THE POLITICAL ECONOMY OF SOUTH-SOUTH RELATIONS: A COMPARATIVE ANALYSIS OF **CHINA'S** INVESTMENTS IN **BRAZIL** AND **SOUTH AFRICA**

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RESISTING AND REBUILDING
UNIVERSITY of the WESTERN CAPE
BRICS Policy Center
Centro de Estudos e Pesquisas BRICS
FAPERJ
Fundação Carlos Chagas Filho de Amparo à Pesquisa do Estado do Rio de Janeiro
IRI
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WITH THE SUPPORT OF THE
KARIBU FOUNDATION AND FAPERJ

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CATALOG SHEET::
BPC POLICY BRIEF V. 13 N. 08
JUNE/2023.
RIO DE JANEIRO. PUC - BRICS POLICY CENTER
ISSN: 2318-1818

16P ; 29,7 CM

KEY WORDS:
1. COMPARATIVE ANALYSIS; 2. BRAZIL; 3. SOUTH AFRICA;
4. CHINA; 5. FOREIGN DIRECT INVESTMENT AND LOANS

The BRICS - Brazil, Russia, India, China, and South Africa - began to be constituted as a political and economic platform in the late 2000s. The rise of the BRICS reinforced the deeply rooted imaginary of "modernization" and "development" in the Global South, giving rise to some optimism about these countries' ability to become an alternative to Western hegemony. From a historical perspective, it is important for Latin America and Africa to diversify their economic partnerships to counterbalance the omnipresence of the US and Europe in our regions. However, to what extent can South-South investments generate new paths for regional and national development based on fairer and more sustainable social and environmental grounds? Or, on the contrary, to what extent do South-South investments reproduce the traditional international division of labour and practices of natural resource and labor exploitation, while generating new asymmetries?

Since the late 1990s, China has been seeking to expand its capital in foreign markets and augment its geopolitical weight in the new world order. It adopted two major programs to support Chinese economic and political expansion in the Global South. The first was its "Going Global" strategy of 1999, which aimed to facilitate the internationalization of Chinese companies and increase their access to raw materials, enter other countries' consumer markets, set up factories in their industrial parks and export Chinese corporations' surplus capacity, all while guaranteeing the country's own food supply. In 2013, China launched another strategy: the Belt and Road Initiative (BRI). Under Beijing's command and with the ambition of involving over 140 countries, this project aims to generate a new global flow of capital, services and communication in which the economic structure and political influence of the Chinese is at its centre.

Brazil and South Africa have become major partners of China in their respective regions, as well as in the BRICS and other multilateral arenas. They are also among the main recipients of Chinese loans and foreign direct investment. Thus, this has become an increasingly important topic of analytical research and case study work, as the economic footprint of China in Africa and Latin America has grown exponentially over the last two decades. The BRICS Policy Center, of the Pontifical Catholic University of Rio de Janeiro, and of the School of Government, of the University of the Western Cape, have researched and compared Chinese investments in both South Africa and Brazil to respond to the following questions. What are main characteristics of Chinese investments in the two countries? What are the specific government policies and state institutions that sustain and facilitate them, and what socioenvironmental and labor dynamics have been generated in the territories where Chinese projects are implemented? The results are presented in three different reports: two contain the findings of extensive research carried out on each country, Brazil and South Africa; the present report focuses on the main similarities and differences in Chinese investments and bilateral diplomatic relations with both countries, as illustrated through specific case studies on Brazil and South Africa's special economic zones.

