CHINESE INVESTMENT LOANS AND FOREIGN DIRECT INVESTMENT IN SOUTH AFRICA BETWEEN 2012 AND 2022

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INTRODUCTION

Chinese Investments, Loans and Foreign Direct Investment have become an increasingly important topic of analytical research and case study work as the economic footprint of China has grown exponentially over the last decade.

As a result, this report is very timeous in focusing on South Africa's complex economic relationship with the Peoples Republic of China (PRC) and China's influence on South Africa's economic public policy. The PRC government's economic influence in the whole of Africa has been enhanced through its close relationship with the African National Congress led South African government. Through strong bilateral relationships China has gradually reshaped how the African continent has prioritized joint development initiatives through international and regional development platforms. In this regard, the African Union and the Southern African Development Community (SADC), to mention just two continental collaborative economic organisations, reorganized their development initiatives to reflect a continental agenda deeply infused by China's Foreign Policy of "Going Out" and its close linkage with the Belt and Road Initiative of reviving the old Overland and sea Silk Route. Not only has China become a major influencer at state leadership level, it has also become the dominant trade and investment partner on the continent, overtaking the US during the last decade in every sphere. It is very significant to note that even before the economic decade this report covers China – South Africa bilateral relations (2012 to 2022), China had already become South Africa's biggest trading partner.

After the establishment of the Forum on China-Africa cooperation in 2000, Chinese trade with Africa accelerated with great rapidity (Carciotto and Chikohomero, 2022). Investment loans and Foreign Direct Investment (FDI) commitments have also increased dramatically, and South Africa and China have expanded and consolidated their Bilateral Investment Treaty (BIT), signed in 1997, to a considerable extent, albeit with many omissions relating to, for example, labour rights and climate change commitments and obligations (UNCTAD, 2019).

As a recent report published by the Institute for Security Studies states that the economic expansion of Chinese investment loans, FDI and active involvement in development projects is a cause of concern, as China's record of upholding labour rights and its commitment to sustainable development have been held to question. There are many examples from both South- East Asia and Africa attesting to a poor record of labour and sustainable development practices most recently well documented by case studies in six southern African states, including South Africa (Carciotto and Chikohomero, 2022).

In South Africa itself, Chinese investment in the mining sector has raised serious concerns, regarding ongoing lack of compliance around health and safety measures, such as lack of protective headgear and clothing, lack of adequate labelling of buildings and machinery and inadequate lighting. There have also been complaints around low wages, non-compliance with labour rights in relations to dismissals, failure to comply with South Africa's minimum wage scale for low skilled workers and failure to compensate workers for working longer hours and overtime. Carciotto and Chikohomero (2022: v) state that,

> "(m)ost labour disputes concern the unfair dismissal of employees without following the disciplinary and dismissal process".
>
> These problems have been reported throughout Africa with great consistency. Unfortunately, labour issues are made more complex by the relationships between governments in the region, the PRC government and Chinese businesses responsible for development projects. According to Carciotto and Chikohomero (2022: v), the government-to-government nexus and the relationships with Trade Unions are "riddled with corruption and intimidation".

As will be discussed throughout this report, a key area of Chinese economic policy influence is through the setting up of preferential trade areas for Foreign Direct Investment called Special Economic Zones. Case study research on Chinese investments in Special Economic Zones in South Africa has shown that the Zones allow even more scope to ignore labour regulations and to fudge statistics on how much local labour is included in investment projects (Thompson and Tsolekile de Wet, 2018).

Chinese development policy influence in South Africa and the region will be discussed in more detail in the section to follow on Chinese public policy influence on development and in relation to the expansion of Special Economic Zones in South Africa. The Zones will be discussed in general and the Musina-Makhado SEZ near Louis Trichardt (close to the South Africa – Zimbabwe border post of Beit Bridge) will be discussed in detail as it is linked to China's Belt and Road initiative.

The report is structured as follows. The historical background to the expansion of the PRC's footprint in all spheres of African governance, most specifically in the area of economic development, follows this section. Thereafter, the report turns to examining the broader continental policy impact of the formal declarations made through the two blocs that have entrenched China's presence in Africa, the region and South Africa, namely FOCAC and BRICS. We then turn to examining the establishment of bilateral ties with South Africa through MOUs and Bilateral International Trade Agreements and how this has infused development policies in South Africa. The last three sections of the report turn to an examination of the investment trends in the areas of SEZs, infrastructure and development, specifically examining the policy influence of China in South Africa's SEZ policy and how this has affected the functional success of the SEZs in developmental terms. Fieldwork case study material is presented from Musina-Makhado SEZ.

BACKGROUND TO CHINESE INVESTMENTS IN SOUTH AFRICA AND AFRICA

GEOPOLITICAL RIVALRIES AND POWER SHIFTS IN AFRICA

As mentioned in the Introduction, China's expansion into Africa is linked to a broader economic foreign policy approach is linked to China's "Going Out" strategy which began in the late 1970s (Brautigam, 2009:74). This expansion has gradually evolved into a global Chinese government development narrative on South-South cooperation (SSC) and how this form of alternative development assistance or cooperation could lead to the development of a counter-hegemonic Global South bloc to accelerate 'inclusive' development in the South (Thompson, 2019).

There is a strong interrelation between development policy narratives emerging as part of the Chinese led SSC, Global South, 'Beyond Aid' forms of economic cooperation as articulated by the BRICS and FOCAC.These new development narratives are tied to global power dynamics and of course to US-China economic rivalry. These power shifts began well before COVID 19, but the pandemic has both amplified the hegemonic shifts and has shifted the balance of global economic power towards the Peoples Republic of China.

The United States of America and the European Union form the Global North in this new global foreign policy narrative. China, through the formation of various institutional blocs in South-

East Asia and Africa, has popularised the concept and geostrategic policy alignment of states behind the notion of the Global South to re-align the global balance of power.

These realignments have contributed to the global power struggles between China and the U.S., described by some as a new Cold War, and by others as a much needed shift of global power dynamics. The Economist, reporting on the Chinese Communist Party's 100th birthday on 1 July 2021 reports:

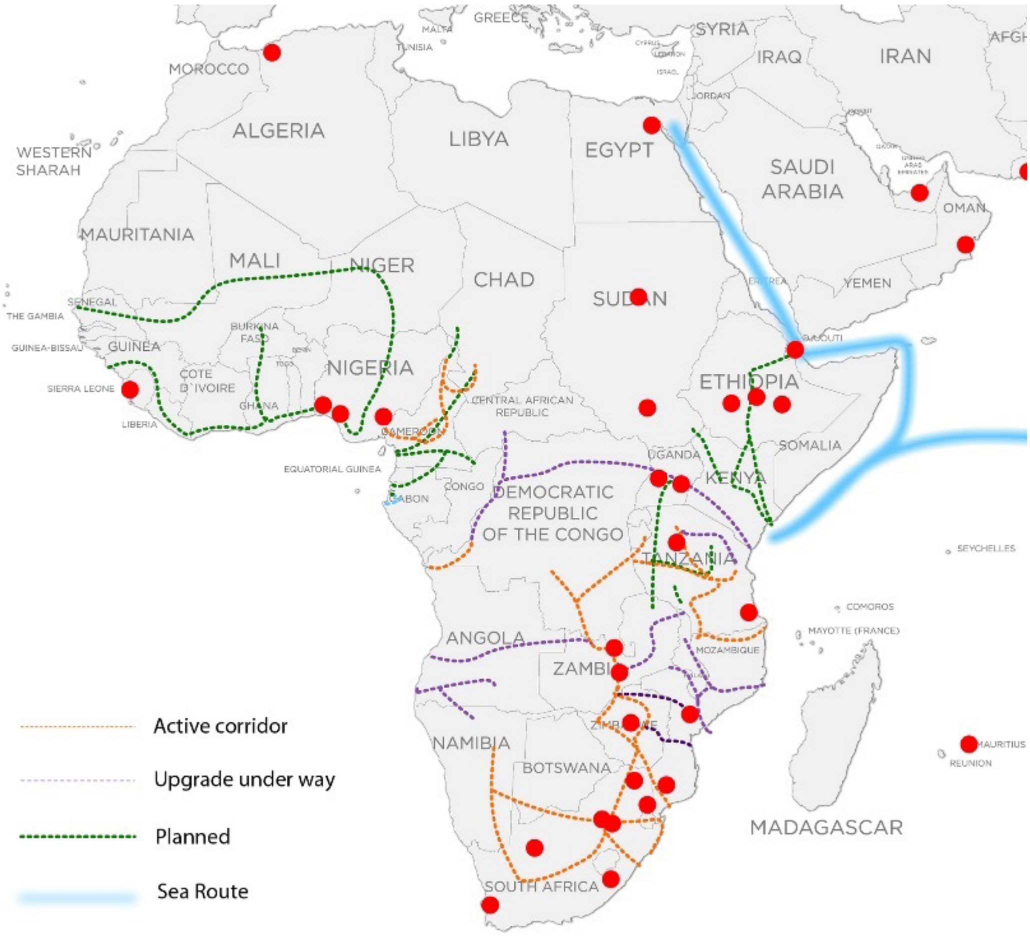
> "...it was alarming to hear the loud applause and cheers that greeted Xi Jinping on July 1st.... at Tiananmen Square, China's leader had just pledged that any foreigner who tried to bully China would 'dash their heads against a Great Wall of steel, forged from the flesh and blood of over 1.4bn Chinese people'. The party crushes individual liberties with despotic ruthlessness. Yet its leaders are sure that they govern with the consent of the vast majority. As a result, they claim to enjoy as much legitimacy as any democracy
>
> The Global South framing has influenced Africa's positionality in world politics and for continental development. China and the U.S are vying for an increased foothold on the continent.

An example of this occurred in June 2021 at the G7 (Holland and Faulconbridge, 2021) and North Atlantic Trade Organization – NATO (Siebold, Holland and Emmott, 2021) heads of state meeting. The NATO communique stated bluntly,

> "China's stated ambitions and assertive behaviour present systemic challenges to the rules-based international order and to areas relevant to alliance security,".

In addition, the G7- United States, Canada, France, Germany, Italy, Japan and the United Kingdom – unveiled the $40 trillion Build-Back-Better-World (B3W) by 2035 (Holland and Faulconbridge, 2021) infrastructure plan to put in place a policy counterweight to China's exponentially bigger economic footprint throughout Eurasia and Africa through Belt and Road Initiative (BRI) .

BRI rewires neo-colonial trade routes towards China through infrastructural megaprojects, of which Special Economic Zones form a part. SEZs are also pivotal to China's 'Going Out', or 'Going Global' economic policy shift.



Belt and Road in Africa, Reference:
Own Collation. 2023.

The concept of the Global South changes previously understood meanings of North and South. Development literature posits a bifurcation between the industrialised or developed (North) and developing states that trade mostly in primary products or commodities (South). Colonization is claimed to be a defining feature of the nature of the economies in the South, if only in terms of the mental subjugation in some state cases, where actual full political colonisation did not take place. China claims to have been a colony as well as currently a developing state, and as such China's economic leadership role in the world economy has been cemented as leader of the new Global South. China's self-appointed role as leader of the Global South is a tactical re-alignment to challenge the hegemony of the U.S. in the Global North (Thompson and Tsolekile de Wet, 2018).

INTERNATIONAL DEVELOPMENT COOPERATION

IDA, also known as International Development Cooperation, is the Global South spin on doing international aid differently, without the heavy conditionalities posed by Northern state elites and allied international organisations sauch as the Organisation for Economic Cooperation and Development (OECD) and its Development Assistance Committee (DAC) or the International Monetary Fund (IMF) and the World Bank. Japan started IDA after the 2nd World War and China, as Japan's aid protégé, took the approach and expanded on it. IDA now refers to loans without conditionalities imposed by western donors and are thus understood as "no strings attached" lending to states throughout South-East Asia and Africa. The term is a misnomer, of course, as every loan requires repayment and if funds are used unwisely or recipient states are not able to pay back loans, China has a reputation for finding other forms of payment, in kind as it were. The most notorious example of this form of repayment is China's take-over of the Hambantota Port in Sri Lanka (Kannan, 2021). Although the leasing of the Port has drawn different critical perspectives, it does underline the importance of negotiation on the part of South African government ministries entering into high cost mega -infrastructure projects.

Relating to this last point, on the now Chinese run Hambantota Port, IDA, despite sounding altruistic, is far from it and the consequences of African states taking large loans have caused many states in Africa to become even more heavily indebted. While Brautigam (2009) argues that the fault of such lending lies in the borrower not the lender, the fact of the matter remains that many African state leaders have been seduced by lending narrative adopted by China of "mutual benefit", "win-win" and "no strings attached". In the southern African region, Kenya and Zambia are two examples of states struggling to repay loans. More recently, Brautigam has suggested that media and some NGOs also tend to dwell on opacity of Chinese loans and aid while there is information in the public domain. Critics of lending to Sri Lanka, for example, take strong exception to the focus on transparency, honing in rather on the "predatory" nature of some Chinese loans that are structured to claim assets and land in the case of loan defaulting (China-Africa, The real story, 2023).

IDA is a bilateral agreement between Chinese SOEs and/or private companies, or Chinese Banks offering low interest loans, and a recipient country. IDA also covers Chinese led assistance to mega-projects to boost growth and "inclusive people to people development". Very often there isn't public disclosure of whether the IDA is an investment and/or a loan, and/or some other kind of assistance (such as technical or digital) (Brautigam, 2009). Non-disclosure forms the lynch-pin of debates of whether IDA is debt trap diplomacy.

Deborah Brautigam, who is broadly supportive of Chinese investment in Africa, nonetheless stated the following, back in 2009,

> "Although China has become increasingly transparent about many aspects of its governance and policymaking, aid figures remain state secrets. The Chinese government releases only the barest of information about the quantities of aid it gives.

> There are no official figures on aid allocations to individual countries or regions, no breakdown by sector or purpose. The tradition of secrecy fuels misunderstandings, rumour, and speculation” (Brautigam, 2009:12).

