important investments in infrastructure is merely merchandized in contradiction of long-term quantity agreements in mining resources, could be devastating and disastrous (Ramdoo, 2011).

Although the Sino-Africa relation is viewed with suspicion, it proves that China's pursuance of national interest has been strategically crafted and executed. China has identified a different strategy to that of the west; asset opted for a different approach towards trade and diplomatic dealings in Africa. China has demonstrated its power over the entire continent which has diverse governments. This was validated by Jiang Zeming in the opening address during the forum of China-Africa Co-operation in the year 2000.

Forty-four African countries, with 80 ministers, attended and he said that “China is the largest developing country in the world and Africa is the continent with the largest number of developing countries” (Muekalia, 2004).

“A substantial progression over the years has been recorded—mainly through China’s commitment in the rest of Africa. Whereas in 1992 Sino-South African trade amounted to US\$ 14 million, it had grown to US\$ 26.6 billion in 2010, declaring China as South Africa’s major trading partner”(Anthony, et al., 2013).

China primarily furnishes Africa with refined products such as machinery, textiles and electronics. “China’s investment in Africa is said to have advanced from \$1.57 billion in 2007 to \$5.49 billion in 2008. However the international financial crisis decelerated the growth momentum in 2009 (down to \$1.44 billion). The seemingly solid Chinese agenda was displayed in the recuperated growth of \$2.11 billion in the year 2010 followed by \$3.17 billion in the year 2011. Notwithstanding the obvious growing trends in China’s investment in Africa, there are allegations that the government underreports China’s investment capacity in the continent. Referring to the article published by the United States Government Accountability Office in beginning of 2013, China’s foreign direct investments (FDI) in sub-Saharan Africa are possibly underreported. This alleged underhandedness is said to be well orchestrated and operated through companies placed in less obvious locations such as Hong Kong and the British Virgin Islands and used to invest in sub-Saharan Africa. These reserves are excluded from the registered FDI data and may be a major source of under-recording. The small businesses suspected underreporting also affect the overall data in this regard. However such noticeable yet unverified observations cannot be confirmed as an intentional design of the Chinese government. China actively promotes investment throughout the continent in a form of concessional loans, commercial loans and special export consumer’s credits. “Between 2009 and 2012, China provided \$10 billion in financing to Africa in the form of concessional loans” (Sun, 2014). The role players in the said investment predominantly consist of nationalised and private sectors trading in production, investment and telecoms (Anthony, et al., 2013).

Inferring from the above literature, it is clear that China has countered the long practiced strategy to control the former colonies in Africa through imposed forms of government and policy positions. China has

adopted the economic diplomacy strategy in order to appear as a soft power, thereby earning the trust and confidence of the developing states. A common sentiment shared by authors and commentators is that China has presented itself as an alternative to the coercive west including its global monetary institutions which had economically enslaved many needy countries. This enslavement had been prolonged through accumulated debt and furthered through economic sanctions where there was resistance. As such, China had identified a gap and therefore appeared as a more sincere and trustworthy partner which held the best of interests the developing nation in high esteem. Its concept of mutual beneficiation and concessions in trade won over many African states including South Africa. However China has gained dominance by the said strategy because it has been embraced by nations in distress and it now has influence over them because it has economic power. Economic power precedes political power in the current global system and China has used its one power (economic) to gain the latter. In the South Africa-China relations, there is not equality. China possesses an inherent advantage over South Africa due to its territorial size and population. Furthermore it had primarily focused on development of a well-defined strategy to position itself within the global arena. As such, China gained an advantage over South Africa through its advanced technology and the ability to mass produce goods. It has also developed skilled human capital and had compensated for its limited mineral resources through technological evolution. The skills and technology attained are being used by China across sectors that include manufacturing, road infrastructure, medical and mining technology and automobile manufacturing. These specialities are much needed by South Africa and most importantly the rest of Africa. The fact that China produces finished good with value added costs means it stands to gain more than its counterparts. The most crucial concern in South Africa is job creation and the bilateral relations at hand do not seem to be addressing this issue. It therefore does not address the immediate socio-economic issues of ordinary civilians. Instead, South Africa's textile industry has suffered job losses including alleged tax revenue due to the seeming unregulated sector. There has not been a significant growth of creation of employment in the country. South Africa's sovereignty has been questioned due to its political decisions on issues such as the Dalai Lama.

