

Welcome & Introduction by Mr Hubert René Schillinger, Resident Representative of the Friedrich-Ebert-Stiftung in Namibia, at the Breakfast-Meeting on “The Rise of China & India: What’s in It for Africa?”- Windhoek, 01.11.2006

Distinguished Panelists,
Members of Parliament,
Members of the Diplomatic Corps,
Members of the Press,
Ladies and Gentlemen,

it is great pleasure to welcome you all here this morning for a hopefully lively and exciting debate on the implications for Africa of the rapidly increasing importance of China and India in the world economy and international relations. Some people have asked me, if the timing of this meeting was deliberate just a coincidence: As most of you probably know, as we speak, President Pohamba and large Namibian delegation is on the way to China to attend the 3rd Forum on China-Africa Co-operation (FOCAC) which takes place from 3 to 5 November in Beijing. And so do about 50 other African Heads of State and Government.

Although I have to confess, that it is more of a coincidence than a deliberate choice and has more to do with the presence here in Namibia of our main presenter; Mr Goldstein from the OECD, the discussion nevertheless does come at the right time. Many of the issues that will be raised today, I am sure, will crop up somewhere in the press during the next weeks.

I also recognize that it is not the first time that the increasing presence of the new Asian economic powers on the world scene, in Africa, and in Namibia in particular, has been subject to lively public debate in this country. In this year alone two public debates come to mind: firstly, one presentation by a Swiss social anthropologist, George Dobler, at UNAM, looking at the impact of the presence of Chinese traders in Oshikango, the bustling border town to Angola, a study which painted a more friendly and optimistic picture, secondly, another one by Henning Melber, organised by my colleague from the Hanns-Seidel-Stiftung, which looked at it more from a political and governance perspective, emphasizing much more the threats than the opportunities which the fast-growing Chinese economic and political presence in Africa provides according to his analysis.

But the irruption of what is now often referred to as “the Asian economic drivers” onto the African scene seems to be of such interest and such importance that it surely merits another debate and certainly more debates about what some scholars describe as “the most dramatic and important factor in the external relations of the continent – perhaps in the development of Africa as a whole – since the end of the Cold War” (Christopher Clapham, *Fitting China In*, Brenthurst Discussion Paper 8/2006).

I am particularly happy that this time we are not just discussing about China and India, but also, and this seems to be for the first time, with representatives from China and India in such a public forum. Therefore, once again a special welcome to you Mr Lin Ying, Chargé d’Affairs in the Embassy of the People’s Republic of China and you Mr Sharma, Acting High Commissioner of India.

What does China’s and India’s increasingly felt presence make so important?

It is firstly their growing competitiveness, their size and their rapid economic growth. As it has been outlined in the OECD study Mr Goldstein is going to present to you, China and India alone account for 30% of global output growth since 2001, which directly (as new and growing destination for African commodity exports) and indirectly (through higher global

demand and rising terms of trade for these exports) had significantly fuelled growth performances in Sub-Saharan Africa.

Secondly, it is China's and India's conduct as investors, buyers, and stakeholder in institutions of global governance;

Thirdly it is because African countries which previously saw their future as lying in promoting North-South links, are now increasingly "looking East" - towards China, India and other Asian economies as sources of future dynamism.

The economic impact of China and India on Africa involves three major channels of transmission – trade, investment and commercial presence, aid and the availability of concessionary project finance.

It doesn't come as a surprise that these developments present both opportunities and threats to African countries and African economies. They also produce or are likely to produce both winners and losers on the African continent.

While some people tend to emphasize the benefits like rising demand and rising prices for African commodities (mainly oil and minerals), as well as a rising purchasing power of income through the availability of cheaper consumer goods, other warn about possible threats like the danger of locking African economies in their traditional role as raw material producers, associated so-called "Dutch Disease" effects as consequence of currency appreciations that often comes with higher commodity exports and raised commodity prices, lost employment in labour-intensive manufacturing sectors (e.g. in the garment sector) or employment that will never occur due to the overwhelming competitiveness of manufactured goods from Asia.

On the threat side there is also the concern that much especially of Chinese FDI in sub-Saharan Africa so far has run against attempts by the global aid-community to promote better governance in the region. Sudan and Zimbabwe are often cited as examples. Other concerns relate to labour-standards in Chinese invested companies, the ignoring of human rights and environmental standards, for instance with regard to the logging of timber in some African countries.

I am sure these and other issues will feature prominently in the debates we are going to have over the next two hours. Hence I do not want to continue with what is out there as proven facts or mere perceptions.

But before handing the discussion into able hands of my colleague Mihe Gaomab II , the Chair of the Namibia Economic Society, our partner in this event, I would like to call on Ms Lucia Wegener, also from the OECD to give us a very short briefing on the context of the OECD study and also inform as why she and her colleague are currently here in Namibia.

Thank you very much for your attention, again welcome to all of you and now over to you Ms Wegener!