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Are there any significant differences in the modus operandi of South-South cooperation and North-South cooperation: a case study of the European Union and China's impact on South Africa's mining sector

Gida, Sibongile

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Are there any significant differences in the modus operandi of South-South Cooperation and North-South Cooperation? A case study of the European Union and China's impact on South Africa's mining sector.



Name: Sibongile Gida
Student No. 0713053F
Course: Masters Research Report – Development Studies
Supervisor: Professor Gilbert Khadiagala

Research Report submitted in partial fulfilment of the requirements for the Master of Arts Degree in Development Studies, Faculty of Humanities, University of the Witwatersrand.

Johannesburg, July 2018

Declaration

I Sibongile Gida (Student number: 0713053F) am a student registered for MA in Development Studies in the year 2017. I hereby declare the following:

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Abstract

With the growth of developing country economies, the idea of South-South Cooperation in development discourse has gained momentum. Through knowledge sharing, technology transfers, trade and investment, developing countries have sought different avenues of conducting development cooperation among themselves. This supposedly creates solidarity and self-reliance, with countries being said to have more control over objectives and ownership of processes than through traditional North-South Cooperation.

This research report seeks to determine whether there is any real difference in operationalisation between South-South Cooperation and North-South Cooperation; or if it is merely old wine in new bottles, having no intrinsic value, but rather, shifting exploitation and power relations to southern hegemons. This will be done by studying what impact Chinese involvement in South Africa's mining industry has had, as compared to partnerships with northern states, specifically, those in the European Union.

Key Words: South-South Cooperation, North-South Cooperation, Mining, South Africa, China, Europe.

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List of abbreviations/acronyms

AU	African Union
BEE	Black Economic Empowerment
BRICS	Brazil, Russia, India, China and South Africa
CSI/R	Corporate Social Investment/ Responsibility
DAC	Development Assistance Committee
DMR	Department of Mineral Resources
EITI	Extractive Industries Transparency Initiative
EU	European Union
GDP	Gross Domestic Product
HDSA	Historically Disadvantaged South Africans
NGO	Non-governmental Organisation
NSC	North-South Cooperation
ODA	Official Development Assistance
OECD	Organisation for Economic Cooperation and Development
PGM	Platinum Group Metals
RECs	Regional Economic Communities
SA	South Africa
SLPs	Social Labour Plans
SOE	State Owned Enterprise
SSC	South-South Cooperation
UN	United Nations

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CHAPTER 1: INTRODUCTION AND RATIONALE

1. Introduction and Rationale

South-South Cooperation (SSC) dates back to the 1970s, when the United Nations (UN) created the UN Office for South-South Cooperation (UNOSSC, 2016). The idea of SSC in development discourse only gained momentum in the 1990s, however, for several reasons. Firstly, the economies of developing countries have grown, such that they have resources to participate in development cooperation. The global economic crisis has led developing countries to have little trust in the global financial system currently led by developed northern countries with their economic principles. The economic crisis also resulted in several developed countries cutting back on foreign aid spending, to protect domestic economies).

SSC in principle is managed by developing countries. It takes place in different forms such as knowledge sharing, technology transfers and monetary cooperation. It is ultimately based on the principle of solidarity among developing countries, seeking to achieve collective self-reliance and attainment of common developmental goals (Rosseel, Blommaert & Verniers 2009).

What has set SSC apart from North-South Cooperation (NSC) is that recipient countries are said to have more control over objectives and have ownership of processes. There is no conditionality attached to any financial assistance, and southern countries are said to have "similar experiences", and thus can cooperate from similar contexts and lessons learned, and so doing, yield better results than those from developed countries, which come from totally different environments (Moen, 1998).

Although the principles of SSC seem noble at best, there is no real evidence as to whether these principles are, in fact, upheld in reality and whether they are different in modality to NSC. This is supported by the realist paradigm of international relations, which is of the view that states, even those participating in SSC, are still considered to be acting from a position of self-interest, and SSC initiatives are still at times in favour of the dominant power.

One of the main pillars of SSC is that countries have similar contexts and thus have similar development challenges. Considering that southern countries are not southern by geographical location but rather by economic status, it would seem erroneous to assume that countries from Africa and those from Asia have similar context by virtue of simply being developing states. Also, not all SSC initiatives have empowered southern states and their citizens. Some southern partners have brought their own expertise to work on projects undertaken by the poorer state and have even subjected partners to some conditionalities – although they may not be political, for instance, buying equipment and using expertise of funding state, this alludes to the same power dynamics evident and seen to be problematic with NSC (Naidu, 2016).

This research report seeks to determine whether there is a difference in operationalisation between SSC and NSC or whether it is merely old wine in new bottles, having no intrinsic value but rather, shifting exploitation and power relations to southern hegemons. The paper will seek to answer this research question by studying the involvement of the European Union (EU) and Chinese companies on South Africa's mining industry, and the impact this cooperation has had.

Natural resources are of particular interest to developing countries, simply because they are used as the engine that fuels economic development, especially as developing countries do not have much development in any other sectors. South Africa has been chosen because it presents a slightly different case to many other African countries when it comes to the management of natural resources. It is resource-rich, which is not particular to it, as several other countries are equally or more endowed with natural resources. The difference with South Africa's mining industry, however, is that it is more developed than that of other African states, thus making opportunities for new investors limited. More importantly, it has a complex regulatory framework in place that is reasonably enforced with a robust labour market that is backed by trade unions, thus providing some oversight and making it difficult for external companies to exploit without accountability.

1.1. Main Research Question

Are there any significant differences in the modus operandi of SSC and NSC? A case study of the EU and China's impact on South Africa's mining sector.

1.2. Research Questions

1. How does SSC operate?
2. What are the different interests driving role players in SSC?
3. Is there any ideological difference between SSC and NSC?
4. Are there any power relations at play in SSC initiatives, as there are within NSC?

1.3. Research Objectives

1. To understand how SSC operates.
2. To investigate in which ways SSC is different from NSC.
3. To determine if there is any ideological difference between SSC and NSC.
4. To determine any power relations at play between southern actors.

1.4. Clarification of concepts

South-South Cooperation

SSC is a form of development that is undertaken by developing countries and supports knowledge and experience sharing, advancing technology, investment, sharing of information and building capacity through governments, civil society organisations, academic institutions, national institutions and networks. This cooperation seeks to accelerate political, economic, social, cultural, environmental and technical development in southern countries. The guiding principles of SSC are that of mutual respect, equal partnership and benefit as well as respect for sovereignty and non-interference (UNIDO, 2016).

North/South

North/South is an economic division of countries, where the north represents the richer countries of North America, Europe, Japan, Australia and New Zealand and the south represents poorer countries of Africa, Asia and Latin America. North-South aid is thus development cooperation between developed countries of the north (mostly members of the Organisation for Economic Development and Cooperation (OECD) Development Assistance Committee (DAC)) and developing countries of the south (non-DAC members) (Rosseel, De Corte, Blommaert, & Verniers, 2009).

OECD Development Assistance Committee (DAC)

The OECD provides a forum where governments work together and share experiences in order find solutions to developmental problems throughout the world. The OECD has 34[1] members all from North and South America, Europe and Asia-Pacific, and emerging countries like Mexico, Chile and Turkey. The OECD works with governments to determine the drivers behind economic, social and environmental change. It also monitors, analyses and compares global flows of trade and investment, in order to predict future trends. Its influence allows it to set international standards on a wide range of issues, from agriculture to tax (OECD, 2016).

The OECD – DAC was created by a Ministerial Resolution of 23 July 1960 and has 29 members that are all from developed countries. The DAC was formed with the purpose of promoting development co-operation and policies that contribute towards sustainable development. These policies are those that support pro-poor economic growth, and improved living standards in developing countries. It describes itself as being the "venue and voice" of the world's major donor countries (OECD, 2010).

Developing/Developed Countries

This paper will use the World Bank's classification of developing and developed countries. On the first of July each year, the World Bank revises analytical

[1] OECD members are the same as DAC members but include Mexico, Chile, Turkey and Estonia. Found at: http://www.oecd.org/about/membersandpartners/

classification of the world's economies based on estimates of Gross National Income (GNI) per capita for the previous year. The GNI per capita is Gross National Income converted to US dollars using purchasing power parity rates. The most current World Bank income classifications by GNI per capita (updated 1 July every year) are as follows:

- Low income: US$1,045 or less
- Middle income: US $1,045 to $s4,125
- Upper middle income: US $4,125 to $12,47
- High income: US $12,736 or more (World Bank, 2015).

Low- and middle-income economies are usually referred to as developing economies, while the upper middle income and the high income are referred to as developed countries

CHAPTER TWO: LITERATURE REVIEW

2. Literature Review

The terms north and south are used in political discourse to describe the relationship between the rich industrialised countries (north) and poor developing countries (south). The dividing factor between north and south is not geographical but rather, based on certain political, social and economic structures and levels of development measured mostly by the Gross Domestic Product (GDP) per head and socio-economic status of a country (Krüger, 2008).

Discourse on the development of the south gained momentum following the end of World War II. The 1955 Bandung Conference held in Indonesia symbolised the beginning of the rise of the south in international affairs. It was the first time that countries of the south (Asia and Africa) expressed their desire to play an independent role in world politics (The Ministry of Foreign Affairs, Republic of Indonesia, 1955). This was coupled by the formation of the Non-Aligned Movement (NAM)[2] and the Group of 77 (G77)[3].

SSC regained momentum in the late 1990s and early 2000s. This happened for many reasons, including the global financial crisis (which resulted in shrinking Official Development Assistance (ODA) and growing southern economies. There was also the fact that growing middle-income countries wanted to improve their stance in global politics as emerging actors and influence international affairs. These now middle-income countries had some success in their own development and wanted to share these experiences with other emerging countries. NSC had proven inefficient for the growth of developing countries in that they still had low growth levels and there was a growing gap between developed and developing countries (e Silva, 2008). Southern countries were of the view that they had little ownership of processes due to unequal power relations between themselves and

[2] http://www.nam.gov.za/background/history.htm

[3] http://www.google.com/url?sa=t&rct=j&q=&esrc=s&source=web&cd=3&ved=0ahUKEwie1bXZxvfMAhXML8AKHVEODWMQFggrMAI&url=http%3A%2F%2Fwww.g77.org%2Fparis%2Fhistory%2Fpdf%2FhistoryG77.pdf&usg=AFQjCNHARV70HI9AbQATtiz6_z39AggGqA&sig2=Y2uU6qbkPnhbBICyqgU-gw

developed countries, and a one-size-fits-all approach to development was not helping developing countries reach their developmental goals (Phillips, 2013).

SSC is, however, not a new phenomenon. Quadir (2013) explains that referring to non-DAC partners as emerging is a problem as it undermines historical relationships and ties of development between southern states. What is new, however, is that many of these countries such as Brazil, South Africa and India are in the process of redefining their role in development cooperation.

2.1. Theories Relevant to the Study

International Relations Realism

This paper will assess SSC using a realist theory of International Relations. Realism in International Relations seeks to explain the rational behaviour of state interaction. The theory assumes that states exist in anarchy, which is the absence of an international government. The theory also makes a point that state actors are humans who are governed by human nature, which is inherently inclined towards immorality (Thompson & Morgenthau, 1985). Thus, what informs state policy is the actions of self-interested actors who create policies that are in the best interest of their own sovereign states and not the greater good of humanity.

Thompson & Morgenthau (1985) argued that states are self-interested, power-seeking rational actors who seek to maximise their chances of survival. Thus, states only co-operate to maximise each individual state's security and there is no idealistic agenda that drives state cooperation. This is somewhat contrary to the ideology of SSC, which claims to be based on principles of horizontal cooperation for the development of the south. The whole notion of SSC rests on its claim that southern actors share similar challenges, and in a non-hegemonic manner are willing to assist each other through technical support and financing to develop the global south. This represents a move away from traditional cooperation with the north, where developed countries are seen to have created a state of dependency for developing countries, and have superiority of power, which gives them control over the developmental agenda.

Under SSC, states supposedly have horizontal power relations and can share knowledge among one other for the development of southern states. The theory of SSC seems to negate the fact that even southern states and state actors have their own self-interest, and, in their cooperation, states will still operate in a manner that will be of benefit to their own countries. Amusa, Monkam and Viegi (2016) point out, for example, that Chinese interest in Africa is less about a belief in the emancipation of the continent and more about the opportunities and resources that Africa possess. These will benefit China's economic development, as well as their international aspirations of being a global superpower. Southern states should thus be cautious on the terms under which development partnership with southern countries occurs, as well as the motives of southern actors.

2.2. RE-OCCURRING THEMES

The Modus Operandi of SSC

Countries of the south characterise themselves by the assumption that they have a common history and are therefore better equipped to assist with each other's developmental needs, as they have a better understanding of context than the north. This is mainly because they have experienced colonial oppression and the struggle for independence has led them to have a common anti-colonial identity (Krüger, 2008). This similarity is rather over stated, firstly because southern countries still have more differences than similarities. A colonial past does not necessarily mean that experiences can be easily transferred, as this would undermine the important role played by different country contexts. Latin America, for example, has a very different past and context to Africa and to Asia. While there may be common traits within these continents, development takes a very different shape according to a country's unique make up, goals and objectives. This assumption may thus lead the south to re-create the one-size-fits-all approach they are seeking to reform within north-south development discourse.

Southern actors are moving away from what Martinussen (1997) refers to as "conditionality driven aid", to place a greater emphasis on domestically determined development objectives rather than advancing those of donor countries – there are less prescriptions and partners have more control of

development objectives. Development thus takes place through what southern countries term 'horizontal cooperation'; that is, based on principles of equality, partnership and mutual interest.

In keeping with the realist paradigm mentioned above, Quadir (2013) is very sceptical of a county's noble objectives in participating in SSC. He notes that states are likely to have their own motives for participating in SSC initiatives by way of either gaining international influence and legitimacy or promoting domestic industries. This is illustrated in the way that southern actors such as China, India and South African require recipient countries to use their labour, technological expertise and equipment. In this sense, SSC motives would not be fundamentally different from those of ODA, except that their conditions are not political.

Emerging countries are ultimately against the notion of a 'donor' and 'recipient' country and are not members of the OECD-DAC. These countries do not adhere to northern conceptions and principles of development and aid, and are also not party to the Paris Declaration[4] on Aid Effectiveness, as they believe that they did not develop those principles and thus need not abide by them (Rampa, Bilal & Siridopoulos, 2009). Southern actors are furthermore very sceptical of the notion of aid-driven assistance that the north seems to be promoting. In seeking to implement locally owned development processes, aid is but one mechanism and is an instrument which, according to Rampa et al. (2009), has not yielded the required benchmarks of development. There is more to cooperation than financing; experience sharing, investments, technical support and partnership are thus the principles that southern actors believe may yield better and more sustainable results than simply giving aid.

The Bandung Conference still seems to govern much of ssc principles, these being: "mutual respect for territorial integrity and sovereignty, mutual non-aggression, mutual non-interference in each other's internal affairs, equality and mutual benefit, and peaceful co-existence" (The Ministry of Foreign Affairs, Republic of Indonesia, 1955).

[4] http://www.oecd.org/dac/effectiveness/34428351.pdf

North-South Cooperation

The idea that foreign aid can assist poor countries to develop came out of the Marshal Plan. After WWII in the 1940s, the plan was created to assist European countries with post-conflict reconstruction and development; the implementation of which yielded positive results (Luth, 2012). This led to the belief that foreign aid could assist poor countries on their quest to become developed states.

North-south aid is often directed through the OECD-DAC. The OECD-DAC also sets priorities for development. NSC is thus the development cooperation between the northern developed countries and southern developing countries. Net official development assistance (ODA) from DAC members amounted to US$135.2 billion, level with a record US$135.1 billion in 2013 alone (OECD, 2014: 1). This shows the large flows of aid from these first-world countries to developing states.

The OECD-DAC has been criticised for not considering what recipient country goals may be in terms of their agenda setting and aid. The lack of consultation on the development agenda has meant that so-called recipient countries have no control over objectives. The over emphasis on aid has also been criticised as being a very linear approach to development. Setting global agendas for development also means that northern countries do not necessarily consider the different contexts where developing countries emerge. Rampa et al. (2012) state that the emergence of new southern actors in development discourse will give poor countries, such as those in Africa, bargaining power such that donors will have to engage with poor countries on the terms and conditions of cooperation as they now have alternatives and do not necessarily depend solely on finance from the OECD to achieve development objectives.

Triangulation

In practice, SSC projects are increasingly being funded through triangular initiatives. Through triangulation, a developed country will likely fund a cooperation project between two southern countries (e Silva, 2009). An example of this is the EU, Brazil and Africa triangular cooperation agreement on Agriculture in 2007 (UNCTAD, 2012). Priority areas of this agreement are climate change and finding alternative energy sources to fossil fuels in agricultural

development, which will reduce gashouse emissions. The EU and Brazil claim to have taken steps to involve all members in the production, trade and consumption of the renewable energy project; however, this is a typical triangulation case where the goals of more resourced countries take advantage of those of African states. In as much as greenhouse gas emissions form part of an international agenda, they are not the primary goal for African countries when it comes to agriculture. Such agreements should thus take more of a priority in developing Africa's agricultural sector and diversifying more than putting importance on developed countries goals of preservation.

Adnebur and Da Fonseca (2013) cite the north's interest in triangular cooperation as compensation for its decreasing influence in the south. The north is thus seeking new points of entry that will allow it to continue shaping the norms and principles of development while maintaining economic and political power and relevance.

Regarding the inclusion of southern actors in future development discourse, Xu and Carey (2013) note that it seems the relationship is more one of competition than inclusion, also noting that knowledge production efforts by the north are still geared towards maintaining control of the development space than working with southern actors.

Accountability

The emerging role of southern actors as financiers/investors has become prominent, especially in so far as China and India are concerned; these countries now offering 'non-conditional' loans to be driven by domestic development goals of the recipients, thus offering a level of autonomy (Quadir 2013).

Naim (2009) cautions against what he terms 'rogue aid' by highlighting the potential which the toxic effects of aid from non-democratic and non-transparent donors such as China can have, as these can easily breed corruption – the detriment of a state's citizenry. Kamwanga and Koyi (2009) take this further by arguing that foreign direct investment (FDI) from some southern actors such as China may be at the expense of safeguarding civil liberties. This is because southern actors work with governments regardless of their democratic

credentials, and in some instances, has even been accused of supporting dictatorships. It thus becomes difficult for citizens to hold their leaders accountable and to ensure that governments do not breach the social contract with their citizenry.

Furthermore, national governments need to hold private investors accountable to the country's investment regulations on the part of the investing and receiving countries because, often, development cooperation is conducted through the private sector.

Coordination

According to a report by ECOSOC (2008), most SSC partners do not perform a coordination role in compiling, processing or disseminating development cooperation related data. There are also no central points at country level to access any information. This is largely because initiatives are generally project driven and because different departments lead these projects. There have, however, been several countries that have deliberately gone on information collection drives and developed agencies to be focal points for development cooperation, such as Brazil and Turkey. For most southern actors, however, coordination still does not seem to be a major priority.

SSC is different from ODA in that southern actors are not united by a common vision of development. This is evident in the fact that actors are not bound by any common rules of engagement and there is no common articulated vision beyond their southern and developing country status. Countries pursue different developmental agendas according to their own conceptualisation of development that don't necessarily uphold to values of social justice, environmental stability democracy or human rights. There is thus no core or common SSC ideology (Quadir, 2013).

