

# China in Africa – the resource perspective

Workshop 5 at the oikos 20 years anniversary conference



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# How to achieve a sustainable resource management from which also Africa can profit?

11 participants attended the workshop and they were at least a little multinational: Finland, Switzerland, Germany, Poland and South Africa were represented. Armin Reller, chair of solid state chemistry and materials science at the university of Augsburg, opened the workshop with a presentation about our limited natural resources. He mentioned not only coal and oil, but also rarer metals like tin, nickel, aluminium, palladium and indium. The importance of China has been clarified right from the start: As Reller explained, China is importing one third of the global steel. 90% of metals being used for the light system come from China. Low social and ecological standards would pose a big problem, said Reller.

In order to manage these resources responsibly, Reller called for various measures to be taken, such as transparent supply chains, greening the supply and production, the triple bottom line strategy of sustainability (efficient, ecological, social responsible), a solution to the so called „resource curse“, good governance, no charity but justice when it comes to trade with the developing countries, eco-efficiency and substitution strategies for metals which are becoming depleted. As Reller said, the industry takes too long to become aware of the fact that our resources are limited. Volkswagen is developing a hybrid car, but is not ready to foresee the coming lack of copper and lithium which is needed for this type of car.

## **The role of price mechanisms**

The resource trade is not being regulated by price mechanisms, stated Reller. Resources are bought where they are cheapest, but finding substitutes is not enough taken into account by the producers of goods.

A vivid discussion arose on the question if price mechanisms are working well for resources: Some took a position more confident in the functioning of markets, others remarked that resource markets are oligopolies ruled by few powerful companies.

## **Recycling**

A solution to the resource scarcity could be recycling of products. But ecological and health problems linked to recycling in China are yet to be solved. The consumer would be in the position to change these circumstances by his purchasing power. However he is often overwhelmed by the complexity of the production chain which makes it difficult to tell if a certain product is sustainable, Reller explained.

## **Identifying the relevant questions**

In the discussion the participants were asked to find out which facts were relevant to them and which leading questions arise from that. They took advantage of the 100%-method, a discussion mode introduced by the organizer Lars Stein: Two groups write down their suggestions and mark them only if everyone agrees, exchange their suggestions, vote again and then discuss the controversial points in the plenum.

The questions differed as much as the personal experience of the participants: What can a global bank do for sustainable resource management? – asked Robert who works for the sustainability department of the Swiss UBS Bank. How can we deal with corruption? – asked Alexandra, a student from South Africa. And why do companies take the business risk of not perceiving the resource scarcity? – asked Jenni from Finland where the cellphone company Nokia is one of the major BIP producers.

## **Chinas investment in Africa will increase**

The speaker of the next day was Friedel Huetz-Adams who works for the research institute Suedwind in Siegburg. He showed several statistics all supporting one fact: Chinas investment in Africa significantly increased and will increase further. Chinese companies are involved in the construction of railways

in Angola and Nigeria, in roads in the Democratic Republic of Congo (to exploit natural resources such as gold, copper and coltan) and other countries. In contrary to European development projects Chinese investments have „no strings attached“. „They just come and do it“, an ambassador of Sierra Leone was quoted. What is called „Beijing-Consensus“ by some means that China wishes no interference in each other's political affairs. The only condition to work with an African country is that it does not have any diplomatic relationship with Taiwan.

### **How to achieve sustainable resource management?**

Therefore it becomes more and more difficult for Europe to link development aid to the fulfilment of certain conditions such as democratic elections. On the other hand, Huetz-Adams explained, Europe is not always behaving morally acceptable either: A study of Transparency International showed that companies from countries like France and Italy often have a big problem of corruption when working in Africa.

The participants discussed what is needed for a sustainable resource management from which also Africa can profit. In the end all agreed that honesty in the economic relations with Africa, education – from Africans to Africans in a non paternalistic way – and a strong civil society which has networks all over the globe, are crucial steps to a more sustainable use of natural resources. How to build these networks was the question with which the group started in the open space discussion.