CHINESE DIRECT INVESTMENTS, LOANS AND TRADE IN BRAZIL AND SOUTH AFRICA: SIMILARITIES AND DIFFERENCES

There are important similarities and differences between Chinese **foreign direct investment (FDI)** in Brazil and South Africa. In Brazil, the Chinese state effectively established its presence in the 2010s through major investments in the oil, mining, hydroelectric and banking sectors. We mapped 138 projects, which together totaled approximately US$72.253 billion between 2010 and 2021. China is one of the biggest investors in Brazil, alternating with the United States in first and second place. Chinese state-owned enterprises (SOEs) are responsible for a larger share of the total amount invested, but support roughly the same number of projects as private firms do. Brownfield investments account for most of the total invested, generally by SOEs. The energy sector received the largest investments and stands out in relation to the scale of assets, especially in the transmission subsector. The manufacturing industry, for its part, had the highest number of projects. Investments in the power generation subsector went almost entirely into hydropower plants and renewable energy sources, such as solar and wind power. In 2020, in the midst of the Covid-19 pandemic, investment levels declined considerably. However, in 2021, investment flows resumed and the number of projects rose again, mostly in the services sector.

In South Africa, on the other hand, the Chinese state began investing much earlier, in the early 2000s. Annual flows to Africa 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 sale of 20% of Standard Bank SA's shares to the Industrial and Commercial Bank of China. Chinese investments have been expanding in South Africa's mining industry, transport infrastructure and Special Economic Zones (SEZs). The largest investment has been in the Musina Makhado Special Economic Zone, which has been approved by government despite its many environmental and livelihoods impacts.

Chinese direct investments and loans are notably more intertwined in South Africa, particularly when it concerns infrastructure. It is estimated that Chinese infrastructure commitments in Africa exceeded $25.6 billion in 2018, making it the largest single source of financing. However, there is a transparency issue: it is very difficult to find exact data on the amount of Chinese loans to South Africa, as government and other stakeholders do not make these data readily available to the public. A case that raised great public concern was, for example, China South Rail's investment loan to Transnet, in which millions of dollars were lost to corruption in the tendering process.

In both Brazil and South Africa, Chinese financial flows and loans have come mainly from China Development Bank (CDB). It has offered loans in the form of project finance, lines of credit to Chinese corporations for the expansion of their operations in both countries, and loans to Brazilian and South African state-owned companies.

In South Africa, Chinese loans are part of official development assistance, whereas in Brazil, they are offered on a commercial basis. In the Brazilian case, in the mid-2000s, CDB financed projects in the oil and gas and electricity sectors (gas pipelines and coal-fired thermal power), but in the 2010s, it turned to projects in renewable energy and electric mobility that promoted Chinese technologies (hydroelectric plants and electric vehicle plant). However, the biggest loans were granted to the Brazilian state-owned oil company Petrobras. Between 2009 and 2017, CDB awarded six loans for a combined value of US$25 billion. These loans were partially based on "loans for oil", as they were tied to the condition that Petrobras prioritize the supply of oil to certain Chinese companies and, in some cases, use the funds to acquire these companies' goods and services. CDB loans helped Petrobras finance the exploration of the pre-salt oilfields in the adverse context of the 2008 global financial crisis. These loans were also significant, particularly after the results of the *Lava Jato* anti-corruption investigations involving Petrobras were revealed, leading to a drop in its market value and difficulties in obtaining funds from other creditors.

In South Africa, Chinese loans generally come in the form of international development assistance (IDA), also known as international development cooperation. IDA is offered in two ways: through bilateral agreements between Chinese SOEs and/or private companies, or Chinese banks offering low interest loans to African countries. It is the Global South spin on doing international aid differently, without the heavy conditionalities imposed by Northern state elites and their allied international organizations. Thus, IDA refers to loans seen as ones with "no strings attached". However, we consider this term a misnomer, as every loan must be repaid and if funds are used unwisely or recipient states are not able to pay back the loans, China has a reputation for finding other forms of payment. IDA also covers Chinese-led assistance to mega-projects to boost growth and "inclusive people to people development". **Very often, there is no public disclosure of whether the IDA is an investment and/or a loan and/or some other kind of assistance.**

Trade is a main pillar for Brazil-China and South Africa-China relations, as China became the main trading partner of both countries in the same year: 2009. In both cases, trade relations with China resemble the traditional division of labour: Brazilian exports to China are concentrated in three primary products – iron ore, soy and crude oil – which accounted for 80% of Brazil's total annual exports to China between 2010 and 2022, whereas it imports a wide range of manufactured products from China. This asymmetric economic interdependence tends to perpetuate the deindustrialization of the Brazilian economy in the medium term, as Brazil has lost its place to China as the main exporter of manufactured goods to other South American countries.