IDAs general opacity is illustrated at the FOCAC pledges every three years. The FOCAC 2018 Action Plan shows this vagueness with regards to concessional loans,

> “China will extend loans of concessional nature, export credit line and export credit insurance to African countries, make the loans reasonably more concessional, create new financing models and improve the terms and conditions of the credit to support China-Africa Belt and Road cooperation and industrial capacity cooperation, and the infrastructure construction, development of energy and resources, agriculture, manufacturing and the comprehensive development of the whole industrial chain of Africa. China will extend US$20 billion credit lines and support the setting up of a US$10 billion special fund for development financing” (FOCAC, 2018).

Unfortunately the actual agreements are bilateral and the paper trail on where exactly the pledges go is non-existent. FOCAC meetings thus resemble a Christmas Party with lots of celebrations, ceremony and gratitude (from African leaders) but the pledges remain invisible, untraceable and thus doubtful gifts.

China has ensured however, that Chinese IDA is deeply integrated into the international system of norms and values. For example, in its official articulation, endorses all 5 UN principles. The Global Sustainable Development Goals (SDGs) developed by the United Nations (United Nations, 2015) aim to pick up on what the Millennium Development Goals did not achieve in encouraging equitable global development. The SDGs are centred on five core Principles: People, Planet, Peace, Prosperity and Partnerships. Eradicating poverty and all forms of inequality while protecting the environment are at the of the SDG framing[1]. Thus in integrating these principles into Chinese lending the state and its satellite stakeholders, SOEs and private business protect themselves from what many critiques have detailed as the debt-trap of IDA diplomacy.

At national level, China is also careful to insinuate their foreign policy objectives into national development plans. For example, in his State of the Nation Address in his February 2021, President Cyril Ramaphosa announced that the R100 billion Infrastructure Fund (Rall, 2021), for which the Strategic Infrastructure Projects (SIPs) provide a foundation, was fully operational. There are three SIP projects link Chinese IDA funding through FOCAC to both funding and constructing of the SIPs, because they will also integrate other ports and Zones in South Africa and the region to BRI.

1. www.sustainabledevelopmentgoals.un.org. Accessed February, 2023.

These new articulations of South Africa's development policy have gained traction due to China's redoubled efforts to establish strong bilateral relationships with African states, South Africa in particular.

South Africa-China relations have been officially described by the Chinese government as "comprehensive, strategic partnership", indicating the highest level of economic and political support that Beijing offers to emerging economies in Africa and the Global South.

The rapid increase in agreements between the 2 states, alongside of robust bilateral trade is evident from President Jacob Zuma's visit to Beijing in 2014.

It was on this 2014 Heads of State meeting that the particular emphasis on cooperation on the development of Special Economic Zones was reiterated as well as the related training for South Africa's industrial agenda as it was called in the official documentation (Naidu, 2015). This will be explored in the section. On SEZs and the MMSEZ to follow. The next section turns to China-South Africa cooperation through FOCAC.

SOUTH AFRICA IN THE FORUM ON CHINA-AFRICA COOPERATION (FOCAC) AND INVESTMENT AND LOANS THROUGH FOCAC

The way in which the FOCAC agenda has gradually merged with the African continental agenda presents a very revealing analysis of the expanding Chinese political and economic footprint on the continent, especially in the linking of Africa to the broader global economic strategy of "Going Out". As a focus for the expansion of Chinese power, FOCAC summit meetings showcase two critical elements of this agenda. The first is the development of an alternative, non-western, style of economic cooperation and development assistance and the second is the economic power gained by China through loans with ostensibly 'no strings attached' that ultimately enlarges China's economic and pollical sphere of influence on the continent. China has dovetailed bilateral cooperation with South Africa and extended this cooperation to the South African government's regional aspirations (Naidu, 2015). Thus, the Chinese cooperation agenda with South Africa supports the enlargement of its sphere of influence as an regional economic hegemon, albeit with Chinese International Development Cooperation forms of aid, trade and infrastructure investment. For decades, the regions integration aspirations have been attempted without much political will in Southern African Development Community Conference halls and in the new African Union building in Addis Ababa, which, interestingly, was China's "gift to Africa" and was built by the Chinese with government funding. In the past five years, however, southern African regional aspirations have been boosted by China's commitments to expanding and updating the regions ailing transport infrastructure, linking it to the Chinese Belt and Road initiative. China has also supported the notion of regional growth nodes through the establishment of SEZs that could link in to BRI. This is why the Musina Makhado SEZ, which will be discussed in detail later, is of such importance as it is part of a much broader Chinese led continental economic development plan.

In 2015, the first FOCAC meeting held in Africa, the 6th of the summits since FOCAC was initiated by China, elevated South Africa's status as co-chair for 3 years. During South Africa's co-chair years, South Africa's foreign policy aspirations continentally and globally were less defined by previous goals, such as assuring African seats in the UN Security Council, and far more shaped by FOCAC and BRICS goals. As an analyst at the South African International Institute of African Affairs stated in 2015,

> "Focac represents a strategic pillar of development diplomacy aimed at enhancing Sino-African engagements. However, the real issue is how its agenda is set and to what extent the process is accountable and monitored. It does seem as though China plays a central role in FOCAC' Institutional architecture" (Naidu, 2015: 7).

This insight as to the relative power of South Africa, and in indeed any of the more economically powerful African states, has become more pronounced with each FOCAC Summit. By 2018, when President Ramaphosa took part at FOCAC for the first time, the relationship between Beijing and Pretoria was clearly being shaped predominantly by China. Thus, the leadership and foreign policy positions taken by Jacob Zuma and Cyril Ramaphosa show a marked departure from the Mandela and Mbeki years of leadership, which prioritized South Africa as an ideational and norm setter on the continent and in multilateral fora such as the UN, G77 + China and G20.

During the period of Zuma leadership, formal official relations with China were boosted and it was during 2015 that China's dominance as South Africa's major trading partner grew permanent roots through the signing of multiple MOUS.

At the same time, it must be noted that even Jacob Zuma, a sycophantic supporter of China-South Africa relations, did comment in 2012 that the relationship between Africa and China was unsustainable because of the economic imbalances. This led to China introducing a Memorandum of Cooperation on Infrastructure in 2015,

Naidu (2015: 11) states that,

> "The Memorandum of Understanding signed between China and the AUC on the sidelines of the January 2015 AU Summit and the setting up of a permanent mission at the AU are signs that China is upping the ante on its engagements with China".

While it is certainly true that the Chinese government has made an effort to ensure its promise of "mutual benefit", the influence of China on South Africa has diluted South Africa's foreign policy commitments to, for example, more equal global regimes on trade and investment and environment and labour codes of conduct as well as increasing Africa's voice in the G20 and UN. While the foreign policy analyst, Sanusha Naidu, in 2015 argued that these were South Africa's potential ethical leadership strengths in the global foreign policy arena, it is clear that both BRICS and FOCAC agendas have heavily diluted South Africa's foreign policy agenda setting.

Furthermore, as discussed in the opening sections of this report, South Africa itself has had to deal with Chinese companies and government ignoring minimum wage standards and turning a blind eye on corruption (Carciotto and Chikohomero, 2022).

Thus, in spite of the FOCAC Summit rhetoric of mutual benefit, win-win and no strings attached, the net effect of China's investments, loans and FDI have been in favour of the Chinese economy and have not resolved the colonial and neo-colonial problems of unequal trade and development.

There are also a number of reasons to doubt that China is supportive of South Africa's foreign policy agenda on Pan-Africanism in the Africa Union, despite China's official endorsement of this agenda.

Naidu (2015: 9) outlines 5 drawbacks to China's endorsement of the African Union Agenda through FOCAC, and perhaps a stronger international platform for South-South Agendas than BRICS:

> The first is that FOCAC does not exclude other multilateral or bilateral ties but does give China more of a mandate to influence the continents development agenda. Secondly, FOCAC does not consolidate a broader China – Africa multilateral standpoint, it simply iterates a form of trade and aid cooperation. Third, it doesn't appear as if South Africa, or any African state, can articulate an African multilateral mandate through FOCAC. The fourth issue is that while FOCAC presents a multilateral face, it is implemented bilaterally, thus giving the platform very little weight in terms of international influence. Finally, the degree to which FOCAC underpins any international economic governance values (other than that of China's) is a moot point.

In conclusion, FOCAC is more a platform that China uses to draw attention to its trade and aid influence in Africa, and South Africa, despite its dual hat of both membership of BRICS and FOCAC, does not contribute to agenda shaping in FOCAC.

SOUTH AFRICA'S GEOSTRATEGIC POSITION IN BRICS AND INVESTMENT AND LOANS THROUGH BRICS

South Africa's inclusion in BRICS in 2010 is arguably a transformational moment in global geo-politics in the 21st Century. Through the inclusion of the smallest of the emerging economies that BRICS represents, the Chinese led bloc is able to claim geostrategic legitimacy for calling itself part of the Global South. This tactical inclusion has been the source of a great deal of analysis as to whether BRICS poses both a challenge to Western hegemony and a potential economic alternative to neo-liberal capitalism

It is through the expansion of China's influence in Africa that South Africa's role in BRICS of high significance. The legitimacy of South Africa in the bloc is gained through its long held (and neo-colonially infused marketing ploy) as the economic gateway to Africa. As part of BRICS, South Africa has to attempt to punch above its economic weight. However it is not only South Africa's economy that lags behind the façade of economic prosperity that BRICS projects.

At BRICS Summits every year similar facts are mentioned about the influential force the Bloc poses to the global political economy. BRICS leaders (especially China) always reiterate the fact that the size of the populations of BRICS make up 42% of the world's population, 24% of global GDP and 16% of World Trade. There is a major problem with these statistics inflating the importance of the bloc. While the facts are true, it is ironic that China both claims to be a developing state, at the same time as it is the 2nd large economy in the world. While the Chinese economy has experienced many serious blows in 2022, these seem not to have affected the expansionist agenda in Africa, if press releases in South Africa and Africa are to be taken at face value.

In mid 2022, global compliance news reported

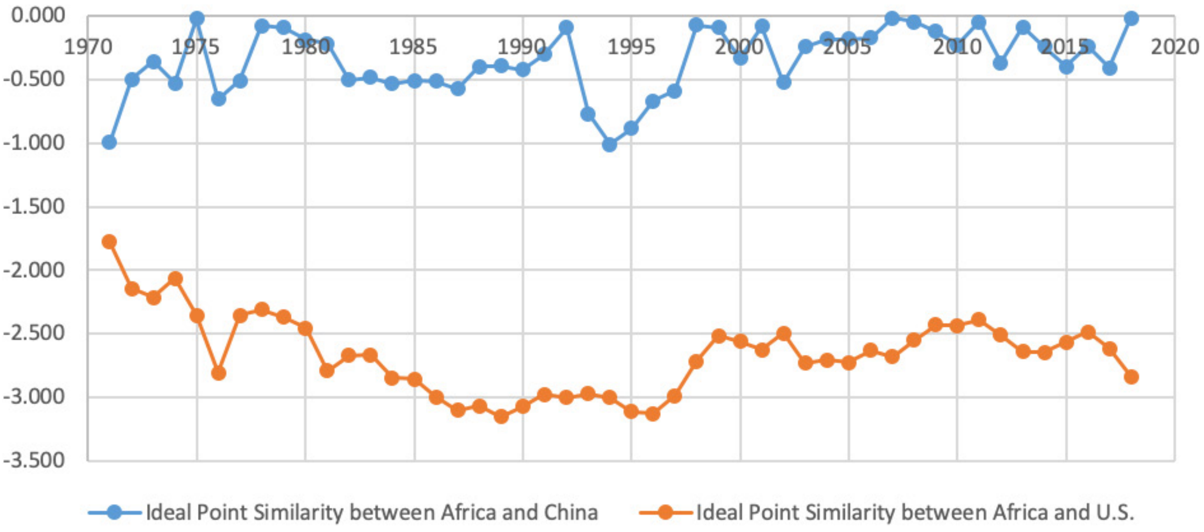
> "Trade between China and Africa is growing. The General Administration of Customs of China recently noted that bilateral trade between China and Africa amounted to USD 254.3 in 2021, an increase of 35.3% from 2020. In the first quarter of 2022, China's Customs Data confirmed that trade between the two regions increased by 23%, to USD 64. 8 million. Africa exported goods worth USD 105.9 billion to China, an increase of 43.7% from the previous year. China is increasingly importing agricultural products and manufacturing goods from Africa, in addition to its continued strong focus on oil, precious minerals and metals. African imports from China mainly focus on manufactured goods such as electronics, clothing and appliances, and technology." (Sabban, 2022).

Thus, despite China's harsh lockdowns which continued into 2022, the momentum of exports and imports between the African continent and China is rising exponentially every year, as is the number of loans. Infrastructural megaprojects continue to form a major thrust of China-Africa Cooperation.

How does the growing level of cooperation with the African continent affect the BRICS? In evaluating the true weight of the BRICS bloc, the fact that Brazil, Russia, India and South Africa make up a mere 6% of global GDP is important. Global Multilateral Institutional Transformation is unlikely to occur through BRICS not only because of the disproportionate weight of China's economy but because the bloc shares little to no ideational glue in terms of collective economic goals, aside from being a counterweight to western influence in the global political and economic arena.

The growing cooperation between China and Africa has led to an increase in solidarity between Africa and China in international fora, specifically the United Nations. The graph from a 2022 report released by the US Foreign Policy Research Institute below shows that in the period between 2001 and 2018, there was an 80% increase in alignment with China and Africa in the UN.

UN Voting Similarity between Africa Average and China, Africa Average and U.S.



Source: United States Foreign Policy Research Unit, 2022

The US Foreign Policy Research Institute concludes that,

> "Over the 18-year examination period, political alignment between China and African countries increased by about 80%. In essence, China's investment in Africa ensures that its investment results in greater global consensus around Chinese interests. Finally, since African countries are more dependent on economic engagement, their willingness to oblige by China's wishes, especially regarding international issues, is strengthened due to their inability to exist without outside economic engagement" (Jones, Ndofor and Li, 2022).

