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The New Scramble for Africa

The EU's Raw Materials Initiative - a response to China's increased presence in Africa

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I have for long been interested in power politics and the way nations compete economically, politically and militarily to increase its own power vis-à-vis other states. I would therefore like to thank my supervisor Hans Otto Frøland for introducing me to the topic of raw materials, and for guiding me through the process of writing this thesis. Without his ability to motivate, and point me in the right direction, these last months would have been so much harder.

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Markus Sebastian Hole

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Abbreviations

AMV	African Mining Vision
ACP	African, Caribbean and Pacific
ADB	African Development Bank
AU	African Union
AUC	African Union Commission
BMI	German Industry Federation
DG	Directorates-General
EC	European Commission
ECSC	European Coal and Steel Community
EDF	European Development Fund
EITI	Extractive Industries Transparency Initiative
EP	European Parliament
EPA	European Partnership Agreement
EU	European Union
FDI	Foreign Direct Investment
FOCAC	Forum on China-African Cooperation
FTA	Free Trade Agreement
GATT	General Agreement on Tariffs and Trade
GSP	General System of Preference
GDP	Gross Domestic Product
IMF	International Monetary Fund
JAES	Joint Africa-EU Strategy
MFN	Most Favoured Nation
NGO	Non Governmental Organisation
OAU	Organisation for African Unity
RM	Raw Materials
RMI	Raw material initiative
SYSMIN	System of Stabilization of Export Earnings from Mining Products.
TFEU	Treaty on the Functioning of the European Union
UK	United Kingdom
UN	United Nations
WTO	World Trade Organization

1.0. Introduction:

> *"The next phase of globalisation will be defined by pressure for access to basic resources. We are in a race."* Peter Mandelson (2008), Former EU Trade Commissioner.

The predecessor of the present European Union[1], the European Coal and Steel community, was founded upon the goal of equal access to raw materials between the initial six member states. Today, the issue of equal and affordable access to raw materials is again highly relevant, but now on a global scale. Due to unforeseen surge in demand, essentiality driven by strong growth in emerging economies, metal prices tripled between 2002 and 2008. China alone accounted for more than 50 % of the world's consumption of industrial metals between 2002 and 2005 (The European Commission 2008, p. 4), and the country had in just a few years increased its Foreign Direct Investments (FDI) into Africa sevenfold. This happened at the same time that Western mining companies began complaining about being cut out of deals on the African continent by Chinese state-owned companies. The Chinese were successfully linking investment in mining to the provision of huge incentives, such as the building of dams, stadiums, roads, railways and power stations at discounted rates (Southall & Melber 2009, p. 16). The EU, on the other hand, due to its free market economy gave the responsibility of its raw material supply mostly to the Union's private companies, which led to little coordination between European aid and foreign policy and private investments (Rotberg 2008, p. 113). The Council of the European Union saw that a possible shortage of raw materials could hamper economic growth and the creation of European jobs, which was the main objective of the 2000 Lisbon Agenda[2], and requested in 2007 the European

[1] The European Union has changed its name several times since the Treaty of Rome, but to avoid confusion it will be referred to as the EU throughout this paper.
[2] The Lisbon Agenda was an action plan set for developing the European economy between 2000 and 2010. It aimed to make the EU "the most competitive and dynamic knowledge-based economy in the world capable of sustainable economic growth with more and better jobs and greater social cohesion". For more information please check http://www.europarl.europa.eu/summits/lis1_en.htm.

Commission (EC)[3] to establish a common and coherent approach to secure affordable access to raw materials across the globe.

In 2008, the Raw Materials Initiative – Meeting our critical needs for growth and jobs in Europe (RMI), was launched by the EC to secure reliable and undistorted access to raw materials with the aim of maintaining European competiveness and fulfil the Lisbon objectives. The RMI consisted of three pillars, the first of which is a direct response to the Council's request of better coordination between the EU's external policies (external relations, trade and development). The initiative shows that the Commission saw the need for a new strategy to tackle the challenges in accessing raw materials, and meet the competition from new powers.

1.1. Research question and justification of the study

There is no shortage of literature regarding China's increased presence in Africa and the increased competition for raw materials. Some researchers (Southall & Melber 2009, Carmody 2011 & Lee 2006, 2009) have even named the ongoing race for raw materials "A new scramble for Africa", and by doing this, are making a clear reference to the European power struggle for Africa, which led to the 1884 Berlin Conference that divided the continent between European colonial rulers. Margaret Lee (2006, p. 16) sees this new scramble for Africa as a head on collision between the old Western powers and China, while Anna Katharina Stahl does not necessarily see the EU and China as the only competitors in a zero-sum game. She believes that they can compete and still cooperate and that the increased Chinese presence will lead to a greater supply of minerals on the world market and concludes that there are no signs so far of China locking-up minerals from the EU (Stahl 2011, p. 21). As we can see, there is little agreement on how China's increased presence in Africa should be interpreted, and how Europe should respond to this allegedly new scramble for Africa.

With respect to this I will investigate the two actors' strategies and how they differentiate based on the RMI, and discuss how we can see the RMI as a direct response to the growing competition for raw materials. Acknowledging that natural resources is a vast subject, I will therefore try to limit this paper to non-energy raw materials such as metals, diamonds and rare

[3] Will be referred to as the European Commission, EC and solely the Commission throughout this thesis.

earths which is the main focus of the 2008 RMI. But this is not always possible since both non-energy raw materials and energy raw materials are closely interlinked. I will base my work on the following research question:

With the RMI in mind, how has China's increased presence in Africa affected the EU's approach to accessing raw materials on the African continent?

The reason I focus on raw material access is that there has been a growing concern about securing affordable raw materials by both European businesses and governments. China is mentioned specifically in the RMI, both as an important supplier of raw materials and that the country's appetite for raw materials has contributed to a strong increase in metal prices. The EC has also accused China of pursuing industrial strategies aimed at protecting their own resource base to generate advantages for their downstream industries, which together with their approach to secure privileged access to African natural resources, contribute to the distortion of international trade in raw materials (European Commission 2008, pp. 3-5). It is therefore interesting to investigate if China actually is challenging the EU's access to raw materials or if this is just a misinterpretation of the country's engagement in a continent where Western powers have had almost exclusive access for centuries.

This brings us to the other reason why the research question is highly relevant. The world is changing and new powers are claiming their place in the international arena, while others are losing their privileged position. The race for raw materials reflects this as we can see that it is not a race between European powers any more, but between the old powers, here represented by the EU, and the new emerging powers like China, India, Mexico and Brazil who all need to secure access to raw materials. As during the first scramble for Africa, states require raw materials to fuel their economies and in the end secure their economic and political power in the world. And just as we saw before the first scramble, there has been a real upsurge of investment and external activity in Africa, analogous to the events that culminated in the Berlin Conference (Southall & Melber 2009, p. xx). Additionally, China now finds itself at the same stage in its economic development as the European industrial powers were when they decided to provide themselves with colonies. While no one believes that China will seek to establish a colonial empire by military force, China's economic muscle can contribute to increase its power on the international scene.

By looking at the RMI in this light we bring the question on access to raw materials up to the level of high politics and into the international power struggle between states. The seemingly inexhaustible rise in demand for some key raw materials has, according to Ramdoo (2011, p. viii), driven countries like China to increase their presence in Africa and strengthen its economic ties with the continent. This could fundamentally and permanently change the economic, diplomatic and geopolitical relationships between Africa and its traditional trading partners (the EU and the United States). This thesis can therefore contribute to existing literature by highlighting the ongoing power struggle and the EU's response to the increased competition from China.

1.2. Method and sources

The study takes the form of a qualitative analysis, but it also possible that a quantitative analysis could have measured the economic impact of the RMI on EU-Africa trade in raw materials. This would however not have contributed to discovering the motives and the arguments for launching the RMI, and explain how China's increased presence has affected the EU's approach to Africa, which is the aim of this thesis. The qualitative analysis will base itself on the historical method of political science, even though the period that is being analysed is very recent. This creates a problem that researchers investigating less contemporary events will not encounter the lack of access to government archives, which is crucial to understand the underlying internal interests and discussions of the EU. With no access to what has happened behind closed doors in Brussels and other European capitals, this paper will instead build its arguments on published policy documents from the EU and China, and see if their stated intentions match the actual results on the ground. The analysis will be supplemented with other researchers' work relevant to answering the research question.

Of course, a qualitative analysis like this has its flaws, especially regarding the author's subjectivity, but its strength is that it goes further in discovering the underlying causes of the RMI than a quantitative analysis would have done. With a quantitative analysis we can, for example, see that China's investments in Africa have increased sevenfold between 2004 and 2011, but we cannot see how the EU reacts to this or what is the EU's biggest concern. This can only be done by studying the union's policy papers, communications and press releases, together with other sources that can contribute to shedding light on the topic of raw materials extraction.

The main source on this subject will be the RMI initiative from 2008, and the 2011 version, Tackling The Challenges In Commodity Markets And On Raw Materials. These two documents represent the EU's expressed intention with the RMI, and how the EU is supposed to go forward in securing affordable access to raw materials outside of Europe. In addition, the Commission has published a number of other documents regarding the progress of the RMI, and how it is implemented. Documents such as the Raw Materials Policy 2009 Annual Report, EU Trade Policy for Raw Materials Second Activity Report (2012), and the report from the Commission On the Implementation of the Raw Materials Initiative (2013), all show how the EU's goals and views have developed since the initiative was launched and are important sources of information. The Chinese counterparts are the Chinese white paper on mineral resources from 2003 and China's African policy from 2006.

Despite the thesis basing itself on the two RMIs, this paper will not conduct a full document analysis of both documents, but extract the most important parts to answer the research question. Mik-Meyer (2005, p. 195) argues that a document analysis could be useful to gain insight into an organisation, but it is important to see the documents in relation to the social context and its time of validation. That is why she adds that it is better to do an analysis based on the principle of interaction, which analyses how the document is used in different contexts, and what the real-world consequences are. Hence, this study would rather use the documents as a tool to understand the EU's response to China's increased presence in Africa, rather than analyse the RMI in itself. As Mik-Meyer argued it is important to see the documents in a social context, and that is why this paper also has included a number of papers written about the RMI, the EU and China in Africa, and the new scramble for Africa.

As mentioned earlier, the response of the RMI has been quite diverse among scholars and NGOs. Isabelle Ramdoo's (2011) article "Shopping For Raw Materials" examines the RMI from an African point of view and asks whether Africa should be worried about the RMI. She argues that the EU's strong stance and inflexibility on the issue of eliminating export restrictions in the European Partnership Agreement (EPA)[4] negotiations with African states is linked to ensuring undistorted access to raw materials (Ramdoo 2011, p. viii). She explains

[4] The EPAs are non-reciprocal trade agreements that the EU is negotiating with the African, Caribbean and Pacific (ACP) states, which are part of the Cotonou Agreement. The EPAs will be thoroughly discussed in chapter three and five.

that most resource-dependent countries have more or less the same interests, but they have developed very different strategies to get access to these resources. Countries such as the United States, South Korea and Japan have all publicly announced their strategies to secure access to raw materials, but it is China's rising appetite for natural resources that have fuelled concerns in Europe of losing their privileged access to Africa's raw materials (Ramdoo 2011, p. ix). Mark Curtis looks upon the EPA's similar to Ramdoo and sees them as a way for European businesses to access cheap raw materials. He claims that EU trade policies are already having a severe impact on developing countries and that this will become worse if the RMI is successfully implemented (Curtis 2010, p. 4).

While Curtis focuses on the RMI and EU trade policies, Karin Gregow analyses the raw materials race in Africa between China and the EU in general terms. She is also sceptical of the EU's intentions with the EPA's, and argues that the RMI is in direct conflict with the achievement of the Millennium Development Goals in Africa (Gregow 2010, p. 62). She has a more positive view on China's involvement on the continent and points to Chinese investments in infrastructure such as railways, hospitals and universities. She says that China's share of trade in Africa is likely to rise and that this is going to challenge traditional western pre-eminence in African economies. China is also intent on transforming their investments into strategic geopolitical power and to broaden its circle of allies in Africa, which could give China an even stronger position in international forums such as the UN (Gregow 2010, p. 20-21). Denis Tull (2008), on the other hand, tries to answer how the EU should respond to the Chinese challenge, and he develops an interesting argument related to RMI. He writes that the most remarkable consequence of the China-Africa embrace is that it has contributed to re-igniting a tremendous amount of European interest in Africa itself (Tull 2008, p. 2). The RMI was launched only months after this article was published, and therefore we can see that the EU was planning a response to the ongoing race in Africa.

Other interesting articles are Karin Küblböck's briefing paper, "The EU Raw Material Initiative – Scope and Critical Assessment (2013)" and the Guenter Tiess article; "Minerals Policy in Europe: Some recent developments (2010)". While the latter has a more technical approach to the RMI and raw materials in general, the former examines the RMI in an easy and understandable manner and explains in short almost every aspect of the RMI, such as the international setting, geographical distribution of raw materials, tensions related to extraction of natural resources and the development and implementation of the RMI. It also shows how the EU is planning on using development policy as an instrument to promote access to raw materials (Küblböck 2013, p. 10).

Although many of the articles presented here emphasise the development aspect of the EU's relationship with Africa, this is not the main focus of this study. Africa is instead functioning as the playing field for two economic powers competing for resources, market access and influence. In this regard, discussing the impact of Africa would be outside the scope of this paper, but when relevant some development aspects will be included to explain why some strategies work better than other.

There is an abundance of relevant literature on the subject and many of the reports and articles discussed here are published by groups or organisations that have already made up an opinion on the topic and therefore are biased in their research. The truth often lies between the EU's expressed intentions and development organisations' views on the matter, and this is taken into consideration in the analysis. The large quantity of articles also makes it necessary to be selective in choosing which papers that can contribute to answering the research question, and highlighting the EU's interest in Africa.