SSC partners tend to participate in ad hoc uncoordinated exchanges addressing the immediate needs and concerns of southern states. Lack of monitoring and evaluation has also meant that it is difficult to evaluate the impact of projects undertaken and to gather lessons learnt.

The North/South divide in development cooperation

The North criticises China's approach to SSC based on the view that China is driven by its own self-interest and that is why it undermines international efforts of peace, security and democratisation. China's involvement in Africa 's development is more a strategic plan of fulfilling its resource needs and this is not always done in a manner that benefits recipient countries or local development. Thus, African countries must grapple with finding the better evil between Europe's vision of democracy, rule of law and free markets, and China's non-interference in exchange for resources (Shelton & Kabemba, 2010).

Part of the reason for this criticism is raised by the view that Chinese development provides:

- minimal job creation,
- limited skills and technology transfers,
- questionable business practices,
- minimal development of local economies
- low investment in manufacturing, and
- a high focus on extractive industries.

The most important task for countries working with China is thus to ensure that their engagement and cooperation with China is mutually beneficial. To assume that "southern solidarity" will automatically translate to mutual benefit is an error in judgement.

It is clear, however, that Africa is quite receptive to Chinese development for a speculative number of reasons, the obvious ones being those of non-interference and no political conditionalities. It is very important to stress the political conditionalities. The myth is that Chinese development comes with no conditionalities, which is not always the case; yes, there is no interference in the day-to-day governance of countries, but Chinese contracts have their own conditions which range from hiring Chinese engineers to buying products from Chinese companies, which seems to be less of a concern for some African leaders. One of China's advantages, however, is that it can get the job done quickly and there is less bureaucracy, thus allowing for much-needed development and cooperation to take place quickly (Hilsum, 2005).

Africa's view of the situation is rather different. Partly because the assumption/belief is that the current development gap that Africa is experiencing is largely contributed to by inefficient policies of the north. China allows African countries the space to decide their own model of development without dictating what they deem as a better path. China undoubtedly provides an alternative for African countries: to free them from the economic dependency on their past colonisers. This freedom may just be the most important thing for African leaders (Brookes & Shin, 2006).

It is always good to remember that, unlike Europe, China did not colonise Africa – a fact that will always play in its favour. The first memories of China's involvement in Africa are laced by a show of anti-colonial solidarity in the development of the Taraza railway project in the 1970s, which painted China as an ally that was not seeking to exploit Africa but rather, to develop and emancipate it from imperialism.

2.3. SUMMARY

Although not a new phenomenon, SSC has gained traction in recent years and seems necessary at this stage in the development arena where ODA from developed countries is decreasing. One cannot ignore that there are differences in the principles and operation of SSC as compared to ODA; however, the similarities also need to be noted in these relationships. These are in the form of supposed non-conditionality, but which seems to manifest itself in a non-political manner.

In seeing states as self-interested entities, actors should be aware of the interests of even southern actors in engaging in development. Issues of non-accountability and lack of transparency may yield to the opposite effect of what is meant to be achieved through development cooperation, should it create opportunities for corruption. SSC and NSC are connected and actors need to understand this interaction to understand the changing nature of development and the real value of SSC.

Ultimately, China and other emerging southern actors will inevitably encounter

challenges – some like those which traditional donors have been dealing with for many years.

In terms of sharing experiences, the 2009 China-DAC Study Group, in association with the OECD-DAC, was an experiment in mutual learning between the OECD and China. What must be recognised is that both emerging powers and established powers need to learn from each other's experience in Africa and elsewhere in the developing world (Rampa, Bilal & Siridopoulos, 2012).

CHAPTER THREE: METHODOLOGY

3. Methodology

This section of the paper will discuss in detail what design will be used to conduct the research, specifically looking at the research design, the data collection approach and what methods will be used to analyse the data. It will also discuss the limitations of the study, the researcher's reflexivity, and any ethical considerations relevant to the study.

3.1. Research Design

This study used a qualitative approach to research (Babbie & Mouton, 2001). The research design comprised three main components; in-depth interviews at several selected organisations in Pretoria and Johannesburg, where comment was gathered from participants who have knowledge of and/or who have worked on the two case studies of the EU and China's involvement in South Africa's mining sector. The face-to-face interviews were supplemented by Skype interviews and questionnaires to relevant participants who were outside of the Gauteng area or who did not have time for an interview. Lastly, document analysis of previous reports and publications of the subject matter was analysed. A qualitative approach allowed the researcher to seek meaning using different methods, allowing her to interact with subjects directly involved in the field of study, thus giving an insider perspective. Using previous knowledge through documentation analysis assisted the researcher to better understand context and gain a priori knowledge, while the case studies were used as examples to provide evidence for the researcher's findings.

In-depth Interviews

In-depth interviews allowed the researcher to understand events from the perspective of the insiders, provide description and understanding of the phenomenon under investigation, and obtain, specific organisational-based perspective from different actors to avoid generalising. Most importantly, it allowed the researcher to attain credible, well thought-out responses from participants. The interaction between the researcher and the respondents further enabled better interpretation (Babbie & Mouton, 2001).

Interviewing participants that have been directly involved in the implementation of both case studies gave the researcher a better understanding of context, making it possible to deconstruct or reconstruct certain beliefs about SSC (Yin, 2003). The case studies were deliberately been chosen in the same country and the same sector, so to get as neutral a study as possible. The researcher was careful not to over-generalise case study findings to all other cases, but rather used them more as an example for illustration.

Document Analysis

Document analysis assisted the researcher in examining information from different data sources, including newspapers, official reports and published research, to develop empirical knowledge. More importantly, it gave the researcher a better understanding of context and the ability to track changes and developments over time. Analysing documents assisted the researcher to gain prior knowledge that either affirmed or refuted the findings of the research, to have a more objective analysis (Bowen, 2009).

3.2. Population and Sampling

The research used non-probability sampling, namely purposive as well as snowball sampling methods, to interview respondents that were involved in the conceptualisation and implementation of both case studies (Babbie & Mouton, 2001). Organisations working in the mining development field, such as the Chamber of Mines, non-governmental organisations (NGOs) that work with the mining sector, such the Benchmarks Foundation, government departments such as the Department of Mineral Resources, and representatives from embassies as well as mining companies which are directly involved in the study, were interviewed. Purposive snowball sampling was deliberately used to obtain necessary 'expert' information, as well as insider perspective of the operations of NSC and SSC.

3.3. Data Collection

Data Collection Approach

The study adopted a qualitative data analysis approach, looking at stakeholders' interpretations and experiences in working on these particular projects, though these may not necessarily be fact (Babbie & Mouton, 2001). This will, however, help the researcher in seeking to gain a holistic perspective and understanding of how the participants and their organisations understand and experienced working with different stakeholders on these projects.

Data Collection Tool

The data collection tool that was used for this study was semi-structured interviews between the researcher and the key informants from the various organisations. The semi-structured interview makes the schedule a guide rather than a stringent prescriptive questionnaire, allowing the respondent to determine the direction of the interview and gain information one may not necessarily have gathered in a structured interview, as a semi-structured format allows for greater flexibility (Babbie & Mouton, 2001). Skype interviews were used for those participants out of Gauteng, as well as those in the province who were not able to meet the researcher in person. This assisted the researcher to represent a holistic view of different participants and not just the views of those participants who were within reach.

Data Collection Instrument

The data collection instruments used for this study were a semi-structured interview schedule, a questionnaire and a digital recorder – the latter used with the permission of the informants. The digital recorder allowed the researcher to relax and properly engage the respondents without rushing for note taking. It also enabled the researcher to go back and listen to the interview in search of any information that may have been missed, thus assisting with data analysis. Analysis of the questionnaires, meanwhile, helped the researcher gain a more holistic understanding of the problem.

3.4. Limitations of this study

Sample size is one limitation of this study, as the researcher was only able to interview organisations and participants in Gauteng. The researcher had limited time to conduct the interviews and was not able to get to all desired participants, as some were unavailable.

As this is a qualitative research project, bias may come into play on the part of the respondents and the researcher during the research process.
Data on official government business is not always readily available, particularly in the case of information regarding Chinese contracts with South Africa. Chinese officials also dispute trade statistics provided by South Africa, with the claim that South Africa overlooks exports to Hong Kong, which are intended for China's mainland. There are thus no accurate figures, though the figures available at least allowed the researcher to paint a picture (Shelton & Kambemba, 2012).

3.5. Reflexivity

As mentioned in the limitations, bias can be a problem in qualitative research. The researcher may bring in their own bias and not completely reflect the views of participants. In curbing this in the analysis process, the researcher constantly revisited raw data to ensure that views written in the reporting process were reflective of the participants and that it was clear where the researcher's own opinions were discussed and not inferred as if they were research findings. Documented data was also constantly re-visited to ensure that in as far as possible an objective account of the information was provided.

3.6. Main Ethical Considerations

The research undertaken was based on ethical considerations as set out in de Vos (2011). The research was transparent and completely voluntary, and participants were informed of all processes and intentions of the research. Some ethical considerations taken into account for this study included voluntary participation, informed consent, violation of privacy/anonymity/confidentially,

deception, compensation, and data interpretation, each of which will be discussed in turn.

Voluntary participation

The issue of voluntary participation is of utmost importance to research. Participants were fully informed of their right not to participate in the study. Request for permission letters were sent to the participants indicating the intentions of the study, and that participation was completely voluntary. Participants were also given contact information on the form should they have had any queries.

Informed consent

Informed consent allowed the respondents to choose for themselves whether they wanted to be part of the study. Consent forms were sent to participants prior to the interview taking place. This also meant that the participants were informed of procedures to be undertaken and not given any false information (de Vos et al., 2011). The consent form assisted in deterring this, as participants were made fully aware of the intentions as well as procedure for the interview specifically and the study as a whole.

Violation of privacy/anonymity/confidentiality

Participants' identity will remain anonymous unless they otherwise stated that they consent for their organisations or positions to be publicised. The research findings will be kept completely confidential and raw data will not be published or seen by any party other than the researcher (de Vos et al., 2011).

Deception

Deception refers to not giving participants the correct information or withholding some information that could make them refuse participation in the study (De Vos et al., 2011). No deception occurred in this research and the full intentions of the research were communicated to participants.

Compensation

This study was completely voluntary. No compensation or incentive was given to any participants for their participation.

Data Interpretation

The researcher analysed the data in a manner that avoided any deliberate misinformation or misinterpretation, trying at all times to represent fairly and as accurately as possible the information gathered in the field (de Vos, 2011).

3.7. Summary

The above research seeks to understand the growing phenomenon of SSC, mainly in the quest to understand if there are any fundamental, ideological or even operational differences between SSC and NSC.

SSC has been assumed to operate on a different ethos and principles to NSC by allowing greater partnership instead of a donor/recipient relationship, thus ensuring equality and ownership of processes by recipient countries. Some literature reflects that, in operation, SSC is not that different to NSC: at times it just recycles old patterns of development cooperation, only with different actors – especially those of unequal power relations and countries pushing for their own self interests.

Through document analysis, questionnaires and interviews, this research sought to understand and answer the question of whether SSC is, in fact, old wine in new bottles, using a case study of the EU and China's involvement in South Africa's mining sector. The case studies illustrate some of the differences and similarities in the ways in which northern and southern countries interact in development cooperation, thus either supporting or refuting the claim that SSC is, in fact, a different discourse all together.

CHAPTER FOUR: DISCUSSION OF FINDINGS – UNDERSTANDING NSC AND SCC IN REALITY

4. Discussion of findings – Understanding NSC and SCC in reality

SSC stems from the realisation that because the north and south come from completely different contexts, the south cannot mimic the developmental trajectory of the north and yield the same results, which is what northern partners think will solve all of Africa's developmental problems.

The north considers development assistance to the south as a moral obligation rather than a genuine interest in assisting the south towards its own development. It also comes from a place of superiority, as the north believes it has expert knowledge, institutions and technology that the south supposedly needs to develop to the same level.

SSC partners are different in that they are guided more by opportunity, by the notion of mutual benefit, mutual experiences, and shared identities of colonialism. Thus, they will see cooperation with other southern countries as a show of solidarity and based on the understanding of a shared history of social movements and similar economic development. Thus, the expertise they bestow is based on direct experience of pursuing development in poor country circumstances.

Is SSC actually happening or is it just rhetoric that is being used to garner new investment and trade opportunities? From the research conducted it would seem that SSC is more a jargon that has not really changed the prevalence of power dynamics in the development cooperation arena.

The BRICS countries are supposed to be a manifestation of the existence of SSC, where countries that are at similar development stages help each other towards developing rather than being dependent on the north and its traditional investment strategy that revolves around the OECD-DAC and Bretton Woods

Institutions[5]. The difficulty there, however, is that southern countries do not necessarily have similar experiences, backgrounds, challenges or make up. Instead, there is likely to be competition between them. In fact, SSC has the ability and potential to create dependency of more powerful southern countries, much the same way that NSC created developing countries' dependence on developed countries.

Initially, SSC was seen as a socialist type of development assistance not driven by profit, though this was before a number of the powerful southern countries became global market economies – especially so in the case of China. If one looks at Chinese development projects in Africa between the 1950s and 1970s, such as the Tazara railway in Zambia[6], one will find projects that were seen more as a way of creating a "friendship" with the African continent than they were for making profit. However, Chinese SSC strategy has changed since it started practicing open market principles, which are more like those of the north, even though China claims to be a socialist government. It now seems as though China is more of an alternative model of capitalism.

The north has realised that since China's insertion into the development space, along with that of other southern actors such as Brazil and India, it is missing out on opportunities for profit making as well as influence in Africa, as the continent is starting to do more business with other southern actors, which they would traditionally have done with the north.

Africa may be poor in terms of revenue but it is rich in mineral and natural resources. Any developing economy will thus need Africa to fuel and assist its development. The north tends to sometimes forget this about Africa and does not see the continent as much of a marketable opportunity – as China does. Thus, to remain relevant, northern countries "throw money" at SSC initiatives. Because some African states are starting to become hostile towards development assistance from the north, triangulation is thus one way that the north seeks to retain its relevance in the development space.

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[5] http://www.brettonwoodsproject.org/2005/08/art-320747/
[6] See http://www.chinese-embassy.org.za/eng/zgxw/t1429661.htm

This paper will look at Chinese and European involvement in South Africa's mining sector, starting broadly by looking at the two actors in terms of their engagements in the continent and then narrowing down to country level, specifically mining. It is important, however, to first have a broad understanding of the sector.

4.1. South Africa's mining sector

South Africa first attracted European investment in the 1870s and 1880s when commercial mining of gold and diamonds began. Mining in the country did not start with the arrival of Europeans, however, and historians describe early mining activities as having taken place in the Witwatersrand as early as the 13th century. The Europeans brought with them capital and technology, which fast-tracked mining in the country and led to accelerated British and Dutch immigration, as well as increased marginalisation of the country's black population (Byrnes, 1996).

By the 19th century, mined minerals in the country had grown to include two dozen minerals besides gold and diamonds. As published in Byrnes (1996:1) "by the mid-twentieth century, South Africa was the world's largest producer or second largest producer of gold, diamonds, platinum, chromium, manganese, and vanadium; and it ranked high among producers of coal, iron ore, uranium, copper, silver, fluorspar, asbestos, and limestone (Lane, Guzek & Van Antwerpen, 2014). There are five major mineral complexes in the country, namely, the Western Cape, the old Transvaal, the Bushveld, the Witwatersrand, and the Northern Cape.

By 1980, mining was contributing 21% to South Africa's GDP (Stats SA, 2017). This made the mining sector the second most influential industry in the country. However, this figure has shrunk considerably in recent years. In 2014, according to the Chamber of Mines (Baxter, 2015: 11) the mining sector contributed 7.6% to GDP, an estimated 15% to FDI, 20% of private investment, 1.4 million jobs, and 25% of exports, all of which is below the industry's potential. Total employment in the industry decreased from 538 000 in 2012 to 490 000 in 2015. The total number of mine employees declined from 378 000 in 2012 to 353 000 in 2015.

That being said, the mining sector still contributes a reasonable amount to economic development through job creation and resultantly to tax revenue for the country, which makes it an important part of the country's economy, especially considering that one mine employee has an average of nine dependants, according to the Chamber of Mines (2018).

South Africa's mining sector is highly regulated and grounded in a legal framework under the Mineral and Petroleum Resources Development Act of 2002[7]. At the centre of this Act is the emphasis on natural resources belonging to all the country's citizens, and that the government should ensure the proceeds thereof benefit all who live in the country. One of South Africa's reforms when the democratic dispensation came about was that all mining rights be owned by the government instead of individuals or companies, although two thirds of the country's mining rights remain privately owned in reality (Bryan & Hofmann, 2007). The country's Mining Charter encourages the participation of previously disadvantaged groups in the sector. The executive bureaucracy that is responsible for formulating mining law largely plays the oversight role in the country over these minerals and implementing policy at the neglect of using the robust civil society the country has.

In recent history the mining industry has been in decline, more so after the global economic crisis of 2008. With the economic crisis, the sector, previously dominated by European actors especially in South Africa, gave way for new investors such as China, which led to a decrease in commodity prices. South Africa specifically has seen even further declines influenced by a number of factors such as electricity challenges and robust labour unions that have increasing wage demands despite decreasing profits. All these factors together resulted in a loss of 60 000 jobs in the country's mining sector between 2012 and 2015 (Chamber of Mines, 2018).

Roger Baxter, Chamber of Mines CEO, believes that the mining sector, despite its decline, still has great potential for growth and holds a considerable proportion

7 file:///Users/user/Downloads/mineraland petroleum resources development actmprda.pdf

of the word's commodity reserves. He predicts that the mining sector in South Africa still has the potential to grow by 3 to 5% a year if the country could invest in advanced technologies (Solomons, 2017).

A new Mining Charter was drafted and published in June 2017, though this process was not without challenges, firstly and perhaps most importantly because mining communities believe that the drafting process did not take into consideration their views, and because communities want to be recognised as key stakeholders. The new charter has also been opposed by the industry as it puts extra levies on companies and increases black economic empowerment (BEE) requirements (Crowley, 2017).

The Mining Charter had to be reviewed because the reality is that mining has not made the significant difference it has the potential to make in the lives of ordinary South Africans, which has created a lot of tension between government, mining companies, labour unions, communities, and mine workers. For mining companies, it seems as if the government is increasingly shifting its social responsibilities onto them as part of corporate social investment (CSI) or social and labour plans (SLPs), which include, for example, education and healthcare. This expectation is exacerbated by the demands of mining communities, who expect mines to be the engineers of socio-economic development, providing jobs, infrastructure development and education, a lack of which results in community unrest and delays and loss of productivity (Lane, Guzek & Van Antwerpen, 2014). Investors, of course, want businesses that are profitable. In moving forward and seeking ways that can revive and grow the mining sector, South Africa needs to find solutions and a Charter that can marry or at least seek to marry all of these different interests.

CHAPTER FIVE: CHINA IN AFRICA

5. CHINA IN AFRICA

Chinese Premier Zhoun Enlai's visit to Africa in 1963 signalled a new chapter in China-Africa relations (China Daily, 2010). During this visit, the minister proposed eight principles that would guide cooperation between these two actors from that point on. These included:

- Equality and mutual benefit;
- Non-conditionality and no privileges;
- Assisting developing countries towards self-reliance and economic independence;
- Development projects that need less capital investment but yield better and quicker results;
- Providing the best quality materials;
- Providing skills transfer by ensuring that personnel of the recipient country could master techniques upon China's departure; and that
- Chinese experts were not to enjoy any special demands from recipient countries (China Daily, 2010: 1).