Yet South-South cooperation doesn't often flow both ways. An example of China's lack of support for African initiatives is the lack of BRICS backing of President Ramaphosa's admirable efforts in 2021 to lobby the World Trade Organisation for 3-year waiver on the Trade Related Intellectual Property Rights (TRIPs) regulations. TRIPS prevented the manufacturing of generic COVID 19 vaccines, while South African based companies such as Biovac is capable of independent manufacturing. This affected the economy in both direct and indirect ways, including, for example, peaking numbers of COVID cases with low rates of vaccination that affect the local economy and also other key economic sectors such as international tourism.

Key sectors of Chinese investment over the last decade have been in manufacturing, especially of automobiles. China Daily reported in 2016 that the BAIC plant which has been established in the Coega Special Economic Zone in South Africa's Eastern Province, is of the largest Chinese investments in the whole of Africa, with the initial FDI pledged at USD $773 million (Nan, 2016).

The second key area is transport projects, some of which are aligned with the presidential Infrastructure programme, and most strikingly, to the energy parastatal Eskom. It was reported in social media recently that,

For at least a decade, China has provided funding to support the South African coal-based power sector. In 2017, Just Finance International reported that the China Development Bank lent $1.5 billion and US$2.5 billion (R27.26 and R45.45 billion), respectively, for the construction of Eskom's Medupi and Kusile coal-powered plants. This is over and above the USD 34 billion loan provided to Eskom in 2018 (IOL, 2023).

Currently, negotiations are underway with the Chinese government ahead of FOCAC to develop bilateral programmes between South Africa and China to overcome the country's severe and mounting energy crisis (IOL, 2023).

FORMAL AGREEMENTS AND MOUS BETWEEN SOUTH AFRICA AND CHINA 2012-2022

Between 2012 and 2022 there has been an enormous increase in Chinese investment in the South African economy.

Chinese direct investment in the South African economy doubled between 2012 and 2014, to a total of US$8.2 billion, between 2022 the figure reached USD 54 billion (Wang, 2023:1). This trend towards FDI, especially at the level of SOEs, is further evidenced by a number of bilateral agreements that have been signed between 2012 and 2014.

Even before 2012, President Zuma's state visit to China led to the signing of 2 MOUs. As gazetted in by government, "South Africa and the People's Republic of China (PRC) signed the Memorandum of Understanding (MoU) on Cooperation in the field of Environmental Management on 26 August 2010 during President Zuma's State Visit to China. The main objective of the MoU is to promote cooperative efforts of environmental protection and to promote collaboration and exchange between the two countries in the environmental field, in order to preserve and improve the environment for present and future generations"[2].

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2. Department of Forestry, Fisheries and the Environment. https://www.dffe.gov.za/legislation/international_agreements/sachina_mou_environmentalmanagement. Accessed February, 2023.

There are a plethora of more broadly framed MOUs. These cover such a broad area of cooperation, Investment MOUs signed in 2014 include:

- MOU on strategic cooperation between Eskom holdings and State Corporation China to strengthen cooperation in the field of energy, underpinned by a loan agreement to the value of R7.2 trillion ($500 million) to further support Eskom's infrastructure construction;
- Cooperation agreement between Sinosure and Transnet to the value of US $2.5 billion in relation to the procurement of equipment and electrical products and whole-set equipment from Chinese enterprises and projects contracted by Chinese enterprises in South Africa.
- Cooperation agreement to fund infrastructure and Industrial development Projects in South Africa and the rest of Africa between China Construction Bank Corporation and the Industrial Development Corporation (IDC) South Africa.

These agreements give weight to the 5 to 10 year programme of cooperation signed by Jacob Zuma and President Xi Jinping in 2011 known as the Comprehensive Strategic Partnership Agreement (CSPA), which was re-evaluated in December 2017 prior to the hosting of the Forum for China-Africa Co-operation (FOCAC).

In 2015, a further 26 MOUs were signed on the conclusion of another state to state visit between President Zuma and Xi JinPing (Bilaterals, 2015). These included:

1. Action Plan on the Strengthening of the Joint Working Group between China and South Africa. This comprehensive action plan to strengthen the existing working group collaboration covers

- locomotive procurement,
- civilian nuclear energy project,
- investment in renewable energy,
- investment cooperation in industrial parks, trade promotion, specifically focused on South African product expos and Chinese trade missions,
- promoting the export of South African products to China and cooperation in Black Industrialists Programmes;
- visa facilitation, financial cooperation
- the upgrading of national electricity transmission and distribution system.

2. MoU on Jointly Building the Silk Road Economic Belt and the 21st Century Maritime Silk Road

It is important to note that this MOU was signed in 2015, stating that both South Africa and China "are committed to jointly promote the building of the Silk Road Economic Belt and the

21st Century Maritime Silk Road (the Belt and Road) through this MoU. In the officialese, China added that this endeavour contributes "to the spirit of the Silk Road, a spirit which included peace, cooperation, openness, inclusiveness, mutual learning, mutual benefit and win-win results and to enrich its meaning with the characteristics of the new era"[3].

The blending of trade with other forms of cooperation of mutual benefit is also clear in the MOU wording. It states the following attributes: "creating opportunities for mutual learning, realizing better exchange and integration of goods, technology, capital and personnel and promoting the coordinated development and common progress of countries concerned in the fields of economy, society, environment and culture, thereby facilitating dialogues and integration of different civilizations"[4].

Furthermore the MOU adds that "both South Africa and China have agreed to jointly explore the converging points between the Belt and Road Initiative and national development of South Africa, to enhance policy coordination and pragmatic cooperation, promote win-win cooperation and mutual learning so as to realize peaceful development and common prosperity for both countries"[5].

The 3rd MOU signed in 2015 covers Strengthening Cooperation in the Oceans Economy and was signed by the Department of Environmental Affairs and the NDRC. Its stated objectives are to:

"Strengthen Cooperation in the Oceans Economy is to create cooperation and a consultation platform and to promote cooperation ... in the following areas i.e. Maritime transport; Offshore petroleum resources development; Ocean drilling platform building; Aquaculture and processing of fish products; Port development/construction and operation; Port industrial park development; Skills development and capacity building; Research, technology innovation and technology transfer; Oceans environment conservation and management; and other areas of mutual interest as agreed by the Parties"[6].

The 4th MOU included the Waiver of Visa Requirements for Diplomatic and Official Passport Holders.

The 5th Memorandum of Understanding covered Cooperation in Health and Medical Sciences, with the stated objective to "expand exchanges in the fields of public health, health care delivery systems and biomedical sciences, as well as establish regular cooperation between health institutions. Areas of cooperation include: Public health services and biomedical research, medical research; Primary health care, including family medicine; Quality assurance in health care and standards practice; education and training in, and research of, traditional medicine; healthy lifestyles; regulation of medicine, including traditional medicine; pre-hospital emergency medicine; HIV and AIDS and TB and MDR-TB treatment; Recruitment of health professionals; and Human resource development"[7].

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3. https://www.bilaterals.org/?south-africa-government-signs
4. Idem
5. Idem
6. Idem
7. Idem

The 6th MoU covered Cooperation and Development on Science Parks, following an agreement on Science and Technology Cooperation concluded between South Africa and China signed as far back as 30 March 1999, the 4 December 2014 Five to Ten Year Strategic Framework for Cooperation and the November 2011 Partnership Programme on China-Africa Science and Technology. The MOU commit China and South Africa to expand cooperation on science parks while prioritising equality and mutual benefit. Business incubation, High-End Skills Development and ICT Research and Development Investment are stated to be core priorities.

The 7th MOU covers the establishment of a China Cultural Centre in the Republic of South Africa stating that the,"Government of the People's Republic of China and the Government of the Republic of South Africa wish to promote the cultural and exchanges expertise and cooperation between the two countries and strengthen the mutual understanding and friendship. The Government of the People's Republic of China will establish a China Cultural Centre in South Africa. The Cultural Centre will provide quality and publicly-accessible cultural programmes through friendly collaboration with its partners"[8].

The 8th MOU is between the South African Department of Public Enterprises, and the Chinese State-Owned Assets Supervision and Administration Commission of the State Council, to "facilitate strengthening cooperation in terms of infrastructure construction projects; information communications, as well as co-operation between Chinese and South African energy related companies. The Agreement will create a legal framework for South African and Chinese state-owned enterprises (SOEs) within their oversight control to conduct exchanges and co-operation in the areas of common interests; and as well as to share information and expertise in their respective enterprises"[9].

The 9th MOU on Anti-Monopoly Cooperation was signed by the Chinese Ministry of Commerce (MOfCom) and the South African Economic Development Department to,

> "Enhance the partnership of the Ministry of Commerce of the People's Republic of China and the Economic Development Department of South Africa by providing a sound mechanism for their communication and cooperation in the fields of competition law and policy, including enforcement. Exchanging information regarding developments in their respective competition legislation, enforcement and policy; Providing comments on drafts of each other's competition law, regulations and other legal or guidance documents; exchanging information on issues including, but not limited to, definition of relevant markets, theories of harm, the competitive impact assessment and the design of remedies; Sharing competition law enforcement experience; Sharing practice and experience with respect to law enforcement capacity building; and Exchanging views on issues relating to international cooperation on competition law and policy"[10].

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8. https://www.bilaterals.org/?south-africa-government-signs
9. Idem
10. Idem

The importance of this particular MOU cannot be underemphasised in terms of its range to influence South Afrcian economic policy.

The 10th MOU was signed by the South African Revenue Service (SARS) and the Great Administration of Customs of the People's Republic of China GAC) to "strengthen cooperation in the field of administrative assistance in customs matters with the focus of improving mutual understanding of the Participants' custom practices. The Agreement will create a legal framework for the SARS and the Great Administration of Customs to promote communication and cooperation in customs administration; technology application, the formulation and implementation of laws and regulations; capacity building; and trade statistics, and to facilitate cooperation in specific areas namely the exchange of trade statistics; trade facilitation and identifying and controlling trade risks; improving the existing collaboration in terms of anti-smuggling; exchanging customs valuation methodologies, capacity building as well as exchanging views in areas applicable to multilateral contexts"[11].

The 11th Agreement contains an Action Plan on Human Resource Development Cooperation between the South African Department of Higher Education and Training and the Chinese Ministry of Commerce.

The agreement covered the training of 2000 officials from South Africa for the period 2015-2020. The Plan also aimed to "assist in strengthening the promoting personnel exchanges, and enhancing mutual friendship between the two countries and is part of the Five-to-Ten-Year Strategic Programme for Cooperation between the Republic of South Africa and the People's Republic of China 2015-2024"[12].

The 12th agreement covered cooperation on reporting on Statistical Discrepancies of Merchandise Trade between South Africa and the PRC, stating,

> "in recent years, the bilateral merchandise trade between South Africa and China has grown rapidly. From 2004-2014, the total bilateral trade value increased 28.4% (compound annual growth) according to Chinese statistics and 20.4% according to South African statistics. The discrepancies between the trade data of the two countries have been a concern and have had an effect on the objective of understanding and evaluating bilateral trade. Consequently, a Joint Working Group on trade statistics analysis between South Africa and China was established in November 2010, comprised of the Department of Trade and Industry of South Africa, the South African Revenue Services and the Chinese Ministry of Commerce. The Working Group conducted a cooperative study on the cause of the statistical discrepancy in the 2004-2009 bilateral merchandise trade data and focused on critically analysing the trade data of 2007 and 2009"[13].

11. https://www.bilaterals.org/?south-africa-government-signs
12. Idem
13. Idem

A further 8 MOUs were signed with specific State Owned Enterprises. These are:

1. Memorandum of Understanding on Strategic Co-Operation between Eskom and the State Corporation of China (SCC) in order "to create a legal framework for Eskom and the SGCC to establish a strategic relationship in order to deepen their co-operation in international business and to exchange experience in technical, managerial and financial fields. The MoU will also allow the Parties to pursue commercial opportunities and exchange information on projects in geographic regions of mutual interest in the fields of transmission and distribution projects; renewable energy projects, off-grid rural electrification programmes".
2. Loan Agreement between China Development Bank Corporation and Eskom, to "conclude a loan agreement to facilitate-South Africa-China investment and trade cooperation and to further support Eskom's infrastructure construction. The loan facility is to the value of USD 500,000,000".
3. A Cooperation Agreement between the China Export Credit Insurance Corporation (Sinosure) and Transnet "to provide insurance support to Transnet with respect to the financing activities with a total amount of no more than USD 2.5 Billion … in the first phase of cooperation with Transnet, in relation to the procurement by Transnet of mechanical and electrical products and whole-set equipment from Chinese enterprises, and projects contracted by Chinese enterprises in South Africa, as well as operation, maintenance and other related services…. (funds to be) used for projects in South Africa, e.g. railway, ports and pipeline, etc., and other projects recognized by both Parties.
4. A Cooperation Agreement to Fund Infrastructure and Industrial Development Projects in South Africa and the Rest of Africa between China Construction Bank Corporation (CCBC) and Industrial Corporation of South Africa (IDC) "to fund Infrastructure and Industrial Development projects, directly and indirectly in South Africa and the rest of Africa, subject to their internal funding processes. The Parties will, inter alia, fund project opportunities in South Africa and the rest of Africa with the IDC taking underlying project risk and CCB taking project risk at the IDC level. This would involve debt funding. Sectors to be considered for funding include industrial infrastructure (which encompasses energy renewable and conventional) agro-processing; manufacturing and mining beneficiation; amongst others".
5. Memorandum of Understanding between the Beijing Automotive Group (BAIC) and the Industrial Development Corporation (IDC) "to co-operate with each other by establishing motor vehicle manufacturing facilities in South Africa … (the) manufacturing facility is intended to create jobs and sell motor vehicles in South Africa and the rest of the African continent in accordance with the terms of reference referred to in this MOU to make reasonable profit.
6. Cooperation Framework Agreement between the Trans Caledon Tunnel Authority (TCTA) and the China Communications Construction Company "to assist in establishing and de-

veloping a long-term friendly cooperation relationship between the Parties in order to fund and implement new projects in the water and sanitation sector in the Republic of South Africa"[14].