Realizing that the EU is a highly complex institution with multiple layers of governance, many would argue that we cannot speak of the EU as a coherent and unified actor. The EU is something special; it is not a state and is not an intergovernmental organisation. Manuel Castells (1998, p. xxii) has therefore named it a "network state" which has some of the features of a state, such as a common currency, a parliament, and a court with superiority over national courts. However, the union's member states remain sovereign states, and some even have their own raw materials strategies[5]. This paper will nevertheless try, where possible, to speak of the EU as unified actor to simplify a complicated world. The RMI also aims to coordinate national strategies for the greater good of Europe, thereby making national strategies European in the end.

[5] A full list of EU member states with their own raw material strategies could be found here: http://ec.europa.eu/enterprise/policies/raw-materials/documents/index_en.htm#h2-7

1.3. Theoretical approach

With references to the 19th century scramble for Africa in mind, many have labelled both China's and the EU's approach towards Africa as neo-imperial (Lee 2006, p. 12, Southall & Melber 2009). I would rather use another term to describe what is happing in Africa, which also originates from the colonial era, called neo-mercantilism, also known as economic realism. Like political realism, economic realism emphasises the conflict-ridden nature of the politics of international economics. Mercantilism was the leading economic philosophy of the 16th and 17th century, and was driven by the notion that national polices should be guided by the accumulation of precious metals, such as gold and silver (Rodrik 2013), since the amount of these metals in possession reflected a country's power in the international system. Since economic realists argue that one state can only gain power at the expensive of another (relative gains), mercantilist countries perceived themselves to be locked in a zero-sum conflict in the international economy (Kindleberger 2000, p. 69). They did however believe that it was possible to increase its own power without using military means, but through economics. To do this, states often established strong state-owned companies, and introduced a number of measures to expand production and wealth at home while denying similar capabilities to others. The most common measure was to impose protectionist policies such as quotas and tariffs while at the same time encouraging exports (Laperche & Uzunidis 2009, p. 4, Jørgensen 2010, p. 136). The aim was to facilitate imports of raw materials to lower domestic prices, while limiting importation of manufactured goods to protect national manufactures.

However, the mercantilist way of thinking was challenged by the writings of Adam Smith, when he published the book *Wealth of Nations* in 1776. He argued that money should not be confused with wealth, or has he put it (in Rodrik 2013); "The wealth of a country consists, not in its gold and silver only, but in its lands, houses and consumable goods of all different kinds". This idea gradually settled among European elites, and led to the abolition of the Corn Laws in 1846 (restrictions on grain imports), the last major mercantilist impediment to free trade in Britain. Since then, free trade has been championed by the UK and later the United States, but it was not before the end of the Second World War that the idea fully settled with the establishment of the General Agreement on Tariffs and Trade (GATT) and later the World Trade Organization (WTO).

Rodrik (2013) argues, however, that the apparent victory for free trade and liberalisation has blinded us to the great appeal and success of mercantilist practices, and believes that it is still much alive today. It now exists in a new form, and it could today be more accurate to think of neo-mercantilism as a way to organise the relationship between state and the economy. While the liberal model advocates a strict separation between state and private businesses, neo-mercantilism promotes a corporate vision in which the state and private businesses are allies and cooperate in pursuit of common objectives, such as economic growth or national power (Rodrik 2013). However, there is not a common perception of the term mercantilism in the academic debate, and almost the only thing scholars can agree on is that a strong state is required to create a strong economy (Holslag 2006, p. 135).

In Asia, an own kind of mercantilism has evolved since the end of the World War II, which uses globalisation, and the liberalisation that has come with it, to its own advantage. It is based on two key features. On the one hand it promotes openness and support of liberalist standards to acquire foreign capital and gain access to foreign markets. On the other hand the state plays a pivotal role in steering the economy in a way it sees necessary to create a well-off society. Holslag (2006, p. 136) argues that Asian mercantilism compromises a mix of full integration in the globalised capitalist economy and economic autonomy. The origins of this new type of mercantilism have its roots in Asian societies where Confucian values are strong, and the common good is a greater goal than individual profit (Holslag 2006, p. 136). Asian neo-mercantilism sees economic competition as a form of war in which some win and others lose. Therefore it is better to be strong than weak, and it is better to give orders than take them. Fallows (1994, p. 231) argues that this creates a strong feeling of them and us, something that is easy to understand when we consider East Asian countries history of both internal warfare and exploitation by European powers.

1.4. Thesis outline

This thesis will have six chapters including the introduction and conclusion. The second chapter will explain the historical background of the 2008 RMI and explain the driving forces behind this policy paper.

Chapter three takes a closer look at the historical relationship between the EU and Africa, and how the EU has maintained a special relationship with its former colonies on the continent. It also highlights the role international financial institutions have played in shaping the conditions for trade in Africa since the 1980s, and how this has led to a new European approach to secure access to raw materials. The purpose of this chapter is to obtain the necessary background information on EU-Africa relations, which is crucial to later understand why China has been so successful in its strategy towards the continent. The chapter also shows how the RMI has played a part in turning the focus of the EU more towards raw materials access in its dealings with the continent.

Chapter four turns its attention towards China and explains their strategy to secure cheap raw materials for their booming economy. It discusses the rapid development in China-Africa relations both politically and economically, and analyses how China takes advantage of the EU's perceived top-down approach in Africa.

Chapter five focuses back on the EU and how the Union reacts to China's increased presence in Africa. It discusses whether what we are seeing in Africa is an ideological battle between the West's liberalism and Asian neo-mercantilism, and analyses the RMI as a European response to the Chinese strategy. It further discusses whether this "new scramble for Africa" is a zero-sum game, or if it is possible to cooperate for the mutual benefit of both the EU and China, and perhaps also Africa.

The final, and sixth chapter, will answer how China's increased presence in Africa has affected the EU's approach to access raw materials on the African continent based on the conclusion of each chapter. It will further attempt to give the EU some policy recommendation to their raw materials strategy, before it makes a few predictions on the way forward for EU-China relations in Africa.

2.0. The Raw Materials Initiative

The purpose of this chapter is to provide the reader with the necessary background information about the RMI. This will make it easier to understand and compare the EU's strategy with China's strategy in chapter four and follow the later analysis in chapter five. The raw materials situation in the EU will first be explained to give an understanding of why raw materials are so important for Europe, and thereafter a short overview of the process leading up to the RMI will be presented. The main features of the RMI will be discussed together with the developments since its release, and we will see that the RMI has lead to the EU increasing its focus on raw materials within almost every policy field.

2.1 The raw materials situation in the EU

Raw materials are at the beginning of the value chain in industrialised economies, and includes energy sources, metallic and non-metallic minerals and aggregates. European economies depend on a secure and affordable supply of these raw materials to enable them to maintain their fundamental role as exporters of manufactured goods. The automotive, aerospace, chemicals, machinery and equipment sectors add together over 1300 billion euro to the European economy, provide employment for 30 million people, and are all dependent on raw materials to function (European Commission 2012, p. 5). Due to the importance of raw materials it is not strange that the Commission has taken upon itself to identify the supply situation in the EU. The 2008 RMI stated (European Commission 2008, p. 3) that the EU is self-sufficient in some materials, while being completely dependent on imports for others. The EU is able to rely on its own production of construction materials, and is a major world producer of gypsum and natural stone. The EU is also the world's largest or second largest producer of certain industrial minerals; however, it still remains a net importer of them. In addition the EU is highly dependent on importing metallic minerals since its domestic production only stands for 3 % of world production. The EU relies heavily on imports of "high tech" metals such as cobalt, platinum, rare earths and titanium. Even though these metals are normally only needed in tiny quantities, they are essential to the development of technologically sophisticated products. This dependence of foreign raw materials makes the EU vulnerable in fluctuations on world commodity prices, and show the need for a strategy to ensure continued and affordable access to raw materials.

2.2. The road towards the Raw Materials Initiative

The European Commission presented the Raw Materials Initiative in November 2008. The Initiative came as a result of a request by the Council of the European Union from May 2007 to the Commission to develop a more coherent political approach with regard to raw materials supplies for industry, including all relevant policy areas (foreign affairs, trade, environmental, development and research and innovation policy). The Council wanted the Commission to identify appropriate measures for cost-effective, reliable and environmentally friendly access to and exploitation of natural resources, secondary raw materials and recyclable waste, especially concerning third-country markets (Council of the European Union 2007, p. 6). But the plan for the RMI was already in progress before the Council's request and was a result of to the Commission's own communication presented to the Council and the European Parliament in 2006 entitled "Global Europe: Competing in the World: A contribution to the EU's growth and job strategy", which again was a result of the 2000 Lisbon Agenda. Here, the Commission stated that Europe had to import to export, and that raw materials access was crucial for European competitiveness. The EU should fight distortion of trade, caused by exports restrictions, to maintain a level playing field between international competitors. This meant a proactive approach towards third countries, and especially fast-growing countries such as China, India and Brazil, to strengthen Europe's economic security (European Commission 2006, pp. 6-8). The 2008 RMI is therefore a logical follow up to the Commissions expressed opinions from 2006, and was later fully supported by the Council in three conclusions of 28 May 2009, 4 December 2009 and 1 March 2010 (Ramdoo 2011, p 3).

The idea that access to natural resources is crucial to guarantee broader European security, was, however, not new and has been reflected in major European policy papers such as the 2003 European Security Strategy (ESS) and its 2008 implementation report (European Council 2003, 2008). We can even find that the Commission expressed concerns about increased import rates of non-energy minerals in 1975 (European Commission 1975). It should, however, be added that there has been heavy lobbying by the European, and particularly the German, metal industry to secure raw materials access. In 2003, the European metal lobby Eurometaux developed a 2-year advocacy plan on raw materials and in 2005 a raw materials task force was established within the German Industry Federation (BMI) with a clear vision to use the German EU presidency to put the issue high on the agenda (CEO 2011 in Küblböck 2013, p. 7). Interestingly, in 2008 the RMI was presented by then the German Industry Commissioner Verheuggen, which can indicate a close relationship between German industry and the political elite[6]. However, this is not within the scope of this thesis to discuss any further.

The awareness of the importance of access to raw materials is, however, not only a European concern. Rising commodity prices during the last decade has given the issue of raw materials access increased high-level attention around the world. Several countries, such as the USA, Japan and South Korea, have developed their own raw materials strategies as a response to the rising competition of natural resources. These plans include stockpiling some important raw materials, improve diplomatic relations with resource-rich countries, carry out research in countries where domestic reserves are not fully developed and contribute economically to mining projects across the world (Ramdoo 2011, pp. 10-13). Even so, it is China's growing appetite for raw materials, and its engagement in Africa, that have fuelled concerns in Europe. Scholars, such as Stahl (2011, p. 19), see the 2008 RMI as a direct result of China's increased international ambitions and resource hunger. This will be discussed thoroughly in chapter five.

It is natural to ask why the RMI not was launched earlier when we see the importance of raw materials for European economies, and when we consider that the whole "European project" was founded on the idea of shared management of mineral resources. One explanation could be that the EC can only act within the boundaries of the treaties, and raw materials extraction and mineral policy is not expressly conferred to the Union (Armeni 2013, p. 3). This is why most policy areas related to the extractive industries are still considered national matters. Another reason could be that most states have proven to be reluctant to cede more of its sovereignty than necessary to the EU. Due to this, the principle of subsidiarity was introduced with the Maastricht Treaty, which stated that decisions should be taken at the level closest to its citizens, unless if it could be done more effectively on another level (Subsidiarity n.d.). This principle can, however, also explain why the RMI eventually was launched. Negotiating trade and investment agreements, external affairs and development policies are already competences of the Commission, and when we consider how closely connected these policy fields are with raw materials extraction it is fair to assume that a EU-wide approach towards

[6] See Aursland (2014) "Going for the Goods" for more information on the process leading up to the launch of the 2008 RMI.

raw materials is consistent with the principle of subsidiarity. You could also find backing in the treaties for the EU to take upon this responsibility itself, since Article 191 of the Treaty on the Functioning of the European Union (TFEU) identifies 'a prudent and rational use of the natural resources' as a key objective of the Union (Armeni 2013, p. 4). Raw materials are part of the category of natural resources, and therefore it gives an adequate legal basis for a European approach to this field. The RMI, however, does not give any new competences to the EU, since it is only a policy paper with not legal binding, and most of the competences related to raw materials extraction continue to rest within the member states. On the other side it is quite difficult to make a clear distinction between EU, shared and national competences, which makes the need for a coherent approach even more necessary.

2.3. The Structure of the Raw Materials Initiative

The RMI consists of three pillars that together form the Commission's new and coherent approach to raw materials. Pillar two sets the goal to improve and secure a sustainable supply of raw materials from European sources. The Commission aims to do this by facilitating access to its own deposits and reducing the time between the discovery of deposits and the actual production by improving framework conditions. It will seek to develop better cooperation between the different national geological surveys, encourage more scientific research on raw materials extraction, and use the cohesion funds to support extraction in remote areas (European Commission 2008, pp. 9-10). Pillar three aims to reduce the overall European consumption of primary raw materials. To lower the use of raw materials the Commission wishes to raise the recycling rate, be more resource efficient, increase the use of renewable raw materials, introduce more resource-efficient products and develop substitutes to raw materials (European Commission 2008, pp. 10-12).

However, the main focus in the RMI lies on the first pillar, which aims to ensure access to raw materials from international markets under the same conditions as other industrial competitors. This is important so as to be able meet the competition from new actors such as China. To do this, the first pillar includes five areas of action (European Commission 2008, pp. 6-9, Ramdoo 2011, pp. 4-5):

1. The EU should actively **pursue raw materials diplomacy** with coordination between external relations, and trade and development actors in the EU. This includes:

coordination at the EU level of the EU's Strategic Partnerships[7] and better policy dialogues with third countries based on the principle of "mutual interest".