China's exports to South Africa have increased at an annualized rate of 14.3%, from US$637 million in 1995 to US$20.5 billion in 2021[1]. The main export products are broadcasting equipment (US$1.4 billion), computers (US$1.18 billion) and coated flat-rolled iron (US$504 million). In South Africa, a key area of influence of Chinese economic policy is in the setting up of preferential trade areas for FDI. These are now branded as special economic zones (SEZs). Our

1. https://oec.world/en/profile/bilateral-country/chn/partner/zaf

case study on Chinese investments in SEZs in South Africa shows that they involve less labour regulations and all for the distortion of statistics on how much local labour is included in investment projects.

Table 1.

Chinese direct investments, loans and trade in Brazil and South Africa

China	Brazil	South Africa
Chinese foreign direct investment	China is one of the biggest investors, alternating with the United States	China is the main investor
Investment sectors	Oil, mining, hydroelectric dams, banking and services	Mining industry, transport infrastructure and special economic zones
The largest investment	Energy (hydropower plants and renewable energy sources, such as solar and wind power).	Musina Makhado Special Economic Zone
Chinese loans	Not indebted	Indebted
Type of loan	Commercial basis	International development assistance (IDA), also known as international development cooperation
Financed projects	Oil, gas and electricity sectors (gas pipelines and coal-fired thermal power) – 2000; Energy and electric mobility, tied to the promotion of Chinese technologies (hydroelectric plants and electric vehicle plant) - 2010	Electricity (Eskom) and road and rail (Transnet), including the Gupta-led China South Rail railway infrastructure project, where millions of dollars were misappropriated by both Transnet officials and Gupta-fronted companies.
The largest loans	Brazilian state-owned company Petrobras ("loans for oil")	South African SOEs, Eskom (electricity provider) and Transnet (road and rail). Last loans were granted in 2018; it is speculated that China Development Bank has become Eskom's lender of last resort due to its shaky financial status.
Trade	China is the main trading partner	China is the main trading partner
Commercial relations	Brazil exports iron ore, soybeans and crude oil to China and imports Chinese manufactured goods. Trends of asymmetric economic interdependence leading to deindustrialization in Brazil.	Special economic zones have become preferential trade areas.

BILATERAL POLITICAL AND DIPLOMATIC RELATIONS BETWEEN CHINA AND BRAZIL AND BETWEEN CHINA AND SOUTH AFRICA SIMILARITIES AND DIFFERENCES

Economic relations in the form of FDI, loans and trade have been accompanied by closer political and diplomatic ties between China and Brazil and between China and South Africa. **Multilaterally, these three countries participate in the G20, the BRICS and the BASIC, besides being founding members of the New Development Bank and the Asian Infrastructure Investment Bank**. The years 2014 and 2015, when these banks were launched, were also marked by the expansion and consolidation of bilateral arrangements.

Regionally, China has created and maintained important cooperation fora in Latin America and Africa. However, whereas the China-Africa Cooperation Forum (FOCAC), created in 2000, has played a major role in diplomatic and economic relations between China and South Africa, the China-CELAC Forum, which was created more recently, in 2014, has not played a defining role in Brazil-China relations.

Political-diplomatic relations between **Brazil and China** dates back to the 1970s. Since then, there have been over 90 meetings of heads of state and state representatives from both countries, of which more than 60 have taken place from the 2010s onwards. During the Lula da Silva (2002-2010) and Dilma Rousseff administrations (2011-2016), relations between Brazil and China intensified significantly. Bilateral initiatives include the creation of the Sino-Brazil High-level Commission for Coordination and Cooperation (COSBAN) in 2004; the adoption of the Brazil-China Joint Action Plans for 2010-2014 and 2015-2021, as well as the Ten-Year Cooperation Plan 2012-2021, and the raising of bilateral relations to the "Global Strategic Partnership" level in 2012. During all these initiatives and mutual visits, the countries' leaders were accompanied by business interests, resulting in memoranda of understanding (MoUs) for specific sectors and deals for Chinese and Brazilian companies. For example, agreements were signed on Chinese investments in the Brazilian railway and electricity sectors, which included State Grid's participation in the construction of the high-voltage transmission line for the Belo Monte hydroelectric dam; between the Brazilian Development Bank (BNDES), China Eximbank, CDB and the China Investment Corp on the expansion of credit for exporters and investors, and one with Build Your Dreams (BYD) for the production of rechargeable batteries and energy storage systems.