7. A Final Sign of Agreement for CBERS-04 Satellite Ground System in South Africa between the South African National Space Agency (SANSA) and the China Aerospace, Science and Technology Corporation (CAISC) This agreement signed off on an the go ahead for the CBERS-04 Satellite Ground System in South Africa and this agreement was "to certify that the CBERS-04 Satellite Ground System in South Africa is accepted by SANSA and is formally handed over to SANSA"[15].
8. Project Management Cooperation Agreement for CAP1400 Project between State Nuclear Power Technology Corporation (SNPTC) and the South Africa Nuclear Corporation (NECSA) "to enhance bilateral cooperation in the field of nuclear power. China and South Africa have enormous potential in the peaceful use of nuclear energy. SNPTC owns the CAP1400 Project, a nuclear power plant, operated by its subsidiary, State Nuclear Power Demonstration Plant Company Ltd. Through this Agreement, SNPTC agrees to provide an opportunity for NECSA's personnel to participate in the construction management of the CAP1400 Project Site.

The following private sector agreements were also signed:

Collaboration and Framework Agreement between Industrial and Commercial Bank of China and Standard Bank-South Africa which facilitated "the raising of Rand denominated funding for the ICBC, which will be made available to strengthen the various sectors of the South African economy, with a particular focus on power and infrastructure. The Agreement is worth up to R10 Billion over the next 5 years"[16].

A Cooperation Agreement between Investec and the Export-Import Bank of China, "aimed at strengthening and enhancing trade and economic cooperation between the two countries and industrial development. The Agreement establishes a framework for developing a long-term business relationship between the two Banks aimed at promoting cooperation in the areas of export finance, project finance, the internationalisation of the Chinese Yuan Renminbi ("CNY") and its use as a settlement currency in trade, and other finance fields"[17].

An agreement between Naspers South Africa and the China State Council Information Office "to improve cooperation between South Africa and China to actively promote communication between their media practitioners through mutual visits and exposure to local media operations as well as co-produce or promote the co-production of media products, exchange or promote the exchange of content of media products based on a variety of media."

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14. https://www.bilaterals.org/?south-africa-government-signs
15. Idem
16. Idem
17. Idem

As is quite evident, the range of MOUs and Agreements covers virtually every sector of economic development and brings together Chinese government, state owned and private business interests into alignment with South Africa. It is no surprise then, with this foundation at state, SOE and private sector levels that China-South Africa relations have deepened so rapidly over the last seven years.

In 2017, ahead of the BRICS Summit to be held in South Africa the following year, the department of Trade and Industry and the Bank of China signed a further MOU for cooperation on Special Economic Zones (Embassy of the People's Republica of China..., 2017). On the signing of the MOU, former DTI Minster Rob Davies stated

"This is a step forward in the bilateral relations, many of which are at different stages nearing fruition. The MOU will allow for joint promotion of the Special Economic Zones, important developmental projects critical to the realization of our shared dreams. Bank of China is critical in facilitating investment projects and industrial finance. The MOU will enable both parties to establish much closer coordination scheme(s), focus on the plan of 10 major cooperation projects, and give full support to the mutual investment and market expansion of enterprises from (the) two countries."[18]

Davies also confirmed that South Africa would send 40 government officials in 2017 to be trained for SEZ development in China. It is thus very clear that South Africa's SEZ policy has been heavily influenced by cooperation with China.

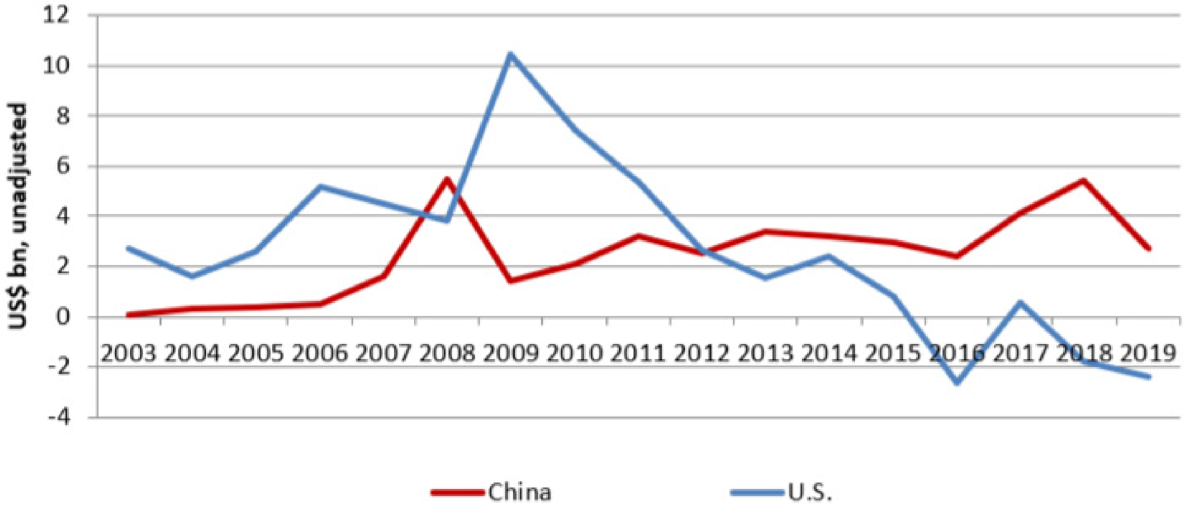
18. https://www.bilaterals.org/?south-africa-government-signs

CHINESE FOREIGN DIRECT INVESTMENT AND LOAN TRENDS IN SOUTH AFRICA 2012-2022

Chinese FDI annual flows to Africa have increased from US$ 75 million in 2003 to US$ 2.7 billion in 2019. FDI peaked at US$ 5.5 billion in 2008 due the Standard Bank SA 20% share sale to Industrial and Commercial Bank of China (ICBC) (John Hopkins Research data, 2021).

Since 2014, U.S. FDI to Africa has declined and China's FDI has risen exponentially as the table below indicates. Most Chinese FDI goes to Democratic Republic of Congo, Angola, Ethiopia, South Africa, and Mauritius.

Chinese FDI vs. US FDI to Africa, Flow



Jan 2021
Source: The Statistical Bulletin of China's Outward Foreign Direct Investment, U.S. Bureau of Economic Analysis

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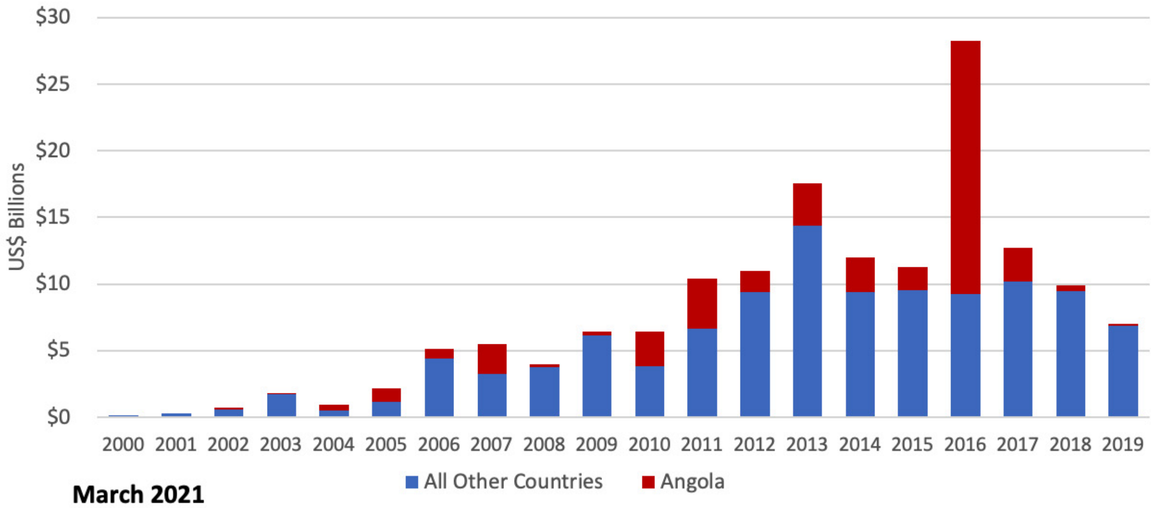
According the John Hopkins China Africa Research Initiative data, Africa's appetite for Chinese loans has begun to fall, however. While Angola makes up for a large percentage of the loans in the last decade, even there loan rates have adjusted. The trend to turn down Chinese loans began in Kenya in 2019, with an infrastructure loan being declared unlawful due to its failure to follow government procurement guidelines. This declining appetite for loans seems not the case in South Africa however.

Chinese Loans to Africa



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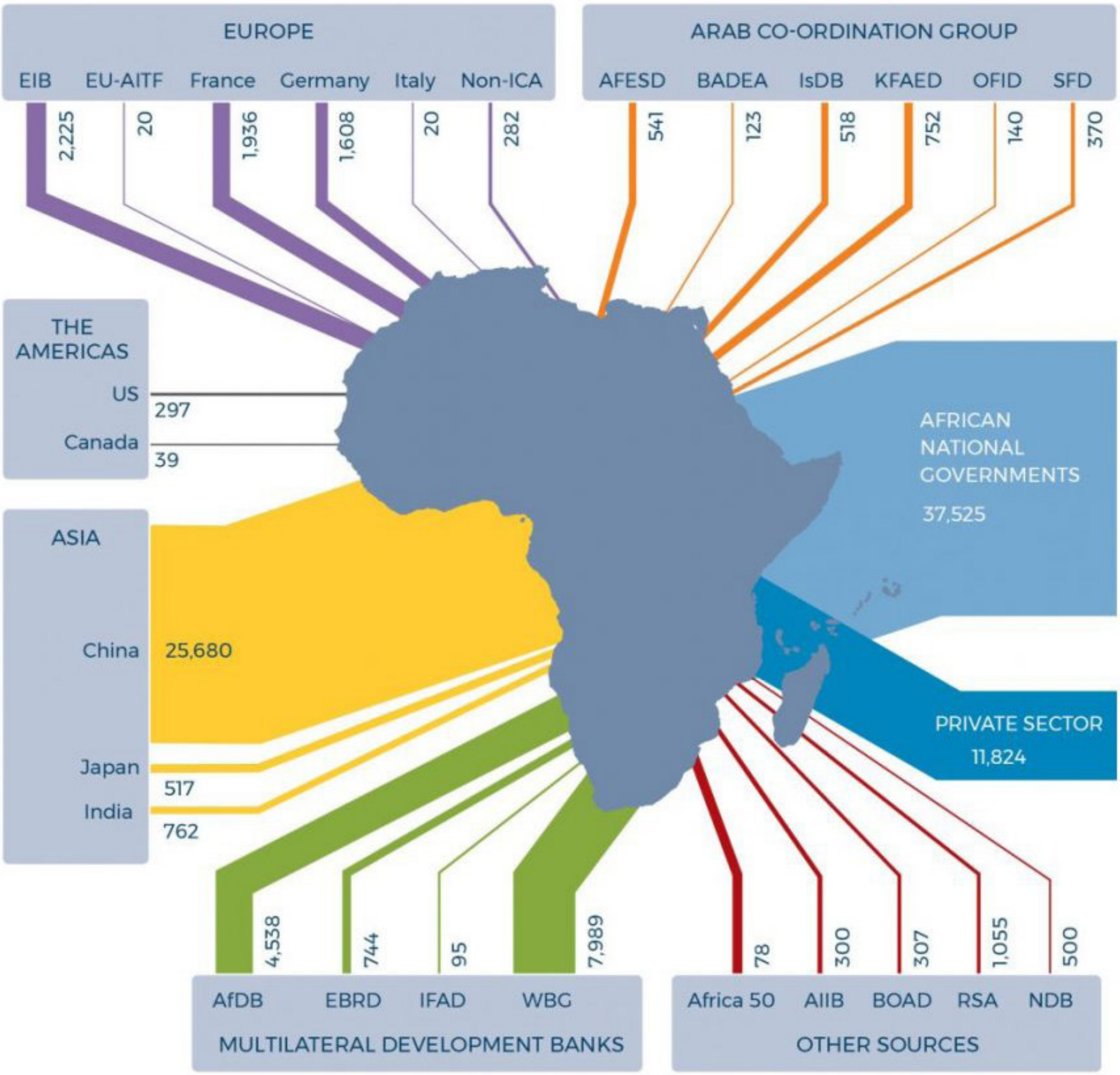
More recent statistics released by Boston University's Global Development Policy Centre indicate that the pull back in loans comes as a result of China's pandemic experience (Moses and Hwang, 2022). Nevertheless, while the pandemic may have contributed to an investment and loan slowdown, China's economic influence is evident in the many layers of cooperation that have been developed over the last decade in particular. The figure below shows the amount of Chinese investment in infrastructure projects on the continent (Prinsloo, 2021).

Infrastructure Commitments by Source, 2018 ($ million)



Source: Infrastructure Consortium for Africa, *Infrastructure Financing Trends in Africa – 2018*, Report (Abidjan: ICA, 2018), https://www.icafrica.org/fileadmin/documents/IFT_2018/ICA_Infrastructure_Financing_in_Africa_Report_2018_En.pdf

A report on China's investment and loans to Africa by the South Africa Institute for International Affairs states, "...in 2018 Chinese infrastructure commitments in Africa exceeded $25.6 billion, making it by far the largest single source of financing after African governments themselves" (Fu and Eguegu, 2021). Thus while a source of potential development, the level of indebtedness of many states in Africa remains a pertinent issue. It is very difficult to find exact data on the amount of Chinese loans to South Africa at State, SOE and private levels as government and other stakeholders do not place these readily in the public domain. This is another issue which makes where analysts speculate on the degree to which the PRC government and related stakeholders are "over-borrowing" or whether states in Africa are "over-lending". The truth is somewhere in-between, as to finance infrastructure upgrades, African states have needed to borrow. However, as the South African case of infrastructure upgrades has indicated through the well-publicised China South Rail investment fiasco through Transnet, that led to the loss of millions through tender corruption, the lack of oversight that often comes with Chinese loans is of great cause for concern[19].