2. **The EU should be reinforcing dialogue with strategic partners:**

- With Africa, the EU shall reinforce its dialogues and action in the areas of access to raw materials and natural resource management as well as transport and infrastructure. All this will take place within the implementation of the Joint Africa-EU Strategy and the Action Plan for 2008 to 2010[8].
- With emerging economies such as China and Russia, the EU will reinforce its dialogue to reduce trade distortive measures.
- The EU will identify common interests with other resource-dependent countries such as the US and Japan, and encourage joint actions and common positions in international forums.

3. **The EU should promote enhanced international cooperation:**

- Generally, the EU will promote enhanced international cooperation and raise the awareness of raw materials access in forums such as the G8, OECD, UNCTAD, and UNEP and explore the opportunities of cooperation with international organisations such as the World Bank and the International Seabed Authority. These dialogues will include deep-sea mining, the Arctic and international trade routes for raw materials.

4. **The EU should make access to raw materials a priority in EU trade and regulatory policy through:**

- The use of various trade instruments such as Free Trade Agreements (FTA), non-preferential agreements and market access partnerships.
- Strengthening its work for stronger discipline on export restriction and improved regulation against subsidies at the WTO level.
- The use of all tools available, including dispute settlements, to challenge measures that violate WTO or bilateral rules.
- The use of anti-dumping investigations to fight distortions of trade, such as dual pricing or other practices in operation in the exporting country.

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[7] The EU has strategic Partnership agreements with Brazil, Canada, China, India, Japan, Russia and the United States.

[8] Later, new agreements have been signed, but this is what the 2008 RMI stated.

- The Commission continuing to fully apply the EU's competition rules in cases of anti-competitive agreements or market concentration.

5. **The EU should improve the coherence between EU development policy and the EU's need for undistorted access to raw materials. This includes:**

- Strengthening states by promoting and supporting good governance
- Promoting a sound investment climate by creating a level playing field between countries and companies that want to access raw materials.
- Increasing transparency of mining deals and revenues.
- Supporting the construction of a sound taxation system where all economic activities, including mining, contribute to the states' revenues.
- Promoting sustainable management of raw materials and using EU development policy to improve social and environmental standards, human rights conditions and combating child labour.

These five areas of action show that the EU now wants to play a more active role in securing raw materials access for its companies, and by strengthening the relationship between the state (network state) and the economy, one could say that the EU is imitating some of the features of neo-mercantilism. The close link between the EU's development policy and the access to raw materials is also interesting since it could be interpreted as a symbol of aid becoming a mere means of the EU's business objectives. This will, together with the rest of the RMI, be discussed in chapter five in the light of China's own "raw materials diplomacy".

2.4. Developments since 2008

In the 2008 RMI, the Commission (2008, p. 12) promised to report on the implementation of the RMI every two years, and in March 2010 the Commission published its first annual report. In the report, the Commission summarised the last years' achievements, such as tackling trade barriers and including the issue of export restraints in ongoing negotiations, the launch of a WTO dispute settlement against China due to its export restraints on nine raw materials, the organisation of a workshop in the OECD dedicated to the issues of raw materials, and that DG trade took actions aimed at ensuring coherence of EU trade policy on raw materials and other EU policies such as development (European Commission 2010, p. 3).

The Commission also launched a public consultation in 2010 to get input on another communication on raw materials. The result was a new and updated version of the 2008 RMI called Tackling The Challenges In Commodity Markets And On Raw Materials, published in 2011. The communication has a wider scope, and includes energy markets, agricultural and financial markets. It still underlines the importance of coherence between the supply of raw materials and development policy, but because the 2008 RMI was criticised for having neo-colonial undertones (Sydow, Fuhr & Straub 2011, p. 3), the 2011 version puts a stronger emphasis on growth and sustainable development in developing countries via improving taxation regimes, and enhancing state capacity for using revenues to support development objectives (European Commission 2011, 15**).**

As set out in the 2008 RMI, the Commission published in 2010 an expert report, which identified 41 raw materials of strategic importance, and 14 of these were defined as critical. This was based on three criteria; economic importance in the EU, supply risks in the producer country and the risk of protective measures in the producing country. The list was formally adopted in the 2011 RMI, and has, according to the Commission, proven successful in serving as a tool to raise attention of policy-makers and promote coordination of national policies on raw materials issues. The list will be reviewed every three years; the next time will be in 2014 (Küblböck 2013, p. 8, European Commission 2013, p. 3).

With the list of critical raw materials ready, the Commission announced that is was ready to examine the possibility of a stockpiling programme. This is a measure many resource-dependent countries already have introduced, but after discussions with the EU member states, a decision was put on hold since no member state would support a stockpiling scheme as a policy option. One of the reasons for this was that stockpiling would require a perfect knowledge of value chains and the use of each raw material, as well as processing facilities. As the Commission stated in its 2013 report, “if these facilities are not themselves guaranteed there is not much point of stockpiling” (European Commission 2013, pp. 3-4).

The RMI has mainly been an initiative led by the Commission and the Council, but in September 2011, the European Parliament (EP) adopted its first resolution, also called the “Bütikofer Report” on the RMI. The resolution demanded the Commission to develop a long-term European Raw Materials Roadmap towards 2050, and to establish a high-level Raw Materials Task Force to monitor and review policies. The report emphasised the importance of separating growth and the use of raw materials to reduce Europe's resource dependence. It also underlined the need for policy coherence between trade policy and development goals and for political autonomy for resource-rich countries. That is why the EP asked the Commission to differentiate its opposition to export taxes due to different national contexts; to prevent the loss of much needed income for developing countries (European Parliament 2011). This is much in line with what the Commission already had signalled that it would do in the 2011 communication.

The Commission has actively worked for raw materials access since the release of RMI in 2008, and has so far concluded a large number of agreements, including FTAs with Canada, Colombia and Peru and an association agreement with Central America. In these agreements, the Commission managed to obtain a horizontal ban of both existing and future export duties while allowing for certain transition periods or limited exceptions. In ongoing negotiations with several countries investment protection is being discussed. This is also a crucial issue and highly relevant for the extractive industry (European Commission 2013, p. 6).

However, the EU's biggest victories came in The World Trade organisation's rulings against the Peoples' Republic of China for restraining the exports of a number of coveted raw materials in July 2011 and in March 2014 (WTO 2011, 2014). Both are regarded as landmark decisions, and examples of the EU's new approach on tackling trade distortions. The EU has furthermore used WTO accession negotiations with Russia to abolish trade distortive measures, and has secured an additional agreement to not resort to export duties on a large number of raw materials (European Commission 2013, p. 6). This shows another successful example of how the EU uses international institutions to secure raw materials access.

The EU's raw materials dialogue and diplomacy have also been expressed through different workshops organised between the EU and other important actors such as the US and Japan. The Commission, together with European industry delegations, have had several meetings with the Russian government to discuss raw materials access, and in Latin America the EC has been busy signing deals. In 2011, EC vice-president Tajani signed letters of intent to launch bilateral co-operation on raw materials with Chile and Uruguay, and issued a joint press release with Argentina. In 2012, letters of intent were also signed with Colombia and Mexico, showing the EU's persistence in accessing raw materials worldwide through raw materials diplomacy (European Commission 2013, p. 8).

2.5 Conclusion

In this chapter we have seen that the 2008 RMI was launched in the context of rising commodity prices and the fear of losing access to raw materials crucial for European competitiveness. The RMI marked a shift in the EU raw materials strategy; from a rather passive approach where private companies had the responsibility to acquire their own resources, to a more pro-active approach were the EU plays an important role in facilitating raw materials extraction through raw materials diplomacy. This includes negotiating FTAs, challenging export restrictions in third countries, using international institutions to establish common rules, and using these rules to resolve disputes over raw materials access. By doing all this, the EU takes a much more active role in ensuring that its companies can stay competitive on the international market, and in this aspect it is possible to see some similarities between the RMI and the strategies of neo-mercantilist states. While there are similarities, there is still a strict separation between the EU and European companies, a key feature of the liberal model. This is however not always the case in EU member states, were both national and local governments often have ownership in companies in key sectors such as electricity, oil, and water.

The RMI has contributed to lift the issue of raw materials access to the top of the EU agenda, and as we have seen this has led to a number of deals across the globe. This persistence on including raw materials access has also been important in the EC's dealings with Africa since the launch of the RMI, something that will be discussed in the next chapter.

3.0 The European Union and African resources

During the era of King Leopold II, the Belgians objectified Africa as a "magnificent cake" which would yield up resources and wealth for Europe. Even though the colonial rule of Africa lasted less than a century, it established a pattern of trade between the two continents, where Africa exported cheap raw materials to Europe and imported expensive manufactured goods back (Carmody 2011, p. 2). This chapter will show how the EU has tried to maintain this pattern of trade, while trying to secure their influence on the continent even after the end of their colonial empires. The relationship between the two blocks have been described by the EU as an equal relationship, but this chapter will demonstrate that this is far from the truth, owing to the huge difference in economic power. The EU has however, needed to follow international trading rules, which have had an important influence on EU-Africa trade relations. For this purpose this chapter will also highlight the role international institutions, such as the IMF and the World Bank, have played in shaping the conditions for trade on the African continent. It is important to be familiar with both the European trade strategy towards Africa, and the influence of international financial institutions, before considering chapter four's discussion of China's role in Africa. Only by knowing the history of EU-Africa relations, is it possible to understand why China has been so successful.

3.1 EU-Africa relations since 1957

The relationship between the EU and Africa goes back to the Treaty of Rome, where France managed to convince the other founding members to provide association status to its African colonies, even though West Germany and the Netherlands originally opposed it. The fourth section of the Treaty envisaged the setting up of a European Development Fund (EDF) to provide technical and financial aid to African colonies. The first contribution consisted of 581, 25 million units of account[9]. This meant that France could maintain its colonial empire, but share the economic burden with its European partners (Lee 2009, p. 85). Kwame Nkrumah, the first president of Ghana, called the Treaty of Rome the beginning of neo-

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[9] Unit of Account was a basket of European currencies used for bookkeeping in several European budgets, such as the Coal and Steel Community, Lomé Convention, the European Investment Bank and later also for the European Communities. The unit of Account has had several different values during its use.

colonialism, a system of collective colonialism that was stronger and more dangerous than the earlier agreement it was attended to replace (Lee 2009, p. 86). Despite this, and the liberation of the French colonies in 1960, the relationship was formalised in 1963 by the signing of an association agreement in Yaoundé, Cameroon, between 18 newly independent francophone African states and the EU (Flint 2009, p. 80). The Yaoundé Agreement marked the start of cooperation between the EU and the newly independent French speaking countries of Africa, and was later renewed (Yaoundé II) in 1969 with a focus on building infrastructure following the end of colonial rule. It should be noted that the Yaoundé agreement only included the Sub-Saharan African countries.

When Britain joined the EU in 1973, it demanded that its less developed Commonwealth states should be included in the European development program and a new agreement was needed. The EU decided that the African, Caribbean and Pacific Commonwealth members fulfilled the conditions to negotiate association agreements, but to the surprise of the EU, when the talks began in July 1973, the ACP[10] countries decided to negotiate as a bloc rather than in regional groupings. The decision to negotiate as a block was taken because of the states common interests, but also because Africa held a considerable bargaining power at that time, which other parts of the group wanted to take advantage of (Barbru 2011, p. 24). Africa's strong position was due to the ongoing oil crisis, which fuelled concerns in Europe about its resource dependence, and the perceived need to protect raw materials and commodity supplies. Africa's strategic place in the Cold War also played an important role, and the result was that the Lomé I Convention from February 1975 gave the ACP states[11] a number of favourable concessions, such as preferential access to the EU market with non-reciprocal trade agreements (Flint 2009, p. 81, Barbru 2011, p. 24). The purpose of this, in combination with other measures, was to stimulate trade with the EU in order to promote development for the ACP group (Smith 2002, p. 189). The Lomé I was close to an agreement between equal partners, but there was little conditionality and the ACP states were free to formulate their own economic policies without outside interference. For many (Galtung 1975, p. 1), the first Lomé Convention represented an historic achievement, and also represented the beginning of a new relationship between the developed and the developing world. The Senegalese finance minister at that time, Babacar Ba (in Vale 1980, p. 10), shared this

[10] The ACP states include both the UK's African, Caribbean and Pacific Commonwealth states, and the former colonies of the original members of the EU.

[11] The Lomé Convention was signed by 46 ACP states and the nine members of the EC

enthusiasm and declared; “the co-operation we are about to set up with Europe is a great achievement and an absolutely new and unique fact in the relations of the Third World with industrial countries".

For Europe, the Lomé Convention was not so much about an equal relationship, but a means to secure their access to ACP states’ raw materials. The introduction of the STABEX system, which guaranteed ACP states compensation in cases of commodity price instability in exchange for continued raw materials access, was one of the inventions designed to achieve this goal (Flint 2009, p. 81). Europe’s focus on raw materials continued, and was further incorporated in the revisions of the Lomé Convention. One example was the creation Sysmin (System of Stabilization of Export Earnings from Mining Products) in Lomé II, a system that let ACP states maintain their minerals production or export capacities in the event of natural disasters, political crises or price falls. This was done by committing 1.7 billion francs over five years to projects designed to restore production of EU-bound raw materials. Lomé II also introduced the possibility of steering long-term loans and technical assistance to ACP states in order to develop their mining capabilities, and in addition to use part of the EDF to finance mining projects (CVCE 2013). This shows us that access to raw materials always has been an important part of the EU’s motivation for its relationship with the ACP states.

While we have seen that the first Lomé Convention secured a number of favourable concessions for the ACP countries, these were successively rolled back in later revisions of the Convention (Lomé II (1980-1985), Lomé III (1985-1990) and Lomé IV (1990-2000). This was due to international events, such as the international debt crisis, the fall of commodity prices and the collapse of the Soviet Union, which caused the collective bargaining power of the group to gradually decrease (Flint 2009, pp. 81-82). This became evident in a number of new conditions the EU attached to their dealings with the ACP states, and will be discussed in the following subchapter.

