



## EDITORIAL

DEAR READERS

Bilateral trade between China and Nigeria hit a new high recently with reports suggesting that the relationship would total over US\$ 10 billion this year. Recent news has also included mention of a contract being awarded to Sinohydro and Harbin Electricity Corporation of China to rehabilitate Nigeria's Kainji hydropower station as well as the construction of a railway linking Abuja to Kaduna. The construction was reportedly funded by concessional loans and implemented by China Civil Engineering and Construction Co to the value of US\$ 629 million. Beyond construction efforts, Chinese telecommunications companies have also entered the large Nigerian market, through companies such as ZTE.

South Africa has also extended its corporate interests and trade relations with Nigeria over recent years. With a large corporate footprint of over 100 companies based in the Nigeria, and a bi-national commission playing a significant role in terms of driving investment between the two sides. A marked trade and investment imbalance has however been noted in favour of trade and investment partners such as China and South Africa, and continues to be a challenge for the West African country as it seeks to address these deficits.

Probably one of the most well known South African companies in terms of the telecommunications industry is MTN. In this months edition of the newsletter Ms Christiana Charles-Iyoha provides a brief overview of the presence of some of the

various telecommunications firms in Nigeria. The piece follows from research undertaken during the course of 2010 into investment by South Africa and Chinese telecommunications firms in Nigeria, as well as their corporate social investment policies in the country.

A second article provides interesting insight into a recent meeting held in Cape Town, South Africa, that brought together various media representatives and journalists at the Campaign for an African Platform on Access to Information. The meeting was especially focused on the current controversial debate being waged in South Africa on the right of media to access government information. Responses to this potential clampdown on media freedom in the country, in particular through the advocacy work of the Right to Know Campaign. The meeting included not only African media representatives but also inputs from other countries such as India. Ms Mandy De Waal provides an overview of some of the remarks made by the Director of Satark Nagrik Sangathan as a result of the organisation's experience in campaigning for media freedom and access to information in India.

We hope you will find this edition of the newsletter an interesting read,

Hayley Herman

*Programme Officer  
Emerging Powers in Africa Initiative*

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More analysis and commentary from Fahamu's Emerging Powers in Africa Programme can be found online in Pambazuka News: [www.pambazuka.org/en/category/africa\\_china/](http://www.pambazuka.org/en/category/africa_china/)

## COMMENTARY

## A Comparative Analysis on the Trade Relations, Investment and Corporate Social Responsibility (CSR) Practices of Chinese and South African Transnational Corporations (TNCs) in Nigeria

By Christiana Charles-Iyoha

IN THE OCTOBER 2010 edition of *Stand Up Nigeria*, a monthly comedy show featuring several Nigerian comedians on Television Continental (TVC), a Nigerian comedian by the name Bash joked that China wants to take over Nigeria. He noted that China has a town inside Nigeria. Additionally, the Chinese are dominating the Nigerian music sector considering that a popular Nigerian musician goes by the name African China. He also commented on the influx of cheap phones that sell for two thousand Nigerian Naira in Nigerian markets. These phones have all sorts of gadgets ranging from cameras, blue tooth, television and television antennae and in some cases, 3G functions. However, the lifespan of these phones are short. The comedian concluded on the note that China was about producing one stop refrigerators with air conditioners and warned people to be careful in patronising such products.

This may be a joke but to a large extent speaks to the depth of Chinese business penetration in Nigeria. Practically every geographical area of Nigeria as well as economic sector is host to formal and informal businesses in about every sector; owned by the Chinese and managed by the Chinese in Nigeria at the micro, medium and macro levels. China however is not the only country with such overwhelming economic and people presence in Nigeria.

India, a long term trading partner of Nigeria from the 60's has remarkable economic and people presence in Nigeria. Only recently India joined China and South Africa in the telecommunications money spinning sector of the Nigerian economy through Bharti Airtel Limited that acquired Zain Africa in June 2010. Airtel Nigeria, the name by which the company operates in Nigeria is one of the top three mobile telephony and data services providers in Nigeria.

The volume of trade between Nigeria and South Africa is also experiencing geometric progression with a leap from \$16.5 million (about N2.4 billion) in 1999 to over \$2.1 billion (about N315 billion) in 2009 in favour of South Africa. In addition, the number of South African companies operating

in Nigeria are far in excess of the Nigerian firms operating in South Africa. Close to a hundred South African companies, including leading telecommunications giant MTN, MultiLinks/Telkom, Clickatel, Broll, West Africa Cable System (WACS), Multi-Choice and power company Eskom, are operating in Nigeria.

While similarities may exist in terms of trade relations between China and South Africa with Nigeria, there is a great deal of difference in investment practices. China has a reputation of providing services, infrastructure and equipment as well as supposedly soft loans ahead of the full take off of the investment. These loans however also cost the host economy a good deal of natural resources. Nigeria is a case in point as well as Angola and Sudan.