19. https://www.news24.com/fin24/companies/transnet-and-state-capture-implicated-chinese-rail-giant-reach-deal-on-critical-spares-20220831

PUBLIC POLICY INFLUENCE OF CHINA ON SOUTH AFRICA: SPECIAL ECONOMIC ZONES

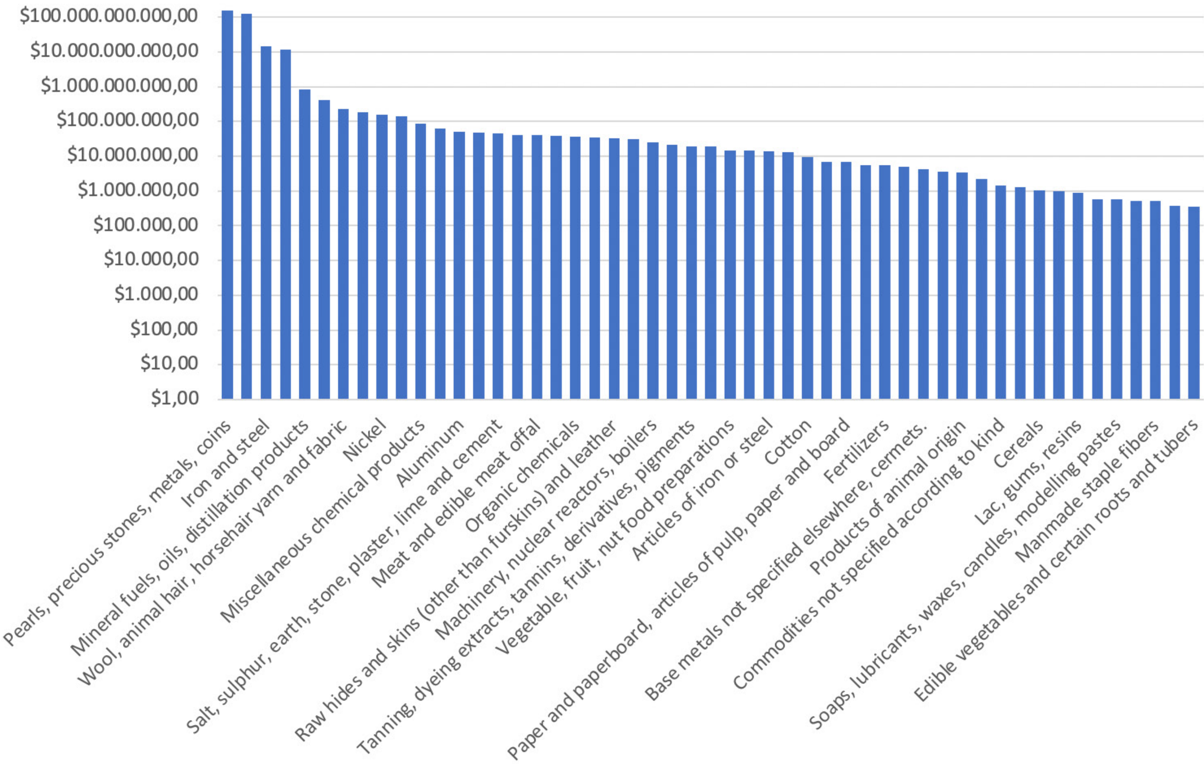
The history of China's public policy influence through South Africa's Special Economic Zones (SEZs) began through FOCAC between 2000 and 2010. South Africa's Industrial Development Zones (IDZs) had been established in the early 2000's and had been doing very little to contribute to export led growth and industrialisation, even though the Department of Trade and Industry (as it was called at the time) had ploughed billions in capital to attract FDI.

Through the deepening of China- South Africa economic cooperation over the last decade, the Chinese SEZ model, championed by the famous Shenzhen SEZ, which has transformed a fishing village into a vibrant smarty city, has been held up as the SEZ aspiration to the Global South and to Africa. The Chinese SEZ policy recipe is based on providing a slew of tax and other incentives to attract foreign and local capital.

Evidence of the strong influence of China on South Africa's economic policy is the way in which SEZs have come to be seen as the main catalysts of economic growth, both prior to COVID even more after the disastrous economic effects of lockdowns. SEZs are purported to help boost trade generally and specifically to rewire trade patterns. Certainly this is true of China-South Africa economic relations. According to official statistics, in 2020, South Africa exported $11, 98 billion to China. However, the bulk of goods exported to China from South

Africa are primary products and a much smaller percentage of value added goods to China and China exported $14, 7 billion worth of goods to South Africa, almost all of which are value added goods like computers, broadcasting equipment and clothing[20].

Chinese Imports from South Africa 2021



Source: Global Development Policy Centre, 2022[21]

Thus, it is clear that to date, South Africa's emphasis on value added goods (a core marketing pitch win of the SEZs) has not been that successful in terms of manufacturing diversification. Nonetheless, since the implementation of the 2014 SEZ Act, the amount of state investment in SEZ establishment has practically doubled, and the number of proposed SEZs is also proceeding at pace. Currently there are 11 designated zones, of which 5 are functional and there are another 8 in the pipeline. It is no exaggeration to say that from national government's developmental policy planning trajectory statements and Dti documentation, the SEZs are seen as the fulcrum of South Africa's development strategy in the decades to come[22].

This section of the report focuses on the Chinese policy influence on national economic policy through examining changes to the management and functioning of the SEZs. Of particular interest is what the economic development contribution has been of South African SEZs at

20. New Multidimensional Economic Complexity Rankings. https://oec.world/en/profile/bilateral-country/zaf/partner/chn. Accessed February, 2023.
21. https://www.bu.edu/gdp/chinese-loans-to-africa-database-data-download/
22. Department of Forestry, Fisheries and the Environment. http://www.thedtic.gov.za/sectors-and-services-2/industrial-development/special-economic-zones/. Acessed February 2023

very different stages of development. Of the eleven that currently exist, the Coega Development Corporation (CDC) SEZ in Nelson Mandela Bay (also known as Port Elizabeth) is the most successful in official government development discourse. The Chinese run but yet to be fully operational Musina-Makhado SEZ in Limpopo Province will be the largest.

Between the 1970s and 1980's, global development policy debates were strongly in favour of the export-led growth successes of the East Asian region, led by Japan, Taiwan, South Korea, Indonesia and Singapore. Post 1980, China's SEZ model became the new regional development model in South-East Asia. Through FOCAC this model has become popularised in Africa and has taken centre stage in the South African economic development model.

It is now commonly accepted that the 'model' is not a global one-size-fits-all and that he export-led growth model's success and failures were due to post-war geostrategic power dynamics and the particular boom and bust cycles of the global economic system in the 1970s, 1980s, 1990s, segueing into the tumultuous years of the 21st century.

Department of Trade and Industry, SEZ website, 2023[23].

23. http://www.thedtic.gov.za/sectors-and-services-2/industrial-development/special-economic-zones/

However SEZs revive on many of the Asian Tiger arguments and draw on the export led growth model. SEZs also dominate as an economic model in most of the prominent international organisations. In fact, the 2019 UNCTAD World Investment Report is devoted entirely to providing a positive case study-based analysis of how SEZs could transform economies in the Global South (UNCTAD, 2019). The focus on SEZs as economic enclaves that can ensure regional and continental development that could be linked to China's Belt and Road initiative and thus ensure a new Global South, one that has prioritised technologically appropriate industrialisation and manufacturing value chains. Department of Trade and Industry (Dti) SEZ reports endorse this perspective. The Dti SEZ Advisory Board have issued a number of reports on SEZs over the last decade which link the National Development Plan and Industrial Policy Action Plan (IPAP) to the advancement of SEZs. During COVID restrictions, the Department of Trade Industry and Cooperation, as it was rebranded in 2018, for fronted SEZs as a key component of South Africa's Growth, Reconstruction and Recovery Plan.

The SEZ Advisory Report (2019: 13), underlines the major economic shift that the SEZs purport to underpin- from simply "...develop(ing) the manufacturing sector through encouraging investment in export-oriented industries, with an emphasis on beneficiation and import substitution. (t)he SEZs, on the other hand, are intended to drive the country's industrialisation agenda... articulat(ing) the dire need for structural change in the economy, including the diversification of exports, value addition and industrial decentralisation. The SEZ programme has been specifically designed for the attraction of foreign direct investment (FDI), the creation of decent jobs and new industrial hubs, and the development and improvement of existing infrastructure".

China's rationale around the articulation between SEZs and Belt and Road is that the Zones can act as economically liberalised enclaves to attract foreign and local investment that will accelerate industrialisation and job creation. The major thrust of industrialisation and manufacturing in the Zones are that goods are produced for export. Hence the tight linkage between the establishment of Belt and Road projects and SEZs.

The term SEZ is applied to any geographically demarcated area that offers packages of incentives, including Industrial Development Zones, Export Processing Zones, Industrial Parks and free Ports. This was the logic to China's first SEZ, Shenzhen, where the Chinese government experimented with a more market-driven, export orientated economic growth model in a fairly remote area so as not to compromise the Chinese political ideology of state communism. Shenzhen was thus China's first capitalist experiment, and one that has fundamentally influenced the restructuring of the Chinese economy. This model has been adopted by a number of African states that have also played a key role in China's expansion of BRI, Ethiopia and Kenya in particular. As the UNDP/IPRCC report states,

> "African SEZs aim to achieve this by offering a number of advantages to investors, such as reduced customs duties and value added taxes; simplification and centralization of administrative procedures through "one-stop-shops"; access to key national and international infrastructure; secured access to, and reduced factor

costs for electricity, water, and telecommunication services; relaxation of foreign exchange regulations; preferential interest rates offered by local banks and reduced freight rates. In return, African governments are putting regulations in place that oblige investors to create local unskilled and skilled jobs, ensure linkages with the local economy and transfer technology and knowledge, while complying with local social and environmental regulations (UNDP, 2015)[24].

Although a relative latecomer to the Chinese model of SEZs, through BRICS and FOCAC, the South African government, chiefly through the Presidency and the Department of Trade, Industry and Cooperation have moved Special Economic Zones to development centre stage over the last decade and have legislated the raft of tax and other concessions that now characterize all of South Africa's 11 SEZs[25]. Industrialisation and the stimulation of manufacturing which is labour intensive are core priorities in our National Development Plan[26] and South Africa's post COVID 19 Economic Reconstruction and Recovery Plan[27].

Again, in terms of China's expanding political and economic footprint in Africa, the logic of linking the Belt and Road Initiative to industrialization in SEZs is fundamentally about linking financial support to the continent to expanding China's export and import markets. The idea of "win-win" cooperation at the heart of this strategy, repeated in every FOCAC and BRICS heads of Summit meeting, is that this mutual benefit form of assistance differs from what is framed as neo-colonial and imperial forms of aid. Northern lending characterised by International Monetary Fund (IMF) structural adjustment programmes that wreaked havoc in many African states, as well as World Bank loans, have made China's marketing of its new model of International Development Assistance (deliberately not called aid) very compelling to African governments.

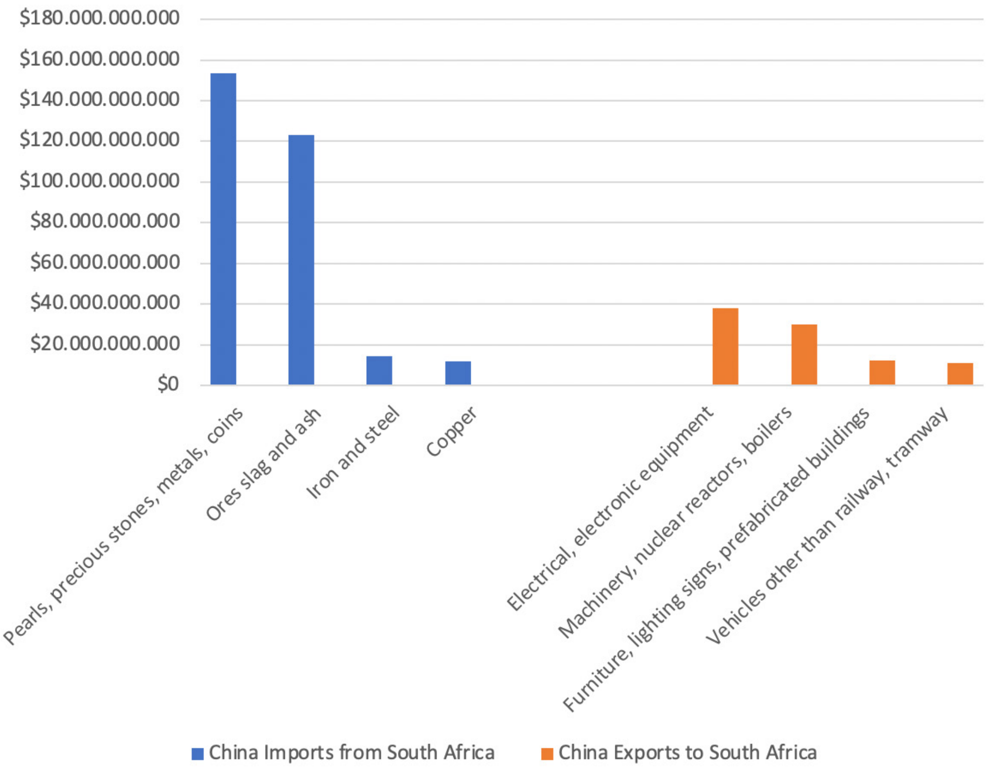
At the 2015 FOCAC heads of state meeting, guidelines were drawn up for African states, the government of China and Chinese investors to structure Chinese infrastructural support and investments in SEZs. These are provided in the following table.