3.2 The GATT, WTO and the emergence of “international values”

The Lomé Convention was in clear breach of the General Agreement on Tariffs and Trade’s (GATT) principle of Most Favoured Nation (MFN) clause and required a waiver to be approved. Article I of the GATT demanded that any trade concessions offered by one signatory to another must, in turn, be offered to all the other signatories. The principle of this clause was that either of the parties could not favour any other major trading nation. A country is classified as a major trading nation if its exports amount to more than 1 percent of world trade. Developing countries managed however in 1979 to include an "enabling clause" which allows derogations to the MFN treatment in favour of developing countries, normally through a General System of Preference (GSP) scheme. The GSP is originally a UN initiative from 1968, and gives developing countries some trade preferences. However, GATT rules do not allow discrimination; therefore if concessions are granted to a group of developing countries, they have to be given to all developing countries (WTO 2014).

The EU experienced the power of this legislation in 1993 when the EU introduced a new common banana regime, which imposed tariffs and quotas on bananas from non-ACP states. Several Latin American countries, and the United States, responded by requesting that the WTO panel examine the legality of the regime, since it violated the GATT's free trade principle. The WTO ruled the Banana Regime as inconsistent with the MFN clause, and later the whole Lomé convention in breach with WTO-protocol. As a consequence, the EU decided that any future EU-ACP agreement needed to follow WTO rules (Flint 2009, pp. 83-84).

International institutions have not only affected the EU-ACP trade relationship, but also intervened directly into national politics in Africa. In the 1980s, many African countries went through a severe debt crisis and international financial institutions, such as the IMF and the World Bank, had to provide loans to avoid a debt default. However, these loans did not come without conditions attached to them, and African states were made to introduce a number of economic reforms, such as privatisation, less government intervention and free trade, in the spirit of neo-liberal economic theory. The economist John Williamson has named the doctrine of imposing these structural adjustment programmes on indebted developing countries, the Washington Consensus. This term refers to the broad agreement among public officials in industrial economies and international institutions based in Washington D.C on the importance of imposing neo-liberal reforms for the sake of economic development (Gilpin 2001, pp. 314-315). These reforms had nevertheless little effect on African competitiveness, and the IMF and the World Bank soon started to blame poor implementation of the above-mentioned reforms as the main reason. Consequently, political reforms were also required for continued economic support. The EU soon followed suit and made the promotion of good governance one of its top priorities in its development strategy. Later, poverty reduction, good governance, gender equality and sustainable development all became important pillars of the

Lomé Conventions (Flint 2009, p. 82). In 1991 15 states experienced the withholding of Lomé structural funds because of their failure to adopt satisfactory economic reform programmes, and in 1995 the principle of conditionality was expanded to include human rights, democracy and the rule of law (Lee 2009, p. 87). Flint (2009, p. 83) argues that the increased use of conditionality represents a strong signal that the EU no longer saw the ACP states as an equal partner, and with the collapse of world commodity prices and end of the Cold War, Africa also lost its strategic geopolitical position in world politics. It was therefore clear that Europe needed a new agreement with the ACP states that reflected the development in the relationship between the two blocks, and respected WTO rules.

3.3 Cotonou and Economic Partnership Agreements

In 1997, the Commission published a Green paper on the functioning of the EU-ACP relationship during the Lomé years. The Green Paper revealed some disturbing facts: the non-ACP developing countries had increased their EU market share during the years of the Lomé Convention, while the ACP states that enjoyed better EU market access, had decreased their market share drastically. The ACP states were, however, still highly dependent on the EU for their exports (46 % of their overall trade), which mainly consisted of a few traditional products such as sugar and bananas. The Green Paper therefore concluded that one of the reasons for Africa's lack of participation in the world economy was the lack of economic diversification. Another reason was the importance of political stability and good institutions for a country's trade capabilities. The Commission stated, "these supply side factors are now considered much more important than trade preferences in achieving high rates of export and economic growth" (European Commission 1997, para .61). With this, the foundation of a new agreement with much more focus on political matters was laid. Barbru (2011, pp. 30-31) stated that the focus on political issues are, to a greater extent than before, a means to attract more FDI and to develop the ACP states economically through liberalised trade, rather than aid or non-reciprocal trade agreements.

Talks about a new way to structure the EU-ACP relationship therefore began in 1998, and the result of the negotiations was the Cotonou Agreement, signed on July 23, 2000 in Cotonou, the largest city of Benin. The Agreement had 102 signatories, 77 from the ACP and 25 from the EU, and it was supposed to run for 20 years, with possible revisions every five years. It entered into force in 2003, and was revised in 2005 and 2010. As we saw earlier in this chapter, the focus on good governance has been gradually increasing in EU-Africa relations, and this was also clear in the Cotonou agreement. Article 9.2 stated:

> Respect for human rights, democratic principles and the rule of law, which underpin the ACP-EU Partnership, shall underpin the domestic and international policies of the Parties and constitute the essential elements of this Agreement (EU & ACP 2000).

The Agreement marked a new chapter in trade relations between the two blocks. It was to replace non-reciprocal trade concessions with new trade agreements, known as Economic Partnership Agreements (EPAs), which were no longer to be between the whole ACP group, but 6 smaller regional groupings. The EU set out to establish three or four customs unions or free trade areas (FTA) in Africa. Customs unions were the preferred option for the EU since it would create four trade regimes with common external tariffs. FTAs on the other hand required that the EU established separate trading regimes with each individual state, which would be much more complicated for the EU to administer. The EPAs are part of the Cotonou Agreement (Part 3, title II, chapter 2 “New Trading Arrangements”, but they are negotiated separately with each group. The Agreement laid down a time schedule for the completion of these negotiations, and stated that all new trading arrangements should be in force by 1 January 2008 (EU- ACP 2000, article 37.1). This was the date the WTO-waiver for the Lomé Convention expired (Lee 2009, p. 89). Yet, to this date, the only EPA signed is with the Caribbean group of states (European Commission 2014).

When, and if, the EPAs enter into force, the EU will remove all remaining limitations for the ACP states in the EU market. All goods, including agricultural products, will be free from tariff and quota restrictions. The same will be the case for ACP-states, which will need to open up their markets for the EU due to the EPAs reciprocity. The EU has, however, its own GSP scheme for developing countries that are not ready to meet the increased competition from European businesses. The European GSP scheme consists of three different sets of trade preferences; Everything But Arms (EBA), the standard GSP and the GSP+. The EBA allows for tariff-free access of almost all types of goods, expect for arms, to the EU market without the need for reciprocity from countries classified as least developed countries (LDC). The standard GSP on the other hand offers only reduced tariffs, but to all developing countries, and the GSP+ offers some additional preferences to the standard GSP for those states that qualify, in relation to good governance and sustainability (Barbru 2011, p. 27, European

Commission n.d). This arrangement has nevertheless created some obstacles for the EU in establishing the four customs unions in Africa, since the 34 African LDC no longer have any incentives to sign the reciprocal EPAs. By signing the EPAs the LDC will lose any tariff-derived income, and have almost no possibility to increase their earnings otherwise (Flint 2009, p. 87). The EU can on the other side stop the EBA initiative whenever they want, since it is not enshrined in any treaty. So far the result has been that most African countries have refused to sign the EPAs, and it does not look like it will happen any time soon due to many controversial issues.

One problem for the EU is that the EPAs are trying to be established across already existing economic cooperations that currently are in place in Africa. Of the continent's 53 countries, only six are members of just one regional organisation, and 21 countries belong to three or more groupings (Flint 2009, p. 86). The European Union states that the EPA groups are means to reach the Cotonou Agreement's core objective; the incorporation of Africa into the world economy. This should happen in two stages. Stage one is to enhance integration between African regions, and the second to boost economic integration between these regions and the EU (Lee 2009, p. 95). This partitioning of the continent has, however, been quite controversial, and has been compared to the 1984 Berlin Conference where Africa was divided into small and controllable areas solely for the benefit of their European colonial masters. Kamidza (in Lee 2009, pp. 92, 95) argues that the reason for the EU's desire to again divide Africa into new blocks is to weaken their collective bargaining power, and in this way avoid what happened when the ACP states joined forces in 1973. He therefore sees the EPAs as a way for the EU to divide and rule. He clearly has a point since the EU now puts both LDC and non-LDC into the same groups, which obviously have quite a different interest in signing the EPAs due to the EBA initiative. Lee (2009, p. 105) argues on the other hand that this actually has damaged the EU initial goal of dividing the continent into new groups since different interests will make it difficult to ever come to an agreement within the EPA groups.

Another aspect of the EPA negotiations where agreement has been difficult to come by, is how the EPAs are going to contribute to African development and growth. Despite the Cotonou Agreement's development focus, many African countries fail to see what they will get out of the EPAs. The EU on the other hand assumes that since liberalisation is good for growth, the more liberalisation the ACP countries can be encouraged to take the better. Goodison (2007a, p. 256) argues however that the EU is ignoring the transitional costs, which can overshadow the long-term benefits. During the negotiations, the EPAs have been accused of being a smoke screen to hide the EU's most important objective; to secure greater market access in Africa. The first notable fact is that the entire EU-ACP relationship is no longer being handled by DG Development but by DG Trade (Lee 2009, p. 90). This could however easily be explained by pointing out that due to the incompatibility of the Lomé Convention with WTO legislation, the EU now has decided that all new agreements between the EU and the ACP countries need to follow WTO-rules. In this way, DG Trade is a more obvious option to handle the Cotonou Agreement, since it has more expertise in trade issues and relations with the WTO than DG Development. But the EPAs have met criticism even within the EU. The UK's departments of Trade and Industry and International Development argued in an article in the Guardian that:

> The European Commission clearly wants to use EPAs as a tool to open markets and further its own interests. [...] Without the necessary considerations of the negative effects on weaker developing country partners (Elliot 2005).

Trade Commissioner Mandelesen stated, however, that there were no other alternatives than the EPAs for the ACP states (Barbru 2011, p. 36). If no agreement was reached by the end of 2007, the EU had to fall back on the standard GSP, which would be a significant step backwards for the non-LDC. The GSP offers some tariff reductions on entering the EU market, but the products, however, are very specific and must not compete with EU products. The ACP countries do not see this as a viable option after what they have enjoyed under Lomé. LDC, on the other hand, can continue to participate in the EBA initiative, but because of strict rules of origin, only half of the LDC products theoretically eligible for duty-free access actually receive this treatment (Orbie 2007, p. 302).

By November 2007, the EU started to rethink their strategy of refusing anything other than full EPAs, and signalled that it was willing to offer interim deals with only goods included. Other and more difficult topics, such as trade in services or steps to enhance competiveness, could be discussed on a later stage (Lee 2009, p. 102). African states were originally sceptical about this, but most African non-LDC reluctantly accepted interim EPAs negotiations to preserve their current market access to the EU. The result is that the EU has now signed several interim EPAs with individual countries[12] instead of the original groups intended while putting African states in a though dilemma; either go forward with an individual interim agreement at the cost of alienating regional partners and in the worst case stop regional integration, or refuse to sign the agreement together with its EPA group but lose its preferential access to the EU market (De Bergh in Lee 2009, p. 104).

3.4 The Raw Materials Initiative and Africa

Currently, only the Democratic Republic of Congo and South Africa are considered main exporters of critical raw materials to the EU, but due to Africa's enormous potential to increase production, the EU has showed an increasing interest in the continents' resources. As we saw in chapter 2, the RMI bases its strategy on reinforcing dialogues with strategic partners. For the EU in Africa, this means to continue its work through the Joint Africa-EU Strategy (JAES) Action Plan on raw materials (2007, 2011-2013), the ongoing EPA negotiations, and the EDF and international institutions to secure beneficial access to raw materials across the continent. Of these initiatives it is clearly the EPAs that are the EU's strongest card, in which raw materials access is being targeted in all aspects of the negotiations. The EPAs go beyond WTO rules and include not only trade in goods, but also the liberalisation of services, investment, competition policy and intellectual property. The most controversial issue, however, is the right for countries to impose export restrictions or taxes. The EU sees export restrictions as a distortion of trade, while African countries see them as a legitimate policy tool crucial for their economic development (Ramdoo 2011, p. 28). In the only EPA concluded, with the Caribbean group, the right to impose these kinds of restrictions is almost removed completely, with only a few exceptions and transition periods. The same applies for the Interim EPAs signed with several African non-LDC. An example is the agreement signed with Cameroon that stated that the country can introduce new export restrictions, but only in the case of a "serious public finance problem or the need for greater environmental protection." Cameroon, however, needs to consult with the EU in advance, and these restrictions need to be for a limited time span (Euro-Lex 2009).

Due to its strong stand on export restrictions, the EU has received substantial critique by development organisations and African states. This could be the reason why we saw a shift

[12] For a detailed overview of the current situation regarding the EPAs please visit http://trade.ec.europa.eu/doclib/docs/2009/september/tradoc_144912.2.14.pdf

towards a softer language in the 2011 RMI, and why the first pillar of the Communication has been renamed "Fair and sustainable supply of raw materials from global markets" instead of "Access to raw materials on world markets at undistorted conditions". The 2008 RMI stated that "The EU will take vigorous action to challenge measures which violate WTO or bilateral rules, using all instruments available (European Commission 2008, p. 7)". In the 2011 RMI, however, we see that the international critique may have led to a more toned down approach where the EU now want to "carry out further studies to provide a better understanding of the impact of export restrictions on raw materials market, and foster a dialogue about their use as a policy tool (European Commission 2011, p. 16)". The German raw materials strategy, on the other hand, proposed the possibility of excluding developing countries from the GSP, if they implemented export restrictions (Germany 2010, p. 9); this was also included in a draft of the 2011 RMI but was not part of the final version (Küblböck 2013, p. 8).