Fast-forward to the recent past: China's Africa policy was formally introduced in 2000, under the Forum for China Africa Co-operation (FOCAC). Under the SSC umbrella, FOCAC aims to assist Africa towards economic development and strengthening cooperation in the face of globalisation and its challenges (Ministry of Foreign Affairs, the People's Republic of China, 2013).

The premise that led to the formation of FOCAC was that globalisation had presented developing countries with more challenges and risks than opportunities. Thus, developing countries are to assist each other in tackling these challenges, and in this regard, China and Africa should strengthen co-operation and explore new strategies that would assist in the development of what are known to be periphery countries so that they may be better equipped to participate in the global economy.

The leading principles under the FOCAC agreement as summarised by Naidoo (2007: 39) as follows:

- "Equality and mutual benefit;
- Diversity in form and content;
- Emphasis on practical results;
- Pursuit of common progress; and
- Amicable settlement of differences."

China's engagement in Africa should not be taken at face value as just southern solidarity and partnership but should be scrutinised to determine its intrinsic value. It is important to consider that China has had a robustly growing economy in the past decade, which requires resources that Africa has in abundance to sustain such growth. China therefore needs to maintain geopolitical influence in the continent to support its domestic growth.

China's political and economic policies are governed by the Beijing Consensus (Ramo, 2004). The principles thereof are counter to the Washington Consensus, which is known for its Bretton Woods Institutions, being the World Bank and the International Monetary Fund (IMF), which were created after World War II to assist with post-war recovery and development, as well as international economic cooperation. The two institutions are, however, best known for their conditionalities towards recipient countries that borrow money, strict macroeconomic policies, a reduction in public spending, and promoting democratic governance principles to recipient countries (Ramo, 2004). The previously mentioned characteristics of the Washington Consensus have not always been well received by recipient countries and have not always yielded the desired effects on developing states, especially those in Africa. Thus, there has been growing resentment among the south, as developing countries for a long time had little option for developmental lending outside of these institutions, which are funded by northern states. The Beijing Consensus was in a way a response to the dissatisfaction of developing countries with the Washington Consensus, as the former considers non-interference and protection of sovereignty in the countries it works with as particularly important.

From its actions, China's global strategy seems to be premised on three things:

- Access to raw materials,
- Access to economic markets, and

- A greater role in international politics (Kabemba, 2012a).

Its strategy towards engaging Africa is thus aligned to its global strategy.

In recent years, African countries seem to prefer doing business with China for several reasons, the most obvious being that China has never colonised the continent. African leaders still appear to have a lot of anger towards their colonial 'masters', who continue to exploit their resources and to whom, in exchange, for any assistance, they must surrender their sovereignty and succumb to their principles of governance. China also has a comparative advantage because it can get things done cheaper and quicker, as it has less bureaucracy. So, in terms of market competitiveness, China is a strong alternative.

Development is for the most part considered positive, no matter which source or country is funding it. China's rapid economic growth does offer new opportunities for Africa towards achieving its developmental plans. The World Bank has confirmed that the growth of the Chinese economy as well as growing trade and investment between China and Africa has given Africa a major economic boost, with the expectation that the relationship is going to yield even better results in the long-term. As mentioned by Makhtar Diop (World bank, 2015: 1) upon his visit to China, real GDP growth for Africa has "averaged 4.5% a year during 1995-2013, with nearly one-fifth of countries in the region growing at an average rate of 7% or better". This is comparable to developing countries outside the region, and has only been outperformed by East Asia and the Pacific region. This growth level is expected to be at 5.1% for 2017 (World Bank, 2015: 1). Chinese investment by boosting local economies creates new commercial opportunities for local citizens in Africa, thus providing livelihoods and opportunities for tax revenue for governments to promote service delivery. The IMF considers Africa's overall growth, estimated at 6%, to be at its highest in over 30 years. As pointed out in Kabemba (2012a), this is due in part to China's growing investment in the continent in mining and infrastructure development.

Africa's relationship with China has, however, not been without problems. South Africa's former president Thabo Mbeki previously warned of an unequal relationship between China and Africa (Mail & Guardian, 2006), emphasising the

fact that Africa needs to ensure that its relationship with China is mutually beneficial or Africa risks building an unequal and potentially dependent relationship with China. African countries thus need to ensure that China does not simply extract raw materials from the continent to benefit its own growth and not that of Africa. This will require building local capacity in African states to be able to negotiate preferential arrangements with established economies such as China.

China has a clear strategy for Africa, which is well documented in the FOCAC agreement. In Shelton and Kabemba (2012), it is pointed out that China's strategy towards Africa seems to be one of securing access to the continent's natural resources by using soft power, strategic investment and political collaboration. However, Africa does not have a clear strategy towards China. Africa needs to coordinate through its Regional Economic Communities (RECs) and through its continental body, the African Union (AU), to ensure that its relationship with China upholds African interests and has African-determined development objectives.

China has clearly identified Africa as an important partner towards achieving its economic and global growth prospects. Kaplinsky and Morris (2009) note that China's investment in Africa is concentrated in oil, gas and mining; which are strategic in order to meet growing Chinese demand for resources to fuel the expansion of China's domestic economy. They also point to the fact that in several instances, Chinese state-owned-enterprise (SOE) investments are incorporated with Chinese aid and channelled towards projects that will lead to the fulfilment of Chinese resource needs.

Drafting the FOCAC agreement was not an exercise of solidarity as there was no consultation of what African countries would want to gain from Chinese counterparts. Rather, it seemed more like an articulation of Chinese needs and their perspective of what is best for African countries. China-Africa relation agendas are set in Beijing, and thus China determines the strategic direction of its dealings with African countries. China-Africa summits are funded by China, and China built the AU headquarters. Thus, Africa tends to tread carefully in terms of publicly critiquing China (Shelton & Kabemba, 2012). This is generally

the nature of what happens when you have a country that is economically more powerful – they tend to set the agenda, and this is not only specific to China. The BRICS grouping also represents a manifestation of power relations within the south. Countries that are part of this group are considered to be economically and politically powerful in the southern space.

Shelton and Kabamba (2012) believe that China is developing a sphere of influence in Africa in the same manner that colonial powers did: China aims to use its influence in Africa to displace traditional centres of power and promote its own ambitions of being an international superpower. China's engagement in Africa is thus seen as a way of gaining control over its territories. This view is based on its past relations with the continent and the colonial-style cooperation that seems to benefit China more than it does Africa.

Alden (2007) identifies three typologies for Chinese engagement in Africa, namely China as a development partner, China as an economic competitor, and China as a coloniser. Each will be discussed in turn.

1. China as a development partner

In this view, China is consolidating political relations with Africa that date back to the 1960s. This is seen as a mutually beneficial economic partnership that is a show of solidarity for previously disadvantaged countries, meaning that although the partnership will help China achieve its economic growth needs, it also assists Africa towards achieving its own development goals. China has given Africa an alternative trading and investment partner, thus allowing it bargaining power when it comes to negotiating contracts even with other countries, as they now have alternatives.

2. China as an economic competitor

Here, China is only interested in short-term resource grabbing that has little regard of the actual needs of African countries or the local people. China shows no regard for environmental effects or the rights of labour, as long as they get what they want from the recipient country. This ultimately leads to Africa's development gains being challenged by China's competitiveness.

3. China as a coloniser

The north physically colonised African countries, proponents of this view believe that China will bring a different type of colonialism – one that does not require it to physically occupy Africa but gain political and economic power over Africans. China's development assistance in Africa is thus part of a long-term strategy that seeks to displace traditional northern strongholds over African territories and forge partnerships with African elites under the guise of SSC, which will ultimately lead to China having political and economic control of African territories.

The above typologies will be considered in looking at China's engagements in South Africa and moving specifically to its engagements in the country's mining sector.

5.1. CHINA IN SOUTH AFRICA

Since the inception of post-apartheid South Africa, China has positioned itself as a friend and ally of the ANC government. This did not begin in 1994 but prior to the democratic government taking control, China supporting the ANC in its quest for liberation. This relationship was further entrenched in 1996 when the South African government decided to withdraw its recognition of Taiwan in solidarity with China. Formal relations between the two countries were then established on 1 January 1998 (Maloka & April, 2004).

Then president Jiang Zemin and president Thabo Mbeki in April 2000 signed what was to be known as the 'Pretoria Declaration on the Partnership between the People's Republic of China and the Republic of South Africa (USC, 2007). This declaration committed both countries to working together as partners and engaging in constructive dialogues on strengthening developing countries and cooperating on mutual support in the international system. This declaration also established a bi-national commission that would meet regularly to guide and coordinate relations between these two countries; a platform that can be used for consultation on issues of mutual interest on bilateral and multilateral affairs; a commitment to expanding economic links and efforts to bring about peace, security and development in Africa (Wadula, 2000).

This relationship further developed when then Minister of Economic Development, Ebrahim Patel (Patel, 2009), worked to develop ties with China that would put emphasis on South Africa's domestic economic priorities and meet the country's needs for infrastructure development and job creation. Minister Patel stressed the fact that China had to go beyond the trade structure that finds South Africa supplying raw materials and importing manufactured goods from China, as was the case with Europe and North America (Patel, 2009). This relationship has since changed, as in 2015, the bulk of South Africa's manufactured products exported to China amounted to R604 billion (DTI, 2016: 34). However, it is still quite skewed in favour of China, as South Africa exports more raw materials in comparison.

The relationship between China and South Africa has gradually developed over the years. Diplomatic relations have continued progressing from country to continental level through the G-20, IBSA (India, Brazil, South Africa) and, in 2010, the BRICS groupings and the two countries together are making a significant mark in global affairs (Alden & Wu, 2014b).

South Africa is also the only country besides Egypt that has a Strategic Comprehensive Partnership with China (Consulate-General of the People's Republic of China in Cape Town, 2017). This partnership is hoped to further strengthen diplomatic relations, promote trade and investment, and cooperation in the energy and financial services sectors. This partnership goes beyond just economics, to also include a partnership on media, culture, tourism and healthcare. It also includes building solidarity on the multilateral front, making sure to consult and coordinate southern solidarity to tackle global issues. China also recognises South Africa as a leader in the African continent and its important role in trying to maintain peace and security, and intends to support the country in taking a bigger role in international affairs.

Trade

Two-way trade since diplomatic relations in these countries were established have accelerated quite rapidly; China has become South Africa's largest trading partner following the economic meltdown of 2008 which resulted in a 32.8% drop in imports from major import economies including Europe (ITC, 2009). In one year between 2012 and 2013, trade increased by 32% from R205 billion to R270

billion (Alen & Wu, 2014a), while total investments from China to South Africa were at $8.74 billion in 2014 (Harvey, 2014). Alden (2014: 18) also cites that "figures provided by UNCTAD reveal that Chinese FDI stocks in South Africa were at $5,077 in 2012, as compared to the EU's $124 269 million or the US' $11,711 million". It should be noted, however, that China-Africa investment and trade figures are not always accurate due to the difference in reporting practices of the two countries. The available figures serve to provide an indication into the nature of investments.

China imports largely raw materials from South Africa, such as "iron ore, gold, copper, diamonds and chrome" (Naidoo, 2007). Over 70% of this trade is resource-based. Total trade between the two countries in 2015 was estimated to be over $20 billion (Igbinoba, 2016: 1).

Two-way trade between the two countries has reached new heights since the Zuma administration came into power (Gonzalez-Nuñez, 2010). Increased imports from China have, however, also contributed to the country's growing trade deficit, which raises concerns about the nature of the trade structure between the two countries. The leading exports from South Africa to China have been base metals, textiles, precious metals and wood products. This is not specific to South Africa, however, but in line with the products that China has generally sourced from the continent, especially mineral-rich countries such as Zambia and Angola. South Africa mainly imports value-added goods from China, such as machinery, clothing and motor vehicles (Harvey and Wu, 2014). As mentioned previously, South Africa is more developed politically and economically than most other African countries. In this regard, it is the only African country to have significantly invested in China. The relationship is also not as unequal as that of China and the rest of Africa because China also wants some of South Africa's advanced technologies, such as liquid fuel from coal.

South Africa's trade relationship with China has not been without complications. In 2006, exports from South Africa to China stood at $2 billion, with imports standing at $6,7 billion. By 2008, this figure had grown to $3,5 billion, while imports from China stood at over $10 billion (Kabemba, 2012b: 1). Following this, was a sudden flow of Chinese clothing imports in South Africa, which inflated

Chinese exports to South Africa by 335% between 2002 and 2006. Because of this, South Africa experienced job losses of roughly 40% and the sector has been struggling to revive itself since then (Shelton & Kabemba, 2012: 74). It is thus important that in the two countries engagements moving forward, this trade imbalance is addressed, as it may have negative consequences for South Africa in the long run and look more like the characteristics of the view that sees China as a coloniser.

Several South African manufacturing companies now prefer outsourcing to China, which is advantageous for them in the short run because China has an abundance of cheap and specialised labour and production facilities that would have to be established from scratch in South Africa. This trend is expected to rise (Brusati, 2007). Although this may be beneficial for the businesses that choose to outsource, it could prove problematic for the South African manufacturing industry because local capacity will not be developed to be as effective as that of China. Instead, more money is being pumped into the already established Chinese economy.

From the above, it seems that China and South Africa's trade and investment structure resembles that of a typical colonial relationship, where China extracts South Africa's natural resources for the benefit of its own domestic growth and imports value-added goods which still benefits it more than South Africa. These Chinese low-cost manufactured goods ultimately seek to undermine the competitiveness of local producers.

The above provided us with a background to China and South Africa's relations. The paper will now look specifically at China's involvement in South Africa's mining sector.

5.2. China in South Africa's Mining Sector

South Africa's mining industry has a developed legal system and is the most diversified and established mining sector in Africa and estimated to be the fifth largest in the world (Kaplan, 2010; Bryan & Hofmann, 2007), China's interaction with South Africa is thus required to be more structured than it is in any of the

other African countries.

Chinese officials visit Africa more than any other continent in the world and South Africa is the most frequented of the African countries. Davies (2006) indicates that Chinese investment in South Africa's mineral sector is relatively low compared to other parts of Africa. This is partly because most of South Africa's mineral rights are already being exploited and so it is easier to gain access to natural resources in other African countries. However, there seems to be nothing special about China's interest in South African mining, simply because several other African countries also have an abundance of natural resources and have a less developed mining sector, thus making it easier for the Chinese to exploit. China, however, sees South Africa as a regional hegemon and an entry point towards engaging with the rest of the continent and must thus maintain a strategic partnership with the country.

In 2008, following China-African bilateral talks, $5 billion (Schickeling, 2012) was set aside from the China-Africa Development Fund (CAD-FUND), these funds would also be made available for mining investments in South Africa. The Chinese government would provide state support for Chinese corporations that wanted to invest in South Africa's mining sector.

A strategy that China has adopted in South Africa's mining sector is depicted by acts such as the one by Larry Yung Chi Kun, the son of former vice president Rong Yien, of purchasing $800 million worth of Anglo American shares in 2006 (Bidgland, 2007). This, complemented by investing in South Africa's smaller but stable and profitable mining companies, buying selective mines and smelters, looking specifically at joint ventures and partnerships rather than trying to invest in and revive struggling companies (Kabemba, 2012b), depicts China's typical investment strategy.

The strategy undertaken by China minimises costs and maximises profits. An example of this is China's involvement in the Kumba Sishen mine. In this partnership, iron ore exports to China involved no job creation, beneficiation or skills enhancement and no Chinese investment that could lead to any development in South Africa, but there was certainty of supply (Kabemba,

2012b). China greatly assisted sales at Kumba, especially so at a time when demand of iron ore in traditional customer markets such as Europe, Korea and Japan had declined (IOL, 2009). Supplies to China led to a 130% increase in the mine's sales in 2009 and the mine could manage to increase output based solely on its supply to the Chinese market (Brown, 2009). This type of relationship seems to be one that will remain a key factor in sustaining South African mines into the future.

Chinese steelmakers and South African iron ore producers have a very active and strong relationship that is considered mutually beneficial. This is because iron ore producers have a guaranteed market for their products in the Chinese steelmakers – one that is expected to grow for a while to come – and Chinese investors are guaranteed supplies at reasonable costs. From this example it is clear that Chinese investors seem to have one focus and that is ensuring supply for their increasingly growing economy and market, less than an interest in investing in South Africa's economy. Of course, one cannot dispute that this relationship indirectly does contribute to the growth of South Africa's economy due to the flourishing business and the revenue accrued to the country because of the sales to the Chinese, as well as sustaining the jobs of those who work in the sector. However, contrary to what SSC would have us believe, China does not go out of its way to assist in the development of South Africa out of a sense of solidarity but purely out of its own business interests and those of the growth of its country's economy, in the same manner that any rational actor would.

The structure of this relationship does not seem to lie along the lines of cooperation. China is more of a customer of South Africa's minerals while South Africa is a customer of Chinese machinery. It is pure economics. The relationship is still very much run along the lines of trade more than investment and development. This goes against South Africa's initial expectations for opening the mining sector up to southern partners. This sector was opened up to southern foreign investment with the belief that unlike well-established mining companies allied to countries in the north, Chinese investors would be more inclined to invest in beneficiation at source, thus assisting with skills transfer and lasting developmental effects that could assist the country long after China no longer needs these resources for its rapid economic development (Alden & Wu, 2014a).

The fact that South African law has barriers of ownership for foreign investors, however, deters investors from investing in acts such as beneficiation. It is a catch 22 for the country, in as much as they need the investment in beneficiation, these barriers are there to ensure wealth redistribution is accrued to the people of South Africa, more especially so the previously disadvantaged sectors of society, and so, allowing foreign investors ownership would be going against the government's own policies. This is surely one of the biggest reasons why China has taken such a cautious approach to investing in South Africa's mining sector.
Chinese investment in the mining sector is still rather limited. Companies currently involved in South African mining include Zijin Mining, Minmetals, Jiquan Iron and Steel (Jisco), East Asia Metals, and Sinosteel, among a few others (Shelton & Kabemba, 2012).

The following investments have been made in South Africa by the aforementioned Chinese companies (Alden & Wu, 2014a):

- Zijin Mining Group: $16 million purchase of a 29.9% share in the platinum producer Ridge Mining in 2006.
- Zijin, in 2015, also purchased and now owns 60.47% of NKWE Platinum (Brown, 2016).
- Sinosteel (Chinese SOE): deciding to partner with Samancor in chromium mining. This partnership is such that China provided finances and market access, while South Africa continued to manage productions and operations.
- Minmetals adopted the same approach in 2007, choosing to retain a minimal share of a chromium mine and leaving the production and management to South Africa.
- East Asian Metals purchased a 60% share of ASA Metals in the Dilokong Mine in Limpopo, which was an extension of a joint venture that was undertaken with the Limpopo government (PMG, 2010).

Chinese steelmakers have had to find creative ways to meet rising local production and demands at the lowest prices, while also having stability of supply. This led to the purchase of small mines and smelters in South Africa to ensure the supply is always available at reasonable prices. This presents a problem for South Africa in the sense that beneficiation of these products again

takes place at steel manufacturers in China. This presents a typical colonial relationship where there is no development of the South African mining industry and no value-add, and thus the interest being only on grabbing resources at the lowest available price.

