THE BRICS IMBROGLIO - RELAX YOUR BEE RULES, SAYS CHINA.

The fanfare which accompanied the recent BRICS summit in South Africa certainly elevated president Cyril Ramaphosa's international profile, but substance took second place to hype. The president was in his element. He loves to pontificate: his mellifluous tones outlined plans which were going to lift South Africa out of its economic doldrums. The devil of course is in the detail as to how this will happen, and what price we will pay.. What it cost South Africa to host this jamboree should be calculated at some stage – representatives from 61 countries attended, of which forty six were African nations, including 20 African heads of state. Delegates from some of these countries consisted of 600 people.

Ironically, only a few days later, the National Treasury proposed radical measures to rein in government spending, warning of unprecedented challenges while raising the red flag over South Africa's deteriorating public finances. The government has run out of money (Sunday Times 3.9.23). Suggested austerity measures included a halt to spending on non-essentials including "catering and conferences". "Dinners, flowers, bottled water and R3m funerals have to go", declared SAFTU general secretary Zwelinzima Vavi.

In an address to the nation on Sunday 3 September, the president said BRICS would encourage stronger international relations, collaborating in several areas including trade, and this is where China's role bears scrutiny. The real winner at BRICS is China, for many reasons. There is hardly a town or city in South Africa that does not have a Chinese presence, either business or residential. They have been here for quite some time.

China's past record has been less than salubrious in its efforts to find a toehold in South Africa. China is and has been a major African aid donor and investor in mining and natural resources. The going hasn't been easy for some African nations to accept. They see China's involvement as exploitive and neo-colonial.

NEWCASTLE

In 2010 employees of Chinese -owned clothing factories in Newcastle, KwaZulu/ Natal went on strike because minimum wages were not being paid. The Chinese played hardball and closed the factories rather than upping salaries. The owners claimed they could not make a profit without cheap labour and that SA's minimum wage structure was unrealistic. The government stepped in to save jobs and owners were given the assurance that the wage issue would be negotiated. Government incentives were discussed and operations continued. But it was an uneasy truce.

In October 2012 the Mail & Guardian reported that a raid on Chinese-owned factories in Newcastle revealed "appalling working conditions and employee abuses". The raid by the police, departments of labour and home affairs and other groups confirmed that most workers were being paid much less than the R489 minimum wage – and that their human rights were being violated. "Emergency exits were not demarcated, no electrical certificates were available, no soap or toilet paper was placed in toilets, with only one toilet being shared by more than 60 men and women. Workers were strip searched at the end of their shifts. Women had to take their clothes off completely." Unemployment insurance deducted from employees' pay was not paid over to the authorities.

In many instances the factories were relocated to Lesotho where there was "cheaper labour", said a Chinese spokesman. A report in 2016 said that the Newcastle factory scene had tapered off, with employee numbers down to less than 300 workers.

CHINESE AID

Chinese aid comes at a price. South Africa should examine the situation in which the Sri Lanka government now finds itself. The ANC has already spoken about various aid packages already received from the Chinese. What do we give in return?

In a 2018 report, India's Gateway House revealed that Sri Lanka was a case study of how large Chinese investments can go horribly wrong for a host economy. Big Chinese loans pushed Sri Lanka into a debt trap. This forced Colombo to hand over the Hambantota Port to China Merchant Port Holdings at the end of 2017, with a 99 year lease.

In Sri Lanka, China's debt and equity were funding more than 50 projects worth more than $11billion. Roads and water treatment plants and thermal power plans were among some of the projects and these were built by Chinese contractors!

Another example of Chinese super influence is Pakistan. Since 2013, that country's relationship with China took on a geo political role through the connectivity project, the China/Pakistan Economic Corridor (CPEC), a $46 billion Chinese investment to open up areas of China adjacent to Pakistan. However this particular loan is now considered to be economically unviable, resulting in Pakistan having a hard time meeting its repayment obligations to China's banks.