Even though there still are complaints about the EU focusing too little on improving conditions for African countries, the 2011 RMI has put a much greater emphasis on development than the 2008 RMI. It makes a clear connection between development policy and sustainable mining, and blames poor regulatory frameworks and taxation as the main reasons for Africa failing to transform its resource wealth into economic development. The EU, therefore, wants to enhance governance and transparency, as well as improve the trade and investment climate. This way of thinking is a continuation of the ideas that arose in the 1980s lead by the IMF and the World Bank. The EU claims that by focusing on improving governance, and other supply side factors, it can create a win-win situation where both developed and developing countries will benefit from the sustainable supply of raw materials (European Commission 2011, pp. 14-15). The Commission therefore proposed to enhance European financial and political support for the Extractive Industries Transparency Initiative (EITI), which is an international standard for openness around the management of revenues from natural resources. The idea of the Initiative is simple; governments disclose how much they receive from the extractive industry in their country, while companies disclose how much they pay in taxes (EITI 2014). By helping developing countries implement this standard, the transparency and accountability of the extractive sector could improve significantly, but promoting this Initiative is also a way for the EU to secure a level playing field between companies and countries. States, such as China, have long been accused of making deals behind closed doors to gain exclusive access to some countries' raw materials. By improving transparency, and preventing the buying off of government officials and other illegal activities, it would be more difficult to go through with, thereby improving European companies' chances of not being excluded from mining deals.

Another way the EU is using the trade agreements to secure a level playing field is the inclusion of a Most Favoured Nation clause in the EPAs. This may potentially harm the stated objectives of the Cotonou Agreement of economic integration between the ACP regions and other developing countries outside of the ACP group, but secure preferential access to African markets for the EU. The result of this is that if one of the EPA groups wishes to enter into a preferential trade agreement with China, or other major trading nations, it has to give the same preferential conditions to the EU, thereby lowering the incentives for trade agreements with other nations. Barbru considers that the EU sees the inclusion of the MFN clause in the EPAs as a mean to secure continued access to African raw materials, and at the same time prevent their competitors from receiving preferential trade agreements (Barbru 2011, p. 52-53).

The EU is also trying to use its new raw materials diplomacy to secure access to raw materials. This is done both bilaterally with African states and through international organisations. In 2010 the European Commission met with the African Union Commission (AUC) and agreed upon working together within the field of raw materials. This cooperation is based on the RMI and the African counterpart, the 2009 African Mining Vision[13] (AMV), and focuses on governance, investment and infrastructure and geological knowledge and skills. The EU has stated that it is ready to assist its African partners with these issues, but so far no requests have been received (European Commission 2013, p. 9). It is also highly unlikely, despite the stated intentions, that the EU and the AU share the same interests when it comes to mineral extraction due to its different roles as a raw materials consumer and producer.

[13] The AMV was adopted by the Heads of State of the AU in February 2009, and it is Africa's own response to tackle the paradox of great mineral wealth existing side by side with pervasive poverty. The AMV sets out to move Africa up the value chain from being an exporter of cheap raw materials to manufacturer and supplier of knowledge-based services. For more information visit http://www.africaminingvision.org

3.5 Conclusion

Throughout this chapter we have seen that raw materials always have played a crucial role in the relationship between Europe and Africa. The colonial era established a pattern of trade between the two continents that the EU later sought to preserve by including arrangements in the agreements intended to maintain and develop raw materials production on the African continent. With the Cotonou Agreement and the EPAs even greater pressure was put on Africa to lower its tariffs and remove all export restriction on raw materials. This has been met with resistance among African countries, and to this date no EPAs have been concluded in Africa. The strong stance on removing export restrictions in these negotiations, despite African protests, must be seen as an attempt by the EU to secure affordable and secure access to raw materials in the face of strong competition.

The RMI was introduced, as we saw in chapter two, to create greater coherence among the EU's external policies, but six years after the launch almost no real progress has been made in Africa. A number of bilateral and multilateral talks to put raw materials on the EU-Africa agenda have been initiated, but few concrete results have been made. It would have been easy to assume that European investment into Africa would have risen since the launch of the RMI given that it is a symbol of Europe's new interest in the continent. But the opposite has actually happened. The 2013 UN World Investment Report shows that since 2010 European FDI into Africa has gone down, while at the same time, Africa has been the only continent that has had continues growth in FDI over the last three years (United Nations 2013, p. 38). The economic crisis that many European countries have experienced has of course had is affect on European FDI into Africa, but it is an interesting fact that even though Europe is the biggest investor in Africa, the overall level of FDI has increased. This is a result of several new players in Africa, and especially China, who are investing heavily in natural resources and infrastructure (United Nations 2013, p. 40).

4.0 China in Africa

China has experienced tremendous economic growth since President Deng Xiaoping introduced his market oriented economic reforms in the 1970s, and taken millions of its people out of poverty. Between 1978 and 2005, China's trade volume increased by 70 times and its share of world trade increased from 0.8 % to 7.7 % (Carmody 2011, p. 65); given China's large population it is clear that an increase of this size will have implications for the demand of raw materials across the world. China needs foreign raw materials to fuel its growing economy, and the leading Communist Party needs continued economic growth to maintain its legitimacy faced with fading ideological support within the country (Stahl 2011, p. 17). Just as with the EU, China has identified Africa as a key region to access these raw materials, and has heavily increased its presence on the continent. The Chinese government is now contributing aid to build infrastructure in Africa, and you will find Chinese private and state-owned companies in almost all sectors of the African economy. China's rapid march into Africa happened during a time when Europe was "pulling out" after the Cold War, which lead to China's increased presence in Africa being more or less overlooked by Western powers. This chapter is going to discuss how China became such an important player on the African continent, and how China offers a new way to do business and development for many African countries

4.1 China's historic presence in Africa

Despite what it is projected in Western media, and among many European politicians, China is not a new actor in Africa. Its relationship with the continent builds on over 50 years of cooperation. In 1955, the first Afro-Asian Conference was held in Bandung, Indonesia, between 23 Asian and 6 newly independent African states. The participants agreed to develop economic and cultural cooperation in order to overcome the historical legacies of imperialism and colonialism (Haifang 2010, p. 54). The conference later led to the establishment of the non-aligned movement in 1961 as an independent block in the Cold War. Shortly after Bandung, China started its aid program, even though it avoided the term aid, and instead focused on solidarity and friendship. Five Guiding Principles of Peaceful Coexistence was set out by Premier Zhou Enlai, which is still the foundation of China's relationship with African countries today (Haifang 2010, p. 55):

1. Mutual respect for sovereignty and territorial integrity
2. Mutual non-aggression
3. Non-interference in each-other's internal affairs
4. Equality and mutual benefits
5. Peaceful coexistence

These principles should be seen in relation to China's own political situation at that time; the Chinese Civil War had just ended, and China had just taken control of Tibet. Beijing hoped that by respecting other states sovereignty, they would avoid any external interference in their domestic issues by foreign powers. These principles could also be seen as a way to project China as an alternative to the West and the Soviet Union who both regularly intervened in other states internal affairs when it suited their interest. By instead focusing on mutual gains, China started to aid their African partners, and between 1973 and 1979 Chinese aid amounted to 6.92 % of the country's GDP; a much higher percentage than any Western country had ever contributed (Haifang 2010, p. 55). Chinese aid could also be distinguished from what the West and the Soviet Union contributed, which usually came with several political and economical conditions attached to them. China, on the other hand, had only one condition; that none of receiving countries could have any diplomatic relations with the breakaway province of Taiwan. As a result, China secured a seat in the UN in 1971 with the support of 26 African states. The other reason for giving aid was ideological. Haifang (2010, p. 53) explains that Mao saw it as the newly founded People's Republic of China's duty to provide diplomatic and technical support to the oppressed people of the South, who were struggling against common ills, such as imperialism and underdevelopment. In this way, one can say that China's development aid was given as a combination of ideological idealism and as a means to achieve political objectives.

4.2 Connecting aid to trade and mutual development

However, after Mao's death in 1976, President Deng Xiaoping started his economic reforms that were going to change China drastically. These economic reforms took China's command economy and transformed it into what the Chinese defines as a socialist market economy. He opened up China to foreign investments, the global market and introduced private competition. Unlike Mao, Deng did not believe in a great leap forward, but careful experimentation, or as he said "Find your way across the river. Keep your feet on the bottom and cross by feeling the stones (in Brautigam 2009, p. 45)". Neither did President Deng share Mao's strong ideological conviction, and he believed that aid should not only be given on an ideological basis, but contribute to China's own development objectives. At that time, China qualified as one the world's twenty least developed countries, and the idea that a developing country had its own aid program was unusual. The country's own modernisation program required most of it resources, and China needed a way to both secure its own development and its role as a defender of poor and developing states.

The solution was to copy the strategy of other Asian countries, which had experienced rapid economic growth and industrialisation. At that time, the Chinese economy was mostly based on agriculture, but the country had large deposits of raw materials, and found itself in the same situation as many African countries today. To industrialise, China was dependent on foreign technology and capital, and Japan was the first country to enter the Chinese market. In 1978 the first long-term trade agreement between the two was signed. Japan offered low-interest yen loans to finance the export of $10 billion of its modern plants, industrial technology and materials, and in return China agreed to pay by exporting the equivalent in crude oil to Japan (Brautigam 2009, p. 46). Several similar resource-credit deals were later signed, which meant that a coal mine was to be paid with coal, an iron mine with iron and so on. By guaranteeing loans with raw materials not yet extracted, China got a discount on finance that the country needed for its modernisation, while Japan secured constant access to Chinese raw materials. For Japan, these deals also included a new market for their equipment, which at that time was below Western standards. Concessional loans tied the Chinese to Japanese equipment and contributed to rising demand and economic growth in Japan. Due to the Japanese governments involvement in facilitating exportation of its products, one could describe their trade policy as an example of Asian neo-mercantilism As we saw in chapter 1, there is a close link between the state and the economy in neo-mercantilism and the Japanese government was the main player in opening up China for its state-owned and private companies. Through the trade liberalisation that followed, the Japanese government could steer their companies towards important sectors for the country's own development goals, such as raw materials that their booming manufacturing industry needed. China, on the other hand, needed to open up to the outside world to gain access to foreign capital, technology and expertise, thereby creating a win-win for both countries, even though they were on a different level of development. China later used the lessons learned from Japan in their way of trading with other developing countries.

Until 1995, grants and zero-interest loans were the primary instruments of China's official development aid (Brautigam 2011). These went mainly to finance infrastructure projects, and China supported more than 200 of these in the 1980s (Haifang 2010, p. 56). These zero-interest loans were given as tied aid, meaning that the goods and services needed to originate from the donor country (Brautigam 2009, p. 151). This, together with the Chinese government opening up for the country's businesses to seek opportunities overseas, led to a rapid expansion of Chinese companies operating on African soil. Chinese companies were bidding for contracts in Africa and earning hard currency. After the initial project was completed many firms established themselves on the continent and continued to provide their services. In 1980, China became a member of the World Bank and in 1985 a member of the African Development Bank, which also made it possible to bid on projects financed by these institutions (Brautigam 2009, p. 64). Soon Chinese companies were building infrastructure in Africa paid by Western donors, which again fuelled further demand for Chinese machinery.

As the production of Chinese goods increased during the 1980s, China started to see Africa not only as a place to extract raw materials and build infrastructure, but also as a potential market for its goods (Stahl 2011, p. 19). In 1988, only 1 % of African imports came from China, which meant that there were huge opportunities. The African population was poor, but growing, and the Chinese government hoped that there would be increasing demand for Chinese machinery, electronics, pharmaceuticals and other high-valued products. As learned by Japanese investments in China, the Chinese government saw it could transform its aid program entirely to create a win-win situation for both African countries and their own industries. The result was the 1995 aid reforms, which built on the already existing relationship between China and Africa, but now was going to be based more on commercial principles. By combining aid to Africa, mutual cooperation and trade, a new strategy of concessional loans was introduced. The reform was called the Great Economic and Trade Strategy and the idea was simple; use aid to foster three kinds of initiatives learned through the experiences of the 1970 and 80s. They were joint-venture investments in manufacturing and agriculture, establishing assembly factories, as they would create demand for Chinese equipment, and intensifying raw materials extraction. Joint ventures with African partners would principally contribute to economic development in Africa, but also help Chinese companies enter unfamiliar areas, thereby expanding its reach. In 1996, Sudan became the first African country to receive funding for oil exploration in a joint venture with China National Oil Corporation (Brautigam 2009, pp. 80-81). The new reforms were to be funded by the newly established China Export-Import Bank (Eximbank), which was going to operate on commercial principles, but still under the influence of the Chinese government. This made it possible for Beijing to pick its favoured projects to maximize the overall benefit for the country. China has identified infrastructure as an essential prerequisite for the extraction and transportation of mineral resources, and the Chinese Eximbank is now steering a great deal of its funds to this sector. Only projects larger than 2.4 million US dollars may be founded on concessional loans, and it is a requirement that at least 50 % of the goods and services used are Chinese (Brautigam 2011). The Chinese Eximbank has in just a few years become the world's third largest credit agency, and is entirely funded by the Chinese government to serve China's overall development goals. In 2004, the bank wrote 490 loans to enable other states to afford services provided by Chinese construction companies (Holslag 2006, p. 150). China has also secured shares in many regional development banks in Africa, such as the African Development Bank (ADB), thereby being in a position to influence which projects should be supported with the bank's money. In this way China often combines the position of lender, decision-maker and contractor. Regarding raw materials this strategy is rather indirect, and China still holds a lower position in most of these banks than its Western counterparts, but it does generate a favourable climate to do business (Holslag 2007, pp. 14-15).