2.4 THEORETICAL FRAME WORK

Theories are formulated to explain, predict, and understand phenomena and, in many cases, to challenge and extend existing knowledge within the limits of critical bounding assumptions. The theoretical framework can be explained as the structure that can hold or support a theory of a research study. The theoretical framework introduces and describes the theory that explains why the research problem under study exists (Swanso, 2013).

Given the fact that theoretic thoughts in a study assist to put things in their larger context, realism and liberalism will be featured to provide a clear perspective on the topic at hand. These theories draw inference from an idea or connected set of ideas explaining the reasons leading to certain occurrences and how events relate. They further allow a scholar a substantiated and tested outlook on the study of interest if not similar studies. Therefore the foundation laid through theories makes way for a fresh analysis or approach towards a particular concept. This also restores the relevance of the past in the present thereby providing logic to events and allows for an informed prediction on the future (Rourke, 2011). Realism places immense emphasis on the idea that international politics is anarchic, anarchy that predisposes international politics towards conflict. With the expounded assertions, realism therefore substantiates that as a sovereign entity, a state has a consistent set of goals that is a national interest, defined in terms of power. The tangible sources of power referred to in this context include; industrial development, inclusive of economic growth. The power explained herein, is sought after by China as it has applied all possible means to assert itself at the helm of the global economy and politics. The realist view further emphasizes the power struggles between states and the importance of international economy to the power of the state (Shu, 2014).

A similar analysis echoes that political realism perceives “international relations primarily as a struggle of self-interested, sovereign states that are involved in a game of power-politics within a permanent state of anarchy. The international system, according to this school of thought, is a moral- and value-free environment in which the state is seen as a rational and unitary actor that finds itself in constant conflict with the other states of the system due to the lack of an overarching world government. Stemming from

their pessimistic view of human nature, the only way to achieve security in the international system, according to political realism, is by creating a balance of power among the most powerful states of the system”.

The general perception and interpretation of the realism by scholars put emphasis on the lack of moral practices in order to attain the sought after national interest. However a contending view explains that realism makes provision for morality provided it is minimal. Emphasis is rather placed on the moral purpose depending on the global order. Realists explain the use of morals through prudence which is the ability to make morally responsible decisions in international relations. Prudence and moderation are the qualities of perception and proportion respectively. If caution is the cardinal political ethical virtue, the national interest is its imperative (Bell, 2008). China promotes a depiction that it is peaceful and does not interfere in the domestic affairs of a country, therefore it claims impartiality. The claimed impartiality is questionable given that China has supplied a number of African states with weapons despite the destructive conflicts that were prevailing in those countries. The United Nations Arms Registry of weapon transfers by China to African countries include among others; Chad, Congo, Gabon, Ghana, Kenya, Namibia, Niger, Nigeria, Rwanda, Sudan, Tanzania and Zimbabwe. China sells its armaments at competitive prices, and it further offers attractive financing options, such as soft loans and convenient payment options. They further use the comparative advantage approach, for example, when Zambia supplies copper in payment for weapons (Hull & Markov, 2010).

“Political realism sees no actual possibility for states to form successful alliances, as no state can be trusted since it only relies on its self-interest and does not pay much attention to what would happen to other states in the system. Political realism regards the state as a unitary, rational actor that is motivated by power politics and its self-interest” (Oldemeinen, 2010). The above insight of the realism theory has its own limitation since it has neglected the fact that alliances can succeed in instances where a common goal promotes or requires concerted effort for favorable results. China has aligned itself with the African continent through its bilateral relations with the majority of its countries. Furthermore, the joint Sino-Africa relations are meant to bring about the new global order through transforming the International Institutions