As can be seen from the FOCAC recommendations on the establishment of SEZs with Chinese state and non- state development assistance, the Zones form the central focus point of Chinese-led IDA. The UNDP/IPRCC Report (2015) refers to SEZs as analogous to nests where FDI "birds" may be nurtured (and hence grow the economy). In exploring the veracity of this analogy, do SEZs illustrate sustainable growth by diversifying national economies, in this case South Africa's? Trade statistics indicate otherwise.

24. https://www.undp.org/sites/g/files/zskgke326/files/migration/cn/UNDP--CH-Partnership-on-South-South-and-Global-Cooperation--2015-Highlights.pdf
25. Department of Forestry, Fisheries and the Environment. http://www.thedtic.gov.za/sectors-and-services-2/industrial-development/special-economic-zones/. Accessed February, 2023
26. South African Government. https://www.gov.za/issues/national-development-plan-2030. Accessed April, 2023.

27. South African Government. https://www.gov.za/economy. Accessed April, 2023.

China Import / Export with South Africa (2021)



Source: China Africa Research Initiative[28]

Nonetheless SEZs remain a firm fixture of development policy in South Africa and in FOCAC. The previous Chinese Ambassador to South Africa Lin Songtian, has endorsed South Africa's SEZs, especially Coega, the most successful in Africa. This has boosted the relative hegemonic weight of South Africa in FOCAC. However there is still a strong colonial sentiment to the stakeholder roles in FOCAC, including South Africa's. For example at FOCAC President's Zuma and Ramaphosa have frequently reminded the continent of South Africa's great "Gateway" status to Africa. Thus while in terms of international spheres of influence both FOCAC and BRICS have significantly elevated South Africa's foreign policy status, as indicated in previous sections, South Africa is unable to influence the FOCAC or international agenda in ways that elevate an African viewpoint. Rather, South African leaders have become vocal supporters of South – South Cooperation and of Chinese led investment and development strategies.

28. http://www.sais-cari.org/data

RECOMMENDATION FOR AFRICAN GOVERNMENTS TO FURTHER ADVANCE SEZ DEVELOPMENT:

- Ensure high-level political commitment and support for effective inter-ministerial collaboration;
- Integrate SEZ programmes into national development strategies and plans;
- Support all industries that have a comparative advantage through SEZ development;
- Ensure sufficient funding for infrastructure development within, and availability of good infrastructure outside the SEZ prior to the SEZ approval;
- Provide incentives for the creation of joint ventures between foreign SEZ companies and local companies;
- Respond to SEZ labour requirements by aligning curricula of universities and Technical Vocational Education and Training (TVET) institutions;
- Set high environmental standards in line with the United Nations Industrial Development Organization's Guidelines for Green Industry Parks and put a system in place to ensure their enforcement; and
- Establish low minimum SEZ investment thresholds for established local companies.

RECOMMENDATION FOR THE CHINESE GOVERNMENT TO SUPPORT SEZ DEVELOPMENT IN AFRICAN COUNTRIES:

- Launch a training and exchange programme for African government representatives and SEZ managers;
- Establish a funding window under the China-Africa Development Fund for SEZ development and management by African governments;
- Support the development of a comprehensive, pan-African database that sets out various models of SEZ legislation, incentives, job creation agreements and procurement agreements for linkages with the local economy (supported by the African Union);
- Provide incentives to Chinese companies to enter into joint ventures with local companies in SEZs;
- Support technical education and training for industries targeted by SEZs; and
- Promote the use of energy efficient and renewable energy technologies in SEZs.

RECOMMENDATION FOR CHINESE SEZ DEVELOPERS AND MANAGERS :

- Prioritize the identification of a strategic geographic location of the SEZ;
- Employ managers with international work experience, cross-cultural competence and excellent communication skills;
- Promote linkages between SEZ companies and the local labour market and local companies; and
- Conduct local, national and international marketing campaigns and ensure the availability of key information on the SEZ in English and the local language.

Source: FOCAC DECLARATION 2015[29]

29. http://www.focac.org/eng/zywx_1/zywj/201512/t20151225_7933575.htm

As can be seen from the guidelines in the FOCAC Declaration, the Chinese government has also committed to green SEZs and renewable energy solutions. IDA to the Zones and the links to large scale infrastructure are purportedly a winning combination for attracting FDI for sustainable development through economic diversification.

However, there are many potential problems and debates about how to structure SEZs in regard to sustainable development, as acknowledged in UNCTAD 2019 World Investment Report (2019). For example, although Shenzhen SEZ grew from a remote fishing village to a thriving techno-smart city, not all Zones that are set up in remote areas to boost economic growth will succeed. The skill sets required for large scale industrial and manufacturing development may not be available locally, and access to efficient and effective transport is also critical for success. The logic of boosting FDI to boost development cannot rely only on SEZ incentives, such as customs and Value Added Tax concessions and slashed corporate tax rates - from 28% to 15% in the case of South Africa. Governments in Africa committed to the SEZ-BRI Global South initiative have to secure clear contractual agreements with investors to both employ and up-skill local workers, *and* to commit to clean energy technologies. In building SEZ "nests", as the UNDP and IPRCC put it, governments have to carefully negotiate the terms and conditions of FDI investments within the Zones (UNCTAD, 2019). If FDI to the Zones isn't managed well, SEZs can merely attract what we coin here as the "cuckoo type" of FDI which adds little to nurturing growth of the national economy and instead allows for the larger, fatter FDI cuckoo to fly home leaving nothing but lost resources in the national economy nest.

Similarly, SEZ enclaves characterised by generous tax incentives can also disadvantage broader economic growth that could similarly benefit from reduced corporate taxation and job stimulation across the entire economic spectrum. Without careful negotiation on terms and conditions that benefit South Africans, both through boosting Gross Domestic Product and through employment creation, amongst other indicators, there is no guarantee that FDI will lead to sustainable development.

It must also be noted that government incurs start-up costs in providing for infrastructural investment, even if the project is to be rolled out by foreign or local companies. The Global Infrastructure Hub (a G20 initiative) has estimated that usually about 5 to 10% of project preparation costs have to meet by government (South African Government, 2020). These costs need to be factored into the overall framing of any infrastructural initiative, especially of the scale planned by Cyril Ramaphosa's Presidency, whether within an SEZ or in linking SEZs to one another (South African Government, 2020). Badly planned SEZs can land up being costly white elephants, as the UNCTAD WIR Report makes clear and the Centre for Development and Enterprise points out in a recent report (UNCTAD, 2019). In the case of Coega SEZ, established in 2001 with huge infrastructural support from government, but with limited contribution to both employment and GDP to date and complex linkages to FDI and sustainable development, there is no trajectory towards a positive Shenzhen style outcome (Thompson, 2019).

Despite the complexity of linkages between FDI, SEZs and development, since 2014 SEZs are a primary government strategy for boosting industrialized development linked to large scale job creation.

As mentioned earlier, another important indicator of how Chinese policy influence has permeated many aspects of the national economy is the Presidency's Strategic Infrastructural Projects (SIPs) that refer to SEZs. These are SIPs 1, 2 and 17 and it is important to note that in the Environmental Impact Assessment for the Musina Makhado SEZ these 2 SIPs are specifically referred to. SIP 1 aims to beef up South Africa's road and rail transport corridors from Limpopo province to Richards Bay to support export of minerals and SIP 17 provides for transport linkages for the Musina-Makhado SEZ (MMSEZ) with Southern Africa through Zimbabwe.

We now turn to the Chinese proposed and run MMSEZ to assess the progress of South-South Cooperation as evidenced by South Africa and China bilateral investments, projects and its linkages to the Belt and Road Initiative.

THE CASE OF THE MUSINA-MAKHADO SPECIAL ECONOMIC ZONE: AN EXAMPLE OF SUSTAINABLE DEVELOPMENT?

The rationale for the popularity of SEZ policy in Africa is that most developing states have undiversified economies, and this has been a long-standing critique of sluggish development in Africa. UNCTAD's 2019 endorsement of SEZs is that SEZs aid both industrialization and manufacturing diversification of economic bases to create value chains. Sustainable development and diversified employment creation which is more skills based can grow employment and prevent the reliance of most African states on commodities with often volatile global value.

Special Economic Zones as enclaves for investment attract foreign and local investment to ensure the processing and diversification of commodity exports, or so both UNCTAD and the UNDP argue. South Africa's

Special Economic Zones Act of 2014[30] has been modelled on the investment tax haven model, and as such is a perfect example of incentives including minimal corporate tax, customs and vat concessions, one stop shops to assist with setting up business rapidly, greatly reduced water and electricity tariffs, and often, as mentioned earlier, a blind eye to labour rights, regulations and the minimum wage.

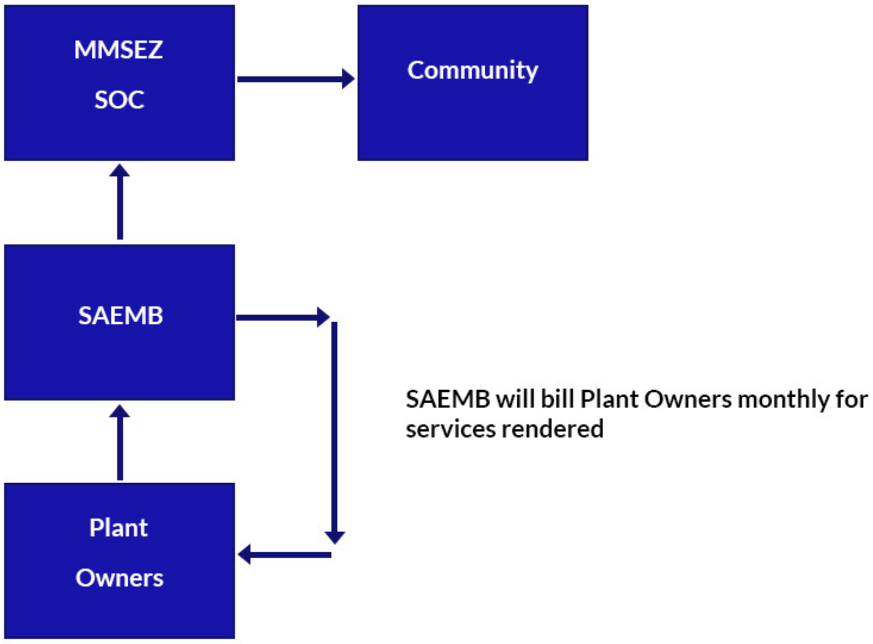
30. https://www.gov.za/documents/special-economic-zones-act. Accessed March 2023.

Incentive	Benefits	Who does it apply to	Special Conditions
Employment Tax Incentive	Reduces the amount of Pay-As-You-Earn tax.	All companies within an SEZ employing low-salaried workers (>R60k pa)	See SARS
Building Allowance	A capital (depreciation) allowance on buildings for the erection or improvement of buildings/fixed structure Rate: 10% per annum for 10 years	Qualifying businesses within certain approved SEZs	Qualifications in: S12(R) and (S) Income Tax Act, 1962
12i Tax Allowance	Support for capital investment and training	Greenfield and Brownfield investments	Qualifications in: S12(i) Income Tax Act, 1962
VAT and Customs relief	Import duty rebate and VAT exemptions VAT suspension on goods sourced from South Africa Efficient and expedited Customs administration	Companies in Customs-controlled areas within an SEZ	Those in the following Acts: • Value-Added Tax Act, 1991 • Customs Duty Act 2014 • Customs Control Act, 2014
Preferential Corporate Tax rate	Reduced corporate tax to 15% (from 28%)	Qualifying businesses within certain approved SEZs	Qualifications in: S12(R) and (S) Income Tax Act, 1962 S24 (4) SEZ Act, 2014

Source: SEZ Act 2014.

While the Zones are seen as major employment creators, there are other potential drawbacks for example, SEZ guidelines on labour contracts with investors and operators to ensure minimal production disruptions but which can also limit labour rights.

The Musina-Makhado Special Economic Zone (MMSEZ) as a metallurgical zone is thus to fit in with the image of the creation of local, regional, continental and South led economic innovation. The South African government, through the Department of Trade and Industry, designated the MMSEZ in 2017. In the same year, the Department of Trade and Industry appointed the Chinese operator, Shenzhen Hoi Mor (Thomas, 2020), a Hong Kong company, from the famous Shenzhen Zone. In the MMSEZ Master Operational Plan, Shenzhen Hoi Mor is now referred to as the South African Energy Metallurgical Base (SAEMB). The SAEMB is now the registered name of the Chinese Company -with a South African name. The Musina Makhado State Owned Company (MMSOC) is a holding company that has been registered by the Limpopo Economic Development Agency (LEDA) who will liaise directly with the community signatories of a lease for a term of 99 years (plus 30 years). The lease was signed by the Mulambwane community (who own the MMSEZ land) in 2015. The signing of the lease was facilitated by LEDA on behalf of the Operator.



MMSEZ Environmental Impact Assessment Report, 2022[31].

The SAEMB Corporate Executive Officer, Yat Hoi Ning (Sole, 2020), has an unfortunately tainted reputation. In 2017, the Zimbabwean government accused Ning of company fraud, and Ning was placed on the Interpol wanted list. Given the South African government's reputation for corruption, the background of the operating company is not comforting especially as the SAEMB has so much power over the operation and running of the SEZ. The operating structure of the MMSEZ is depicted above. The Master Operational Plan also underline that security and labour within the SEZ will be tightly controlled and public oversight virtually impossible. Shenzhen Hoi Mor, operating as the SAEMB, purport to be investing US $3.8 billion, or R55 billion. As of the end of 2022, however, although first high-level Environmental Impact Assessment has been approved in March, despite resistance from legal environmental organisations, social movements and activist academics, very little headway has been made with the site clearing for the Zone at this stage. Nonetheless, the Zone poses major sustainable development risks, as discussed below.