After the parliamentary coup that led to the impeachment of President Rousseff in 2016, the new Michel Temer administration (2016-2018) redirected the focus of Brazil's foreign policy towards building closer ties with traditional partners, such as the US and the European Union, and a more pragmatic relationship with China. Even so, Temer visited China two years in a row, accompanied by several companies and business associations. As a result, the Ministry of Mines and Energy established an agreement with State Grid for phase 2 of the high-voltage transmission line for the Belo Monte hydropower plant. In addition, a financing contract was signed with the China Communication and Construction Company (CCCC), which was to invest US$700 million in the construction of a private terminal in the Port of São Luís; an agreement was also signed between the BNDES and CDB for a US$3 billion-loan.

However, in 2018, the number of agreements reached between Brazil and China began to decline, as the election of Jair Bolsonaro in Brazil generated uncertainties about relations with China, stemming mainly from Bolsonaro's alignment with Donald Trump in the US. Despite Bolsonaro's belligerent rhetoric towards China, in his first year in office in 2019, high-level mutual visits were held on the occasion of the 5th COSBAN Meeting, the 3rd Global Strategic Dialogue Meeting and the 11th BRICS Summit. Several cooperation agreements and sectorial MoUs were signed, resulting in the expansion of Chinese business operations.

In addition to diplomatic relations, several **public policies, programs and legislation on foreign investment** in Brazil have, to some extent, facilitated the entry of Chinese investments. The Rousseff administration adopted investment-related public policies and legislation focused on stimulating industrial activities, ranging from tax cuts and loan programs for car or ethanol production to incentives for oil exploration and production in the pre-salt fields. It also established a production-sharing model that guaranteed Petrobras a minimum share in oil operations. Temer and Bolsonaro governments, on the other hand, both favoured market liberalization and privatization, adopting policies that led to the denationalization of certain sectors such as oil and infrastructure. There were, though, certain continuities throughout the Rousseff, Temer and Bolsonaro administrations, such as the ongoing privatization of airports and the gradual opening of airline companies to foreign capital.

Some public policies during the Dilma Rousseff and Michel Temer administrations did, in fact, facilitate the entry of Chinese companies, particularly in the automotive and oil industries. In the oil sector, the production-sharing model for the exploration and production of oil in the pre-salt region was created in 2010, which facilitated the entrance of Chinese SOEs in the sector in cooperation with Petrobras. After Michel Temer took office in 2016, one of his first measures was to alter the pre-salt law to open up the offshore oil fields to foreign investors by eliminating the mandatory participation of Petrobras in operations. However, this did not prevent Petrobras from taking part in several auctions: in some cases, it won the bidding process in partnership with Chinese companies. The automotive sector, for its part, benefitted from tax reductions and exemptions and has attracted several investors from China, such as Lifan Motors, Foton Aumark, Chery, China Automotive Systems and BYD Motors, among many others.

The Bolsonaro government's policies to promote privatizations and concessions in the areas of infrastructure and energy were not very successful. Although these sectors had been important to Chinese investors, the policies did not end up attracting investments from the Asian country.

While China frames its relations with Brazil as "South-South relations", particularly during the 2010s under the Lula da Silva administration, it puts much more emphasis on this idea in the case of South Africa. China's official discourse describes the diplomatic and economic relations between **South Africa and China** as part of the realignment of the Global South. China claims to be both a former colony and currently a developing state and as such, its dominant role in the world economy makes it the leader of the new Global South. China's self-appointment in this leadership position is a tactical realignment to challenge the hegemony of the US in the Global North.