After the turn of the millennium, China has published two major policy documents that are currently guiding their actions in Africa. The first is the 2003 White Paper on its policy on mineral resources, where chapter four addresses the topic of mineral extraction outside of China. It explains how China prospered with foreign investments in the 1980s, and that China now wishes to engage in other parts of the world to create similar results:

> *China will carry out its policy of opening to the outside world unswervingly. It will take an active part in international cooperation in the field of mineral resources to promote the exchange of domestic and foreign resources, capital, information, technology and markets on the basis of reciprocity and mutual benefit.*
>
> *The Chinese government encourages domestic enterprises to take part in international cooperation in the sphere of mineral resources, and in exploration, exploitation and*

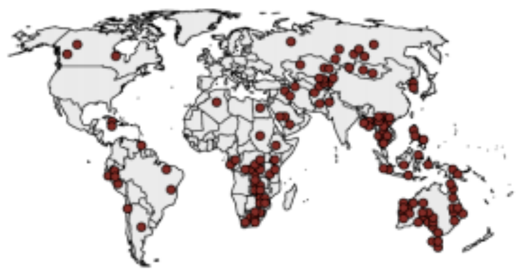
utilization of foreign mineral resources. It will promote and protect investments in mineral resources prospecting and exploitation outside China, and standardize the investment and business operation behaviour in accordance with international practices (White paper on China's Policy on mineral resources 2003).

The last statement is interesting, since China's engagement in Africa has been widely contested, and its concept of no-strings attached aid and trade deals with dictators have been accused of undermining Western promotion of good governance. But it may be a way for China to try to convince the international community that it will behave as a responsible actor.

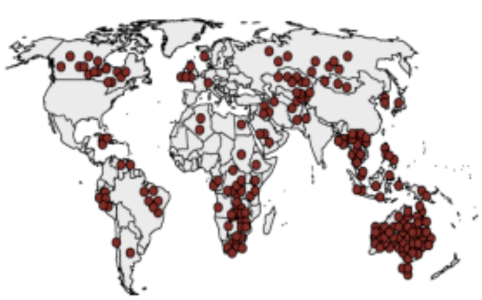
Since this white paper was published we have seen a drastic rise in Chinese investments in mining not just in Africa, but also across the world. Each dot on the maps below represent a Chinese led mining project across the world, and shows us how Chinese investment in mining has grown between 2006 and 2011. The last map shows the expected development in Chinese mining investments after 2011.

2006

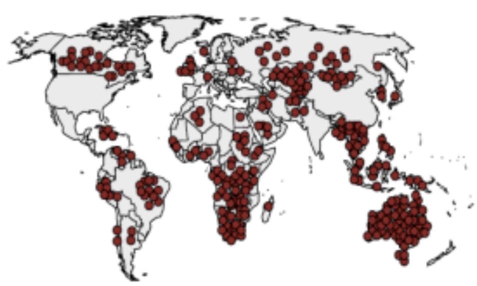
2010



2011



Expected development



Source: Ramdoo 2011, p. 16).

Trade between China and Africa grew in this period by an annual of 20 %, with a peak of 40 % between 2006 and 2007. The composition of this trade is also interesting since more than 90 % of total African exports to China consisted of raw materials and mineral fuels as compared to 61 % for the EU (Ramdoo 2011, 17). This clearly shows China's main interest in the continent.

The other relevant document is China's Africa Strategy from 2006, which states that the good relationship between the two parties should be built on political equality, mutual trust, economic win-win cooperation and cultural exchange (China's Africa Strategy, part III). It further states that the Chinese government will continue to encourage and support Chinese enterprises to invest and do business in Africa, and that it will step up its efforts in building all types of infrastructure on the continent. Regarding resources China uses much of the same language that EU later used in its 2008 RMI, and expresses the wish to help African countries translate their advantages in resources to competitive strength and sustainable development for the continent as a whole (China's Africa Strategy, part V-VI). It also promises that Chinese economic assistance to Africa will gradually increase in light of China's financial capacity (China's Africa Strategy, part 9). The overall impression of the strategy document is rather positive, and it is clear that China wants to project its strategy for Africa in a good light, just as we saw with the white paper on its policy for mineral resources.

4.3 Why China has been so successful

One of the main reasons for China's success in Africa is that they offer African countries an alternative to the old European colonial powers and international institutions such as the IMF and the World Bank. With a generous mix of preferential loans and credits, infrastructure development, debt relief and development assistance, China has managed to establish good political and economical relations with African governments. Much thanks to their no-strings-attached policy and the non-interference in domestic issues, African leaders find the Chinese approach more appealing, instead of the West's often paternalistic way of doing business (Shaw 2010, p. 16). Journalist Joshua Cooper Ramo has named the Chinese approach the Beijing Consensus as an alternative to the established Washington Consensus mentioned in chapter three. Carmody (2011, p. 75) argues that China, instead of trying to change African countries like Western countries are attempting to do with their attached conditionality, chooses to work through already existing political structures in each country. By adapting a unique strategy to suit the particular histories and geography of the African states with which it is engaged, Carmody argues that China achieves a flexible hegemony, or a flexigemony. This approach is more or less the opposite of the EU's approach with one-size-fits-all EPAs that we saw in chapter three. In many ways resembles China's strategy of working through already existing structures British colonial rule, with one major difference. China does not have any real juridical powers in Africa (Carmody 2011, p. 80). Whether this strategy is rooted in ideology or is just a result of commercial and political pragmatism, or both, is harder to answer.

Western initiatives, such as the neoliberal structural adjustment programmes that many African countries needed to go through in the 1980s, have also helped China enter the African market. Trade liberalisation, new investment codes, currency convertibility and the reduction of labour costs in Africa made it possible for China and other emerging economic powers to invest in Africa. The Chinese government has taken full advantage of the possibilities created by this liberalisation, and to be able to compete against large multinational companies it has pursued an active policy of trying to create an elite corps of national companies. Under the banner of "grasping the large, releasing the small" Chinese entrepreneurs have been barred from starting new companies, while thousands of small firms and mines have closed or absorbed by "national champions" (Holslag 2007, p. 12). Brautigam (2009, p. 87) has named these firms dragon heads, and shows how the Chinese government actively has used beneficial tax regimes, export credits, loans and diplomatic backing to go global. In 2006, the Chinese government decided that non-ferrous metals, iron and steel production should be mainly be carried out by state-owned enterprises. This is in line with what other Asian countries such as Japan and South Korea had done some decades earlier, and what Holslag (2006, p. 136) has named Asian neo-mercantilism. The reason why he calls China's strategy truly neo-mercantilist is the wide array of tools the state has at its disposal, and the capacity to make use of them in a coherent well-defined strategy that serves the national interest rather than the aspirations of individual corporate actors (Holslag 2006, p. 165).

There is no agreement among scholars, however, if China's march into Africa is actually following a well-defined plan like Holslag argues. Ian Taylor (in Carmody 2011, p. 71) does not believe that there is any grand Chinese strategy for Africa, since the outcomes on the ground result from negotiation processes, and that the central Chinese government rarely have full control over the activities of their private companies. But he admits that the Chinese government can create incentives that steer Chinese companies towards the desired sectors and countries. Brautigam (2009, p. 78), on the other hand, consider China's engagement in Africa as a result of a well-thought-out and long-term strategy as an answer to growing challenges confronting China. Its rapid economic growth is now outpacing China's own resource base, and already in 1993, the country became a net importer of oil. Additionally, China needed to calm concerns both in the West and developing world that its rapid rise will not threaten economic development elsewhere, and that China will behave as a responsible actor.

This paper agrees with both Holslag and Brautigam, and argues that it is clear that China has had a plan, or at least a much closer coordination between businesses and the state than any Western power, thereby being able to achieve its objectives in a greater way than solely relying on market forces. But Taylor has a valid argument; according to the Chinese Ministry of Commerce (in The Economist 2011) there were more than 1600 Chinese companies operating in Africa in 2009. Of these, 85 % were privately owned, and when we consider the trouble that the Chinese government has in effectively enforcing its laws within its own country, it would be naive to assume that Beijing has full control of its companies abroad. Jakobsen and Wood (2012, p. 147) even points to the ambiguous relationship between the Chinese government and its dragon head companies. On the one hand, executives of these companies are appointed by the Chinese Communist Party, but on the other hand, these companies are important sources of tax revenues and employ hundreds of thousands of people. The central government will therefore not be able to dictate the actions of these companies entirely, but it will endeavour to ensure that the dragon head's policies are in the interest of the state.

Within the field of raw materials, this plan has consisted of what Ramdoo names a two-way strategy. Domestically Beijing has sought to expand its investments in local mines, restrict foreign investment and impose export restrictions on several key raw materials. The latter resulted in the EU, US and Mexico filing a dispute settlement case to the WTO, which will be discussed in chapter 5. Internationally, on the other hand, China has used liberalisation to go-global, and aided its companies with the above-mentioned measures such as tax incentives, diplomatic backing and cheap loans. One of China's biggest advantages over the EU and other Western countries is their ability to offer African countries so-called "package deals" of aid, infrastructure projects, and technical and sometimes military equipment, in return for natural resources. Hence, the boundaries between Chinese aid and economic interests are often blurred (Stahl 2011, p. 18). On the other side, it cannot be argued that China is not contributing to close the existing infrastructure gap in Africa, which is crucial for further development. So it is not hard to understand why many African countries prefer doing business with the Chinese over the Europeans.

The West made it even easier to gain market shares in several African countries for China when they started to impose economic sanctions on African countries that did not hold the "right" standards of political governance and human rights. This gave countries like Zimbabwe and Sudan no other choice than to seek closer relations with China. Another international event that has helped China invest in Africa is the Millennium Development Goals (MDG). The attention of the MDGs was on ending poverty and hunger, fighting malaria, and achieving gender equality and universal primary education, which moved international aid away from agriculture, infrastructure and production. The Chinese, however, was there to fill the gap, increasing their share of the market in these sectors (Brautigam 2009, p. 77). We therefore see that China's strategy of offering package-deals to African countries, together with strong incentives for Chinese companies to invest in Africa, and the West's often poorly planned sanctions on African countries, have led to China's successful march into Africa.

4.4 Conclusion

As we have seen in this chapter that China's march into Africa was not as rushed as many Western commentators have given the impression of. In fact, China's relationship with Africa is almost as old as the People's Republic of China itself, and goes back to the Bandung Conference in 1955. China's relationship with Africa has always been based on the Five Guiding Principles of Peaceful Coexistence, which we have seen can be an expression of the countries ideological beliefs, but also function as a political tool to avoid external intervention in its own domestic issues. By offering to give development aid and trade unconditionally with all African countries, regardless of their political system, China has managed to establish itself as a credible alternative to the old colonial powers.

There are two reasons for the success of China's Africa strategy. The Chinese government has through active diplomacy established good relations with African states, which it later used to obtain exclusive extraction deals, and secondly the Chinese government has been good at using the West's weaknesses, such as little coordination between private companies and the EU, to its own advantage. The question whether this is the result of a well-defined plan is still debated among scholars, but as we have seen the Chinese government has played a crucial role in facilitating the entry of its firms in African markets through economic and political incentives. There are several reasons to argue that China acts as a neo-mercantilist power. The first is the close relationship between Chinese companies, many often state-owned, and the government; and the second is that China, since President Deng's opening up policy, has embraced the liberalist trading system and sought to integrate itself in international institutions such as the WTO to gain access to foreign capital and markets. China has also used its economic relationship with African countries to increase its number of allies in international institutions, such as the UN, thereby increasing its power in the international system vis-à-vis European countries, a core objective of neo-mercantilist states.

5.0 The EU's reactions to China in Africa

Before the 2006 Beijing summit of the Forum on China-African Cooperation (FOCAC), Western countries did not understand the scale of China's presence in Africa. 48 African countries were present at the summit, together with China, representing one-third of the worlds' population. To a standing ovation, Chinese President Hu Jintao outlined in his opening speech China's plan to deepen its relationship with Africa. He wanted to create win-win cooperation for all participants, by doubling Chinese aid, opening up Chinese markets for some African products and setting up a fund to build much-needed infrastructure on the continent. He also expressed his whish to establish up to five trade and economic cooperation zones in Africa, much in line with what China itself had done along its coast decades earlier (Brautigam 2009, p. 1).

This set off alarm bells in several European capitals according to Amadeu Altafaj, the European Commission spokesman for aid and development (in Melander 2007), and led to the first EU-Africa summit in seven years as a direct response to Chinese competition. While the former chapter was dedicated to discussing how the Chinese presence grew over the last few decades, and why many African countries prefer doing business with China instead of its old colonial masters, this chapter will look at how Europe has been responding to this new competition for raw materials and influence in Africa. This chapter will also try to answer whether we are experiencing an ideological battle between Western liberalism and Asian neo-mercantilism, and if this alleged scramble needs to be a zero-sum game for the actors involved.

5.1 European perceptions of China in Africa

Tull (2008, p. 6) argues that China's rapid march into Africa has created four main concerns in Europe that have been voiced by European politicians and scholars. Firstly, there has been a growing resentment to cases where European economic aid has been used to pay for projects carried out by Chinese companies. This shows, however, a double standard among European actors, as the growing consensus among Western donors is to un-tie aid, and give aid as budget support to enhance local ownership. If Western governments want to fall back on this approach now, they will have to admit that development aid should also serve their own economic interest.

The second concern Tull presents is that China itself has become a major donor in Africa, while China still receives development aid from many European countries. An important issue that he highlights is that China has signed the 2005 Paris Declaration of Aid Effectiveness as an aid recipient country, while being reluctant to accept the obligations that come with being a donor country. It is quite understandable that many European governments find this problematic, since they are indirectly contributing economically to strengthen China's economic muscles in Africa.

The third issue revolves around China giving new loans to African countries, at the same time as Western donors are granting many developing countries extensive debt relief. From a development view it is easy to see why this is a concern among the political elite in Europe. But another aspect of this could be the fear of China gaining leverage over African countries, which Beijing later can use to its own advantage.

The fourth and biggest issue for Europeans, according to Tull, is China's preference for bilateral relations. Due to the EU's own experience, they prefer to handle things multilaterally as we have seen with the EPAs. On the other hand, when these negotiations did not lead to desired results, the EU also resorted to bilateral interim EPA negotiations. Thereby making this another issue that highlights the West's double standards.