The government of Pakistan always flaunted Gwadar Port as the future engine of Pakistan's growth. It is now obvious that this port is more beneficial to China than to Pakistan since it allows China to benefit from a shorter transportation route for oil and gas from Gulf countries. CPEC is seen as having much less to offer Pakistan and more to benefit China: the Chinese approach of not partnering with Pakistani local companies in the scheme did not create new job opportunities for millions of Pakistani youth, as was expected. As in many other parts of the world where China has invested, they bring everything from China, including labour. Chinese commercial banks now hold 30% of Pakistan's external debt of about $100 billion.

China always finds a way to gain a toehold. The country is not a democracy so state plans are long term. They don't have to worry about a change of government every four/five years. Chinese investment in Sri Lanka didn't happen in a vacuum. China/Sri Lanka ties were forged during Sri Lanka's civil war, when China was one of the few reliable arms suppliers to the government. China also provided political cover, using its UN veto to stop resolutions targeting Sri Lanka. It is significant that the agreement to develop the Hambantota Port was signed during this period – in 2007 when Sri Lanka was extremely vulnerable.

It is noteworthy that this port handles more than 30% of India's container traffic. In 2020, India and China were firing at each other across the contested border area of Aksai Chin in Indian-controlled Kashmir. Now these two countries are in BRICS together. It is an unsettling relationship at best.

TENDERS AND BLACK ECONOMIC EMPOWERMENT

If China is to finance South African projects, who will they employ as labour – South Africans or Chinese? We've already seen that this country's ridiculous BEE policy will not be acceptable to China. The chairperson of the China/Africa Development Fund, Song Lei, who signed a Memorandum of Cooperation with SA on energy issues during the BRICS summit, told SA they should "streamline tendering and relax BEE rules to be more efficient".

Chinese companies are not going to accept donating 25% of their organisation to someone because of the colour of his skin or due to his political position within the ruling ANC. This will not happen. China was committed to assisting SA to solve its energy crisis, said Mr. Lei. His country has already donated R167million in emergency power equipment and made available R500 million as "developmental assistance" to help South Africa out of its energy bind. Just in time to assuage ANC anxiety over power supplies with an election coming up next year.

In addition China has provided technical reports advising on improvements to the performance of Eskom's coal plants, grid expansion and electricity distribution. There are of course hundreds of South African engineers who can also advise on improvements, but they were discarded by the ANC during the early Eskom days. How will the Chinese handle the embedded Eskom corruption and sabotage if they are going to salvage Eskom? Or will the Chinese bring in their own people and throw out thousands of Eskom employees? How will the trade unions handle that?

Politically the Chinese always have a goal and a plan to reach that goal. Rescuing the ANC has its price. South Africa is seen as a developed springboard to other parts of Africa on which the Chinese have their designs. An investigation by a Danish newspaper and a research group Axios has lifted the lid on China's leadership school in Tanzania where Chinese teachers sent from Beijing train young African leaders to believe that the ruling party should "sit above the government and the courts" (Daily Maverick 25.8.23) This is an "authoritarian alternative to democracy".

This should suit the ANC down to the ground. There have been mutterings, particularly from the Jacob Zuma camp, that the courts have too much influence in politics. "This is the strongest evidence that Beijing is exporting its model of governing in is "push to challenge the Western-led world order." (DM)

Ruling parties from the SADC member states of Tanzania, Mozambique, Namibia, Angola, South Africa and Zimbabwe have been invited to the school. The Chinese communist party has dominated China since the revolution 74 years ago and the Chinese idea of fusing the state with a ruling political party is probably music to the ears of the ANC and parties north of the Limpopo. Donating a few million rands to the cash-strapped ANC is a small price to pay for Chinese-supported hegemony in southern Africa. How long will elections last under these conditions? Most of them are already a farce, as is evidenced by the recent rigged Zimbabwe travesty.

The Chinese plan of compliant authoritarian African governments is a gateway to control the continent's natural resources. China always has a plan and a few crumbs thrown at the ANC to salvage its energy crisis is a small price to pay for control of the cherry on the cake, the South African state.