which are said to be only representing the views and interests of the developed states. States have used political alliances for varied reasons. In order to counter perceived threats of war, nations often opt for multiple alliances. The Holy Alliance against Napoleon; the Triple Alliance and its rival, the Triple Entente, during World War I; and the Axis powers against the Grand Alliance during World War II can be cited as classical examples of such alliance. Alliances are also used to fulfil economic, political, or strategic interests. Although alliances serve multiple purposes in the international sphere, they also possess a negative bearing in some instances. An alliance has the potential to limit political freedom of a less powerful state. On the other hand the alliance partner with inferior status could use its alliance as diplomatic leverage, as insurance or backing to take unfavourable political positions because by virtue of the alliance. These partners then guaranteed protection by their powerful allies. Such is also applicable with the more powerful states within the alliance; they may also use their alliance to intimidate or monitor the actions of their less powerful allies (Seely, 2011). Therefore, in relation to the case study, the incident about the denial of a visa to the Dalai Lama visa denial saga can be cited as an example of the limited diplomatic freedom posed by the bilateral relations. The spiritual leader of Tibet the Dalai Lama, had been denied a visa to visit South Africa on three occasions. The most recent occasion in denying the spiritual leader a visa led to a summit of Nobel Peace prize winners celebrating an anniversary of the end of apartheid being cancelled and relocated from South Africa. Amidst the repeated controversy, six Nobel Peace laureates pulled out of the event in protest. The South African government was severely criticized as having sold its sovereignty to China (Moore, 2015). The illustrated scenario demonstrates the fundamental assertions by the realists that states prioritize, their core interest completely and that the end often justifies the means. China strongly believes in guarding its one-China policy, therefore, any country which has established ties with China can under no circumstances recognize the authority of its disputed territories. Morgenthau and Thomson explain that realists continue to emphasize that the primary concern of all states is survival and that a state's agenda in the international system is dominated by security and strategic issues. Therefore International Relations is perceived as constituting the pursuance of state security. This theory prioritizes state actions that foster security and state survival as "high politics", while other areas like the economy are referred to as "low

politics". Realists argue that the primary goal of states is to preserve their own existence, and that other factors can be effective once the state has succeeded in asserting its power in the international system. Realism is a power theory (Okoko, 2013).

Although the current global agenda is largely driven by liberalism which manifests through globalization, the supposed liberal practices are motivated by the reality of realism. There is a coexistence of the two theories which explains the current global status quo. Some actions by China can be confused with, or classified as liberal, however these detected patterns of liberalism are justifiable when unpacking Morgenthau's interpretations on the realism theory. The enthusiasts of Sino-Africa relations describe China as a long-awaited partner, offering better and fair solutions towards Africa's burdens of poverty, skills deficit, and lack of infrastructural development, diseases and conflict. China's reassurance on equal partnership in the Africa merger somewhat dignifies the leaders within the continent, who have been arguably reduced to mere subordinates by the west. This approach sways in China's favour for it builds a level of trust and confidence in the partnership. The declared equality is but some of the nobility advanced by China in its strategy. China has bailed out many African States from their seemingly infinite debt to the international economic institutions. It has pledged developmental aid to the poor countries and further administered interest free loans. In the year 2009, China pledged \$10 billion in low-interest loans over three years, to African countries, putting up a \$1 billion loan facility for small and medium-size firms, and forgiving debt on some interest-free loans. Aid to Africa is part of the agenda of China and other, more developed countries. However, the unique feature about China's agenda is not restricted to providing grants and this approach is termed development assistance because it includes aid funds, and financing for development. China has thus earned the status of the biggest financier for Africa. According to the Chinese government, China plans to double aid to Africa to \$1 billion per annum (Chileshe, 2010).

The circumstances under which states make decisions determine the nature of the approach or foreign policy. In short, states display characteristics of both realism and liberalism interchangeably depending on the global political environment or circumstances. Realism essentially describes the hostile environment within which states are to exist and survive. The liberalism theory, on the other hand, provides an alternative

to the aggressive response towards the existing unpredictable international system and instead suggests interdependence and economic integration. The American government can be cited as an example of a state which is in support of a liberal economy through economic integration but is said to have also pursued and relatively maintained global dominance or hegemony. In the case of China, realism best describes its approach for it puts emphasis on the respect of state sovereignty and recognition of a state as the main actor in international relations. The government of China has clarified the checks and balances in its diplomatic relations and therefore the private sector operates within the confines and directives of the government.