An emerging worrisome trend is that projects are either half completed, abandoned, or delivered below standard. The rehabilitation of Nigeria railways, the failed NigcomSat1 and, the closure of the multi million dollar ZTE's handset factory in Abuja, coupled with the fact that rather than manufacture, the plant was assembling, alongside the casualization of staff, and the national rural telephony projects that the federal government has contracted to private telephone operators are examples of half completed, abandoned or delivered below standard projects. All of these projects cost Nigeria huge sums of money in loans for access to natural resources that civil society and other development stakeholders are not querying. It is particularly worrisome because of China's non-interventionist stance that ultimately excludes room for queries, monitoring and evaluation of project performance and loans repayment monitoring. The question that begs to be answered is, is China in any way entrenching corruption that the West had said no to in Africa at the expense of access to much needed natural resources in China? Angola and Sudan are glaring case studies in addition to Nigeria. Labour practices also suggest investment for access to natural resources and not necessarily job creation, human capacity development, genuine infrastructure development and technology transfer.

However, China is a major trading partner of Nigeria and will continue to invest in Nigeria for sustained access to Nigeria's abundant supply of crude oil, a much needed raw material in China coupled with the huge market for manufactured goods from China that Nigeria's huge population offers. Additionally, China's concessionary soft loans and ODA for infrastructure development offered to Nigeria and other African countries for access to much needed natural resources is an irresistible incentive to Nigeria and other Africa nations that are China's trade partners. For example in the case of the NigComSat-1 contract, China was the only nation to make a bid on time, in budget, and up to the Nigerian government's desired standards in addition to providing the loan for the purchase. Additionally, the present economic challenges accommodate cheap and substandard imports from China for the low-income group. China's non-interventionist political approach appeals to not only the Nigerian polity but the general African polity who want to be in control and not tethered to the dictates of Washington et al.

South Africa is also committed to long-term investment in Nigeria and is working hard at improving areas of contention such as the very humiliating process of getting visas at the South Africa High Commission. Additionally, the manner in which Nigerian nationals and businesses are treated is an issue of concern that has been raised at high governmental levels with South Africa pledging to ease out the bottlenecks associated with these issues. While bilateral relations have yielded enormous benefits for South African entrepreneurs with investments in Nigeria, there are little or no opportunities for Nigerians to do real business in South Africa. A strong case making the rounds in the telecommunications sector is the repeated refusal of ICASA to grant MainOne a landing licence when its South African equivalent WACS got a similar licence from NCC. Significantly, MTN is one of the members of the WACS52 consortium while its close rival in the Nigerian telecommunications sector, Globacom owns substantial stakes in MainOne.

In terms of corporate social responsibility activities that are more grass root oriented, South African TNCs, MTN Nigeria in particular through the MTN Foundation have more to offer Nigerians than the Chinese TNCs. While MTN Nigeria impacts directly by providing essential services such as the MTN rural telephony project, the pro-poor housing project, the medical support initiatives and indirectly through such promotional programs as who wants to be a millionaire, MTN West Africa Project Fame and the MTN Family Game, the Chinese TNCs on the other hand may argue that they provide the equipment support that makes the South African TNCs functional therefore they are also socially responsible.

Therefore for Nigeria and other African partners of China to derive maximum benefits from this asymmetrical economic romance, African governments and negotiators need to take full advantage of the opportunities offered when the bilateral agreements are being discussed by insisting on key development infrastructure into the agreements before they are signed. Also when negotiating with them, Chief Eddie Ugbomah advised that patience and evaluation of long-term benefits is required to get the best deal. Citing the instance of negotiating royalties to be paid to producers of Nigerian films, Ugbomah recalled 'we plumped for \$2, 500 per film but Multichoice refused. Mind you, they were paying \$4, 000 for films from East African countries. We felt we were undervalued and we made ourselves clear on that issue'. Expectedly, negotiations stalled between Multichoice and Nollywood. But other less patient members went behind and negotiated a new deal that left Nigerians producers poorer by \$1, 000, but richer in terms of mileage. The contractual agreement stipulated that \$1, 500 was to be paid for each Nigerian film shown on Multichoice's popular channel, Africa Magic, a channel devoted entirely to anything Africa, especially cultural. Ugbomah however did not relent in advocating increased royalties and perhaps because of his loud and incessant complaints in the media Multichoice has since upped the royalties to Nollywood. Now they pay upwards of N200, 000 for each film screened by Africa Magic.

