

Event Report



Africa-EU-China: Avenues for a New Economic Partnership?

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Abstract

In collaboration with the European Business Council for Africa (EBCAM), the European Institute for Asian Studies (EIAS) hosted the public event 'Africa-EU-China: Avenues for a New Economic Partnership?' on 4 February 2020. The panel discussion, moderated by EIAS Advisory Board Member and EBCAM Secretary General Dr Alexandros Spachis, aimed at shedding light on the current efforts and ways forward in fostering tripartite business and economic cooperation between Africa, the European Union and China.

In collaboration with the European Business Council for Africa (EBCAM), the European Institute for Asian Studies (EIAS) hosted the public event 'Africa-EU-China: Avenues for a New Economic Partnership?' on 4 February 2020. The panel discussion was moderated by EIAS Advisory Board Member and EBCAM Secretary General Dr Alexandros Spachis. Building on the limited success of the EU proposal to develop a trilateral dialogue with Africa and China in 2008, the discussion aimed at shedding light on the current efforts and ways forward in fostering tripartite business and economic cooperation between Africa, the European Union and China. China's growing importance as a global actor and its intensifying presence on the African continent over the last few years has been a determining factor in the EU's renewed interest in developing a trilateral dialogue.

Dr Spachis kicked off the discussion asking the panellists to elaborate on the EU's efforts to create a framework for trilateral Africa-EU-China cooperation since 2008 and on the role of business cooperation. For instance, the EU quite regularly engages in dialogues with China on Africa, which culminated in the 11th Round of China-EU Consultation on African Affairs held in Beijing in July 2019.

After Dr Spachis' introduction, the word was given to Mr Etienne Giros, President of EBCAM, which represents the European private sector and investments in Africa, and then to Mr Angelos Pangratis, formerly EU Ambassador to the WTO and currently Advisor Hors Classe for EU Economic Diplomacy at the European External Action Service (EEAS).

From their keynote speeches, it emerged that the main concern among representatives of the EU and of European companies' interests is to ensure that the good practices, standards and regulations, on which our rule-based multilateral system is built, are respected. Since it is commonly perceived that European businesses suffer a lack of level playing field when competing in third countries' markets with Chinese firms, the creation of a business environment that can guarantee fair competition for European investors is a top priority.

Mr Giros highlighted the importance of Africa for European private businesses to thrive. Strengthening the African private sector and engaging in Public-Private Partnerships (PPP), connecting private enterprises with international institutions, would be a catalyst for a positive business climate and, thereby, for sustainable development and poverty eradication. For instance, profit is not incompatible with but rather conducive to development.

While it was generally acknowledged by the speakers that China has been contributing to the growth and poverty reduction of African countries, a number of problem areas, that are usually associated to the Chinese presence and economic activities in Africa and that put European companies in a disadvantaged position, were listed. According to Mr Giros, competition has recently become increasingly unfair due to five factors:

- China's tied aid, which would favour financing to Chinese companies.
- China's infrastructure financing, which would be linked to the supply of natural resources.
- China's "debt-trap diplomacy", which would enable China to obtain control of strategic African assets.
- China's absence of aid conditionality.
- Chinese companies' scarce respect for social and labour standards.

According to Ambassador Mr Pangratis, this gap of level playing field is becoming unbearable. He suggested that in this increasingly multipolar world, multilateral solutions are even more essential. Yet, the organised international community in the context of the WTO appears paradoxically less and less able to deliver them – what he calls the *Paradox*

of Multilateralism. The only way to make sure that the EU does not lower its standards when dealing with “distorted competition” would be increasing the efforts to expand awareness of rule-based solutions and multilateralism. In conclusion, Mr Pangratis affirmed that the EU is committed to work with China, yet, European Member States’ and private companies’ interests should be advanced and protected.

Following Mr Giros’ and Mr Pangratis’ keynote speeches, the word was given to Mr Francisco Mantero, expert on African affairs as Chair of the Africa Development Working Group at Business Europe. Mr Mantero mentioned a few existing “avenues” toward trilateral business partnerships. On the African side, the *new African private sector development strategy* is aimed at improving the business climate for private sector development, strengthening SMEs’ entrepreneurship, increasing SMEs’ access to financing, enhancing SMEs’ competitiveness and access to international, regional and global markets, and promoting regional development through trade, investments and infrastructure. The European “avenue” is identified in the *Africa-Europe alliance in sustainable investments and jobs*, based on strategic investments in job creation and education, and in the promotion of a business environment that is conducive to economic integration. Mr Mantero affirmed that while the African and European initiatives are compatible, it is difficult to name the Chinese “avenue”. Mr Mantero mentioned the conspicuous investments and aid that China has been offering to Africa in the last few years and reiterated the aforementioned problem areas. Finally, Mr Mantero suggested the EU should, on the one hand, work together with its partners, including China, on a common institutional framework and, on the other hand, promote policies and close cooperation with the private sector.