2.5 CONCLUSION

The realism theory supports the empirical view that a powerful state is sure to dictate terms in an alliance and the less powerful state will comply in fear of losing more than the other partner. South Africa's reliance on China to a point where it has become the country's largest trading partner has compromised it – the recent currency devaluation by China has shown how vulnerable South Africa has become in the hands of China. Therefore the asymmetric partnership between China and South Africa has proved more beneficial to China which has gained an accelerated access to the rest of the continent.

CHAPTER 3

3.1 DATA PRESENTATION, ANALYSIS AND FINDINGS

In this chapter, the data derived from the previous chapter will be analysed. Matters of emphasis presented by different authors will be highlighted in this chapter. These arguments will be presented in support of the hypothesis.

The asymmetric relations between South Africa and China

The South Africa Unemployment Rate (2012) posits that even though the diplomatic relations between South Africa and China involves capital aid by China towards South Africa, this is perceived to be playing a positive role in the economy despite the wide gap between the two states. In proving that the featured bilateral relation does not benefit South Africa, the employment rate of the country has not changed.

Dinh (2012) theorized that the relation between the two states is an untenable long term goal; in support of this claim is that during the years of the worldwide financial crisis, the GDP growth per annum was approximately 5 per cent. The South African economy experienced growth following the short recession by 3 percent per annum between 2010 and 2012. Dinh (2012) argues that, despite the witnessed growth pertaining to relations with China, South Africa still faces a high rate of unemployment. Economic growth without long term employment cannot be sustained, it therefore does not warrant celebration. This therefore does validate Dinh's claim that the South Africa- China relation is unsustainable long term.

Gumede (2015) postulates that if there is equality in South Africa-China relations then why did China execute a South African citizen by the name of Janice Linden who was allegedly found with methamphetamine in 2008? The South African president negotiated with China for release of his citizen but China still went ahead with the execution of the accused. The case presented by Gumede is that what is the reason to have trade relations with a state that dictates terms for you? The action of China showed that it is the one that is in charge of the economic relations and South Africa is mainly meant to comply.

Gumede further hypothesized and maintained that the relation between South Africa and China is only benefiting China. The author supported this statement by stating that those South Africa low-priced exports of raw resources to China do not generate employment in South Africa, on the other hand China exports labour-intensive, manufactured products. Secondly China exports finished goods produced from the raw materials acquired from South Africa at a low cost; with the added value the end products guarantee more profit for China.

Menell (2010) theorized that the assumption is that the relation between China and South Africa is for mutual development, but at the same time there is a fear that China is out to create dependence, not with South Africa only but also with Africa. Better than western legacies, which were of neo-colonial influence, China's approach is a policy of non-conditionality which seems to have won African states over. Due to the prevalent global economic integration, South Africa and the rest of the continent is desperate for Foreign Investment to see to its development and therefore embraces the market and China hungry for natural resources.

The Sino Africa relation is growing even though China's presented policies are perceived to undermine international criticism of suppressive governments in Africa (Menell, 2010). The perspective presented by the author is that China is attracting Africa with a policy that no one can resist, and would arguably lead to or perpetuate the long condemned dependency. Africa will rely on China and if that is the case we are likely to see colonization taking place in Africa, only this time it will be economic colonization.

The use of economic diplomacy to advance national interest

Crotty (2015) posits that the economic diplomacy of China has crippled South Africa and that the only important factor to China is its national interest. Since the economic relations of the two countries the textile industry in South Africa has suffocated and its work force has been downgraded. For example in the year 1996 the textile industry provided 220 800 jobs but the number downgraded to 91 816 in 2014. The economic diplomacy of China has forced South Africa to reduce tariffs in the clothing industry and give the Chinese products power in the same clothing industry. After the economic relations of the two states,

Chinese stores started to float in South Africa at an unregulated rate, on the other hand there has been fraud involving clothing from China which cost South Africa a fortune.