The Chinese 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 prioritizes joint development initiatives in international and regional development platforms. For example, under the influence of China's foreign policy, the African Union and the Southern African Development Community (SADC) have reorganized the continental agenda to include these joint development initiatives with China.

Thus, the expanding economic relationship between China and South Africa has changed the nature and ideational content of South Africa's foreign policy in the African continent. While ideals of Pan-Africanism still abound, these are portrayed through "Global South, and South-South Cooperation" lenses, which place interests outside of the continent before the 'dreams' of a continental community and evolving historical continuity. Under the leadership of the Presidency, South Africa could focus more on ensuring that national and continental priorities are not diluted. However, given the urgent need on the continent for better transport infrastructure and more diversified economies, it is clear that the positive financial 'take-up' of the benefits of this South-South collaboration is too high to dwell on the potential disadvantages it brings to the African agenda. Thus, South African foreign policy in the last decade shows a clear shift away from a continental-based agenda to a Global South agenda.

After the establishment of FOCAC in 2000, Chinese trade with Africa accelerated so quickly that by 2009, it had replaced the US as Africa's largest trading partner. 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. The number of agreements between the two states, alongside robust bilateral trade, has risen rapidly and significantly since President Jacob Zuma's visit to Beijing in 2014. While President Thabo Mbeki had emphasized a more African-centred approach during his presidency years (1999-2008), including his much-heralded calls for an African renaissance, when President Zuma assumed office, there was a clear shift towards global partnerships, especially after joining the BRICS in September 2010.

South Africa-China relations have been officially described by the Chinese government as a "comprehensive, strategic partnership", which is the highest level of economic and political support that Beijing offers to emerging economies in Africa and the Global South. **International development assistance (IDA)** is a form of economic cooperation entailing Chinese loans, capital investment, infrastructural project collaboration and technical assistance and training. According to the Chinese official discourse, all of these kinds of capital expansion and economic assistance are free from the heavy conditionalities imposed by Northern state elites and their allied international organizations. Many African state leaders have been seduced by the Chinese's lending narrative, which uses terms such as "mutual benefits" and "no strings attached". Despite sounding altruistic, IDA has consequences, as African states taking out large loans have become even more heavily indebted. A lynchpin of Chinese IDA policy is the degree of public non-disclosure. In the South African case, this non-disclosure is one of the most concerning aspects of China-South Africa relations.

Table 2.

Bilateral political and diplomatic relations between China and Brazil and China and South Africa

China	Brazil	South Africa
Important regional cooperation forums	China-CELAC Forum (2014): has not played a decisive role in Brazil-China relations.	China-Africa Cooperation Forum – FOCAC (2000): has played a major role in diplomatic and economic relations between China and South Africa.
Political-diplomatic relations	More pragmatic relationship, after the parliamentary coup that led to the impeachment of Dilma Rousseff in 2016. Significant bilateral relationships, concomitant business interests, agreements in the railway and electrical sectors and expansion of credit for exporters and importers. Several public policies, programs and legislation on foreign investment in Brazil facilitated the entry of Chinese investments. The privatization of airports and the gradual opening of airlines to foreign capital.	Realignment of the Global South, with China playing an important leadership role in the world economy. Strong bilateral relations. Priority on joint development initiatives in international and regional platforms. Strong influence on the content of South African foreign policy, which focuses on a Global South agenda. Omissions in bilateral treaties on labour rights and commitments and obligations related to climate change.

DYNAMICS IN THE TERRITORIES: THE MUZINA-MAKHADO SPECIAL ECONOMIC ZONE (SOUTH AFRICA) AND MANUFACTURING PLANTS IN THE MANAUS INDUSTRIAL PARK (BRAZIL)

The history of the Manaus Free Trade Zone (MFTZ) differs significantly from that of the SEZs in the African context. The MFTZ was created in the 1960s as part of the industrial policy of the Brazilian military dictatorship. It was one of the first free trade zones implemented in the world and was the result of a combination of various interests at both the national and international level. The Amazon region became home to the MFTZ whose main "competitive advantage" was a tax policy that offered tax and non-tax incentives to companies implementing projects in this special economic zone.