Three prominent examples exist in the relationship between Chinese and South African companies in the mining sector and these will be discussed below.

5.2.1. Wesizwe Platinum

One recent major investment by China in the South African mining industry was the Jinchuan group and the China-Africa Development Fund's purchase of a 45% stake in Wesizwe Platinum mining company, which is still in the beginning stages of development (Taung Gold, 2017). The Chinese developers also loaned $650 million to finance the company's Bakubung mine (Kidd, 2011). The Bakubung mine is China's first direct investment in the mining sector. The mine holds 80% of known global resources of platinum. The mine has not yet started production – expected to start somewhere in 2018 – but is expected to produce 350 000 ounces of platinum group metals by 2023 (Wesizwe Platinum, 2013). The $650 million loan from the Chinese Development Bank was granted at Libor plus 350 basis points, which translates to 3.8% versus the 8% that South African companies are expected to get from other international investors, which could, in fact, be more because of the country's degraded credit rating (Reuters, 2014). This investment by China was vital for the mine to be completed but it was also critical for China in that platinum is mostly used for catalytic converters in motor engines and jewellery (Shelton & Kabemba, 2012). China's motor vehicle production is growing rapidly, and with the growth in the economy, the Chinese population is also in a better socio-economic status, allowing them enough capital to buy luxury cars. Chinese manufacturers need platinum to keep up with growing demand.

The Bakubung mine currently employs just under 1 000 workers but is expected to employ an estimated 3 300 people at full production (Wesizwe Platinum, 2016). Concentrator plant synergies are also being sourced locally and different possibilities for cooperation include "shared concepts for employee housing programmes, joint training and skills development in the area, community upliftment and socio-economic development projects, and the establishment of a

mine owners' forum for the three neighbouring mines to explore further synergies and collaborations" (Wesizwe Platinum, 2013).

In September 2016, mine management took a decision not to be owner-operated but be operated by contractors in the first 10 years of production. This is supposedly more cost effective in the life of a developing mine, as contractors are believed to be more efficient. Project executive at Wesizwe, Jacob Mothomogolo, has been quoted as saying that the mine believes that global mining contracts will be cheaper than local mining contractors. The decision will be reviewed after 10 years (Ryan, 2016). One could interpret the last part of this statement as that the mine will be using Chinese contractors instead of local people. The main aim of this move is to ensure than the mine makes as much profit as possible and gets as much resources out of the ground with as little investment as possible. This is to some degree then staying true to the stereotype of resource grabbing with little benefit to the country.

Wesizwe Platinum represents a new chapter in Chinese-South Africa cooperation in many ways. On one side, the Jinchuan group has decided to partner with local investors and is also using local expertise, unlike the rhetoric that China is known for, which is using Chinese experts in their development work in Africa and previously so in South Africa as well, and on the other, using international contractors at the Bakubung mine that will take away much-needed opportunities from South Africa.

In instances where Wesizwe will be using local expertise, it is not clear whether this is because of some sense of responsibility or dedication to investing in South Africa, or simply because South African engineers are best placed for the job, as few countries have as much experience in mining platinum. So, using South African experts could simply be a rationale more than a noble option in the same manner that using foreign contractors would be a rational decision for the Bakubung mine.

Wesizwe is also investing in the social capital of its employees and the community where the mine operates. This is done through the development of the following projects:

- Community Adult Basic Education and Training (ABET),
- Bakubung Agricultural Project,
- Healthcare services provided through the development of the Bakubung Local Clinic,
- Educational support,
- Building school infrastructures,
- Developing a community newspaper, and
- Building a community water supply project (Wesizwe, 2018)

In its approach, Wesizwe Platinum has committed itself to creating jobs, investing in local skills development and training, supporting local businesses through goods and services procurement, as well as creation of effective SLP investment programmes (Wesizwe, 2018). The platinum mine would not be profitable at all without Chinese investment and the market that China provides. This mine has been developed at a time when Anglo American Platinum is in the process of shutting down its unprofitable platinum mines – the shutdowns expected to cut 14 000 jobs even though government and unions are strongly against this. Thus, its development will be beneficial to the platinum mining sector (Reuters, 2013).

5.2.2. ZIJIN MINING GROUP

Zijin Mining Group is currently the largest gold producer in China, producing 10% of the country's output. The company bought 29, 9% of Ridge Mining in 2006 (Thoke, 2012). The rationale for this investment was to ensure that China receives enough supply and at affordable prices. This was a joint venture with a South African company, Aquarius Platinum South Africa (AQPSA), whose main business is to produce platinum group metals for Southern Africa.

Zijin chairman Chen Chinge said that the purchase of the platinum mine was a breakthrough for the Chinese company simply because it will guarantee a steady supply of the minerals, which is in line with the company's long-term strategy of increasing resources. According to Stuart Murray, CEO of Aquarius Platinum (Thoke, 2012), China is simply seeking partnerships and joint ventures in South Africa, not ownership in the traditional sense and in the manner through which they have invested in other resource-rich African countries. This is because, as

mentioned above, South Africa has an established mining sector with technology equivalent to international standards. What is most important is the availability of raw materials. Thus, investing in the expansion of the plants is beneficial to both parties – for China it will ensure greater supply and for South Africa, ensure jobs and a long-term customer base.

The partnership between Zijin Mining and Aquarius is in line with South Africa's legislation and accepted business practices. Whether this is because Zijin is not the party responsible for management or because of rigorous oversight from trade unions is anyone's guess. It would be one-sided to assume that the company only adheres to standard laws and procedures simply out of pressure from unions, as the company has not been seen to resist or want to bypass any standard rules and procedures (Shelton & Kabemba, 2012).

Accepted employment standards are not unique to South Africa. There are also international standards that companies should consider, should they not want to tarnish their international reputation. One very common one is the International Labour Organisation, which has its own rules and principles that should guide the relationship between labour and capital and conditions of work. The safety management programme that the company has developed is in line with industry standards and they have widespread medical surveillance procedures, as well as reduced noise levels, as required by South African legislation. In addition to this and along with South Africa's policy on corporate social responsibility (CSR), the company makes provision for housing subsidies, especially since mine workers usually come from far to work in the mines. ABET is also provided for, as well as bursaries, while female empowerment is accounted for in their policies and through specific recruitment programmes geared towards empowering women. In addition to the above and as cited in Shelton and Kabemba (2012: 163), Aquarius' CSR also includes "community development projects: a water and sanitation project, upgrading of schools in Ikemeleng, Rustenburg Waste Management project, training at the Lapologang Village, expansion of Retief and Marikana Primary Schools, Kiwi Early Childhood Development Centre, and Bakone Ba Phetla Community Centre. Environmental management plans (EMPs) are developed in accordance with national legislation, while SRK Consulting conducts annual performance assessments of the EMPs." HIV/AIDS rates are very high is South Africa, particularly in mining communities. The mine has thus

put in place voluntary counselling and testing centres, as well as HIV/AIDS policies and programmes that are in line with South African legislation and which were drafted by specialists in the area, as well as worker representatives. This support is not available for employees only but is also extended to their immediate families.

It would seem that the rhetoric around Chinese companies is exaggerated. The evidence does not completely refute the fact that Chinese companies are, for the most part, looking more at resource extraction; however, they are not as corrupt and careless as they are made out to be, perhaps because they are in joint ventures with South African companies or perhaps because they have no reservations around obeying the rule of law. Working conditions in a mine can be harsh and there is inadequate technology transfer, but the question remains whether this is really a Chinese problem or a South African problem, as it was/is not demanded that certain requirements were/are met before Chinese companies were/are given mining rights or allowed to own stakes in South African mines.

The active mobilisation of trade unions has had a significant effect on how employees treat staff in South African mines. Protected strikes with no fear of job losses means that companies loose large sums of revenue from loss of production. Companies thus prefer to work together with unions for the benefit of employees.

China is not necessarily the arrogant partner it is made out to be in literature from other African case studies, at least not in South Africa. China has learned to navigate the South African landscape to fit in with the country's modus operandi and not upset the status quo, and they found this through undertaking joint ventures with South African partners. Where the country has been expected to contribute to CSR and adhere to tax and environmental laws in the country, they have done so without resistance. Recipient countries should always take responsibility for what development partners can get away with in their terrain. Chinese businesses are ultimately driven by profit, which means they aim to cut costs wherever possible. This could be in skills training or CSI projects or even through bribing officials to get certain permits and reports. If the environment allows, like any other rationally thinking business, Chinese companies will act in

their best interest and not that of South Africa or its people.

5.2.3. Chrome: Sinosteel and JISCO

The South African chrome mining industry sees China as an important long-term partner and has been working hard to establish itself as a reliable supplier (Creamer, 2007). Joint ventures in the chrome industry exist in the same manner as those in the platinum group metals industry. Sinosteel owns 50% of the Tweefontein chrome mine and Tubatse ferrochrome smelter, based on an initial investment of $230 million in the form of a joint venture with Samancor Chrome (Gelb, 2010). Samancor is an important stakeholder in South Africa's ferrochrome industry as the mine produces an estimated 300 000 tons of chrome every year (Samncor, 2008). In addition, the company has been proactive in developing the latest technologies and advanced management strategies in its operations. The mine currently has six business units in operation, including two mining operations and four smelters[8]. This joint venture between Samncor and Sinosteel provides China with a solution for its concerns around South Africa's supposedly strict business environment. The Chinese partner needs only to fund the already existing operation so that it optimally functions so to be able to provide it with the minerals it needs but not have any contact with the South African labour force or have any interaction with South African mining legislation. Ultimately, the Chinese partner will still achieve its goal of securing supplies at reasonable prices with less direct involvement.

Sinosteel has also partnered with ASA Metals in Polokwane with the Limpopo Province Corporation (ASA Metals, 2010) on a site smelter that produces 400 000 tonnes of chrome ore and 120 000 tons of ferrochrome per annum (Shelton & Kabemba, 2012). East Asian Metals (EAM), a subsidiary of Sinosteel, owns 60% of ASA metals for the ownership of the Dikolong chrome mine (Gelb, 2010). The mine produces 420 000 tons of raw chromite per annum, which is slightly beneficiated into chromite ore, which is then exported (Hill, 2008). Before EAM's investment in the Dikolong mine, it had been supplying the chrome to various local smelters to produce charge chrome, as the mine did not have its own smelters. EAM's investment has enabled the mine's expansion, with the

[8] See http://www.samancorcr.com/content.asp?subID=8

construction of two additional smelters and furnaces boosting production and potential for exports in the mine. The mine now has better opportunities competing in international markets through its integration of mining and smelting. Building the smelters has also introduced entry-level beneficiation that could present potential for further beneficiation when the opportunity and finances arise.

It is important to note that although jobs have been created out of this venture, the real value add has been accrued to China in the sense that they have availability of chromite, which they need to make stainless steel. This level of beneficiation only takes place in China and there does not seem to be any effort at introducing these skills and development to the Dikolong mine. Moreover, in 2016 (ENCA, 2016), the mine reportedly retrenched 750 workers due to restructuring, which led to unrest and loss of production in the mine. Thus, the gains made through job creation are again being lost, pointing to the fact that job creation, although positive, does not yield to sustainable development if there is no long-term skills and technology transfer.

ASA Metals complies with all South African health and safety regulations for workers, including prevention of illness, environmental management, and training and education, and complies with all Safety Health Environment and Quality policy (SHEQ) requirements, as signed in April 2015. The company has invested in its workers through training programmes, with an annual assessment that is undertaken by management and externally assessed to ensure employees and contractors are adhering to the SHEQ policy and meeting the requirements (Shelton & Kabemba, 2012).

In the chrome industry, Chinese company Jiquan Iron and Steel Corporation (JISCO), which also happens to be one of the largest steelmakers in China, has invested $157 million for a 26,1% share in International Ferro Metals (IFM), which at the time owned Buffelsfontein chromite mine and smelter near Brits, though the mine has since been acquired by Samancor as part of a business rescue process (the mine has been experiencing major losses since 2014)..

Of the 270 000 tonnes of ferrochrome mined, half of it is shipped to China and there is no beneficiation to chrome ore (Shelton & Kabemba, 2012). In this mine, only 100 jobs were created during expansion. IFM's founder, Stephen Turner, agrees that JISCO played an important role in developing the Buffelsfontein mine and that JISCO buys the 50% chrome at market prices and not at a special rate (Clayson, 2005). JISCO's motivation is said to be more about security of supply than seeking to exploit the mine for cheap supplies. Buffelsfontein mine only had five Chinese management-level staff in 2012, who were put in place to safeguard JISCO's interests, concentrating on giving more operational job opportunities to South Africans.

The Buffelsfontein mine has an impeccable safety record that outperforms mines that have no Chinese influence. Even the Department of Mineral Resources (DMR) has given the company excellent scores for environmental compliance and health and safety to the Mining Charter. The mine's fatality rate is also below the industry average and it has a record of six million hours with no fatalities (Shelton & Kabemba, 2012).

The guarantee by JISCO of buying half the mine's production provides stability for the mine and confidence in employing more staff and expansion in that they know they will always sell at least half of what they produce. JISCO goes beyond exploring raw materials only at Buffelsfontein, also providing much-needed capital, which is helping to develop the mine, creating jobs and adding value by turning chrome into ferrochrome and thereafter buying that same output at market-related prices. This strategy is different from the traditional Chinese corporation that it has come to be known for, where they just extract raw materials with no beneficiation, using Chinese experts and little job creation.

JISCO is yet another example of a Chinese company that fully complies with South African legislation on mining and worker's rights. Martyn Davies from the China-Africa Network at the Gordon Institute of Business Science (GIBS) believes it is South Africa's strict governance standards that make it compulsory for investors to take a socially responsible approach to mining communities (Russel, 2009). Should these not have been in place, companies would not be

taking the steps they currently take in ensuring that they participate in CSR initiatives.

5.2.4. IDC PROJECT

China has gone beyond just working at private investor level in South Africa's mining sector to working with South African state-owned companies. The Industrial Development Cooperation (IDC) is a case in point. In 2012, Palabora Mining Company announced that the IDC had signed a deal with a consortium of three Chinese companies (Hebei Iron and Steel Group owning 35%, General Nice Hong Kong Group at 20% and Tewoo Group a further 20%) where the companies own 74.5% bought from Rio Tinto and Anglo American, and the IDC 20%, with the remaining 5% being publicly owned (IDC, 2012). The IDC justified this partnership as being in line with its steel industry initiative that aims to develop beneficiation capacity for South African raw materials. Palabora mine's magnetite resource had been identified as a means to building South Africa's iron and steel industry and in line with the Mineral and Petroleum Resources Development Amendment Bill of 2013 (Swanepoel, 2012). This is expected to be a mutually beneficial partnership that will fulfil China's need for resources and South Africa's need for beneficiation.

South Africa's mining industry has underperformed in seeking to change citizens' socio-economic status; part of the reason why opposition parties and South African civil society have been calling for the nationalisation of mines. This view stems from the belief that the state would be able to better redistribute wealth than the private sector and is assumed to have the best interests of South Africans at heart, as it is not driven by profits.

The intentions and reason given by Geoffrey, the IDC CEO, for this partnership are noble but need to be scrutinised. South Africa does not have a clean record when it comes to rent seeking, especially in the mining industry. The transformation of the mining industry with improved beneficiation may allow for easier access and manipulation of the system by giving politically connected companies access to mining and production rights (Harvey, 2014). There is also no guarantee that these Chinese companies will necessarily choose to conduct

beneficiation within South Africa once they have control of the mines, so there is still the risk of choosing to beneficiate in their own country or conducting very minimal beneficiation, as is the case in the chrome industry.

As part of its drive to revitalise the country's steelmaking industry, the IDC (owning 39%) went into partnership with a Chinese state-owned enterprise, Hesteel Group (HBIS) (owning 51%) and the CAD-FUND (owning 10%) to invest in a project to develop a steel mill with the capacity to produce five million tons of low-cost products per year (Meng, 2017; Yap, 2014). HIBS has a capacity of over 40 million tons per annum and an overproduction of materials for its market, and the Chinese government thus instructed the company to transfer its excess steel capacity out of China. Africa is an easy target for this. HIBS' advantage is that it specialises in low-cost production and will thus introduce greater efficiency to the South African steel market. The IDC aims to reboot competitiveness in the country's steelmaking industry by introducing this project.

This cooperation comes at a time where South Africa's steel industry is suffering losses caused by several factors, including the country's poor economic growth, poor domestic demand, an unreliable and interrupted supply of electricity, and global competitors, particularly those in China which have been monopolising the international market (Meng, 2017). The deal has sparked some controversy from the steelmaking market in South Africa. AMSA (ArcelorMittal South Africa), as cited in Meng (2017), points out that the Chinese price is 29% less than the South African production costs, and thus this project will price South African producers out of the market, as it has done in global markets. The IDC responded to this by proclaiming its support for healthy competition as it avoids monopolies, thus encouraging local producers to be more efficient.

The effects, whether negative or positive, of China partnering with SOEs have not yet yielded enough results to make a comprehensive study. It can be assumed, however, that part of the reason for China's partnership with the IDC was to exempt the companies from policy uncertainty, which is currently a risk for foreign investors in South Africa's unstable economic and political environment, especially with the current calls for nationalisation. Moreover, they get to bypass the regulatory framework and scrutiny to which South Africa subjects foreign

investors. According to Harvey (2014), this kind of partnership is likely to undermine the industry's competitiveness in the long term. The rule of law and regulatory framework that the country has invested in is in place for a reason. Having contracts that allow foreign investors to bypass these rules, which ensure transparency, may allow for revenue mismanagement and for domestic opportunists who are locally connected to go into partnership with Chinese companies for fraudulent reasons.

Private-public partnerships (PPPs) are, however, not all together a bad idea. There have been repeated calls for partnership between the public and private sectors as well as civil society to fulfil the needs of all parties affected by mining in South Africa. These contracts should be structured in such a way that China is encouraged or has to provide more support in terms of skills development, training for South African artisans and engineers, as well as provide opportunities for education and training, possibly in China by experts in that particular field. China is a strategic and important partner in trying to grow the South African mining sector; the government just needs to ensure it bargains for better contracts that will ultimately yield long-term benefits for South Africa and its people.

5.3. COOPERATION CHALLENGES

China has a long way to go in terms of building its reputation and trustworthiness in South Africa. On a diplomatic level, both countries have made a commitment to partnering and working together on many fronts; however, navigating the ground, South African communities, citizens and civil society has not been easy for the Chinese.

Chinese investment has, in some industries, weakened local businesses, the worst being in textiles, to a point where the government had to curb the Chinese role to safeguard local industries. To this effect, former Deputy President Phumzile Mlambo-Nguka said that in as much as the country is keen to boost foreign investment into the mining sector, investments should be directed towards bridging wealth inequalities and development (Onstad, 2007). She also warned that China "is going to colonise us, take our minerals, with its big appetite

for commodities and leave us with nothing. We need to make decisions about what is in our best interests" (Onstad, 2007). The Southern African Labour Research Institute (SALRI) has also warned the government, reiterating Mlambo Ngcuka's sentiments, that Chinese engagements with South Africa especially in trade, resemble those of colonial countries.

