

https://dspace.org/

Sino-African mining activities: Challenges and opportunities

Madziwa, Charlton T

2012-07-04
http://hdl.handle.net/10539/11605

Downloaded from a DSpace repository. https://dspace.org/

Abstract

China`s resource demand is contributing to historic shifts in global mineral market behaviour and overall optimism in African resource rich countries. Considering the fact that most African countries are underdeveloped and China has become Africa`s largest source of FDI, Sino-African affiliations hold tremendous potential for both parties. While the majority of Sino-African studies investigate FDI as the definitive parameter in measuring Sino-African engagements, the responses by African governments and the 'indirect' impacts of China`s resource demand are often neglected. As Chinese demand sustains high resource prices, African resource rich governments are gaining leverage and renewed vigour in pursuing developmental goals. The study investigates how African governments are responding to this new found leverage, the implications to multilateral institutions such as the International Monetary Fund (IMF) and emerging challenges such as uncontrolled Chinese migration. On a global scale, the study explores how China is affecting market power balances, pricing and availability in key sectors such as iron ore and rare earth elements (REEs).

The research concludes that with regards to the iron ore and rare earth elements markets; China`s national strategy and regulation of domestic industries has largely been successful, particularly in the REE sector. China`s steel industry on the other hand as the largest consumer of iron ore has contributed to a decline in consumer bargaining power as the large iron ore producers have increased the benchmark iron ore prices and are dictating pricing terms. The report further concludes that recent developments in Zimbabwe and South Africa on the large part serve China` strategy, for example Zimbabwe's 51% Ownerships Law and South Africa`s Black Economic Empowerment (BEE). Going forward, Chinese migration is emerging as a threat to strengthening Sino-African affiliations. China is also contributing to a decline in the role and influence of the IMF in Africa, as high commodity prices mean that African governments can reject the IMF`s loan preconditions and engage with China.