Within the MFTZ, the **Manaus Industrial Park (MIP)** was established as a hub for the proliferation of factories from various industrial sectors. They first arrived from Europe, the US and Japan in the 1970s and 1980s and then, from the Asian tigers in the 1990s and finally, from China in the 2000s. By 2017, Chinese investors in Manaus had a total of 22 factories in the electronics, mechanical, thermoplastic and two-wheeler subsectors. In relation to the workforce, in 2017, these Chinese companies employed around 10,000 workers, which represented approximately 10% of the entire labour force in the industrial park.

South Africa issued a Special Economic Zones Act only in 2014. Since then, the SEZs have been modelled as investment tax havens, which offer incentives such as minimal corporate tax, customs duty and VAT exemptions, one-stop shops to assist with setting up business rapidly, greatly reduced water and electricity tariffs and often, a blind eye to labour rights and regulations, including minimum wage. While the SEZs are seen as major employment creators, there are other potential drawbacks, such as SEZ guidelines on labour contracts with investors and operators to ensure minimal production disruptions, which can also limit labour rights. Nonetheless, until quite recently, South African labour organizations had remained broadly in favour of SEZs as a way to create large scale employment.

Labour issues are also at the centre of debate on the Manaus Industrial Park (MIP), especially in the manufacturing sector, where the initiatives serve the interests of both state-owned and private enterprises. Manaus is home to a specialized workforce that has decades of experience in manufacturing at a lower cost. Our field work was carried out in four Chinese factories in the MIP. Through factory visits and interviews with managers, workers, administrators and trade union leaders, among others, as well as document analysis, we identified the main issues concerning labour practices in Chinese plants in the MIP. Workers and employees report a deterioration of working conditions, including lower wages and less benefits and incentives than what other major global players in the manufacturing sector in Manaus, especially the Japanese, South Korean and some European firms, pay. The Chinese offer strictly the legal minimum. In other words, Chinese companies tend to adjust to the Brazilian legislation, but they do not offer anything above what the law stipulates. The companies' policy is to pay the employees of their subsidiaries a wage that is close to the average amount paid by the parent company in China. No data were found to indicate non-compliance with labour laws. Chinese companies emphasize the more technical side of work under the coordination of a management team composed of expats. They have generally given preference to workers with experience in the Manaus Industrial Park, as a way of contributing to the Chinese firms' goal of reducing the cost of training employees. This reveals an attempt to transfer the responsibility for training to workers. Both the state and the market evade responsibility for offering training.

Local factory managers have no say in human resources matters, which are fully controlled by headquarters in China. Placing the decision-making power in the hands of the board of directors in China is a way to avoid dealing with local pressure directly. This can be exemplified in the case of labour disputes, as head office in China is the one to decide on compliance with the labour agreements negotiated in Manaus. In regard to factory control and supervision, workers have little autonomy to make decisions. According to workers, the Chinese do not create space for dialogue in the factory, do not accept suggestions and weave a very hierarchical web of relations.

Thus, in the correlation of forces between capital and labour, **state policies have benefitted capital more than the entire labour force in Manaus.** The main advances of the working population of the capital of Amazonas are the result of the struggle of the working class against the forces of capital, and not the actions of the state. Workers are at the mercy of the comings and goings of manufacturing firms, on one hand, and on the other, they must deal with the lack of educational courses, housing and sanitation policies and professional/technical training programs on their own.

China's political and economic impact in Brazil is very different from that on the African context, as in Brazil, little value is given to political or diplomatic capital or strategic interests linked to China's geopolitical ambitions. In a place where international companies dominate production and sales, Chinese investors merely go with the flow; they play the game within the possibilities offered while cutting costs and adopting strategies to survive or get ahead of their competitors. Such strategies include lowering costs by paying lower wages and benefits to Chinese managers and supervisors working in Brazil than the ones paid in China.