China's major influence in the development space came at a point when South African civil society was starting to question why the country's mineral resources were not contributing to the improvement of socio-economic conditions of ordinary South Africans, particularly those who reside in the mining towns. This meant there was a critical eye on private companies and their CSR strategies, as well as on labour laws. The two campaigns related to the extractive industries, Publish What You Pay (PWYP) and the Extractive Industries Transparency Initiative (EITI), which South Africa has been criticised for not being a signatory of, have been put in place to safeguard the interest of civil society, labour and the poor against exploitation. Indeed, African civil society has been very vocal in their support for the above initiatives. It would be rather difficult then for China to want to bypass what they call for.

South African trade unions have also made it difficult for Chinese companies to excel in South Africa as they cannot ignore South African trade unions because these hold a lot of power over the labour force. Not having a cordial relationship with them can make working in this environment very difficult, as South African law protects the unions. In 2006, then COSATU president, Zwelinzima Vavi, supporting the view that the Chinese-South Africa cooperation resembles a colonial one, claimed that Chinese engagements "undermine the country's manufacturing capacity" (Harvey, 2014: 22). According to Muchena (2006: 27), China's economic engagement with Africa is seen as a replica of the exploitative nature and "self-interested" approaches of other international actors.

South African civil society, however, could be more vocal and involved in ensuring that South Africa's relations with China at the very least have pro-poor and people-centred development approaches. Shelton and Kabemba (2012) believe that China's presence is not viewed by civil society as a southern solidarity partner but rather, seen purely in economic terms and also seen to

have negative impacts on local stakeholders who need to constantly defend their interests against Chinese companies who have the potential to undermine their growth.

Chinese companies have a long way to go in terms of changing negative perspectives of their intentions and mode of doing business among non-governmental entities in South Africa. However, the strategy that they have used in the mining industry by partnering with South African companies seems to at least be helping them abide by accepted rules of engagement in the sector. There is evidence of positive investment in mining communities, participating in CSR initiatives and having preferential labour contracts; so, these perceptions may change over time.

5.4. Summary

Joint ventures between Chinese and South African companies for the most part have not generated as many jobs as they had potential to do. The main focus has been on increasing production. All the development that has taken place has been directed towards increasing production at mines and, most importantly, securing supply for the Chinese market. In the platinum group metals, Aquarius mine, which Zijin invested in, confirmed that no new technology was brought in by the Chinese investors, and neither were any new jobs created.

In the ferrochrome industry it is clear that China's strategy is geared towards securing Chinese supply at the lowest possible price, with little beneficiation taking place at the source beyond turning chrome into ferrochrome. China simply takes the ferrochrome to beneficiate in China, to the benefit of China's steelmaking industry. This is not much different from the neo-colonial relationship that Africa had with traditional development partners. Basically, South Africa mines raw materials to sell to China for Chinese companies to beneficiate and sell back to South African at higher prices, with little technology or skills transfer and no sustainable development for the country.

South Africa needs to focus more on projects that will lead to sustainable development, such that should China pull out as an investor or customer, their

engagement with Chinese investors would have yielded significant benefits to the country. Without skills transfer, South Africa will always be dependent on China for expert knowledge, beneficiation and as a customer. In the short term, South Africa's mining relationship with Chinese companies is mutually beneficial in that South Africa gets access to the growing Chinese market for exports and Chinese manufacturers have guaranteed supply from the South African mines at reasonable prices.

Although Chinese companies deny that they are purchasing ferrochrome mines to drive down the price of chrome, citing the example that they buy the ferrochrome at market-related prices, as economics has it, as supply increases so prices will decrease over the long term. As published in Chrome World (2009), it seems China has no intentions of owning big mining operations in South Africa, more so in the chrome industry. Going into partnerships with already-established South African companies and buying small smelters is seen as the best strategy for the short term. The positive effect of this is the fact that Chinese companies then have to oblige and support already-existing CSI programmes in which the mines with which they are partnering are already involved. South African mining companies ideally have more of South Africa's long-term interests at heart; thus, they would act in the best interest of South Africa's economic growth. However, because they are also businesses which are profit driven, they lookout for partnerships that will pump money into their businesses without critically assessing long-term effects and advantages for the well-being of South African society. This is where civil society and government need to get involved.

When Chinese companies come to do business in South Africa, the government should have in place its own conditionalities that include local procurement, job creation, transfer of skills and technology, and a commitment to improving the local economy. Chinese companies need South African business as much as South Africa needs its investment. As soon as South African partners realise this they will know how much leverage they have in terms of negotiating contracts that will benefit the overall economic health of the country. Ultimately, Chinese partnerships in South Africa should be in line with the country's strategic economic direction and national development plans.

In practical terms of doing business with China, it is dependent on the circumstances and context of each interaction and the bargaining power and ability of the parties negotiating that particular contract. The Chinese are not a power in themselves and they still have to respect and understand the local bureaucracy when interacting with African countries. This includes abiding by international laws and legislation to which that particular country ascribes. In the case of South Africa, this includes the strict and developed regulatory frameworks that the country has, the robust labour unions and active civil society. Part of the difficulty in holding companies accountable in South Africa is that there is a lack of transparency, contracts are negotiated in secret, and the contents are not easily available to the public for scrutiny (Harvey, 2014). The process it takes to get the information is so tedious that by the time people find any of the contents, contracts would have already been finalised and thus difficult to amend.

To negotiate effectively one needs governance mechanisms and contract negotiating skills, and capacity that can compete with the likes of China, and poor African countries do not necessarily have such expertise, so at most, they are left at the mercy of the more powerful partners.

China will not voluntarily do business purely for the best interests of South Africa; yes, their investment will help the country grow economically but that is only a by-product of the real reasons why China goes into partnership with South Africa. As previously mentioned, China has become a capitalist economy and thus is a rational actor which works in the best interests of its people and its own economy. It is then to be expected that China would work to accumulate profits, and this will inevitably lead to exploitation of the lesser power. Things like beneficiation and CSR ultimately slow down profits.

The negative narrative that Chinese companies only ever employ their own labour and only take natural resources without providing jobs to local people is somewhat overstated. This has not been the case for South Africa in any case; yes, there has been very minimal beneficiation and not as many jobs created, but in instances where jobs were created, these were for South Africans. This is true of some Chinese companies and in different contexts and certain projects cannot

be generalised to symbolise all Chinese development cooperation. This seems to be changing over the years.

It is South Africa's responsibility to sift out investors that are interested in resource extraction only over those that are interested in developing the industry over the long term. Chinese companies are undoubtedly interested in extracting South African natural resources for the development of their growing industries. However, to some degree, this interest has at times presented a win-win situation – in the case of Buffelsfontein, for example, where the involvement of Chinese investors led to job creation, expansion of production and the introduction of beneficiation, although currently still at a primary level. Chinese companies will take opportunities when presented to them of getting what they want with minimal costs; however, that does not mean Chinese development should be disregarded as simply exploitative or that China itself should be seen as a coloniser. The IDC partnerships could be a signal for China's future strategy in engaging South Africa, partnering with local entities, SOEs and companies to bypass strict regulations as well as the stress of dealing with South African labour and labour unions. Chinese firms are more concerned with increasing production of raw materials as they want to ensure supplies for Chinese manufacturers, which means they are willing to put capital into South Africa so that they expand operations and can sell to the Chinese at a reasonable price.

The impact of Chinese involvement in South Africa has been mixed because they have provided the much-needed infrastructure development that allows South African mines to increase production, they have used local skills in the ferrochrome industry, they abide by South African laws for the most part, and they have invested in human capital through skills training and communities through CSI.

The fact that Chinese cooperation with South Africa seems to have some traits of colonial power rule does not necessarily negate that Chinese capital and investments have been beneficial to the country. Chinese investment has created jobs in the mining sector and there have been missed opportunities where more jobs could have been created. Through job creation, Chinese investment has increased the country's tax base, thus ultimately putting more money in the

government's hands to be able to deliver critical services and improve the socio-economic conditions of the country's citizens. In instances where South African companies and the government have taken the opportunity to negotiate contracts effectively, these have resulted in effective CSI, contributed to skills and infrastructure development in South African mines. However, the companies have got away with little or no job creation, have done little beneficiation and have for the most part tried to avoid dealing with the day to day running of mines. It seems as if Chinese companies want to keep South African mines in a state where all they are useful for is providing them with natural resources for China to do the real development, which is taking attention away from the fact that the country should be trying to focus more on industrialising the industry.

With skills transfer limited and limited job creation, tax revenue is also limited, making it difficult for the benefits of the joint ventures to accrue to the whole of South Africa. South Africa has a slight advantage over other African mining communities simply because it has a developed mining industry and rules and regulations in place, so China has had to take the joint ventures approach in the industry, thus allowing for more South African involvement in its investments. However, there is little evidence to support the fact that Chinese investments will lead to sustainable development in the country or that it is more viable than traditional cooperation.

Perhaps most importantly, China creates an alternative market, which played an important role during the 2008 financial crisis, when demand from the north decreased. Having an alternative market also means that South Africa has increased bargaining power in negotiating contracts. That being said, the South African government as well as companies seem to be rather passive in dealing with China. They are not very forthcoming in terms of their own objectives and vision for their companies, and instead it looks more like they follow China's lead and agenda, without giving much thought to what it is they want to achieve from these partnerships or what will serve the needs of South Africa more. This problem cannot be solved by China but by South African companies and government officials that work with China.

CHAPTER SIX: EUROPE IN SOUTH AFRICA

6. Europe in South Africa

For the purpose of this paper it is important to note that because it studies a historical relationship, it considers Britain as still part of the EU.

Countries of the EU are among Africa's colonisers and the bloc is also Africa's largest donor (Aggad-Clerx, 2014). This is arguably because the bloc is trying to find some way of being seen to contribute to alleviating Africa's poverty, which they had a contributing hand in creating. At the end of the 2015 financial year, European companies had invested €31 billion in African economies, and the total stock of FDI from the EU to Africa amounted to €294 billion. Other investment to date includes:

- 35.9% of Africa's trade,
- Over €20 billion from the EU Investment Bank in public and private sector investments,
- €2.7 billion spent towards sustainable energy is Sub-Saharan Africa between 2014 and 2020, and
- €20.2 billion in 2016 towards climate finance spent in the majority of African states (EU, 2017).

The EU and Africa's relations are based on the Cotonou Agreement of 2000[9], which was between the EU, Africa, and the Caribbean and Pacific countries, and which grew out of the 1975 Lomé Convention[10]. The Joint Africa-EU Strategy was adopted at the Lisbon Summit in 2007 and governs the framework of relations between the AU and EU. This determines the political framework for bilateral relations and is meant to be a relationship of equal partners that seek to work together on mutual goals (EEAS, 2016b).

The EU and AU Commission meet annually to find ways of transforming documented policies into practical actions. Cooperation between the two blocs is

9 http://www.europarl.europa.eu/intcoop/acp/03_01/pdf/mn3012634_en.pdf

10 http://ec.europa.eu/development/body/cotonou/lome_history_en.htm

centred around five strategic areas:

- “Peace and security;
- Democracy, good governance and human rights;
- Human development;
- Sustainable and inclusive development, growth and continental integration; and
- Global and emerging issues” (EEAS, 2016a: 1).

This framework is supplemented by the EU’s Pan-African programme, which has set aside €845 million for development and cooperation between the two continents (Africa-EU Partnership, 2018).

The EU’s cooperation with Africa has not been without challenges. Firstly, EU countries are members of the OECD and thus support and advocate the Bretton Woods Institutions, which advocated for structural adjustment programmes and the capitalist system, which is believed to have led to the exploitation and under-development of African states; hence the need for forging closer relations with other developing nations. Leading up to the fourth EU-Africa summit, the signing of Economic Partnership Agreements (EPAs) has also been a bone of contention because some African states believe the agreements were not in line with WTO regulations or with Africa’s priorities, especially those of industrialisation, as well as the signatory of African countries to the ICC (Aggad-Clerx, 2014). This symbolises a break in solidarity as well as governing principles which Africa has had to abide by to be in good international standing so to qualify for cooperation and assistance from northern countries, including those in the EU bloc.

The current EU-Africa Cooperation priorities as set at the last EU-Africa Summit in November 2017 include:

- Trade and investment geared towards job creation, and
- The EU to attract private investments for sustainable development in Africa of up to €44 billion (EU, 2017).

Europe’s involvement in Africa has, from inception, been motivated by its glut of raw materials and the possibilities of growth these bring. Colonialism was centred around the exploitation of minerals by European powers, and, even post-

independence, African countries have retained strong economic links with Europe that is still dominated by its dependence on commodity exports, particularly raw materials (Shelton & Kabemba, 2012).

Precious minerals found in Africa have played a significant role in the development of European countries and very little in the development of the African countries in which they are found. Instead, the existence of these minerals has contributed to the dependence of Africa on Europe, as well as towards the continent's poverty and inequality. Any discussion that involves African growth and development among poverty centres around the access of mining communities to the wealth of the natural resources in their communities, and this is well rooted in the colonial period and the precedent that was set by European countries in giving the poor little or no access to natural resources (Alcott, 2015; Rodney, 1973).

The way in which European mining companies operate in Africa is similar to that of many other investors, including the Chinese. For the most part they provide capital, which poor African countries do not have, and this capital must work for them in such a way that it maximises profits for the investing entities. This has unfortunately meant that these companies hold more clout and decision-making power in these mines than the owners of the minerals and even governments in charge of the countries.

In the same manner that Chinese companies have been accused of investing in rogue states, European ones have done the same. British mining companies also overlook the contexts in which they operate, operating in poverty-stricken countries and doing very little to assist in the development of these communities. They also invest in countries at war and which abuse human rights and condone systematic corruption. Angola is a good example of this: despite amazing economic growth rates, the income distribution is still very skewed. British companies in Angola have never stopped to ask who the economic growth and wealth are benefiting when the majority of the country remains in poverty. South Africa's Marikana Massacre (to be discussed in greater depth later) is another example of Britain's attitude towards mining communities in Africa. As Kabemba (2014: 1) puts it, "when it comes to Africa and protecting its interest – wealth

creation is far more important than wealth distribution…regardless of whether it leads to any reduction in inequality or any real, sustainable socio-economic development."

That being said, it is important to note that on paper, western governments seem to be more socially responsible when it comes to the extractive industries than China. This is evidenced by the number of treaties that supposedly regulate and encourage transparency and accountability, preservation of the environment and efforts to curb corruption, such as the EITI and Kimberley Process, which were designed by western governments and of which European countries are signatories. These have, however, done little to change the behaviour of mining companies on the ground. European companies in principle adhere to institutions of good practice such as OECD principles, the Global Compact, the Equator Principles and the Global Reporting Standards. European countries are also signatory to international treaties on human rights and environmental protection; these include but are not limited to the Universal Declaration of Human Rights, the International Covenant on Economic, Social and Cultural Rights, the UN Declaration on the Rights of Indigenous Peoples and Convention on Biological Diversity. The principles of these international treaties and declarations are, however, not necessarily present in mining operations on the ground, though this will be discussed further in the paper. European mining companies undoubtedly fall short on corporate governance and social responsibility not only in the past but also presently in the African countries in which they operate. Although the mining sector is in decline across most European countries, it is worth noting that Britain in particular still plays an important role in global mining mostly because of its expertise, technology and knowledge production, gained through years of experience (Kabemba, 2014).

In recent history, emerging countries have also started gaining an interest in African resources. As mentioned above, China's presence in the South African mining sector is growing daily, which has also dominated research discourse in recent years. One needs to keep in mind, however, that despite these developments, western countries and companies for the most part still have a monopoly over these resources, as they have the expertise, the experience, the knowledge and the monopoly in Africa's mining sector.

6.1. Europe in South Africa

The EU is South Africa's biggest development partner, providing 70% of all external assistance funds to the country (European Commission, 2018). Annually, the bloc sets aside an average of R6 billion in loans and grants that fund initiatives on reducing poverty and increasing advancing growth. The EU also supports South Africa's developmental initiatives through the European Investment Bank (EIB), which has given out €2.5 billion to date through loans and equity investments (EIB, 2013).

South Africa (SA) and the EU's cooperation is guided by the SA-EU Strategic Partnership of 2006[11], which was followed by a Joint Action Plan in 2007[12]. The partnership is intended to strengthen the relationship between the two players and build on matters of common interest; the most important of these being knowledge and experience sharing, strengthening political ties on bilateral relations and issues concerning Africa, as South Africa is an influential country in the SADC region, AU and on African initiatives such as NEPAD, as well as mutual support on matters of common interest globally at the UN. Areas of cooperation include energy, social cohesion, migration, human right, peace and security, good governance, and innovation (EEAS, 2016b). Economic development is one of the important pillars of this cooperation, focusing on creating employment through the support of small enterprises, development in the trade industry, promoting and protecting investments, information technology, and tourism (EEAS, 2016b).

The EU supports South Africa through funding its NGO sector as well as government; however, this support has weakened since the global economic meltdown, especially for the funding of non-governmental initiatives. This has meant that the EU has decreasing power in terms of policy entrepreneurship and has left room for South Africa to be influenced by other emerging players in the development field, such as the countries part of BRICS (LED Network, 2017).

[11] https://eeas.europa.eu/delegations/china/730/south-africa-and-eu_en
[12] *Ibid*

The EU's strategic partnership with South Africa seems to have been less about economics and more about the EU's geopolitical aspirations when it comes to the African region, as one cannot ignore South Africa's importance as an anchor state in the region. This is important because South Africa and the EU share the same values when it comes to advancing democracy and can be considered a change-agent in this regard; so, naturally the EU would choose South Africa as its African ally. However, according to a SAIIA (2013) publication, the EU's approach has not been very beneficial to South Africa or the African continent because it does not take into consideration the continent's economic challenges, especially that of the skewed distribution of wealth.

An example of the EU's development cooperation with South Africa would have to be the R374 million Limpopo Local Economic Development (LED) programme. In fact, to date the EU has invested €102.5 million in three LED support programmes in the country, based in Limpopo, KwaZulu-Natal and the Eastern Cape (European Commission, 2018). These programmes are intended to stimulate employment and income generation and sustainable approaches to pro-poor development strategies. The government is the main facilitator of these programmes and puts its focus on supporting emerging farmers as well as small business. The projects assist beneficiaries by building their entrepreneurial skills, financial management acumen and capacity. The project has thus far supported 81 projects and capacitated 30 municipalities (LED Network, 2017).

The Multiannual Indicative Programme (MIP)[13] determines priorities for South Africa and the EU's cooperation for the years 2014 to 2020. The plan sets out three areas of cooperation to be funded with €241 million by the EU's Development Cooperation Instrument (DCI). The areas of cooperation will be:

- Creating Employment – to curb unemployment through skills development, strengthening small and medium enterprises and improving labour market policy;
- Education, training and innovation – to transform South Africa's education sector, training and innovation system so that it can help to boost economic performance; and

[13] see https://ec.europa.eu/europeaid/multi-annual-indicative-programme-south-africa-2014-2020_en

- Building a developmental state – the state should be capacitated to fulfil their developmental and transformative role through improved service delivery (EEAS, 2016b).

Trade

The EU used to be South Africa's largest trading partner but was overtaken by China from 2010 (Ross, 2016). South Africa is, however, the EU's largest trading partner in Africa (EU, 2017; SAIIA, 2013). In 2015, South African exports to the EU amounted to R216 billion, with half of them being manufactured goods (RSA, 2017). South Africa's imports from the EU comprise about 30%, as compared to imports from the rest of the world, while exports to the EU as compared to the rest of the world made up 20% of South Africa's imports (South African Mining insights, 2015).