These concerns, however, are not what this paper is focused on, but they do highlight that China is challenging the European approach towards Africa in many different ways. Something that already has been mentioned in chapter four is the accusation of China undermining the EU's work of promoting good governance and human rights, due to their no-strings attached and no-interference policy. By trading with all countries, regardless of their human rights records or political systems, China gives African countries, which are under Western sanctions or political pressure, an alternative. Thereby removing the incentives to introduce the economical and political reforms that the EU is promoting. As an alternative to the EU, China does not only undermine Western initiatives of good governance, but they increase their influence in these African countries at the expense of the EU. As we can see European perceptions of China is not only fuelled about concerns of African development, but on losing their power and influence on the continent. This will be discussed thoroughly in the sub-chapters to come.

5.2 An ideological battle?

In many ways the current competition between China and the EU and other Western partners is not only a scramble for resources, but to some extent also an ideological battle between the West's economic liberalism and China's Asian neo-mercantilism. As presented in chapter one, the neo-mercantilist view is that a strong state is necessary to steer the economy in the right direction for national economic growth and an overall increase of power. We clearly see many of these signs in China's Africa policy that was presented in chapter four. Even though the Chinese government will never admit that its policy is neo-mercantilist, due to the negative connotations attached to it, Rodrik (2013) argues that much of China's economic miracle is the product of an activist government that has supported, stimulated and openly subsidised industrial producers, both domestic and foreign. We have, however, seen a development in China's trade policy; Beijing has phased out a number of explicit export subsidies to become a member of the WTO in 2001. On the other hand, Holslag (2006, p. 137) reminds us that the Chinese government still holds the position of gatekeeper by holding a monopoly over trade regulation, monetary policy and the redistribution of capital. In this regard he points to the fact that China has been accused of manipulating its own currency to stimulate exports, and that the many high-level visits to African countries has been seen as a charm-offensive to secure preferential trade agreements.

The strong role of the state in Asian neo-mercantilism, and its embrace of both free trade and state intervention in the economy, have led that several scholars to name it *state capitalism.* In a debate in The Economist, Ian Bremmer, the president of the Eurasia Group, and Aldo Musacchio, a professor at Harvard Business School, discussed which economic system will be most successful in the end. Musacchio argues that through the mix of the two ideologies in state capitalism, it can take the best from both camps, and turn it into a winning formula. National champions, or Dragon Head companies, are rarely fully owned by the government, and are being traded freely on the world's stock exchanges. Due to this, these companies are constantly monitored by large investors to seek profits, while the Chinese government keeps a hand on the wheel. This means that the most common agency problems associated with state ownership (eg, lack of commercial orientation, the absence of high-powered incentives and the influence of politics in the management of corporations) have been tamed. Through this ownership model, Beijing maintains the right to provide a steady cash-flow to key industries without necessarily having to worry about running companies themselves (Musacchio 2012). This, together with the access to subsidised loans, and other types of preferential treatment, make it possible for these dragon head companies to grow rapidly and compete in the international market. By being backed economically by the government, companies can focus more on long-term gains, rather than satisfying their investors' short-term desire for profit. This creates the possibility to invest in projects with low social return in the short term, but high economic and social return in the long term, leading to an environment where a greater part of the Chinese society benefits from these investments. This is much in line what we saw in chapter one, which stated that Asian neo-mercantilism puts the common good above individual profit.

While these dragon head companies contribute heavily to the Chinese economy, and China's increased influence in the world, China's power in the international system is becoming more and more dependent of how their national champions are doing economically (Carmody 2011, p. 69). Bremmer (2012), who has a much more negative view on state capitalism, argues that the objective of state capitalism is not to produce wealth for the nation at whole, but to ensure that wealth creation does not threaten the ruling elite's political power. Due to this, the state will always choose to maintain its power over public prosperity, in cases where commercial activities could pose a threat to the ruling elite. This will turn the people against the system, and they will start to demand liberal reforms. He also adds that the lack of creative destruction that normally exists in economies where the government is deeply involved will lead to a stop in innovation and in the long run profit. Bremmer could have a point, considering that the most successful Chinese dragon heads are companies involved in raw materials extraction. The question is then if China's national champions in other sectors can continue to innovate in the future, but this will not be answered in this thesis.

What we do know is that China's state capitalism, or Asian neo-mercantilism, has proven to be very profitable, has brought hundred of millions Chinese out of poverty, and has contributed to transform China into one of the mot powerful and influential states on the planet. While Western powers have criticised China's neo-mercantilist policy, with a strong state coordination of businesses, aid and diplomatic relations, for only having raw materials access as their objective; Jospeph (in Carmody 2011, 76) claims that Western powers uses economic liberalism in the same way for its own self-interest. A free market economy allows Western businesses to enter African markets and continue resource exploitation, while promoting liberal democracies is seen as a means to prevent excessive government intervention in the economy. By following this logic, the reason for the West to impose structural adjustment reforms in Africa in the 1980s was also mainly based on access to raw materials, rather than improving African competitiveness and lifting the continent out of poverty. However what the West did not pay attention to was that opening up Africa's economies also gave room for new actors, such as China, to invest and establish itself on the continent. In the beginning this did not bother anyone since China was still considered to be one of the least developed countries in the world, and could not impose a threat to any European powers in Africa. We have, however, seen in chapter four that China's coordinated strategy made it possible for the country to rapidly increase its presence on the continent, even passing the United States as Africa's second largest trading partner.

As both the EU and the United States are strong promoters of economic liberalism, the Chinese success may be seen as a sign that state capitalism is more efficient than economic liberalism. However, we must note that China started its development from a very low level, and we are yet to see if the country manages to keep up innovation and cut costs, as its economy matures and moves up the production chain. With this in mind, it is still too early to conclude which economic system is the most suitable for creating growth and increasing power. Nevertheless, when the Council of the European Union asked the European Commission to put forward a coherent strategy to secure raw materials access in 2006, one could consider this as an indirect admission that the liberal economy approach, of giving private companies the entire responsibility of obtaining raw materials, did not achieve the desired results when competing with a state capitalist power such as China. An interesting fact is that the European Commission already asked this question in 1975:

One must also ask whether the mining industry and distribution companies can alone bear the risks to which they are exposed and fulfil the economic and social obligations to the raw material producing countries as well as to Europe implicit in their role (European Commission 1975, p. 3).

5.3 The Raw Materials Initiative as a response to China in Africa

The Commission has therefore included a number of measures in the RMI that resemble features of China's Africa and Raw materials strategies. Both the 2008 and 2011 RMI have put a heavy emphasis on building infrastructure important for African development and at the same time facilitate transportation of raw materials out of the continent. The intention to use the European Investment Bank, and the EDF, to finance this is in many ways a direct copy of the China's use of the Chinese Eximbank to provide loans for the construction of infrastructure. Constructing infrastructure can also contribute to creating much needed jobs in Africa. That is why the 2011 RMI (European Commission 2011, p. 16) wishes to create a stronger linkage between the infrastructure, and the extractive sectors and local industry to generate economic growth locally. One way to interpret this initiative is that the EU wants to establish itself as an actor concerned about local development, since Chinese firms often have been accused of bringing in Chinese workers, and using Chinese subcontractors, thereby creating little economic growth locally (Brautigam 2010).

By using the EDF to fund infrastructure related to mining, the EU creates a clear connection between development and raw materials extraction. The acknowledgement of this close link could be a sign that the EU has noticed the success China has had by combing the two over the last few decades. However, the majority of funds provided by the EDF have so far been used in the EU's work on strengthening states (European Commission 2011, p. 13). This work could also, together with the RMI's focus on improving transparency in the mining sector, be seen as a countermeasure towards China's Africa policy. As explained earlier in this chapter, the West promotes economic liberalism to get access to natural resources, and liberal democracy to prevent government intervention in the economy, and by providing funds to continue and strengthen the reforms initiated in the 1980s, the EU hope to counter China's no strings attached policy. Increased transparency could lead to domestic opposition in African countries against regimes who use raw materials deals with China to keep themselves in power, and it could also make it more difficult to get away with corruption, which China has been strongly accused of (Brautigam 2009b). Promotion of good governance and transparency could therefore be seen as a way to secure access to raw materials, while it at the same time projects an image of the EU's good intentions. The RMI shows clearly the EU's wish to be perceived as a responsible actor, and we can see that the EU uses much of the same language that China used in its 2006 Africa Policy paper. The EU talks about creating a win-

win situation for both Africa and the EU, whereas China is emphasising working together for mutual gains.

While the above-mentioned initiatives could be interpreted as countermeasures against the increased competition from China, there are two other issues that show the RMI in action. First, the EPAs negotiations were initiated long before the RMI was put forward, but the issue of export restrictions was not included until the end of the WTO-waiver period, which expired only months before the 2008 RMI was launched. We therefore see a close relationship between the EPAs negotiations and the RMI, which states that the EU will work towards the elimination of all trade distorting measures (European Commission 2008, p. 7). The Commission also confirmed the role of EPAs in fighting export restrictions in its 2013 RMI implementation report (European Commission 2013, p. 6). Carmody (2011, p. 10) adds that the EPAs are also about market access, but due to the neo-liberal reform programmes in the 1980s, most tariffs in Sub-Saharan Africa are already below 10 %. So there is actually not that much to gain from removing tariffs completely, however faced with hyper-competition from China, this 10 % could be the crucial margin that makes European businesses win or keep their market shares in Africa (Carmody 2011, p. 47).

Whereas the EPAs are being used to tackle trade distortive measures in Africa, the EU has used the WTO to challenge China's two-way strategy at home. In 2009, the EU, the United States and Mexico filed a dispute settlement case to the WTO over China's decision to limit the export of several raw materials. This is the perfect example of what the 2008 RMI stated that EU would do (European Commission, p. 7); it manages to identify a common interest with other resource dependent countries and makes them take collective action against a country that breaches the WTO rules. This decision to challenge China led to the so-called "minerals ruling" issued by the WTO in July 2011, which stated that China broke international rules by restraining exports of a number coveted raw materials (WTO 2011). The EU has continued to challenge Chinese export restrictions, and in 2012 launched a second complaint to the WTO regarding China's decision to limit the exportation of various forms of rare earths, tungsten and molybdenum. This case was also won be the EU when the WTO panel stated, ”China's export quotas were designed to achieve industrial policy goals rather than conservation of natural resources (WTO 2014b)”. This ruling could also be seen as a proof of the Chinese government's strong involvement in trying to secure the competitiveness of its own companies. Even though these two rulings were on Chinese natural resources, it sets precedence for future cases and is the first real battle fought between the EU and China over raw materials access. It could also be a sign for what we should expect to come on the African continent (Ramdoo 2011, p. 15, Stahl 2011, p. 16). For Africa it should be seen as a direct message to states that are thinking of implementing export restrictions to protect their own industries, that the EU will fight these kinds of measures with all means necessary.

Another case, which also can be considered to be connected to the RMI is the EU's decision to introduce tariffs as high as 64.9 % on Chinese solar panels in December 2013. The 2008 RMI stated (European Commission 2008, p. 7) that the EC would use anti-dumping investigations to fight distortion of trade, such as dual pricing or other practices in operation in the exporting country. The reason for the EC to introduce this measure was that the EU accused the Chinese government of subsidising its solar panel industry, which made them able to sell solar panels below cost price (European Commission 2013b). In this way, Chinese companies could out-compete European producers, and also secure the majority of raw materials needed for this industry. China is today only producing 37 % of the raw materials needed for their solar panels production (Ma 2014). China and the EU did, however, come to an agreement on how to solve this problem, but the introduction of these tariffs is another sign of that the EU will not hesitate to use its whole arsenal to protect its industry and access to raw materials.

5.3.1 Raw materials diplomacy

One of the major "inventions" of the 2008 RMI was the introduction of the term raw materials diplomacy, which meant that the issue of raw materials access should be included in all diplomatic relations with other countries and institutions. The EU has since engaged in a number of talks with its strategic partners, and China is one of them. These talks have, however, not led to any major achievements, but the issue of raw materials has been lifted to the highest political level between the two parties. Raw materials were also an issue in the 2008 Communication on trilateral dialogue and cooperation between the EU, Africa and China, where the EU envisaged that the three parties could work together in a flexible and pragmatic way (European Commission 2008b, p. 5). The communication proposed to cooperate in areas where possible, such as peace and security, support for African infrastructure, sustainable management of the environment and natural resources, and agriculture and food security. China has, however, been reluctant to engage itself in this proposal since the Chinese government believes that the EU is thinking about protecting its own interests rather than Africa's development. Beijing has also been more sceptical about the process of trilateral dialogues than the EU, as they fear it may come into conflict with Chinese interest on the African continent (Gregow 2010, p. 22). As we have seen earlier, China wants to be perceived as an equal partner who has been struggling against the same problems of Western imperialism as its African partners, and taking part in a partnership that has been said to be analogous to the 1884 Berlin Conference will not help maintain this image. For Africa the resentment to trilateral cooperation stems from the assessment that the process is lead by external powers that want to exercise its influence on the continent (Alden & Sidiropoulos 2009, p. 2). The other reason for their opposition towards this process is that if China and the EU agree on how to provide development aid, African countries lose their ability to play donors up against each other to get the best deals possible. Due to these reasons, the EU proposition on trilateral cooperation has not lead to any substantial results, but the Communication should be regarded as a concrete example of raw materials and Africa having moved up to centre stage in EU-China relations (Jakobsen & Wood 2012, p. 153).