The case of the **Musina Makhado Special Economic Zone (MMSEZ)** in South Africa raises similar issues. In addition, environmental problems and the question of participation and transparency have been at the centre of debates. MMSEZ was created by the Department of Trade and Industry in 2017. The zone is an industrial complex and manufacturing metallurgical hub that was announced as the new motor for local, regional and continental-led economic and development innovation. In the same year, 2017, the Department of Trade and Industry appointed the Chinese firm Shenzhen Hoi Mor, a Hong Kong company from the Shenzhen Zone, to be the registered operator of the SEZ. Now referred to and operating as the South African Energy Metallurgical Base (SAEMB), the company purports to be investing US$3.8 billion, or ZAR55 billion.

The MMSEZ Master Operational Plan also underlines that security and labour within the SEZ will be tightly controlled, as will any attempts at public oversight by concerned environmental groups. As of early 2022, however, the first high-level environmental impact assessment

(EIA) was approved. Prior to the official approval, environmental organizations lobbied hard to underscore that MMSEZ does not comply with the South African state's environmental legislation and is not part of the national Integrated Resource Plan. In response to environmental resistance, the authorized size of the coal plant has been reduced. However, the approved EIA of February 2022 contains the suggested 1320 MW coal plant capacity along with the metallurgical industry components.

A further **environmental and livelihoods problem** is that the government approved plants to establish the SEZ in the Vhembe Biosphere. The biosphere contains a rich diversity of flora and fauna which the SEZ will impact drastically. An important method used to assess the environmental and socioeconomic effects of the SEZ on the communities and their livelihoods in Vhembe has been fieldwork research. Our fieldwork has entailed stakeholder interviews with key informants from both the provincial and local governments in Limpopo, as well as consultations with affected communities living close to the SEZ. We have regularly engaged with Musina, Mudimele and Mulambwane communities to both inform and capacitate them as to their rights and to understand their interests and concerns. Recent fieldwork discussions with communities have revealed that the government has not provided them with sufficient information on the SEZs' impacts on their livelihoods for the communities to make informed decisions. It is clear that communities do not understand the nature of the MMSEZ and its impact on their livelihoods in the medium to long term.

Table 3.

The Muzina-Makhado Special Economic Zone (South Africa) and manufacturing plants in the Manaus Industrial Park (Brazil)

China	Brazil (Manaus Industrial Park)	South Africa (Muzina-Makhado Special Economic Zone)
Profile	A hub for the proliferation of factories from various industrial sectors, which offers tax and non-tax incentives to companies establishing projects in this SEZ.	A SEZ investment tax haven that offers incentives, including minimal corporate taxes, customs duty and VAT exemptions, one-stop shops to assist with setting up businesses rapidly, greatly reduced water and electricity tariffs, and often no attention to labour rights, regulations and minimum wage.
Investment sectors	Electronics, mechanical, thermo-plastic and two-wheeler	Industrial and manufacturing metallurgy
Disadvantages/conflicts	Labour issues: worse working conditions, lower wages, less benefits and incentives; excessive control and supervision in the factory and lack of spaces for workers' participation and opinions; lack of education courses, housing and health policies and professional/technical qualification programs.	Environmental problems: failure to comply with environmental legislation; drastic impact on the diversity of fauna and flora; limited community participation; lack of information from the government on the SEZ's livelihood and socioeconomic impacts on the communities.

CONCLUSION AND RECOMMENDATIONS

These cases show us that within the capitalist mode of production, which systemically extracts value from labour and nature, South-South investments do not provide a concrete, positive economic alternative for workers, communities and the environment on the ground. When analyzing the impacts of Chinese bilateral socioeconomic assistance, our emphasis is to reinforce the importance of the roles of academic research and labour groups and social movements, amongst others, in pressuring public officials and state institutions to recognize that China's "no strings attached" approach carries with it a heightened need for accountability. This goes both for the host state itself when managing investments, loans and projects, but also for Chinese stakeholders. The cases investigated here show a clear need for state actors to actively pressure for better terms in relations with Chinese foreign investors in order to ensure better living conditions to both organized and more informal working classes so they are incorporated into such development projects in socioeconomically beneficial and environmentally balanced ways.