South Africa's export basket to the EU is dominated by precious metals, which make up roughly 17.7% of the sum of exports. This is followed by vehicles and vehicle-related parts, which make up about 13,7% of total exports. Other high-ranking exports include natural resources such as ores at 9.7%, and iron and steel at 8.6% for the period 2009 to 2016 (South African Mining Insights, 2015). In the same period of 2009 to 2016, broilers, machinery and equipment, as well as mechanical appliances, which made up 20%, dominated imports from the EU, while vehicles and parts made up 13.4% (South African Mining Insights, 2015).

For the most part, South Africa's exports to the EU are made up of primary goods, being fuels and mining products, machinery and transport equipment, while EU exports to South Africa are value-added goods, being dominated by machinery, transport equipment and chemicals (European Commission, 2017). This is the typical trade relationship that exists between developing and developed countries even in the case of China as it is still more developed than South Africa. However, being a development partner, one would think the EU would, to some degree, want to assist the country towards producing more manufactured goods, which will allow it to generate more revenue to fulfil its development objectives, though clearly this is not necessarily the case. South Africa's trade relationship with the EU has always been skewed in the EU's favour, with South Africa maintaining a negative balance since 2009, even

though the country has managed to maintain a positive trade balance when all countries in the world are considered from 2009 to 2011 (South African Mining Insights, 2017). Although trade is good for economic development, the picture painted by South Africa's trade with the EU is one that seems to benefit the EU more than it does South Africa, though this is not to say that South Africa should discontinue the relationship, but rather that it may be worth negotiating better terms.

South Africa and the EU's trade relationship has been governed by the Trade and Development Cooperation Agreement (TDCA)[14] since 1999, which has a free trade area (FTA) for 90% of bilateral trade between the EU and South Africa with the aim of ensuring better access for both countries to each other's markets, liberalising 95% of South African exports to the EU and 86% of the EU's exports to South Africa over a 12-year period (European Law and Publications, 2009).

In 2004, the TDCA was amended to not only include trade but also development and economic cooperation, as well as other fields such as political dialogue and socio-cultural cooperation. In 2008, this cooperation was amended again to include energy policy, security and diversification of sources of supply, science and technology, beneficiation of minerals, transport and satellite navigation systems (European Law and Publications, 2009). The following results were sought from this:

- Strengthening dialogue,
- Supporting South Africa in economic and social transitioning,
- Cooperation of the EU into the southern Africa economy,
- Expanding the liberalisation of trade in goods between the two parties, and
- Expanding services and capital between the two parties.

In 2016, the EU replaced the TDCA with a regional agreement with South Africa's regional bloc, the Southern African Development Community Partnership Agreement (SADC EPA)[15], with Botswana, Lesotho, Mozambique, Namibia and Swaziland; that is intended to regulate the trading relationship between the two

[14] http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=LEGISSUM:r12201
[15] http://ec.europa.eu/trade/policy/countries-and-regions/regions/sadc/

regional blocs. Under this agreement the EU has partially removed 98.7% custom duties for South Africa and granted free access for the other SADC members; the members of the EPA, however, do not have to reciprocate this with the same level of market openness (EEAS, 2016b). This agreement shows the significant role South Africa plays in its region, as it is considered the financially and politically strongest member and also the EU's strategic partner in many ways, which has helped the country to facilitate favourable trading conditions for its counterparts in the region.

As is the case with China, although the EU has sought to give South Africa and its region preferential trade agreements, the trade relationship is still skewed in favour of the more powerful country: Europe. The regional bloc still imports natural resources, while South Africa imports value-added or finished products. Little effort has been put into improving this relationship so to move closer to some kind of equilibrium.

Europe and South Africa's partnership is a strong one based on socio-economic development being at the forefront of this. Europe does seem to pay more concern to strengthening oversight when it comes to development cooperation, evidenced by the fact that the EU invests a considerable amount into the NGO sector, which is considered more ethical and also plays oversight to the government. Most of the initiatives between South Africa and the EU show some kind of concern with development, in rhetoric placing an emphasis on pro-poor development that seeks to strengthen the country's ability to develop skills and technologies that will enable the emancipation of its poor communities. The relationship is, however, still skewed in favour of Europe.

6.2. Europe in South Africa's mining sector

In recent years when it comes to mining on a country level, the EU seems for the most part interested in the governance of natural resources in South Africa. The mining interests that remain in South Africa are, firstly, historical and secondly, on a private company basis more than they are at country level. When it comes to Europe, one cannot discuss its involvement in the development of South Africa's mining sector without first discussing its historical engagement in this sector,

which dates back to the 1800s. The discovery of minerals, mainly gold and diamonds in South Africa in the 1800s, drastically changed the economic and political structure of the country (South African History Online, 2015). These precious minerals had the potential to attract foreign investment on a large scale, and the country was found to have gold and diamond reserves which exceeded that of any other part of the world. Europe was at its highest peak of imperialism in the 19th century, seeking to accumulate wealth and entrench its global power. South Africa became a perfect place for this because of its pleasant climate and its economic opportunities, due largely to its being rich in minerals (Keegan, 2004).

In 1886, a second discovery was made in the Witwatersrand in Johannesburg which, at the time, contained the world's largest deposit of gold-bearing ore. The challenge with the minerals in the Witwatersrand was that they had low quality ore and thus needed advanced industrial mining methods to extract the mineral. This meant that local people who wanted claim to the mineral would not be able to extract it. The method of extraction needed large sums of capital which in turn ruled out small miners and gave leverage to Europeans, who had access to capital and men such as Rhodes, Barnato and Beit, who had already made significant profit from the mining industry (Jones, 2014).

To mine these minerals needed significant capital, as well as large numbers of labour at a very low cost to be profitable. Investors had to make sure that South Africans had to be constrained and depend on working for an income to survive while putting them under strenuous working conditions. The British conquered the then independent Southern African states, confiscated a large amount of the land and imposed tax on the people. This marked the beginning of industrialisation for these countries, and with it came discriminatory laws that ensured labour remained cheap and flexible. This involved limiting the rights of black South Africans for owning mining rights as well as selling the products, thus consigning them to manual labour while the white people owned the mines and were hired for the skilled positions (South African History Online, 2015). The mining industry was thus the beginning of manufacturing what came to be known in South Africa as apartheid, which economically secluded black South Africans from owning means of production, in this case, mining rights.

The Europeans brought with them capital and technology to gain control of mining regions and this led to the rise of urban cities in South Africa, the biggest one being Johannesburg. Eventually, the South African economy relied on the cheap labour of the black South African provided to the mines. The Anglo-Boer War[16], which followed towards the end of the 19th century, sped up the process of legislative initiatives that further discriminated against people of colour and brought labour under control (Goucher, Leguin & Walton, 1998). The legislative discriminatory acts included the Natives Land Act of 1913, which restricted Africans acquiring land and created an anxious labour force. Industrialisation in South Africa thus set the wheel moving on racial discrimination, which is largely responsible for the socio-economic make up of the country today.

It is impossible to understand South Africa's current socio-economic and developmental goals and challenges without understanding the historical system that led to the current status quo. It is more important in the case of Europe because the expectation is that since the individuals and countries of the region played a hand in creating the current make up of the country, they have an obligation to assist in reversing some of the effects caused by such a system. European settlers may not be solely to blame for the current phenomenon but they played an integral part in racial discrimination, income disparity and socio-economic problems. This would explain why, until today, Europe and South Africa have a strategic partnership and Europe has preferential agreements with South Africa. This would also explain why the bloc funds a large part of South Africa's development initiatives in government and the NGO sector. These initiatives are all very welcome, but have they left a sustainable developmental impact on the country, especially in the mining sector, which has fuelled and sustained the country's economy for decades, only decreasing in recent years?

Although remaining one of South Africa's most strategic partners, the EU has seen a decline in its cooperation and influence in the country, including the mining sector due to changes in global marketplace dynamics, thus giving opportunities for other junior mining interests from the likes of China and Australia, for example (Gao, 2013). However, because of its long-term

[16] http://www.wmbr.org.za/

experience and entrenched presence in the field, very few new operations are being embarked by European actors, though the historical presence that European countries and businesses have in South Africa's mining sector still exists.

This paper will now look at Lonmin PLC, Anglo American (De Beers in particular), and Tharisa Platinum as case studies of how European-owned mining companies in South Africa have conducted development partnership in the sector.

6.2.1. Lonmin

Lonmin is a British-owned platinum group mining company operating in South Africa's Bushveld Complex. The company's headquarters are in Johannesburg, while it has a registered office in London and is registered on the London Stock Exchange. Lonmin's mining licence gives the company mining rights until 2037 and is renewable to 2067 (Lonmin, 2017).

On paper, the company is a socially responsible partner to South Africa, with a number of boards and committees that are inclusive of its workers and play an oversight role in the operations. These include:

- The Social, Ethics and Transformation Committee: among many of its roles it oversees the aims of BEE and covers social and ethical issues linked to how the business operates; and
- The Safety, Health and Environment Committee: oversees the company's risks in relation to safety, health and the environment (Lonmin, 2017).

Lonmin is also a member of EITI, a UK-led initiative intended to ensure that profits accrued by companies from the extractive industries translate to poverty reduction and sustainable development in the countries and communities in which they operate. This can be achieved by promoting transparency of business transactions that take place between governments of mineral-rich countries and the mining companies that operate in these countries (EITI, 2018). In encouraging transparency, the EITI seeks to empower citizens, allowing them an opportunity to hold their governments accountable in terms of where the profits

from the extractive industries go. Although South Africa is not a signatory of the EITI, Lonmin is a member of and fully supports this initiative (Lonmin, 2017).

When it comes to CSR, the company has a number of meaningful interventions that seek to create a lasting developmental effect in Marikana, such as investing on the education of not only its employees but the community as a whole through its community education programme. Through this programme the company assists learners from disadvantaged backgrounds to attain skills through its learnership programme, as well as awarding 63% of the bursaries the company offers to Lonmin employees and their families (Lonmin, 2014).

As part of its strategy for helping South Africa's sustainable growth plans, the company offers one-year skills development programmes, namely the Process Division Exposure Programme and the Mine Technical Skills Programme, both of which help those students who do not attain the academic requirements for a tertiary education or do not have the financial means to attend a formal tertiary institution. The programme gives young people mining skills, which will enable them to obtain employment in Lonmin. Lonmin's interventions in skills development, however, do not end in imparting skills only needed in the mining sector, as Lonmin also offers portable skills training for community members outside the mining industry, including artisanal training and entrepreneurial skills, which could enable them to start small businesses that may not necessarily benefit Lonmin directly (Lonmin, 2017; Snyman & Krause, 2016).

Skills mismatch is one of South Africa's biggest developmental problems (Reddy, Bhorat, Powell, Visser & Arends, 2016). This means the education system is not producing the skills needed to grow the economy, which currently has an expected growth rate of 0,6% in 2017 according to the World Bank (Greve, 2017). Thus, interventions that complement the country's education system as well as those which contribute to targeted skills training are well aligned with South Africa's development goals and National Development Plan (NDP).

One can look at it in two ways: that Lonmin is truly a socially responsible company that is invested in the sustainable development of South Africa and in making sure that its proceeds from mining make a lasting impact on its

communities; or, alternatively, it could be simply to serve themselves, because the company needs skilled workers to work on the mine for the company to make good profits and increase production. Lonmin also has to upskill locals to fulfil its own mandate, as well as help them attain their BEE scores, SLPs and CSR. Regardless of the motive, one cannot ignore that this does benefit South Africa's economic growth to an extent, though it does not necessarily make Lonmin more invested in South Africa's development than any other actors.

Other social initiatives the company undertakes include:

- Spending an average of R5.1 million on community health initiatives;
- Investing in food gardens in 21 schools in Limpopo and Marikana (Lonmin, 2014);
- Improving potable water supply in the area – some R7.2 million spent;
- Upgrading local gravel roads with the latest tarred one being in Wonderkop at the cost of R17 million; and
- Offering ABET classes to more than 500 community members since 2012 (Lonmin, 2014).

As great as these initiatives are on paper, the reality is that some of them have never reached fruition. These include the agricultural farm, the brick-making project and the construction of housing for the mineworkers. These programmes were supposed to assist in the promotion of local entrepreneurship. They were, however, unsuccessful and subsequently abandoned (Snyman & Krause, 2016). The commercial farm alone would have created employment for 400 people, these included some deliverables that were required by the DMR to renew the company's mining rights. Although these were not met, Lonmin's mining rights were still granted. These projects faced problems of poor planning and implementation, resulting in poor delivery and unmet targets and consequently non-compliance with the company's SLP. The lack of delivery on these could be a possible contributing factor to the Marikana Massacre, which will be discussed below.

Research by Snyman and Krause (2016) shows that there is no correlation between the vision articulated by Lonmin in its SLPs and the delivery and impact of interventions on the ground. The company has delivered in certain aspects

such as Historically Disadvantaged South African (HDSA) targets, although the targets for women and HDSAs in managerial positions are still falling short. Targets for awarding bursaries have also been met and the company has made a significant contribution to local schools; although the target of 29 schools for awarding bursaries was not reached, 19 schools were. Lonmin seems to be struggling at reaching the bigger projects that will make sustainable developmental changes to the entire community, which could be attributed to priority setting or poor execution. The fact that the DMR is not stern with the mine and still granting them rights without meeting these targets makes it easy for the company to abandon and not fulfil its mandate, as it will still be business as usual. The government thus needs to play a more assertive role with the mine in encouraging compliance.

In terms of beneficiation, in 2016 Lonmin announced that it had decided to supply its crude nickel sulphate stream to Thakadu Battery Materials for beneficiation (Creamer, 2016). Thakadu will construct a $14 million high purity grade nickel sulphate plant at Lonmin's base mineral refinery. The company will be funding and building the purification plant as one of its "flagship black industrialist projects". Thakadu is expected to produce an average of 25 000 tonnes of high purity nickel sulphate per year to supply the lithium-ion battery market. Some uses of the sulphate include manufacturing rechargeable batteries, consumer electronics, and electric cars, with an expected global revenue of $46 billion by 2022 (Creamer, 2016). As the CFO of Lonmin Barrie van der Merwe has pointed out, this partnership will maximise Lonmin's profit from nickel by processing it into nickel sulphate. The commercial production from this plant is expected to start in early 2018 and will create at least 60 jobs during construction. Moreover, it will represent the first commercial-scale battery-grade nickel sulphate operation in South Africa.

Mineworkers in South Africa are organised, have union membership and have the right to industrial action. Lonmin has had its fair share of strikes that did not amicably. Between 17 May and 20 June 2011, Lonmin's Karee mine embarked on an illegal strike due to the accusation that the mine was in cahoots with its representative union at the time, National Union of Mineworkers (NUM). In response to this, Lonmin dismissed 9 000 of its employees and following the

strike, redeployed about 8 200 of these workers who wished to be re-employed (Lonmin, 2011; Mail & Guardian, 2012). Following this strike, the CEO Ian Farmer expressed the importance of stakeholder relations in reference to the mine, as well as the workers, to avoid similar stand-offs in the future. The director then said the following year, 2012, that the company would place more emphasis on improving employee relations through better communication and two-way dialogue, including the involvement of trade unions. Ironically, it was during the following year that the company experienced the biggest industrial action of its operation in South Africa, which has come to be known as the "Marikana Massacre".

One cannot discuss Lonmin without referring to what happened at Marikana. For most South Africans, this is all they know about Lonmin. The Marikana Massacre took place on 16 August 2012. The strike had been ongoing for eight days when 4 000 rounds of live ammunition were fired at striking mine workers (Mclenaghan & Smith, 2013). At the time of the strike, Lonmin was paying its rock drill operators below industry average, which is what led the 300 workers to down tools and bring the plant to a standstill, among other issues as mentioned above.

A commission of enquiry that came to be known as the Farlam Commission was established by the South African government to investigate the death of 34 miners that day. As part of its evidence, the Commission found that the company colluded with key political figures to bring together increased police presence and together with the police drafted an action plan as to how they would handle the striking mine workers (Mclenaghan & Smith, 2013). It is not clear whether it was an agreement with Lonmin that live ammunition be used to disperse the striking mine workers. However, the company did provide intelligence and resources to the police. This, along with the fact that they colluded with political elites, shows bad faith on the part of Lonmin. The company itself was in a desperate situation as it was not performing financially, and the strike was further affecting its monetary woes.

Mining industry strikes are not exclusive to Lonmin, especially in the platinum belt. A similar strike took place at Impala Platinum (Implats) six months before the Lonmin strike (Mail & Guardian, 2012). The difference was in the outcome of

the Implats strike, which saw the company give in to the workers' demands, following which a new union was established on the mine: the Association of Mineworkers and Construction Union (AMCU).

Mining companies can by no means be expected to succumb to all the pressures of mine workers; however, there could have been better ways of managing the outcome of the Marikana Massacre. Negotiation and preserving the lives, jobs and maintaining good relations with the miners was the least of the company's priorities, instead according to Lonmin's chief executive, Ian Farmer, the Implats agreement to increase the wages of the mine workers created an expectation through the industry and fuelled the Lonmin strike (McClenaghan & Smith, 2013).

According to Forslund (2015), the Lonmin unrest was less about affordability and more about priority. As Forslund (2015) puts it, Lonmin chose to implement profit-shifting arrangements which cost R400 million on a yearly basis instead of fulfilling their SLP obligations and responding to wage demands. This meant that the Marikana crisis could have been avoided had Lonmin had the best interest of its workers and the country as its priority (Benchmarks Foundation, 2013).

The above is indicative of the stance that the company has towards its workers, as a force that needs to be deterred and not to be bargained with. It would seem from this tone then that Lonmin is aware of the kind of influence mining and especially its company has on the South African economy, and uses this as leverage. Thus, the government and mineworkers should be at the mercy of their demands instead of negotiating and trying to reach common ground on what is best for all stakeholders involved.

Lonmin eventually reached an agreement with workers in 2016 to pay rock drill operators the R12, 500 by 2018 from the R4000 they were striking for in 2012, as well as meet other demands (Davies, 2017). The company also opened the "Sixteen-Eight Memorial Trust" that was capitalised with R5 million and is now at R6 million due to the contribution of R1 million by Glenore PLC, in partnership with Shanduka Resources, to fund the education of those children of the Lonmin employees who lost their lives. Some 141 children currently benefit from this fund, ranging from pre-school to tertiary-going age (Lonmin, 2017).

Fast-forward to 2017 and Lonmin was again in the news, this time involving housing for the mineworkers. Lonmin has not delivered on the 33 000 houses that it promised to build for miners (Davies, 2017). The company says that the building of the homes has been slower than expected due to falling platinum prices, it has thus proven difficult to resolve the housing issue while staying financially afloat (Amnesty International, 2016). Many of Lonmin's workers live in informal settlements with no access to electricity or running water. According to Dick Forslund (AIDC, 2015), Lonmin could easily have afforded to build 5 500 homes for its employees over a five-year period but instead only managed to build three show houses (Snyman & Krause, 2016).

Beyond this, the poor condition of the infrastructure has health ramifications. At the time the Benchmarks Foundation (2012) conducted their research, the Reconstruction and Development Programme (RDP) housing built by Lonmin had a broken-down drainage system for a prolonged period – longer than five years. This affected the water supply, as the drains spilled into the local river and children also played with the contaminated water, causing chronic illnesses.