31. http://www.enviroxcellence.co.za/assets/document/FINAL%20EIAR%20EXS%201%20(1).pdf. Accessed March, 2023.

ENVIRONMENTAL CONCERNS

According the Environmental assessment, the SEZ is environmentally sustainable after mitigation measures. However this conclusion has raised great concern amongst a broad sector of social movement and environmental organisations who have questioned the developmental potential of the SEZ. A quick glance at the proposed industries in the Zone underline these concerns clearly:

In its original proposed form, the MMSEZ was to centre around a 3300 mega-watt coal plant, with an auxiliary coal washing plant. Among the industries proposed were the following: thermal, steel, vanadium...

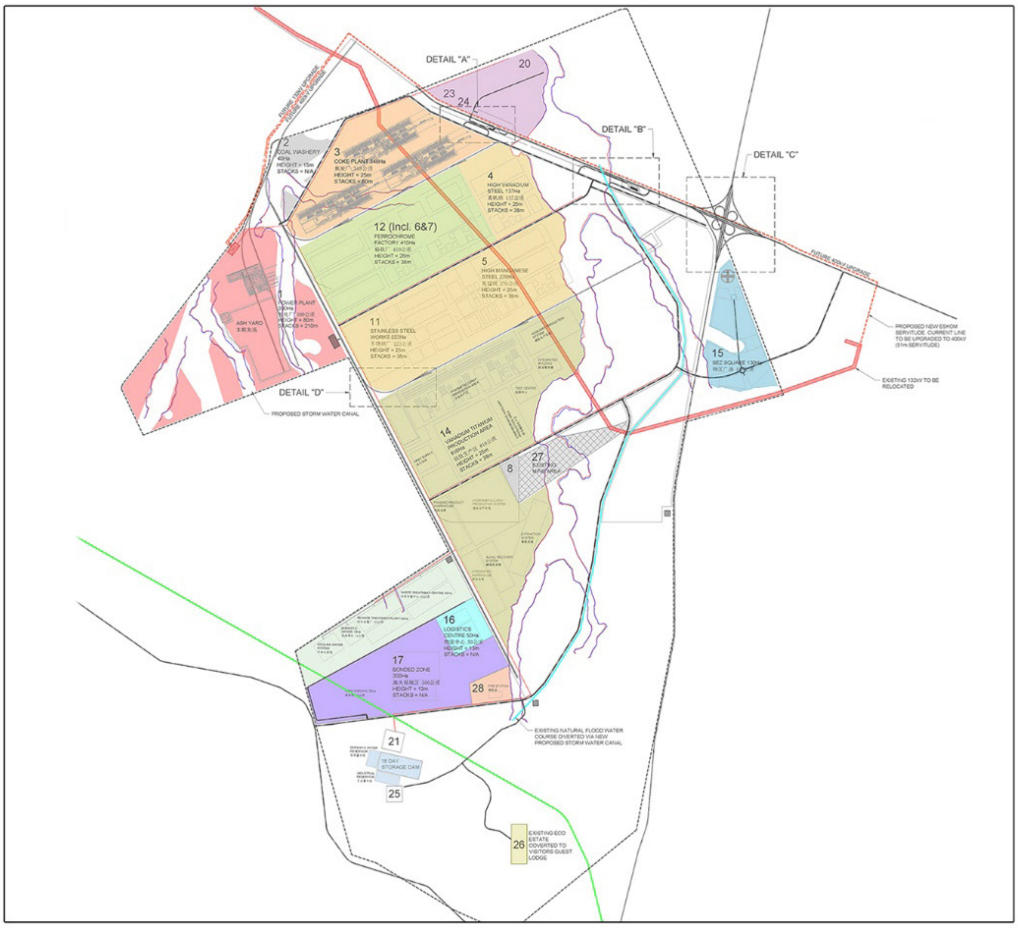
Environmental organisations, such as the Centre for Environmental Rights (CALS) have underscored that MMSEZ does not comply with the South African states environmental legislation, nor does it comply with South Africa's Just Transition commitments to move away from coal fired energy. South Africa's Intergated Resource Plan of 2018 does not even refer to the MMSEZ or the coal plant.

In response to environmental resistance, the coal plant size has been proposed to be reduced, and more recently there have been official comments as to whether it could be replaced. However, the approved EIA of February 2022 contains the suggested 1320 MW coal plant along with the metallurgical industry components. A further environmental and livelihoods problem is that the Zone has been approved for the Vhembe Biosphere[32]. The biosphere contains a rich diversity of flora and fauna which the Zone will impact drastically. The mitigation referred to in the EIA does refer to the fact that environmental degradation will take place but that this will be offset by economic growth and employment creation.

Despite the MMSEZ undermining South Africa's Just Transition commitments to move away from coal fired energy, both national and provincial governments have pushed hard to get the Zone approved (Department of Planning, Monitoring and Evalution, 2019). The rationale has been that the Limpopo Province of South Africa is very underdeveloped and that MMSEZ will also help to integrate economic development in southern Africa to China's ambitious Belt and Road Initiative as the Zone is positioned very close to Zimbabwe's Beit bridge border post (McBride, Berman and Chatzky, 2023).

32. Vhembe Biosphere. https://www.vhembebiosphere.org. Accessed March, 2023.

MMSEZ revised footprint 4500 hectares - EIA 30 April 2021



SPECIAL FOR A SPECIAL INTEGRATED INDUSTRIAL ECONOMIC DEVELOPMENT ZONE

- Medical, fire and rescue facility;
- Clinic;
- Filling stations;
- Truck filling stations;
- Internal roads;
- Water, sanitation, stormwater and electrical infrastructure;
- Sewer treatment plant;
- Water treatment plant;
- Electricity substations;
- Bulk water supply, water reservoirs and distribution;
- Sludge dams and treatment facilities;
- Intermodal transport hub;
- Container yards;
- Workshops;
- Administrative offices;
- Shopping centre;
- Truck stop and ancillary accommodation;
- Security headquarters;
- Police station;
- Government uses;
- Farmers market;
- Supermarket;
- ATMs;
- Hotel;
- Warehousing and storage;
- Manufacturing;
- Institutional uses, education and training;
- Offices;
- Service industries;
- Transportation facilities including:
  - Taxi rank and bus depot;
  - Parking;
- Telecommunication rooftop structures and freestanding structures;
- Private open space;
- Employee recreation facilities;
- Places of worship;

BRIEF BACKGROUND TO THE ENVIRONMENTAL IMPACT ASSESSMENT AND THE APPROVAL OF THE MMSEZ IN 2022

After the designation of the Zone in 2017, the Environmental Impact Assessment or EIA was released for public comment in September 2020. The consulting company, Delta BEC, together with the Limpopo Economic Development Agency, LEDA, then rushed through a series of public participation processes (PPPs) most of which occurred during strict COVID 19 lockdown[33]. The final EIA was submitted to Limpopo Economic Development, Environment and Tourism provincial body (LEDET) in February 2021. On the 4th of March LEDET referred the EIA back to Delta BEC, for amongst other reasons, more assurance of development sustainability and more community participation[34]. In September and October of 2021 more PPs were held by a new Environmental Impact Practitioner (EAP) as Delta BECs EAP, Ronaldo Retief resigned due to pressure from LEDA and LEDET to approve the Zone despite the many environmental and livelihoods risks the Zone poses. The new consultant, EnviroXcellence, concluded the public participation process by ensuring that local communities endorsed the zone through promises of employment creation. By February 2022, the EIA was approved by the Provincial development department known as LEDET.

MMSEZs: Advantages and Disadvantages

The Table below, taken from the EIA report, shows some of the classic flaws of SEZs in general and the MMSEZ in particular.

ADVANTAGES	DISADVANTAGES
1. Infrastructure creation within an area in need of infrastructure development 2. Job creation for the poor 3. Huge capital investment for the region 4. Beneficiation of minerals in the area Skills transfer 5. Housing infrastructure 6. Etc.	Specialist findings: 1. Site sensitivity in terms of biodiversity (aquatic, wetland, fauna, flora) 2. Air quality impacts on human health 3. Climate change from site and cumulatively contributing to SA Carbon budget 4. Water availability is limited

Source. Draft Final EIA 2021[35].

33. Hard lockdown in South Africa limited the gathering of people and communities to a maximum of 50 people thus preventing meaningful public participation during the EIA participation process.

34. https://deltabec.com/wp-content/P17102/2-V79%20-%20Comments%20on%20the%20EIAR.pdf. Accessed March, 2023.

35. http://www.enviroxcellence.co.za/assets/document/FINAL%20EIAR%20EXS%201%20(1).pdf

Globally it is understood that the creation of SEZs benefits foreign and local corporations. The creation of enclaves with high tax incentives is seen to have multiple disadvantages to the broader economy. Most often, promises around job creation lead to the temporary creation of jobs for local communities. The MMSEZ, should it go ahead, is a technologically sophisticated SEZ, with most of the metallurgical products (70%) destined for China. There is very little beneficiation involved in the way in which the zone will operate according to the current Master Plan. In addition, while the EIA states that 53 800 employment opportunities must be created, this is very unlikely given the skills required. There is insufficient time to upskill local communities for anything other than temporary construction and related services.

	CAPACITY	AREA	WATER	LABOUR
Projects		(ha)	(10 km^3 for 9-year construction period)	(Total number of people for 9- year construction period)
Ferrochrome Plant	300	500	1 055.15	16 960
Ferromanganese	100	100	87.6	4 980
Silicomanganes Plant	50	100	933	2 160
Vanadium – Titanium Magnetite Project	1 000	1 000	6 350	12 775
High Manganese steel	100	280	300	4 800
High Vanadium Steel	100	100	300	2 880
Stainless Steel Plant	300	300	2 076	7 200
Lime Plant	500	60	40	3 680
Cement Plant	200	30	80	1 463
Refractories Plant	50	18	17.3	878
Sewage Treatment Plant	14	20		150
Industrial Domestic Water Plant	30	10		360
Light Industrial Processing Zone		600	1 200	

THE MMSEZ AND ITS SUSTAINABLE DEVELOPMENT STATUS

Many of the environmental organisations and activist academics involved have pointed to serious flaws in the planning for the MMSEZ, for example, the dire scarcity of water in the Vhembe biosphere and the MMSEZ will require more water than can be provided for in an already closed catchment. The EIA refers to the building of a dam to harvest floodwaters from the Limpopo, a plan that water experts have dismissed as unfeasible (Munnik, 2021). Obtaining water from neighbouring Zimbabwe's Zhove dam is another improbable solution and the fear, and real danger of the underground aquifers being used for water supply would have disastrous long term consequences for local community and commercial farmers.

As a metallurgical Zone, toxic waste such as slag, sludge and other toxic substances will be inevitable by products, again, the EIA does not address the dangers of waste disposal on the biosphere in any comprehensive way.

Overall, it is clear that the Zones impact on vulnerable communities is high. They would not be up for employment due to the low skills base. Rural women are at particular risk, especially in terms of water scarcity issues. The MMSEZ will in all likelihood rely on the Thuli Karoo Aquifer.

Draining the aquifer over the medium to long term could turn the semi-arid biosphere into a desert.

Furthermore, there is no way around the MMSEZ avoiding the removal of indigenous flora and fauna. The EIA refers to the relocation of both, although there is no clear workable plan.

Many of the social movements and organisations involved have stated that the MMSEZ violates the international principle of *free, prior and informed consent*. This right is central to the United Nations declaration on the Rights of Indigenous Peoples (UNDRIP) endorsed by the United Nations Department on Economic and Social Affairs (ECOSOC).

Despite the first EIA for the Zone having being passed even with all the environment, livelihoods and climate concerns, fortunately, more EIAs are needed for each of the proposed industries within the SEZ. It is also clear that Public Participation on the part of social movements, environmental organisations and activists made a difference to the proposed footprint of the SEZ.

However the importance of the Zone to China – South Africa relations cannot be under-estimated. At the September 2021 investor conference for the Zone, President Ramaphosa stated,

> *Investing in Limpopo is therefore very strategic because the province shares borders with three of our neighbouring countries: Botswana, Zimbabwe and Mozambique. This means that the province is positioned as a gateway to a potential market of 300 million people just in the Southern African Development Community region. Limpopo is open for business...*

Economic expansionism and regional integration are a core feature of the MMSEZs placement and design, and the "open for business' reference also alludes to South Africa's "Gateway to Africa" status.

International endorsement of the Zone has also come from the United Nations Development Programme's South African office in early July 2022. This followed the signing of a Memorandum of Agreement between the MMSEZ state owned company (SOC) and the UNDP on the 17th of March, a month after the Zone's Environmental Approval in February 2022.

In February 2022, even before the EIA was officially approved of by LEDET, the Department of Trade and Industry and other officials actively promoted the MMSEZ as part of South Africa's Economic Growth and Recovery Plan.

By July 2022, a public statement by the MMSEZ CEO Lehlogonolo Masoga, the SEZ has been rebranded as *the* sustainable development mega project to stimulate regional development[36]. The CEO also tried to shame NGOs and movements that have critiqued the Zone by saying, "(s)ome individuals and organisations elected to become the champions and advocates for the perpetuation of poverty and unemployment among the voiceless poor people of Vhembe District and Limpopo in general. They did this by unnecessarily delaying this project which carries the hopes of many to liberate themselves from the shackles of the twin-devils of poverty and unemployment. They chose their egos over our people".

36. Musina-Makhado power station. https://www.gem.wiki/Musina-Makhado_power_station. Accessed March, 2023.

Those questioning the MMSEZ sustainability footprint are thus dismissed as "advocates for the perpetuation of poverty". CEO Masoga's comments followed the rejection of an appeal to LEDETs decision to approve the EIA (Centre for Environmental Rights, 2022).