In the case of the Manaus free trade zone model, a huge challenge is to shape public programs to expand citizens' rights and improve their social conditions on the ground. The population of Amazonas must not be treated merely as labour force for national and global corporations, but as citizens of an economy that is in line with social sovereignty. Despite the city's strong economy and the high revenues generated for both the companies and the state government, Manaus is one of the most violent, unequal capital cities in Brazil and seriously lacks public policies. Therefore, the question is: how do we turn an industrial policy into a public policy that generates more benefits for workers? As of now, the main benefits won by the working population of the capital of Amazonas are the result of the working class struggle against the forces of capitalism, and not of actions of the federal government. As such, workers are at the mercy of the comings and goings of manufacturing companies, on one hand, and are forced to cope with the lack of educational programmes, housing and sanitation policies and professional or technical training opportunities, on the other.

In the case of the Musina Makhado SEZ, workers' socioeconomic rights to employment in the Limpopo Province have become the purported necessary trade-off for the destruction of rare ecosystems and the degradation of the UNESCO recognized Vhembe biosphere. The provincial government justifies the environmental degradation as worth it in order to bolster economic livelihoods. However, this approach is extremely short-sighted, as aside from the climate change effects of the coal plant and the metallurgical industrial cluster in the SEZ, massive water scarcity is almost a certainty, thus threatening the livelihoods of all civil society stakeholders in the Vhembe district. Thus far, the local communities' agreement with the establishment of the SEZ is very tentative, as there is growing grassroots awareness about the potential environmental impacts on villagers and small-scale farmers in the area.

The Chinese strategy of linking the SEZ to broader FOCAC and African Union agendas is remarkably astute and regularly reinforced, as we are likely to see later in 2023, when South

Africa chairs the BRICS Summit in Durban. Furthermore, the ambitious links of the Musina-Makhado SEZ to the Chinese Belt and Road Initiative have been publicly mentioned on numerous official occasions and are frequently referred to by the Chinese Embassy in South Africa. Where this official dialogue leaves the workers of Limpopo Province is unclear at this stage. However, given the educational skills base of the majority of the unemployed in the Vhembe district, the chances are that the trade-off of jobs at the expense of the environment may well be less of a "win-lose" situation and more of the "lose-lose" type, as neither employment, nor environmental sustainability is likely. The precarious nature of the alternative that this type of South-South cooperation is said to offer will be underlined as a result.

It is time for the governments of Brazil and South Africa to start changing their own position and negotiate with China to get the best results out of their relations. South-South technology transfer and effective cooperation in areas such as health, environment, agriculture and energy are fundamental for achieving better social and labour conditions for the majority of our populations. President Lula's recent trip to China, in April 2023, took a first step in this direction by advancing in agreements that go beyond trade relations based on agribusiness, establishing agreements in the area of science, technology and innovation, such as the renewal of the common satellite project CEBRS.

Brazil-South African relations should be improved through exchanges and the elaboration of common strategies based on development programs that put people's needs before profit. Brazil and South Africa should not align themselves solely with China or the US and Europe, but rather create the basis for real South-South cooperation in order to act together and take advantage of the international tensions between these powers.

A more balanced and mutually beneficial South-South agenda, therefore, needs to be a good deal more Southern and less led by the Chinese agenda. The ideological bias of the "Global South" is important to create an identity and unity among developing countries, but only up to a point. Just as the "West" was created for the purpose of colonization, the "Global South" needs to be created for the pursuit of economic decolonization. Without this, the South-South agenda will lose its transformative role and credibility in the medium to long term. As this report emphasizes, South-South cooperation could end up being a China-South agenda. This would simply repeat the history of subordination of the 'developing' South, which mires states in new political narratives that mask similar patterns of resource extractivism.

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