When it comes to housing, Lonmin has been in the process of encouraging home ownership by the miners and slowly trying to move away from hostel dwelling. This process started in 1999 with 1 149 houses built at a cost of R78 million. In 2014, Lonmin launched a home ownership scheme at Marikana, where it handed over land to the North West government for more than 2 600 housing units (Faku, 2014; Lonmin, 2014). To date and in the past 11 years, however, Lonmin has built housing for only 20% of its workforce, excluding contract workers.

The DMR has confirmed that Lonmin met its hostel upgrade targets, though it has not met its target of building 5 500 houses. Instead, it will replace this with 4 400 apartments, of which only 1 250 will be completed by the end of 2018 (Lewis, 2017). These apartments will be rented at R750 a month for single occupancy and R1 350 for a family, with rent subject to increases at the rate of inflation. This equals 7.5% and 13.6% of the miners' minimum wages respectively. So, depending on whether the company will still give renters a living-out allowance, this may be too expensive for mine workers (Lewis, 2017).

South Africa's apartheid past has meant that a large part of the government's revenue goes towards bridging the gap between white and previously disadvantaged South Africans, which is why the Department of Labour insists on ratios at workplaces and BEE plans for business owners. Lonmin is falling short in trying to help the country reach this goal.

The company's financials show huge income disparities between top management and workers on the ground. This is more so between those who are working manual unskilled labour such as miners and rock drillers and top management. As Forslund (2015) reports, the top 75 individuals at Lonmin earn very high salaries and also benefit from a R100 million yearly share scheme Forslund (2015) also reveals that there are about 50 employees at Lonmin in top management who are not included in Lonmin's reports to the Department of Labour. This is more worrying when it comes to being socially responsible and contributing positively to the country's political stability, which ultimately contributes to economic growth. By having unjust payment structures, Lonmin entrenches the cycle of poverty and inequality which is currently a major issue for South Africa and which the government is still finding ways to address.

Companies operating in this environment are mandated to assist the government in rectifying the situation instead of aggravating the already disadvantaged sector of the population; a more equitable distribution of wealth will go a long way in strengthening lasting peace and economic growth in South Africa. The company has been shown to be in breach of section 27 of the Employment Equity Act of 1998 (Forslund, 2015).

Lonmin is also notorious for using contract workers to bridge South Africa's labour policy. In 2012, at the time of the Marikana crisis, the company employed roughly 10 000 workers. These workers are not covered by the Employment Equity Act, which insists on the equal work equal pay principle. At Lonmin, this meant that contracted blue collar workers earned 55% of the salary of a permanent employee on the same level, with falling wages (Forslund, 2012).

The significance of the wage argument in discussing Lonmin's contribution to South Africa's sustainable development is that disparities in income and an

increase in the wage gap especially considering the country's history, tends to fuel political unrest, which ultimately affects the economy. South Africa has a protest culture that has the potential to bring the economy to a standstill by slowing down production and deterring investments, which it has on several occasions, as in the example of Lonmin. However, the company does not seem invested in contributing positively to narrowing these gaps and thus decreasing these social tensions. In the long run, this ultimately fuels political and economic instability and increases the country's vulnerability.

Beyond the wage issues, Lonmin has a high number of fatalities and poor living conditions, and its mining activities have adverse effects on the environment (Benchmarks Foundation, 2012). As the mine expands, it buys more land and farms become isolated, the quality of the water supply also erodes and commercial farming dies. Mining is important to the South African economy firstly for rural livelihoods by providing foods, and secondly, for sustained economic growth through job creation and generating taxes, among others (Slack, 2013). Moreover, it provides much-needed revenues without the environmental impact and less risk of profit shifting. Mining requires minerals, and these will deplete over time, leaving behind dumpsites which are not useful to farmers or the country. It is important when looking at sustainable development and the effect of mines on farming not to gravely prioritise one over the other.

Lonmin has a wealth of experience in the mining sector and a good relationship with the South African government, which may explain the overwhelming presence of the South African Police Service (SAPS) in times of unrest at the mine. The mine does not have a good track record in terms of financials and this is due to decreasing prices of platinum; however, it seems like the biggest losers in this case end up being the mine workers and the South African economy. Like many businesses, Lonmin is a rational actor and will work on projects that are likely to increase profits. As mentioned earlier, Lonmin has education and skills training initiatives, a housing scheme, health facilities and infrastructure development, but does it, being a European-owned business, make its contribution to the South African economy any more ethical or sustainable than the likes of China? The company does the bare minimum to be in good standing with the South African mining and labour laws and not much beyond that, and

even then it does not always comply with or meet these targets. There is still a large disparity in incomes along racial lines, meaning that the skills training is either not rapid enough or insufficient in helping the country bridge the income disparity gap. There is very little beneficiation and the intervention that does exist is still entry level. The housing scheme, while noble, increases the threat of indebtedness and affordability for mine workers, as well as shifts the responsibility of providing and maintaining housing for miners to the mine workers.

One cannot dispute the positive contributions the mine has brought to the country. The company's actions however still appear as those of a rational actor that seeks to maximise its own profit more than a developmental partner that has mutual interest in the country they are investing in. This can be seen in how the company sets its own agendas that are not always necessarily in line with those of the country being invested in.

6.2.2. Anglo American: De Beers

Anglo American considers itself a custodian of precious metals and a responsible miner working with a number of precious metals, which include diamonds and platinum, as well as copper, nickel, iron ore and coal on a smaller scale. The company first opened in Johannesburg in 1917 and since then sought to "build a sustainable South Africa" by doing responsible business (Anglo American, 2017a).

The company has received several awards in the country, including:

- Kriel colliery plant and surface operation – top honour in Safety Achiever category for most fatality free production shifts;
- Goodehoop colliery – Health and Hygiene Achiever Category 1 award for silica and dust suppression;
- Sasol sigma colliery – Category 2 award for best improvement in silica and dust suppression; and
- New Vaal colliery – Environment Achiever award (Solomons, 2017).

As a socially responsible partner, Anglo American for the most part meets its commitments to its SLPs, as requested by the Mineral and Petroleum Resources

Development Act. The company has 12% women in mining and 50% of its management positions are filled by previously disadvantaged South Africans, which exceeds the legally required 40%. The company also plans to build 20 000 houses for its workers between 2010 and 2020 (Benchmarks Foundation, 2012; Nicoleau, 2010).

In South Africa, Anglo American has many mining interests, for purposes of this paper, only De Deers will be looked at in depth.

DE BEERS

De Beers is one of the oldest mining companies in South Africa. Diamonds were discovered on the De Beers farm in Kimberly in 1860. In 1871, Cecil John Rhodes, a British businessman, bought a claim to De Beers and that symbolised the beginning of British domination is the country's diamond industry (SAHO, 2015). Subsequently, the mine was founded in 1888 to exercise control over virtually all diamond production in South Africa. De Beers extracts its diamonds from South Africa and markets them in London at the Diamond Trading Company, which is its subsidiary. Anglo American is the biggest shareholder in De Beers, which still remains the biggest producer and distributor of diamonds in the world through its many subsidiaries and brands. In the early 21st century, the company marketed 40% of the global supply of diamonds (Jones, 2014). De Beers participates in most aspects of the diamond industry, including mining, trading and retail.

The latest De Beers project is the Venetia Underground Mine, which marks the largest investment the company has made in the country. The new project is predicted to create an estimated 6 000 jobs between 2012 and 2039 (De Beers, 2014).

De Beers is for the most part a socially responsible company. Its SLPs for the year ending 2017 were approved by the DMR, and implementation on the mine's four sites is ongoing. In 2013, the company spent $4.7 million on SLPs (De Beers, 2014).

In terms of housing, De Beers has a facilitated home ownership scheme for its South African workers. The programme seeks to assist employees that are not credit worthy, especially in relation to availability of land in the area surrounding Venetia mine. This initiative provides financial awareness training that includes skills on financial planning and well-being, budgeting and managing debt. In this regard, by the end of the 2015 financial year, “four employees were receiving creditworthiness support, 17 were finalising transactions, four were in the process of building or renovating houses, and eight had completed a purchase or build. In addition, 52 employees had been registered and were receiving a housing subsidy” (De Beers, 2015).

To further invest and improve on education and skills development, De Beers Consolidated Mines (DBCM) has partnered with the Limpopo province on the Rural School Development Programme to provide basic education for poor learners. Even in areas where mining has stopped, such as The Oaks, the De Beers Fund has continued to implement a social and environmental plan, seeking to advance rural development. The fund focuses on long-term sustainable rural development projects rather than ad hoc ones. Support for the Bronkhorstspruit Farmers Project is one example of a long-term project supported by De Beers, and assists with training in commercial farming skills. This project can exist even after the company has formally exited and no longer owns assets in the mining community (De Beers, 2009).

De Beers also set up what is known as the De Beers Fund, managed by Tshikululu Social Investments, and which supports 70% education and 30% best practice community projects (Tshikululu, 2018). In this regard, the company has gone on to win the 21st investing in the Future Awards for Education (for investing in education in its mining areas). Between 1998 and 2011, the Fund spent an estimated R143.2 million on education initiatives (De Beers, 2011). The goal is that citizens around the mining town will eventually become self-sustaining and be less reliant on the company. Unlike some developmental projects which simply throw money at the problem, De Beers goes beyond this by not only giving funds to community projects that qualify for funding but also assists projects with developing credible governance and management structures

by providing training as well as facilitating partnerships with other stakeholders, such as the Department of Education and Training (De Beers, 2011).

The company's support in the communities does not only end at education, training and business development. DBCM also assists in managing and curbing social challenges such as its support for citizens affected by HIV/AIDS. Between 2006 and 2009, De Beers spent R10 million on HIV/AIDS in the workplace and another R10 million in the surrounding communities. It provided voluntary testing and counselling, with a participation of about 80% of the workforce, provided Antiretrovirals drugs ARVs for employees' partners, retrenched employees and former employees, and ran support programmes, such as the Isibindi home-based AIDS care programmes (De Beers, 2009).

As part of its BEE initiatives, in 2005 De beers sold 26% of its South African operations De Beers Consolidated Mines (DBCM) to a BEE entity, Ponahalo holdings (Brown & Mackenzie, 2005). Ponahalo is an entity created specifically to hold a stake in De Beers and has about 15 000 past and present employees of De Beers as beneficiaries, as well as other trusts (City Press, 2013). Major shareholders of Ponahalo include Dipico, a Northern Cape Premier; Petona Capital, a women's investment company;and three broad-based trusts which cover disadvantaged women, people with disabilities and communities surrounding the mines (De Beers, 2009). Ponahalo will be actively involved in the management and strategic direction of DBCM as partly required by South Africa's Mining Charter. The ownership of over 90% of the company by previously disadvantaged South Africans also exceeds the requirement of South African law. The company intends to use about R10 million a year to invest in other opportunities in the country to grow its portfolio, while R5 million a year for the first 10 years will be given directly to the trusts to benefit the disadvantaged members (Brown & Mackenzie, 2005). The deal has gone further to include a new deal that will see the company holding a 26% stake in De Beers' sales arm, Sightholder Sales SA. This generates greater cashflow than the mines, which Ponahalo needs. The company has also invested in the Venetia mine expansion which De Beers is embarking on (City Press, 2013).

De Beers was faced with a situation where mining the Kimberly Mines was no longer beneficial. In this regard, the company had to sell the mines after seeking to explore a few ways through which they could extend the life beyond 2018. In the aim of serving both the company and employees, the company decided to sell South Africa's Kimberly Mines to BEE groups to preserve jobs. The business model needed to mine the remaining minerals was different to the one used by De Beers, so the BEE operators needed a different process that could extract the remaining mineral in a sustainable manner to preserve jobs and economic activity in the area (De Beers, 2015).

DBCM on its own does a great deal in terms of investing in the mining populations in South Africa. Some 6.4% of the company's wage bill is dedicated to education and skills development, the main focus being basic education, community and professional training courses and skills development for small enterprises. The company established the Lesedi Centre for Human Capital Development in 2007, which has 500 students and 3 000 enrolled in e-learning courses. Transformation efforts and skills impartation has focused on Women in Mining, in this regard the company had its first female mine operations manager as well as several female truck drivers and women playing prominent roles in mining, metallurgy, research and exploration (De Beers, 2009).

DBCM has also gone into partnership with the Diamond Foundation of South Africa to establish the Harry Oppenheimer Diamond Training School as a means of introducing and increasing beneficiation skills (beneficiation initiative) of diamonds in South Africa, such as cutting and polishing skills. The company also assisted In the International Diamond Jewellery Academy set up by the Northern Cape Government (De Beers, 2009; Mbayi, 2013).

As part of its strategy to assist development is South Africa, De Beers has a small enterprise development fund, De Beers Zimele, Zimele meaning "be independent" in South African Nguni languages (Nxumalo, 2013). The aim of the Fund for De Beers is to encourage a culture of economic self-reliance in the mining communities where the company has presence, and to help establish a vision of communities that will be prosperous post diamond mining era and will be able to sustain their own livelihoods long after De Beers has exited. Through

initiatives such as Zimele and supporting the Diamond Development Initiative, the company seeks to address poverty and ultimately decrease illegal mining (De Beers, 2014).

Zimele seeks to support local entrepreneurs to ensure that local economies can deliver opportunities to citizens that go beyond mining, develop emerging black business, empower entrepreneurs and facilitate job creation. Its purpose is to facilitate the creation, promotion and expansion of sustainable, empowered businesses through funding, extensive support, mentorship and guidance (De Beers, 2015). Zimele applicants are funded a maximum on R1 million per project and Zimele's target was to create 4 000 jobs by 2015, as well as increase the fund to R100 million (Nxumalo, 2013).

By 2015, however, the target of 4 000 jobs was not reached, although over 2 000 jobs had been created and over R60 million given out in loans (Jooste, 2015). The small businesses funded by De Beers Zimele thus far are located in the Free State, Limpopo, Northern Cape and Cape Town. By 2015, Zimele had funded 233 Small and Medium Enterprises (SMEs), with the percentage of women being 43% and youth 21% (Jooste, 2015). The Fund finances most business activities except those that are considered socially illicit and harmful. The repayment rate is more than 70% (Nxumalo, 2016).

De Beers generally uses commercial interest rates for the loans given out under De Beers Zimele, though Zimele has more flexibility when it comes to security requirements and loan financing (Anglo American, 2017b). It is difficult for disadvantaged entrepreneurs to get access to funding in South Africa because application processes are complicated and most applicants do not meet the financial security requirements for commercial banks to fund their business. In this regard, De Beers Zimele closes the gap, helping to boost the economy. However, the commercial interest rates may be too steep for small businesses to thrive, which could explain why the fund only reached half its targeted job creation and businesses funded by 2015.

De Beers has not always been a good corporate citizen. For one, although diamonds were a scarce resource at the time of the discovery of the Kimberly

Mines, this discovery, along with that of other diamond mines in the rest of the African continent, meant that the law of supply and demand would kick in and eventually lead to the depreciation of diamond prices. Thus, although the company's main purpose was to extract, distribute and sell diamonds, there was a corresponding agenda that sought to set up a cartel with different producers to fix international diamond prices (St. Antoninus Institute, n.d.). In so doing, they would create a monopoly on the minerals and thus overcharge the public while also restricting freedom of enterprise for any new competitors. To this effect, the company has been charged by the US justice system for price fixing to which the company pleaded guilty in 2004 (Labaton, 2004). This is not the only scandal that De Beers has been embroiled in: in South Africa, the company was accused of "stealing" from the country by bridging the law that requires a company to ensure that 40% of its sales benefits local companies before it can sell to the overseas market by selling to offshore companies. The company was also involved in a beneficiation scandal in Botswana, South Africa's neighbour (BDI, 2015).

The company has several HDSAs working for it the number of which far exceeds the percentage required by the South African government. The company has invested in education and skills development to a point where it has assisted in funding colleges that benefit people who are not even affiliated to the mine. moreover, it has received several awards in relation to its adherence to health and safety standards, among other achievements.

In analysing these acts, it is important to look beyond the numbers. For one, the majority of South Africa's previously disadvantaged population holds minimum paying jobs and at the lower level of employment. This is largely because in the mining industry, these workers do menial unskilled work and the majority of previously disadvantaged South Africans do not have specialist skills. As is, these figures, although they may look promising on paper, do not represent well the demographic of the population and instead reinforce already existing patterns of inequality, with previously disadvantaged South Africans infiltrating the bottom of the food chain.

Also looking at the De Beers partnership with Ponahalo is one example of the ways in which De Beers is seeking to make a sustainable difference in the

economic prospects of previously disadvantaged South Africans. A large part of the company's revenue is, however, directly linked to De Beers, which makes the company somewhat vulnerable to the decisions it makes. However, the fact that the company is more than wholly owned by the disadvantaged members means that they have free reign on the other investments they are putting their money in, even though they are still choosing to invest in De Beer- linked companies which is somewhat suspect. This investment is more than can be said for other industry giants. Although it may have been partly undertaken for compliance purposes, one cannot dispute the fact that it leaves a lasting and sustainable impact on its beneficiaries. This can be taken further by financially equipping the trust beneficiaries on how to manage their finances in a meaningful way.

The establishment of the Harry Oppenheimer Diamond School and the International Diamond Jewellery Academy is noble at best; however, cutting and polishing still serve as primary level beneficiation. Beyond this the diamonds still need to leave the country to be designed elsewhere and sold to the South African market at a value-added price that the normal South African cannot afford partly due to the poor performance of the economy, which would be doing better if its natural resources were beneficiated on its shores. Companies such as De Beers are well placed to assist with this process if they were well invested in the growth of the country's economy beyond social responsibility expectations by the public.

Selling of the Kimberly mines to a BEE group is another way through which De Beers has sought to find a solution that would be suitable for the workers, the community and South Africa's best interest. Mining is not an inexhaustible exercise: at some point mines do shut down or are sold to partners that are able to preserve or prolong their existence. Instead of seeking the highest buyer, De Beers sold the mine in such a way that It would not only preserve jobs but allow a BEE company ownership of factors of production, thus assisting in South Africa's redistribution plans.

It could be argued that De Beers invests in South Africa's sustainable future because it was one of the very first European companies to exploit the country's minerals or it could just be that the company has come to be socially and

economically invested in the development and sustainability of the communities in which it has worked.

Anglo American and consequently De Beers seem to fare better than their opponents in terms of being socially responsible developmental partners invested in the development of their workers, the communities in which they work and, ultimately, the country.

6.2.3. Tharisa Platinum

Tharisa Platinum is an integrated resource group headquartered in Europe. Its main business includes mining, processing, beneficiation, marketing, sales and logistics (Tharisa, 2018a). Tharisa Platinum mine is a shallow and large-scale open pit PGM and chrome mine in the Bushveld Complex of South Africa and has been in production since November 2009. Open pit mining is less expensive than underground mining, which characterises all platinum mining currently taking place in South Africa (Sanchez, 2016). The Bushveld Complex contains 56% of the world's known PGM resources and over 68% of the world's total economically viable chromite reserves (Tharisa, 2014). It is expected that open pit mining operations on the mine will continue until 2038 and a transition to underground mining will start in 2032.

Tharisa sells the bulk of its metallurgical chrome concentrate to China (Ryan, 2017). This is then sold to the country's stainless-steel industry, while specialty chrome concentrates are sold to Europe and Asia. In the 2017 financial year, metallurgical chrome exports made up 10.9% of South Africa's chrome exports to China and 7.8% of Chinese global chrome exports (Tharisa, 2018c).

