

Promoting Growth in Africa: working with China

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China and Africa:

- China's engagement in Africa is expanding rapidly. Since 2001, two-way trade has quadrupled, reaching almost \$40 billion in 2005. This is expected to rise to \$100 billion by 2010 with trade roughly in balance. China is now Africa's third largest trading partner. More than 800 Chinese companies have invested around \$1 billion in Africa. Chinese companies have been awarded contracts worth over \$30 billion for infrastructure projects in Africa to-date. China scrapped tariffs on 190 imported goods from 28 African countries in 2005. Some estimates consider that China's engagement will add 1-2% to Africa's growth in 2006.
- The Government of China has dubbed 2006 'the year of Africa' with a stream of high-level visitors to Africa including President Hu Jintao, Prime Minister Wen Jiabao and Foreign Minister Li Zhaoxing. In November, the fourth Forum for China-Africa Cooperation will be held in Beijing. Heads of States and senior representatives from the 47 African countries who have diplomatic relations with China are expected to attend. China published its first White Paper on its policies towards Africa in January 2006. It is the key framework for this growing engagement. The paper highlights the need for "win-win" economic cooperation, sharing development experiences and mutual support within the United Nations. China will host the next annual meeting of the African Development Bank in Shanghai in May 2007.

DFID: working with China on international development

- China matters and it matters big! As the UK's new White Paper on international development highlights, China's success is helping to lift people out of poverty throughout the world. DFID China's new Country Assistance Plan, which was launched in May 2006, identifies engagement with China on international development issues as a key objective as we move from bilateral assistance to China towards a strategic development partnership.
- DFID has commissioned a number of background studies, including ongoing research with Stellenbosch University on Chinese investment in African infrastructure. We have built contacts with officials, academics and think tanks in China, the UK and Africa. DFID China is working closely with DFID's Africa Policy Department to build a coherent strategy for engaging with China on Africa. DFID offices in Africa are recognizing the need to engage with China in-country. China has joined donor coordination groups in Kenya and Tanzania and less formal exchanges are taking place elsewhere.
- In close collaboration with the Foreign and Commonwealth Office, we hope China will take an active interest in multilateral and pan-African initiatives such as the Extractive Industries Transparency Initiative, the Infrastructure Consortium for Africa, and the Investment Climate Facility.

- High-level visits are a key mechanism for building trust and delivering our messages. DFID's Permanent Secretary, Sir Suma Chakrabarti, visited Beijing in September. DFID and FCO Africa directors are planning a joint visit later in 2006. Senior officials from the Prime Minister's office and the FCO will also visit in 2006.
- The key to effective engagement is to work in close partnership with others – within the UK government and the international community. DFID China is working hand-in-hand with the Embassy in Beijing. DFID China also recently chaired the first local coordination meeting with representatives from like-minded countries, the European Union and United Nations Development Programme.
- As a relatively new player in the international development arena China has been reluctant to raise its profile in fora dominated by traditional actors. Most aid donors started out this way. This is why a sustained effort for engagement is most likely to succeed in drawing China closer into the international fold. As stated in the UK's new White Paper on international development, we will also encourage other development partners, especially the OECD's Development Assistance Committee, to work more closely with new donors such as China.

Working with China on Africa – key messages

- China's achievements in reducing poverty within China is of historic significance. China's scale and the speed of its growth were now having a substantial impact on poverty reduction in other developing countries.
- We welcome China's growing role in Africa and recognise the opportunities this creates for poverty reduction and development. We share with China a strong interest in sustainable and stable development in Africa. We welcome opportunities for greater co-operation. China's participation in the Prime Minister's Commission for Africa is an excellent example of effective collaboration.
- Co-operation with the UK and China is about friendship, mutual lesson-learning and the practical exchange of experience to maximise the prospects of reducing poverty in Africa.
- We encourage China to join and play an active role in multilateral development fora, in-country donor groups and consultative processes.
- We encourage Chinese participation in multilateral and pan-African initiatives such as the Extractive Industries Transparency Initiative and the Infrastructure Consortium for Africa.
- We encourage China to take account of NEPAD and the African Union in its dealings with Africa.
- We should emphasise that the best way to support African development is by the promotion and reinforcement of improved governance. Africa has consistently grown above the international world average over the last six years. Some of this is due to the impact of China, but most of it is due to improved policies and better leadership in Africa.