5.4 A zero-sum game or a possible win-win situation?

So far, EU-China relations have been discussed as a zero-sum game for influence and raw materials in Africa. As we saw in chapter one Asian neo-mercantilism sees economics as a state of war with winners and losers, and by looking at most of the concerns put forward by Western actors it is clear that most Europeans also see the world through the eyes of economic realism, even though they promote economic liberalism as the economic world system. Holslag (2006, p. 147) argues that the EU has good reason to do so, since the new Beijing Consensus is challenging the established world order, which is very much established and maintained by the West. By referring to common destiny and Bandung spirit, China tries to distance Africa from the dominant Western countries, thereby implicitly showing its hostility towards the established international community. Carmody (2011, p. 93) points out that since China conducts its no-strings-attached policy, China is giving African governments a choice of going trough unpopular reforms imposed by the West or trade with them unconditionally. This enables African countries to play different donor countries or investors up against each other to get the best deals possible. This contributes to empower African states vis-à-vis its Western counterparts, which in the end will both increase China's power in

Africa, but also lead to bigger support for China in international organisations, such as the UN. Carmody (2011, p. 93) calls this strategy a platform growth and diplomacy. This implies using its seat at the high table of international relations to protect its business partners in Africa that are under Western scrutiny, such as Sudan or Zimbabwe, and use the support this creates from other African states to further project and protect its power. A paradox is that, while it seems that the Beijing Consensus seeks to replace the established world order, China acts as a status-quo power with its non-interference policy (Carmody 2011, 79). The reason for this is when trading with autocratic regimes, which without the support of China would not have the economic funds to maintain its power; China is artificially keeping them afloat.

While Carmody and Holslag believe that China is challenging the established world order, and that China's growth will come at the expense of the EU and other Western powers, former Chinese prime minister Wen Jibao (in Pan 2006) stated that "China's rise would not come at the cost of any other country, will not stand in the way of any other country, nor pose a threat to any other country". Despite of these assurances, the EU is anxiously looking at China's investments in Africa, but why does not the EU show the same scepticism towards other rising powers, such as India, Malaysia, Japan, South Korea and Brazil, which are also investing heavily in raw materials extraction? One answer could be power. None of these states have a seat in the United Nations Security Council (UNSC), and are therefore unable to transform their economic strengths into political influence in the same way as China. Nor are any of the other countries perceived to be challenging Western efforts in promoting good governance and democracy (Jakobsen og Wood, p. 141). It is, however, unlikely that China will try to challenge Europe's hegemony in Africa, and try to replace them as the main power on the continent. The reason is simple; China is today much more dependent of a good relationship with the EU and the West than Africa. The EU is China's most important trading partner, and if the EU decides to impose sanctions or other measures, as we saw in the case of Chinese solar panels, this would have devastating effects on the Chinese economy. The EU does therefore have a very strong card on their hands in case of an escalation in the competition for raw materials.

So far, China has abided by international rules, and sought to integrate itself in already established institutions, such as the WTO. Beijing already uses these institutions to projects its power, as we have seen above, but what may cause anxiety in the EU is what is going to happen the day China sees its overseas investments threatened, or if China no longer can secure the energy and raw materials that are crucial for their economic development by following the present international norms? Will China then use its newly acquired powers to challenge the established world system? These contra factual questions are hard to answer, and not within the scope of this thesis, but they highlight why the EU and other Western powers feel threatened by China. By asking these questions it is also easy to understand why many see this scramble for Africa as a win or lose confrontation, like many of the European powers did a little over a hundred years ago. They also show that realist views on relative gains are very much alive today in the European Union.

Stahl (2011, p. 19) does not see China's involvement on the African continent as a zero-sum game as many others tend to do. She points to the fact that the Chinese contribution to the telecommunication and the financial sectors in certain African countries is often underestimated, and that China's investments in Africa have contributed to the strong growth rates on the continent. While it is true that China is investing heavily in African natural resources, there has so far not been any evidence that China is locking-up minerals from the EU (Stahl 2011, p. 21). In fact, most Chinese companies prefer to invest in areas where they meet little competition from Western companies, and as newcomers on the international market Chinese companies have started to team up with Western firms and create joint ventures. This opens up opportunities for both China and the EU to cooperate, and create a win-win situation. Holslag (2007, p. 49), who is generally quite sceptical about China's role in Africa, agrees and adds that even though it is true that European companies are meeting stronger competition from Chinese companies than before in the raw materials sector, this will have a small overall effect on the European economy.

For the African continent itself, China's presence could be a blessing, and most African commentators and state officials have expressed a positive view on China's engagement in Africa (Jakobsen & Wood 2012, p. 151). There is also an agreement among observers that the growth Africa has experienced since the Cold War is due to China's demand for raw materials. The World Bank agrees and has stated that the arrival of China in Africa could contribute to the necessary competition that in the end will benefit the continent (Southall & Melber 2009, p. XIX-XX, XXII). There are of course some concerns regarding China's heavy focus on raw materials extraction, but until now there are no signs of China treating resource-poor countries differently than resource-rich countries. In contrast to Western countries, China divides its development projects evenly across almost all states on the continent, and the same goes for debt relief. There are no indications that there exists a link between China's strategy for African resources and its development aid, since it has provided as much assistance to resource-poor countries as to prominent mining states (Holslag 2007, p. 21). The Chinese aid programme does, however, contribute to China's "Go Out policy". It creates a demand for Chinese products, spreads the Chinese brand name across the continent, and boosts China's image as a protector of third world countries. Finally, even though there are no political conditions attached to Chinese aid, it contributes to gathering the support of African countries in international institutions regarding China's domestic issues such as human rights and Taiwan (Holslag 2007, p. 21).

5.5 Conclusion

The RMI should be seen as a direct response to China's increased presence in Africa and rising commodity prices, and contains a number of measures to counter China's Africa Strategy. But maybe the most interesting aspect of the RMI is that we can interpret it as an indirect admission of the shortcomings of the liberal economic approach of the EU in competition against a neo-mercantilist China. The active raw materials diplomacy that the RMI introduced could, however, be seen as an attempt to copy the Chinese formula with an active state. While some of the measures the RMI introduced can be considered to have neo-mercantilist features, it was through an alliance with other liberal states that the EU won its greatest victories. The minerals rulings is perhaps the greatest achievement of the RMI, but one could also see them as a way for the EU and the West to take back the WTO, which was established to promote economic liberalism as the leading world system, but lately has been used by China to gain market access.

As we have seen the "new scramble for Africa" is just as much about power and influence as access to raw materials. So far, both China and the EU has given the impression of looking upon this scramble through the eyes of realism, but as Stahl argues it does not necessarily need be a zero-sum game. The result of this scramble is very much up to the actors involved, and depends on if they treat each other as opponents, or manage to cooperate. Both China and the EU are highly dependent on securing a functional raw materials market and it is therefore in their interests to work together to facilitate raw materials extraction. For Africa this could be the chance the continent has been waiting for, if it manages to use this renewed interest to its advantage. However, if Africa is not able to transform this attention into sustainable growth, it may end up with the same result as after the first scramble; impoverished and neglected.

6.0 Overall conclusion

In this final chapter I will attempt to conclude the research question, making use of the RMI, and the debate about the EU and China in Africa from chapter three to five. Recalling the research question:

With the RMI in mind, how has China's increased presence in Africa affected the EU's approach to accessing raw materials on the African continent?

We saw in chapter one that the RMI was launched in 2008 after a rapid rise in metal prices, mostly due to a surge in demand from emerging economies. The EU pointed out China's booming economy as one of the main reasons for this increased demand, and accused China at the same time of pursuing strategies towards resource-rich countries aimed at securing privileged access to raw materials. Many of these countries were located in Africa, a continent normally considered to be Europe's backyard, and this fuelled concern in the EU that China could challenge their privileged position with the continent.

Chapter three showed that raw materials access always has been a central factor in Europe's relationship with Africa. The colonial era established Africa mainly as a raw materials supplier, and the EU included strong incentives to maintain this relationship in later agreements with the continent. The Cotonou Agreement and the EPA negotiations have contributed to intensify the EU's focus on securing affordable access to the continents raw materials, and have put a heavy emphasis on removing export restrictions. This has, however, met strong opposition among African countries who see export restrictions as a legitimate policy tool crucial for their economic development.

China, on the other hand, had another approach towards Africa, which originally was based more on ideology and political objectives than raw materials access. This changed when after Mao's death in 1976, whereby China initiated its opening up policy. The new leader, President Deng, had a pragmatic view on development aid, and saw that it also needed to contribute to China's own modernisation. By giving development aid to all African countries, regardless of their political system, China became a desirable partner for African leaders who were faced with an increasing number of economic and political conditions from international institutions and the EU. It was also because of international institutions such as the IMF and the World Bank that China could establish itself commercially on the African Continent. By imposing liberal economic reforms they opened up African markets for China and other new powers. The Chinese government has since this used these reforms to its advantage, actively subsidising its own companies to be able to compete and offering foreign governments preferential loans in order to afford Chinese products. China's ability to closely coordinate its commercial interest, its diplomacy and development aid to suit its political objectives has proven to be successful in its dealings with Africa, both in terms of economic profit, but also in increasing its own power and influence on the continent. The Beijing Consensus is therefore considered by many to be a genuine alternative to the West and the old European colonial powers represented by the EU.

Chapter four argued that we could consider China's Africa policy as an example of Asian neo-mercantilism, and in chapter five this paper stated that we should see the 2008 RMI as a direct response to China's increased presence in Africa. It also stated that we could interpret the Council's decision to ask the EC to develop a coherent raw materials strategy of all the EU's foreign policy fields as an admission that European companies could not be given the sole responsibility to secure sufficient amounts of raw materials crucial for maintaining European competitiveness. The RMI therefore includes a number of new inventions that copy China's Africa strategy, and one of them is increasing EU investments in infrastructure crucial for transporting raw materials out of the continent. While infrastructure is very important for Africa's future development, both China's and the EU's focus on infrastructure can give us the connotation to Cecil Rhodes' plan for building a railway from Cape to Cairo for the sole purpose of consolidating British power on the continent and to facilitate raw materials transportation back to the UK. If we continue this thought, and remember that chapter two and five argued that we could consider some of the RMI's new inventions as sharing similarities to China's neo-mercantilist approach, it is understandable that some researchers have named the ongoing race for raw materials a new scramble for Africa.

The RMI is the manifestation of the EU's concern of a possible raw materials shortage, and includes both liberal and neo-mercantilist measures, such as an active state (the EU) in facilitating raw materials access for its companies, which we have seen China do successfully. However it also represents a continued emphasis on liberal values such as good governance, transparency, fair taxation systems and the use of liberal international institutions such as the WTO to protect its interests. We have seen that the EU's raw materials diplomacy has contributed to the signing of a number of deals on raw materials and lifting the topic of raw materials to the top of the agenda of several international organisations, but so far it has not led to any major deals in Africa. Several interim EPAs are signed with individual African countries, but not with the intended EPA groups, which would have included a much higher number of states, since many African LDC can still trade with the EU through the EBA initiative. It would have been natural to assume that EU investments into Africa would have risen as a consequence of the Unions increased focus on raw materials. Chapter three showed us, however, that the contrary has happened due to the financial crisis.

Thus, the main conclusion of my analysis is that China's increased presence in Africa has reignited the EU's interest in the continent, and as a response to rising Chinese competition the EU has introduced a number of new measures, presented in the RMI, which tries to counter or copy China's closely coordinated neo-mercantilist approach. The RMI reflects a shift towards a more proactive raw materials strategy, and the Initiative set out to create a closer coordination between the EU's foreign policies to counter China's resource diplomacy. While the Initiative clearly has some neo-mercantilist features, the EU will continue to promote liberal values as a means to achieve a level playing field. It is, however, to early to tell the results the RMI will have in securing raw materials access for the EU.

By concluding that the RMI is a direct response to China's increased presence in Africa, it would be natural to ask whether the RMI would still have been launched if China not had begun its going-out policy. I believe it would have, due to the structural adjustment programmes many African countries went trough. They opened up African economies for new actors, and if China not had been there, other powers would have. It is, however, not certain that the RMI would have looked the same, since it is the Chinese government strong intervention in the economy that the EU is responding to, not competition from private companies. The other reason for the RMI to been launched, regardless of China, is that there has been strong lobbying for a European approach to raw materials access by European industry, which eventually would have led to a RMI in some form.

6.1 Looking Ahead

The RMI is an expression of the EU's renewed interest in Africa and its concern towards China's increased appetite for raw materials. The RMI goes much further than before in seeking to coordinate all the Union's foreign policies, but there is still room for improvement. First of all the RMI is only a policy paper and the Commission acts mostly as a coordinator of national interests. Due to the Commission already having the responsibility of signing trade agreements, more responsibility should be ceded to a supranational level. This will of course be difficult, but it follows the principle of subsidarity as we saw in chapter two. The reason why the Commission should be given more powers within the field of raw materials is that China has a great advantage due to its ability to coordinate its business, aid and diplomacy, and the EU should attempt to imitate this behaviour. I do not argue that Europe give up its values, and stop promoting good governance, but it must be done more on Africa's terms, and not in a paternalistic top-down approach, as has been the case so far. The West has often made Africa the subject of its own aspirations, first its economic ones and later also political ones. China's no-interference policy, in contrast, appears to be a more honest way of doing business. The EU and the West are preaching democracy and good governance, but their companies often are heavily involved in autocratic states with little respect for human rights. An example is French policies towards oil-rich African countries that never have been guided by the principles of liberty, equality and fraternity.

While Western powers criticise China for helping despotic leaders hold onto power because of its no-interference policy, I agree with Brautigam's (2009, p. 311) argument that a China who follows the principle of non-interference may be preferable to a China that regularly intervenes in other countries domestic affairs, or uses military force to foster political change. It is, however, likely that we will see a change in Beijing's way of dealing with autocratic regimes in Africa, due to the continent's own development. In 2002, the AU replaced the former Organisation of African Unity (OAU), and with this changed the OAU's principle of non-interference in member states to the AU's principle of non-indifference, meaning conditional intervention in member states affairs. China would therefore need to adjust its policies to not be perceived as an irresponsible actor by Africa itself.

The EU on the other hand, should engage in cooperation where possible with China, as they attempted to do in the trilateral dialogue during 2008, and lose much of the paranoia that China has created. The EU should invest resources in trying to understand China's multifaceted activities in Africa, which could contribute to removing some of the fear. Because as we saw during the Cold War, it is the uncertainty of other states intentions that leads to un-rational behaviour and can in the worst case scenario create armed conflicts.

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