Faku (2015) posits that the main objective of China is to reserve and order its national interest using its economic political activities. Faku further supports the statement that China has devaluated its currency which has been questioned for years and this has negative effects on many strategic sectors in South Africa and other countries. Due to this, manufacturers, predominantly in the steel industry, have threatened job shedding. This made the National Union of Metal Workers of South Africa stand and blame the low-priced importations from China and the extraordinary operational costs for the harm to revenues in the steel industry. The solution provided was that South Africa should increase tariffs in the steel sector in order to assist in protection of local manufacturers.

Economic Diplomacy and its role as the foreign policy thrust of the Chinese government

Economides & Wilson (2001) posit that in the international system states are measured through their economic growth and thus economy has become a livelihood for every state as determined by the international economic system. The foreign policy of states is mostly influenced by trade or business that is out to benefit states. The economic power is now determining political decisions and has therefore overtaken military means as the most effective tool thus far.

Van Bergeijk, Okano-Heijmens, & Melessie (2011) further theorized that the important factor that states use to pursue their national interest is economic diplomacy. The authors further add that the reason why states chase economic diplomacy is because they want to promote national economic welfare and security.

With an increasing use of economic diplomacy, states are able to achieve their foreign policy objectives without having to apply persuasion through coercive means such as war. Therefore, economic diplomacy can be deemed as a more suitable and a mutually beneficial concept in international relations used to achieve national interest.

Sun (2014) indicates that China is using a different method of protecting and upholding its national interest and this is through investments that are promoted concessional loans, trade loans and special exports buyer's credits. Between the years 2009 to 2012, China has provided Africa with \$10 billion in finance and this was through concessional loans.

Anthony, Grimm, & Kim (2013) have the perspective is that even though such loans are given to South Africa and Africa, they have their own obligations. For example these loans focus on certain factors that have to be developed, such as services, manufacturing, finance and goods which include automobiles and domestic appliances. And there is a joint venture approach within the extractive mining industry, as largely influenced by the black economic empowerment (BEE) policy in South Africa. This policy promotes black entrepreneurs to be business partners. It is primarily meant to uplift the socioeconomic make up within the country with emphasis on transforming the private sector. The role players in the said investment predominantly consist of parastatals and private companies who trade in products, investment and telecoms.

China is focused on accessing cost effective raw materials, and aims to grow local assets in mining and manufacturing and protect its domestic trade through limiting exports of certain key raw materials. In order to protect domestic markets, it has imposed restrictions on foreign trade and investment. On the global front, contrary to its restrictive domestic policies, China has been more than eager to access raw materials in various countries. It has fully supported its state owned firms and has also extended the same support to its private corporations to buy raw materials offshore and to investment related infrastructure and services sectors, particularly in the African continent. Trade relations where China provides technology and South Africa supplies the raw materials is not sustainable and is destined to fail (Ramdoo, 2011).

Since economic diplomacy entails growing national gain in areas of state activity including trade, investment and other forms of economically beneficial trade, China has indeed elected to assert this method. China has countered the west having identified successes in a different approach trade and diplomatic dynamics towards Africa. China has demonstrated its power over the entire continent with diverse governments. This was validated by Jiang Zeming in the opening address during the forum of China-Africa

Co-operation in the year 2000. Eighty ministers from Forty-four African countries, attended and he said that “China is the largest developing country in the world and Africa is the continent with the largest number of developing countries” (Muekalia, 2004).

3.2 FINDINGS

This study has demonstrated that China elected economic diplomacy to advance its national interest and has thus far registered success. It has deviated from the western strategies and committed to concessions instead of the prescriptive conditions once imposed on the African countries including South Africa.

China exports labour intensive manufactured products, yielding negative results for its partner South Africa, for this does not assist the country’s situation on unemployment. The large job creation potential lies in manufacturing where added value products are consumed in various trading outlets creating the targeted socio economic activity. Majority of consumers of the Chinese products are low income earners living below the poverty margin and mainly relying on the social grants. Therefore the said target market does not significantly contribute towards building a sustained economy. The common products from China include cheap clothing and toys, flood the local markets and thus succeeding through mass production. The domestic retailers have registered great losses due to the Chinese monopolising the textile industry shredding jobs and weakened the economy.