After Mr Mantero’s remarks, Ms Estelle Youssouffa, independent broadcast journalist and international affairs consultant with ample research experience in Africa, shared her observations. First, Ms Youssouffa highlighted that successful trilateral cooperation should be based on a triple-win approach. On the one hand, it is evident that the EU wishes to catch up with China and maintain its market share in Africa. The inexplicit motive is fostering growth in African and, thereby, tackling migration from the continent towards the EU. On the other hand, it is difficult to discern the benefits China would gain by helping the EU in Africa. Similarly, it is hard for African leaders to envision positive developments in a trilateral partnership with the EU – and their former colonial powers – and China as long as Africa is excluded from the dialogue.

Second, Ms Youssouffa pointed out the high diversity of Chinese actors engaging in African countries. For instance, most of them are small and medium private entrepreneurs, that integrate very well in the local market environment and social fabric. Only a smaller number of Chinese companies are State-Owned Enterprises (SOEs) and are engaged in infrastructure development. Only in this case, interactions and agreements take place at state-level. As Chinese private firms and SOEs have very different approaches it is crucial to distinguish them when talking about dialogue with China.

Third, Ms Youssouffa agreed that the development of a stronger African private sector is not only in the interest of African countries, but also of the EU and China. However, when Africa is successfully included in the discussion, it should not be represented only by state actors, often accused of corruption and bad governance, but also – and especially – by members of civil society and the private sector. In this way, they would gain bargaining power and be able to push for change in their countries’ state apparatus.

Finally, Ms Youssouffa mentioned areas in which the EU could engage and practices the EU should change to bridge the widening gap with Africa. She suggested the EU look at the

example of China and consider currency swaps, in light of the current discussion on the replacement of the CFA franc with the independent ECO.

The last speaker was Mr Richard Touroude, Director of International Affairs at the French Federation of Public Works. Mr Touroude also maintained that African markets hold great potential for the future. However, Africa still faces a lack of infrastructure financing. He suggested that the EU should put more attention on infrastructure financing within its ODA portfolio. Nevertheless, Mr Touroude also maintained the EU faces difficulties in increasing its competitiveness in the sector due to China's aforementioned suspected unfair practices, such as China's unwillingness to abide by international financial frameworks, the advantageous position of Chinese firms given the financial backing from the Chinese state and the noncompliance with sustainability standards. He believes the EU should then call on China to adhere to the guidelines of the Organisation for Economic Co-operation and Development's (OECD) Development Assistance Committee (DAC) and, until it does so, prevent Chinese companies to participate in EU-financed infrastructure tenders.

The panel discussion was followed by a Q&A session. The audience raised questions on the efforts by the EU to address the problem of weak governance in some African countries and on the possibility to soften aid-conditionality from the EU side in order to catch up with China. The importance of better involving African partners in the dialogue and of shifting the EU emphasis from aid to business was also reiterated. Participants also suggested that including members of the African diaspora in Europe in the discussion would help bridging the gap between the EU and Africa.

To conclude, the speakers agreed on the importance of fostering the growth of the private sector and business activities. To answer the questions, Mr Pangratis mentioned that political dialogue is taking place to promote good governance. Ms Yousouffa suggested that softening aid-conditionality and giving up on human rights and corporate social responsibility, would undermine the EU's credibility. Mr Mantero pointed out that within Africa there are different perceptions and approaches toward the EU and China and that African countries' decisions have to be respected. However, the ultimate goal of all the stakeholders should be the successful integration of Africa in the world economy. Mr Giros agreed that it is necessary to set up an Africa-EU-China trilateral dialogue instead of maintaining an EU-China bilateral dialogue on Africa. Finally, Mr Touroude highlighted that the creation of a level playing field is enabled not only by African countries but mainly by exporting countries. The lack of transparency in Chinese investments and aid would be intentional and aimed at maintaining the absence of such a level playing field.

On the occasion of this event, EIAS published the briefing paper "Advancing EU-China-Africa trilateral partnerships: the role of joint business ventures in promoting sustainability, innovation and institutional synergies". African, European and Chinese interests are often portrayed as divergent - but what if business cooperation in sustainability and innovation could be the game changer? If you are curious about how trilateral business cooperation could play not just a pivotal role in EU-Africa relations, but also function as the foundation of Africa-EU-China interactions and institutional synergies, read the in-depth analysis by Junior Researcher Sara Bertucci and Margherita Locatelli, [here](#).

EBCAM also issued a position paper titled “European Companies and Chinese Companies in Africa: Adversaries or Partners? How Compliance can Lead to Unfair Competition”. After giving an overview of current EU-China relations and of European and Chinese companies’ practices on the African continent, EBCAM offers suggestions for the EU to promote fairer competition in African markets and support the continent’s development and integration into global trade. EBCAM’s position paper can be found [here](#).

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