In early February 2023, a delegation from the United Nations Development Programme's reputed Social and Environmental Compliance Unit (SECU) travelled to the Vhembe district, meeting with communities and key stakeholders about the developmental and environmental impacts of the Musina Makhado Special Economic Zone[37]. The SECU team's aims are to probe the compliance of the UNDP South Africa office's Memorandum of Understanding with the Musina Makhado Special Economic Zone's State-Owned Company (SOC) to work towards the sustainable development of this notorious SEZ.

The SECU delegation were prompted into action by written complaints to their Unit based in New York. The complaints were lodged after an open letter from the UNDP South Africa's representative, Ayodele Odusola, to those Interested and Affected Parties who questioned the sustainability endorsement of the MOU. Odusola, in the letter states, "... UNDP's interest in engaging with the MMSEZ is part of its efforts to promote socioeconomic development that is environmentally and socially sustainable in order to contribute towards overcoming South Africa's triple development challenge (Krause, 2022).

Odusola further states that the MMSEZ initiative is part of a larger regional and continental plan to link trade, investment and infrastructure development in the region. The African Continental Free Trade Agreement (AcFTA) is also mentioned as a legitimising aspect of the MMSEZs sustainability. While the AcFTA is a critical African initiative, the background to the Zone's linkages to Chinese expansionism tied to their Belt and Road Initiative to reroute South, southern and African trade towards China, do not seem to be well understood.

The highly questionable sustainable development trajectory of the MMSEZ has thus been heavily outweighed by the international recognition of the Zone through the endorsement on the part of Dr Odusola, especially in terms of the revised energy sources of the MMSEZ. Odusela is on record stating that, "the UNDP has been given assurances, including in the form of a public statement, that all coal-fired power generation plants have been replaced by solar and hydrogen energy facilities which reduce greenhouse gas emissions" (Krause, 2022).

The April announcement by the Chair of the MMSEZ SOC that the Zone would no longer be requiring energy from the coal plant, despite the final Environmental Authorisation ruling out solar, is clear strategy to avert climate change critique. Yet, ironically, the final approved EA states clearly that,

> "...in order to provide baseload power to the metallurgical off-takers, the MMSEZ's application would require at least 8 – 10 hours of battery storage. That scale of battery storage system is physically constrained and requires excessive capex...Based

37. UNDP. Social and Environmental Compliance Unit. https://www.undp.org/accountability/audit/secu-srm/social-and-environmental-compliance-review. Accessed March, 2023.

on the above, it is clear that large scale baseload power generation from Solar plus storage is not yet feasible or economically viable for the MMSEZ's purposes" (MMSEZ EA: 2022, 725)[38].

In January 2023, in another legal attempt to stop the MMSEZ, the Environmental Authorisation of the MMSEZ is now under appeal review by the Centre for Applied Legal Studies, the Living Limpopo and Herd Nature Reserve represented by All Rise Attorneys for Climate and Environmental Change (Greentimes, 2023).

Further irony compounds the announcements about the switch to solar by the MMSEZ CEO in 2022. In the same year, 2022-3, MC Mining Corporation has publicly stated that the two mines re-opening in 2023, Vele and Makhado Colliery, are producing for the MMSEZ. This is bizarre in the light of the MMSEZ SOCs pronouncements and despite these, may indicate that the energy plant has not been abandoned (Yende, 2022). It seems to be more a case of keeping the MMSEZ energy supply issue off the table. For example, Mr Masoga stated in 2022 that, "one of the appeal grounds by various organisations about the EIA was that we wanted to build a coal-fired power station. We have abandoned it and we are now going to use a combination of Eskom power, solar supported by battery storage and hydrogen".

Reference to Eskom supplying the MMSEZ with power seems beyond ludicrous. Between 2022 and February 2023, South Africa has experienced months of stage 5 to 6 loadshedding and no end to the crisis. It is impossible for Eskom could support the Zone's energy needs under current or medium term future conditions (Eyewitness News, 2023).

There are further developmental anomalies. The MMSEZ SOC and CEO have for some time now discussed the MMSEZ as two different, non-continuous sites consisting of the Southern Site (the metallurgical zone) and a Northern Site in Musina as part of the SEZ. However, our research team have established, by finally obtaining a copy of the Environmental Authorisation for the Northern Site, that the government authorisation is for a warehouse, a farmers market and light industry. So while the MMSEZ CEO Lehlogonolo Masoga, now refers to the Antonvilla Northern "SEZ" as a site for the metallurgical companies and possibly even mines, none of these industries will qualify for SEZ concessions. Unless of course, there are further clandestine deals being struck with Chinese State Owned Companies and private business behind closed doors (Liebengerg, 2022).

The MMSEZ CEOs Masoga's denouncement of critique of the Zone as anti-grassroots development is clearly a move to head off further delays and to prevent further exposure of the many weaknesses of the MMSEZ. Even with the scientifically flimsy available evidence, the UNDP has bought into state rhetoric with the head of the UNDP South Africa stating that the water issue is resolvable by the building of the dubiously scoped Musina Dam. Odusola states,

38. http://www.enviroxcellence.co.za/assets/document/FINAL%20EIAR%20EXS%201%20(1).pdf

> "the long-term solution is the establishment of the Musina Dam at the confluence of Sands River and Limpopo River for domestic use and irrigation. This dam will also assist in containing the floods that have proven to cause devasting destructions of lives and livelihoods along the Limpopo River right through to Mozambique. Preliminary studies already indicate that the Musina Dam project is viable" (Krause, 2022).

The UNDP South Africa have committed to work alongside CSOs thereby "… ensuring m*onitoring and evaluation*… (to) assess the progress made to achieve the expected results while adhering to and upholding national and international laws" (Thompson and Shirinda, 2022). Yet, despite the UNDP SECU team's evaluation, a further concern about the UNDPs involvement is that despite numerous written requests for a meeting with the UNDP by the coalition working on the environmental concerns, the UNDP is yet to hold a collaborative meeting despite having assured sustainable development groups that this would be a key aspect of ensuring the MMSEZs sustainable footprint.

COMMUNITY RESPONSES TO THE MMSEZ 2020 - 2023

An important component of assessing the environmental, livelihoods and socio-economic effects of communities in Vhembe has been through fieldwork research[39], both during the authorization process on the Zone as well as for this report. Fieldwork has entailed stakeholder interviews with key informants in both Provincial and local government in Limpopo as well as community consultations with affected communities close to the Zone. Affected communities, especially those close to the MMSEZ, namely, the Musina communities and the Mudimele and Mulambwane communities, have been regularly engaged to both inform and capacitate them as to their rights, and to understand their interests and concerns. Most recently, interviews and focus group meetings were organized between the 31st of January and the 4th of February 2023, as part of this project. Our recent discussions with communities has revealed that, as previous rounds of fieldwork, while Leda and Ledet claim to have given communities in the Vhembe area enough information on the SEZ for them to be able to make informed decisions, this is far from the reality. Because of the weaknesses of the MMSEZs participatory process that took place between 2020 and 2021. and after the final EIA was approved in February 2022, we have established that communities do not understand the nature of the MMSEZ and its impact on their livelihoods in the medium to long term.

In fact, when fieldwork in the Vhembe district was first begun, not only did communities not know about the proposed MMSEZ, they were completely unaware of the participatory process. The Environmental Assessment Practitioners, both Delta BEC and EnviroXcellence,

39. Fieldwork was conducted by Professor Lisa Thompson together with Meshack Mbangula of Mining Affected Communities Unite in Action and Hazel Shirinda, Assistant Researcher, between the dates of 29 January and 5th of February 2023.

following directions from the provincial government LEDET and Leda, put advertisements in newspapers and announced the meetings on the radio, completely limiting the communication reach to communities who do not access newspapers or radio. After criticism from Interested and Affected Parties, meetings were held in more remote areas to access poorer communities, however employment promises were escalated to try and convince communities that the environmental impacts could be outweighed by job creation.

In interviews conducted between the 1st and the 4th of February 2023, the Musina Community who also have started a branch of the national social movement Mining Affected Communities Unite in Action (Macua) indicated that in advance of the establishment of the SEZ, they had been approached about employment opportunities for the newly reopened Vele coal mine, close to the Mapungubwe Nature Reserve and the MMSEZ (Musina Focus Group Interviews, February 2, 2023). The mine, originally owned by the Portuguese Multinational Company (MNC), Rio Tinto, had been sold in 2012, along with four other mines to MC Mining, previously called Coal of Africa. MC Mining had mothballed the mine after environmental challenges led by the Centre for Applied Legal Studies (CALS) based at the University of the Witwatersrand. The current Musina Town Planner, Mr Mphephu, confirmed in a telephonic interview that Vele mine's EIA had been re-authorised by LEDET and the Provincial MEC. Vele mine is to begin production in the next few months of 2023 (Interview, Mr Mphephu, Musina Town Planner, February 2, 2023).

Similarly, in a focus group meeting held on the 2nd of February at the Mudimele village, the Chief of the Mudimele confirmed that he had received an email from MC Mining in December 2022 to inform them that the Makhado Coal mine, directly adjacent to their village, was to open in again early this year and that employment opportunities would be made available for Mudimele villagers (Mudimele Focus Group Interviews, 2 February 2023). Again, the Makhado mine had been closed due to legal environmental action taken by commercial farmers and the Mudimele in 2016. This was led by Advocate Christo Rheedes who represented the farming corporation known as ZZ2. The Mudimele and ZZ2 formed the Makhado Colliery Vhembe Stakeholders Forum that as the legal complainant had the Colliery's EIA set aside on environmental grounds, in what is clearly evident now as a temporary stay of execution on further coal mining in the Vhembe area.

In early February, interviews with the Musina Town Planner and the Louis Trichardt Town Planner confirmed that the MMSEZ building rollout has begun, very quietly, with the building plans for what has been touted by CEO Masoga as a Northern "mega-city" approved by the municipality. The Northern site known as Antonville, is at the bulk infrastructure provisions stage, with provincial tenders having been awarded. Housing plans for what is known as the Southern Site "township" have been approved by the Musina municipality and building has commenced on the Northern side. The construction of top structures for the Northern site is to commence as soon as possible. This will include a warehouse and suitable buildings for a Farmers Market (Mphephu, February 2 2023),

Although communities in the area are only aware of the coal mines re-opening, most were unaware that the MMSEZ EIA was approved in early 2022. MACUA's Meshack Mbangula, National Branch Coordinator confirmed that the process of community consultation and Social Labour Pacts (SLPs) which are a legal requirement, appear not to have been met in the cases of the re-opening Vele and Makhado collieries. This raises serious concerns about the environmental and livelihoods issues associated with the Zone.

While communities are largely supportive of the mines re-opening and of the establishment of the MMSEZ, especially because of the job promises that have been made by government, concerns remain about the many issues raised with regard to the livelihoods and environmental impacts. In January 2023, legal appeals were lodged in the Gauteng Supreme Court by Living Limpopo Organisation, the Centre for Environmental Rights and the Centre for Applied Legal Studies.

CONCLUSIONS

As this report makes abundantly clear, the African continent, South Africa in particular as a member of BRICS, have been profoundly influenced by the expanding footprint of China in Africa. The relationship between South Africa and China can be characterized as deeply embedded on many levels. First there is the ideational component, referring to China leading the new Global South in the international sphere based on having created what China refers to as cultural bonds, referring to its purportedly colonial history and developmental state status. The ideational linkage is further expanded into the terrain of developmental cooperation through China's new form of developmental assistance, International Development Aid and related megaprojects, investment and loans, understood as part of South-South Cooperation. These narrative framings have transformed the global political economy in both understandings of the global North and South but also in terms of historical allegiances. Despite the US and G7 attempting to claw back political traction through the "build back better" infrastructural support projects to Africa and the developing South, it seems unlikely that China's leading role on the international stage will diminish, given the extent of aid and trade to the continent. While on the one hand this can be considered a positive development to the overwhelming dominance of the US and Western Europe since the end of the Cold War, there are sizeable drawbacks.

The relationship between China and South Africa has changed the nature and ideational content of South Africa's Foreign Policy. While ideals of Pan-Africanism still abound, these are scoped in "Global South, and South-South Cooperation" lenses which place interests outside of the continent before the dreams of the 1970s through to the 1990s, of a continental community and evolving historical continuity. South Africa, through the leadership of the Presidency, could of course be more focused in ensuring a non-dilution of national and continental priorities. However, given the urgent need on the continent for better transport infrastructure and for more diversified economies it is clear that their 'take-up' of the benefits of South-South collaboration is too high to dwell on the potential disadvantages of the African agenda. South African Foreign Policy in the last decade shows a clear shift away from a continental based agenda to a Global South agenda.

At an organizational level, the real benefits of FOCAC and BRICS is enforcing ideational solidarity. As this report shows, this solidarity is then cemented at the bilateral level by numerous MOUs, loans, megaprojects and infrastructural support. It is here that we are able to see how China also perpetuates cycles of the export of dirty energy projects such as coal plants, despite its 2021 commitment not to establish any more. While the status of the MMSEZ coal plant is uncertain, there are many other livelihoods and environmental concerns that have been papered over, literally, in the name of development.

The importance of drawing attention to the ideational, economic, environmental, livelihoods and climate impacts of Chinese cooperation with South Africa and Africa in general is that there remains a somewhat naïve bias towards these relationships on the part of African leadership and African states that may be to the long-term detriment of citizens and societies in Africa. A more realistic, pragmatic stance with careful attention to policy wording, contract commitments and terms and conditions of agreements and loans is a sine qua non. Acquiring or hiring specialised knowledge on the Chinese way of doing business is yet another area that requires the attention of both the South African government in particular as well as African leaders throughout the continent. The risks of accepting all that is offered in China-Africa bilateral relationships is evidenced both in South Africa and elsewhere. It remains to be seen whether this watchdog approach will be fully endorsed by international organisations such as the UNDP in South Africa, and whether the well-known pitfalls of Chinese cooperation and development assistance can be avoided. The UNDPs 2022 endrosement of the proposed MMSEZ and its many developmental problems is not an encouraging indication, nor is the UNDPs failure to make good on promises to work with, and alongside of social movements, activists and civil society.





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