South Africa has proved to compromise itself through its submissive political stands whenever China was involved; this questions South Africa’s sovereignty. South Africa has registered immense losses compared to the said gains due to the unregulated industries such as clothing and textile where China suffocated the sector with questionably low priced products leading to job losses due to lost profits in domestic firms.

This study has further demonstrated that economic power dictates political power in contemporary international relations, therefore states with substantial capital are inherently in a better position to negotiate and attain their political interests through economic means.

Through extending its relations to South Africa, China also managed to gain confidence and access to the rest of the continent. As a result, China gained more advantage and influence in the continent, as it uses its economic muscle to influence political decisions which have now become mostly reliant on economics. South Africa has lost its leadership role in the continent to China and the African agenda now seems to be determined by China instead.

CHAPTER 4

4.1 CONCLUSION AND RECOMMENDATIONS

South Africa-China relations remain a relevant study in contemporary international relations as it also incorporates the international political economy field. The trade relations between South Africa and China should have been monitored to benefit both countries and yield evident beneficial results particularly through socio-economic development. The partnership should not only focus on regular official visits and continued signing of agreements in the absence of tangible results and a properly outlined implementation plan. The anticipated results or benefits are largely generalised making it difficult to track the actual attainments. South Africa needs leaders within the government to steer the country in the right direction. Many policies need a thorough review given that South Africa has currently become a Chinese pleaser. With the much criticized education system which does not answer to economic needs and the requirements of the job market, mandarin will become part of the curriculum. South Africa has prioritized China over pressing domestic issues and such gestures are indicative of how defocused the government and the political leadership has become.



Economic diplomacy has proved a pertinent mechanism employed by states in order to realise the objectives of its national interest. China has overtaken South Africa in its roles as a leading country in the economic and political activities within the continent. South Africa had been set on positioning itself as hegemony in Africa through its economic operations across the continent. With China presenting itself as the long awaited alternative toward debt relief and overall development, South Africa has thus lost momentum and has lost its leading role to China. The People's Republic of China has demonstrated unwavering commitment towards protecting its territory. It has also never been modest about its quest to dominate South Asia and promoting the One-China doctrine. China has countless demonstrated that it does not only dictate terms to South Africa but that it primarily cares about its interests thereby justifying the ends through the means employed. The recent currency devaluation by China has had devastating bearing on South Africa.

The analysts warn that the already weary commodity prices will suffer yet another sharp decline. China's devaluation of the Yuan automatically caused threat to depreciate, leading to major losses in the South African economy. Given the recent developments, the South African government might be able to reflect and review its policies towards China.

4.2 RECOMMENDATION

- The South African government should commit towards protecting its domestic industries and further promote local brands. The open and/or mixed economy should not be to the detriment of local business leading to irreversible job losses and a distressed labour force. By protecting the local firms, the government will automatically be creating an environment of technological innovation of local business. The benefits will further lead to the creation of human capital within the country. These developments will further advance a country to achieve a self-sustainable economy.
- Education and skills development should be an apex priority in South Africa, furthermore the education system should be designed to cater for the economic needs of the country. Skills audit reports have reported that South Africa is lacking suitable skills to help grow the economy. The identified skills deficit is in the area of engineering which widely triggers innovation in technology. Should South Africa customize the education curriculum, the country's economic need for growth would be met. The said skills transfer between China and South Africa appears ineffective and proved to be a temporary solution which will not address the needs of the country long term.
- The bilateral relations between these countries should have clear and well defined objectives with monitored indicators and specific timeframes. The economic relations should further be evaluated within a reasonable period to establish whether the partnership serves the intended purpose thereby benefiting ordinary citizens of the country.

- The South African government should commit towards industrialisation and produce value added products to enable creation of much needed employment opportunities.
- The South African government should take practical and sincere political decisions with self-determined and monitored vision and not rely on taking notes from one country, in this case China.
- South Africa should resuscitate its quest as hegemony in Africa, a role which has been subtly snatched by China. This will provide the continent with a form of direction which was already reintroduced through African Renaissance during the Mbeki tenure.

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