For the most part, Tharisa tries to comply with the requirements of the Mining Charter in South Africa in terms of ownership of resources. For example, the Charter requires that at least 26% of the ownership interest in mining companies operating in South Africa must be held by previously disadvantaged groups and Tharisa meets this requirement, with 20% of Tharisa Minerals owned by Thari Resources, an HDSA company, and 6% held by the Tharisa Community Trust. The two HDSA entities also have a shareholder's agreement with Tharisa

Minerals that ensures their equity compliance and restricts the sale or transfer of share (Tharisa, 2018d).

The company has good labour relations according to industry standards. This is evidenced by the fact that until now the company has not lost any production hours due to direct labour disputes or industrial action. This is partly because, since its inception, the company has maintained open communication with employees, especially during times of unrest in the mining sector.

The company has good relations with the NUM, which represents more than 50% of its workforce. A third of Tharisa's workforce comes from the local community and the company has taken it upon itself to develop skills through apprenticeships, mentorship, ABET, internships and bursaries, among other interventions that will help upskill its labour force as detailed in its SLPs. This is in line with the company's commitment to an employment equity plan that seeks to focus on putting HDSAs in management positions. As at 31 December 2013, Tharisa Minerals had a BEE compliance score of 93.0% and therefore achieves an excellent performance in terms of the Mining Charter (Tharisa, 2014).

In terms of development around the mine, Tharisa has an LED programme aimed at uplifting the community surrounding the mine, as well as working to eradicate structural poverty through numerous interventions. The projects aimed at community development include:

- Housing – through the development of a formal township and construction of brick houses for people who do not qualify for RDP housing;
- Brick-making – bricks suitable for housing projects to be manufactured form material produced my Tharisa mine;
- Sewing – PPE clothing to be used by Tharisa Mine workforce;
- Waste Management – Focused on waste produced by the minel and a
- Cleaning Service – focused on the change-house at Tharisa Mine (Tharisa, 2014).

Tharisa's social responsibility initiatives include a School Food Forest, which was established in 2013 and is based at Retief Primary School in Mmaditlhokwa. The three main aims of the programme include:

- Enhancing children's active learning capacity;
- Alleviating short-term hunger; and
- Addressing certain micro nutrient deficiencies (Tharisa, 2018e).

This programme not only provides food for the community and the children but also encourages community members to grow their own fruits and vegetables. The Food Forest assists the government's efforts at ensuring food security and is in line with the Integrated Food Security Programme for South Africa[17], as well as the National School Nutrition Programme. In this regard, Tharisa has received a Chrome Industry Environmental Award from the International Chromium Development Association based in Paris (Creamer, 2017).

Tharisa has housing for roughly 822 families, with infrastructure development in the form of roads, water and sanitation also being provided to the community. The company is currently in liaison with the Rustenburg Municipality to proclaim a formal township where the residents will be given legal ownership of the land on which they reside, as well as provide services for the community. Some initiatives the company engages in to be a socially responsible partner include:

- A wellness programme named Thusanang, meaning "help each other" in Sesotho, with the aim of educating and providing support for mining communities on how to lead healthier lifestyles, counselling and employee training.
- A waste management programme that ensures that there is minimum waste from the mine that is disposed in the municipal landfills but instead waste be recycled, thus increasing the lifespan of the landfills.
- A mine safety and health committee that approves and implements all mandatory safety training (Tharisa, 2018e).

Whether this is because the company has learned from its predecessors or because it genuinely has an interest on the views of the community, it seems to have at least on paper have taken a stance that brings onboard the community's views when it comes to mining matters that affect residents. In this regard, there is a community engagement forum which is mandated to ensure that the local communities are kept informed of company decisions that affect them in the

[17] http://www.nda.agric.za/docs/Policy/FoodSecurityStrat.pdf

same way the community steering community is meant to present the interests of the community to the mine. The Tharisa Community Trust exists to ensure social and economic empowerment in the community surrounding the mine and owns 6% of Tharisa Minerals (Tharisa, 2018d).

However, the community forum set up by the mine is more of a box-ticking exercise, to appear conscious of the community's needs. No real change or advancement of community concerns has been addressed meaningfully through the forum, to the extent that the community has had NGOs and labour unions such as COSATU step in to assist them in liaising with mine management, which has also not had much success (COSATU, 2014).

According to COSATU (2014), Tharisa in developing the mine has acted much in the same manner that the apartheid government acted towards black people, especially in relation to relocation, where the bourgeoisie identified a mineral-rich area and moved participants regardless of their will. The acts of the mine are such that they seek to divide and conquer, offering small benefits and buying leadership structures to persuade the majority that resists its decision. The communities where these people have been moved have no proper water or sanitation, electricity and even roads, which is in violation of South Africa's resettlement laws. So, in as much as the mine seeks to take care of its employees within the mine their interventions outside are not meeting targets written on paper.

Tharisa's niche area beyond mining chrome is its advanced technological methods used to optimise its operations. A large part of this work is done through its subsidiary, Arxo Metals (Seccombe, 2017a; Tharisa, 2018b). Arxo Metals plays an important role as the beneficiation, research and development arm of Tharisa group. As part of its beneficiation projects, the company expanded its processing operations to increase the value of its PGM and chrome products. In this regard, in 2017, Arxo Metals commissioned a furnace to produce PGM-rich alloys as a pilot which will be smelted by Lonmin (Seccombe, 2017a). This kind of beneficiation will add value to the chrome product being produced by Tharisa and thus increase the company's profitability and the mine's abilities.

Tharisa Platinum is rapidly bringing a renewed outlook to the mining industry with its innovations. It is also the first mining group to list on the main London Stock exchange group in five years (Sanchez, 2016). Tharisa recently decided to be more involved in the daily operation if its platinum mine by buying a fleet of equipment and employing the contract staff that was deployed by MCC Contracts to work on the mine, rising the staff complement to 1 700 (Seccombe, 2017b). This was a good move, as permanent staff members have salary scales, benefits and more job security than contract workers, thus allowing their own socio-economic development to take place.

For Tharisa Platinum, this is an opportune time to learn lessons from its predecessors, foster good and lasting relations with all the stakeholders in the mining sector, including workers, communities, government and unions that can be beneficial to all. The company seems to have done well in terms of starting up by putting in place all the right committees and mechanisms required by South African law. What they have most importantly done is legally recognise NUM and given them a space in the mine, perhaps by learning through their counterparts the important role that unions play in South Africa. They have probably done this to avoid altercation with the workers so early in the business, which could explain why the mine has thus far not had any significant unrest.

So far it does not seem that Tharisa's work with the community has been much different to established mines, or that its approach to development has been. Its strategy towards development to a large extent resembles that of the mines which have been operational in South Africa for many years, which emphasises the fact that business are rational actors who act in the best interest of their own profits. Generally, mining businesses are only invested in the development of a country as far as the law requires for them to keep their mining licences; thus, it is the government that needs to ascertain whether companies truly invest in sustainable development beyond exploitation of natural resources. As Tharisa Platinum grows, it will be important for it to mend its relationship with the Madithlokwa community because these disgruntlements can lead to community unrest and eventually affect mine operations. This includes attending to the relocation debate as well as the migration debate, which takes opportunities away from local people. Most importantly, the mine may want to go beyond

compliance and invest in sustainable initiatives that will make lasting and sustainable development around the mine.

6.3. Summary

The EU, unlike China, has had a long-standing relationship with Africa and South Africa in relation to the mining sector. This relationship with South Africa dates back many centuries and, to a large extent, has been a major contributor in the country's exploitation and the poverty and underdevelopment of the country's vulnerable populations; being an engineer of apartheid as well. In the country's new democratic dispensation, mining companies, especially EU-owned ones, would have been expected to be pro-poor, pro-democracy and pro-justice. This has, however, not always been the case. There seems to be a huge gap between policy and practice, and between the needs of employees and communities and those of business people and government, which has led to increasing conflict in the South African mining towns and consequently loss of life and decreased production.

The problems of cooperation between South Africa and the EU countries in the mining sector are not unique to them, and are not much different to the ones faced in cooperating with the Chinese in the extractive industries. As with Chinese cooperation, poor governance of mining companies by the South African government is a key factor. As mining companies are profit driven, they will continue exploiting the opportunities to get maximum output from the mining industry. As seen with different companies, their overall contributions are for the most part linked to SLPs, BEE requirements, and environmental and health requirements as sought by South African law. Not much is done beyond that.

The state is still the one entity that needs to play a major role in turning things around for the development of the communities and economy due to mining activities. All mines have South African businessmen and politicians as board members and, as required by the Mining Charter, also have directors and managers at a high level being South Africans from disadvantaged backgrounds. These positions, however, do not translate to sustainable development. Instead, they are contributing to the skewed wealth disparities in the country. The income

is being accrued to the individuals in power but there is no pressure being put on these companies to go beyond window dressing.

The laws governing extractive industries do not do much in seeking to contribute to sustainable development beyond appeasing community members. There are few instances of initiatives that will last beyond the existence of the mine, such as home ownership schemes, land ownership, BEE initiatives, and the skills development that may unfortunately not be as productive, with mines being closed down and mining activities decreasing in the country. This does not, however, rule out the contribution that European companies have made in the South African mining industry. The sector provides a great deal of employment, especially for HDSAs. The SLPs and CSR initiatives assist with infrastructure development, skills impartation and education in the mining communities that would ordinarily be the jurisdiction of the government. There is still opportunity, however, to have a mutually beneficial relationship with these mining giants.

European companies are generally considered more ethical businesses because they ascribe to many treaties and international protocols that advocate for transparency and democracy, such as the EITI, though this does not necessarily bear much fruit in terms of operational priorities. Mining companies will not voluntarily act in the best interest of host countries and mining communities unless such initiatives will increase profits. As research has shown, most social investments come in the form of CSR initiatives and SLPs, which are designed to meet minimum requirements for the mines to keep operating and to keep good standing with communities and especially unions, which can bring operations to a standstill. According to the Benchmarks Foundation (2012), mining companies in Africa do not provide the same level of environmental, health and safety standards in South Africa as they do in North America, Europe or Australia. This is possibly because the laws there are much stricter and there are effective accountability measures in place.

Given that mining companies are businesses, they always look at cost-cutting measures which ultimately relegate the costs of mining to society – such as the living out allowance and home ownership schemes, which save the mining revenue from running hostels to very low resourced communities which do not

benefit much from the mines. When one also looks at the number of previously disadvantaged workers and women in these companies, it is evident that for the most part, the companies are only willing to invest in these groups to the point where they are required to do so by the Mining Charter and no further than this.

At the most, HDSAs will make up no more than 50% of management positions, though they make up 80% of the workforce and the country's population. This is due to past inequalities. Instead of skilling the HDSAs, companies choose to work with foreign labour or already skilled South Africans. There is no mining college or technical school in Rustenburg sponsored by the mines with the aim of skilling local communities. This is despite the fact that platinum mining in the Bojanala District started as long ago as 1931 (Benchmarks Foundation, 2012).

In looking at sustainable development initiatives, there is very little technological advancement being brought to these mines. The technology that does exist is for the benefit of the mines, to fast-track production. Beneficiation is not being fully explored as an option by mining giants. Instead, in instances where it does exist, it is entry level, which still means the bulk of the beneficiation process is done out of the country because it is cheaper than getting the skills and equipment for it to be developed for South Africa. This is an issue to be addressed by government.

European companies continue to behave as past colonisers and not as equal development partners. European cooperation with South Africa will slowly decrease as communities continue to demand more benefits from their mineral resources. When these are not being met, countries may resort to nationalisation of resources to avoid ongoing unrest, which ultimately affects the profitability of the mines.

Europe has an advantage over South Africa as they are a strategic partner and have a long-term relationship that is stronger than relations with upcoming development partners such as China. However, for this relationship to last and not be overtaken by the likes of China, European partners need to be more proactive in recognising Africa's shortfalls and weaknesses that it can assist them to develop to be on par with the rest of the world or rather, bring them closer to their developmental goals by pushing the agenda of the country instead of their

own. This may help them stay relevant at a time when relations between developing countries are strengthening and first world countries may find their opportunities of cooperating with developing countries decreasing.

CHAPTER SEVEN: CONCLUSION AND RECOMMENDATION

7. Conclusion and recommendations

The question of whether there are any merits to SSC remains unanswered. From the above case studies, it seems that there is very little difference in the way actors from the north and from the south conduct business. Different actors will always have different interests, and this is not necessarily guided by their being from the north or from the south. The existence of power relations is very much evident with southern actors, as it is with northern actors. This is because the stronger partner will always manipulate the relationship with the weaker party to best serve their own aspirations. This is attributed to the fact that stronger economies have better negotiating capacity and have leverage because they are bringing development to the weaker partners.

This research supports the notion that southern countries seem to be sceptical of aid-driven assistance. Developing countries ultimately are more concerned with investments than aid, which they seem to consider as charity. Because there is no past exploitative relationship between southern actors, they act on opportunities, and there is less focus on compensation and redress and more on inclusion and building economies. To some degree, partners of the north such as Anglo American De Beers seem to be more aware of their public image, which could be attributed by their past exploitation of the country in which they work. This can also be seen through their signatory to protocols that call for responsible mining, along with the kind of investments they make such as building diamond schools and selling mines that no longer serve them to BEE partners. In the same light when it comes to operationalisation, even these European actors seek to protect their profits above all else, as can be seen in the case of the Marikana Massacre.

One needs to be careful of rhetoric around SSC or even China and its ability to exploit. Context can never be over emphasised. The manner in which Chinese companies operate in South Africa is completely different to the way in which they operate in any other African country. The terms of reference are also quite different. The Chinese are very good at reading the political landscape of the

countries with which they work. Chinese companies understand the political economy in a way that business people and other governments yet do not.

The problem with Chinese economic investments in Africa and in South Africa is that the governments involved want to portray their interactions in terms of some southern solidarity and partnership towards the development of southern actors, instead of portraying it for what it really is: two countries doing business together for two different interests; in the mining field, for China to access raw materials and for South Africa, capital to invest in mine expansion and operation and ultimately contribute to GDP.

In the same way that FOCAC provides a comprehensive framework and strategy for China's engagements with Africa, Africa should have its own response and strategy in terms of how it intends to deal with and want to gain out of their engagements with China. Failure to form a united response and clear strategy towards Chinese engagements will result in poor successes for the smaller African countries. Thus, consultation with civil society businesses and all other important stakeholders is integral; some responses should be national while others need a regional or continental approach. It is up to African countries how they want to move forward with this, but dialogues and skills development are a very important part of it.

Africa needs to have an ethic of solidarity that determines how more developed countries of the south conduct business and/or development with them. This can be done through the Regional Economic Communities (RECs) and the AU. Powerful countries, whether from the north or south, will ultimately come with better expertise and have greater bargaining power, allowing for the exploitation of poorer southern countries by more powerful southern countries. The relationship between Africa and China has a lot of potential for assisting Africa with its current growth challenges, which include an unfavourable investment climate that China tends to overlook. For this relationship to be effective for Africa, however, the continent needs to shape its strategic direction.

Southern countries generally need to establish rules of engagement: what are its main guiding principles when conducting business or investing in each other's

economies beyond being guided by some illusive sense of solidarity? They also need to have an agreement on what their transformation agenda is and mobilise resources and conduct development cooperation that works towards reaching that common agenda. There is still a long way to go before reaching this, as there is currently grave mistrust and suspicion among southern actors.

Most importantly, there needs to be an appreciation and admission of the fact that the south is not homogeneous. There must be an appreciation of the different experiences of all the actors within the south, where lessons can be learned but not replicated. Ignoring these differences will create the same problems the south currently now has with the north, where the more developed countries deem themselves experts and expect southern states to go through the exact same development path that may not necessarily be suitable for all countries and different contexts.

European colonisers were driven by their need to exploit raw materials in Africa, and this still for the most part serves as a motivation of why northern states still engage with the continent. This, however, can also be said today for China, Russia, India, Brazil or any other SSC partner. Industrialising countries continue to engage Africa in pursuit of raw materials, though this is more so for developing economies. Africa must not turn a blind eye to exploitation of raw materials by southern actors but be proactive in how this involvement takes place and ensure it is in a manner that benefits the continent as well as the recipient countries more than investors – be they southern or not.

As Shelton and Kabemba (2012) point out, ownership and management of resources play an important role in the minerals industry. Countries that own minerals are limited in terms of making these minerals work towards the economic development of their nations as they do not own the capital needed to develop these resources, and neither do they have the skills and expertise. They thus need countries like China and the EU to invest capital and technology to be used towards developing natural resources. The role of the state in terms of developing their economies is to draft a long-term resources development strategy and have accountability measures in place to ensure that investors honour their agreements.

Southern actors ultimately want to position themselves as friends and allies in both their unilateral and multilateral engagements. Countries thus need to take this opportunity and map out the challenges as well as opportunities of engaging with southern actors and use these to form their own commercial engagement strategies.

China's relationship with southern actors should be seen for what it is, pure economics, not colonial or as a show of southern solidarity. Ultimately, the difference between Chinese and European investment is far less than what is suggested.

Southern countries ultimately need to strengthen their negotiation skills and make a conscious decision to protect their economies from foreign investors, regardless of where they come from. Governments with the help of civil society should undertake this task as they play an oversight and accountability role in making sure that natural resources in African countries contribute towards the sustainable development of its people. When the Chinese government and businesses meet southern partners that also have great bargaining skills and a clear strategy as to exactly what it is they want to achieve from the negotiation process, they are unlikely to walk away without conceding to some of the concessions.

Government elites clearly seem to overstate the benefits of having China as a developmental partner, while Chinese critics also overstate the negativity of Chinese investments. The biggest question about SSC should not be whether it is better that NSC; the real issue should be focused on how countries can use other southern actors' investments to the benefit of recipient communities by learning from the mistakes made with northern partners.

What critics refer to as the "China-problem" is ultimately a global problem and most importantly, an African problem, which is attributed to by poor governance on the part of the recipient countries in managing foreign investors, more than it, is any problem with Chinese investors.

The growth of the south has ultimately provided Africa with an alternative development partner in dealing with the centre-periphery and ongoing neo-colonial relationship with the north in trying to advance its own development.

Power relations exist within developing countries in the same way they exist with northern and southern countries. Chinese Premier Zhoun Enlai's eight principles (discussed earlier) were noble and had good intentions; however, some of the principles do not seem to be upheld in current Chinese development towards Africa. As is, China seems to be creating dependence of Africa to Chinese companies and not facilitating the continent's independence, and there is little evidence of skills transfer. Chinese cooperation seems to show little evidence of sustainability and does create some of the same problems as traditional cooperation did.

It is important that in forging relationships with southern actors, local governments bring on board all actors involved to springboard ideas for reform. This includes the general public, the private sector and civil society.

At a continental and country level, governments need to safeguard their relationships with SSC partners by ensuring that their private sector actions are in line with the relationship and image that countries are seeking to form with each other. It is rather counterproductive for SSC partners to have great relationships at BRICS, AU and even the UN but little solidarity in the ways in which their private investors conduct business with these partners.

The examined case studies have proven that in international relations, the realist paradigm still governs interactions with development partners. To an extent, it is great that southern actors do not interfere in each other's domestic affairs but in the same light, this may be detrimental to the citizens of those countries. Perhaps the greatest contribution that SSC has made to development discourse is providing an alternative to aid-driven development. In reality, there is negligible difference between SSC and NSC.

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