In the words of Dr. Jonathan Aremu, the investment practices of the Chinese telecommunications TNCs is the new economic scramble for Africa with the intent to not only further exploit the natural resources of Africa but also commit Africa to the use of their supposedly low cost technologies and equipment that sometimes come in the form of equipment donation with the ultimate goal of being completely tethered to their telecommunications firms. Dr. Aremu also cautioned on the use of such technologies and equipment that come free or are highly subsidized, as users would eventually pay the real values of such technologies and equipment in the long run.

*Christiana Charles-Iyoha is Executive Director, Centre for Policy and Development in Lagos, Nigeria*

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*This article draws on the study, 'A Comparative Analysis on the Trade Relations, Investment and Corporate Social Responsibility (CSR) Practices of Chinese and South African Transnational Corporations (TNCs) in Nigeria', conducted with financial support from Fahamu's Emerging Powers in Africa Initiative. The study is available at [http://www.fahamu.org/images/empowers\\_report\\_0311.pdf](http://www.fahamu.org/images/empowers_report_0311.pdf)*



China/Emerging Powers in Africa initiative is a project of Fahamu, Networks for Social Justice  
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## COMMENTARY

## Lessons from India's fight for the right to know

In South Africa right now, and historically elsewhere on the continent, movements fighting for access to government information remain largely organised and composed of the civil society organisations and the media. India's same battle, though, provides insight on how to mobilise mass support.

By Mandy De Waal

INDIA'S RAJASTHAN IS often referred to as "the land of kings", but for minimum wage workers living in remote rural villages in the state in the early 1990's, life had become a misery. Government workers were not getting their daily minimum wages because, officials told them, state records showed that the workers hadn't put in a full day. When asked if they could see government records, the workers were told they were secret.

This denial of access to information eventually seeded a nationwide campaign for the right to information which changed India's access to information laws, and which contains critical lessons for activists, journalists and civil society in South Africa currently fighting against local secrecy laws, and other countries facing the same challenge.

"What the workers in Rajasthan showed the whole of India is that unless people have the right to access government information, they cannot access other basic rights," says Anjali Bhardwaj, a director at Satark Nagrik Sangathan (SNS), a New Delhi based citizen's vigilance organisation that champions open access to information in India. Bhardwaj was in South Africa to share experiences of how India's access to information movement was initiated in remote villages and city slums with delegates at the Campaign for an African Platform on Access to Information held in Cape Town recently.

"Slowly this demand for a right to information spread to other parts of the country, and people from different walks of life like academia, journalists, and lawyers joined the movement," says Bhardwaj. Activists started working with the villagers, and by 1996 a national campaign was established by a broad alliance under the name the National Campaign for Peoples' Right to Information (NCPRI). "A draft access to information bill was proposed by the NCPRI and the campaign demanded that the government pass a right to information law."

The draft bill gathered momentum, and some nine Indian states passed right to information laws. But the real victory came when a national access to information act was legislated in 2005. A driving force behind the process was activist organisations that

engaged India's marginalised to show them exactly how access to information could change their lives.

"In Delhi, Satark Nagrik Sangathan works in several slum settlements where local government had passed a right to information act, and in this area people came up to us and told us they weren't getting subsidised food grants," says Bhardwaj. In India, food subsidies are distributed through "ration shops" governed by storekeepers who manage and distribute these vital supplies. "Our organisation helped people file right-to-information applications so that they could access the records of their local ration shops."

Stock registers and sale registers of ration stores were obtained and simple equations showed that food subsidy shops were selling rations on the black market. "This was the first time these people in Delhi had proof of corruption and pilferage," says Bhardwaj.

With information in hand, citizens of Delhi reliant on food subsidies filed mass complaints to India's government and demanded public hearings that resulted in several ration shops being shut down and disciplinary action being taken against corrupt officials.

"As a result, people in these slums started getting their ration supplies on time and realised that the right to information wasn't just helping them access information, but was also helping them get the entitlements that were taken away from them due to corruption," says Bhardwaj. She says making access to information relevant to people is what drove the momentum to put pressure on government to effect a national law protecting people's right to know.

India's national access to information law is very wide and has few stringently defined exemptions. The law provides for an independent appeals mechanism as well as for penalties to be imposed on officials who violate the act. It provides for proactive disclosure of information by the government on issues like subsidy programmes, the basis for policy making, as well as the roles and responsibilities that government officials should be held to account for.

"The law has been used extensively by citizens



across the country, especially by the marginalised to hold the government accountable. The act has been used by people to access information on social security schemes, health, education, food security and the many other issues that affect their daily life," Bhardwaj says.

Her group also offers people accessible tools to track local government performance. "SNS pioneered a report card initiative for government officials because people in the Delhi slums told us that once their representatives had been elected, there was no way of knowing what they did, and election promises were never fulfilled."

The report cards offer a snapshot view of the performance of key government officials, particularly those responsible for spending development funds in local areas. "In one constituency where water shortages were a big problem, people examined the report card and realised their member of the legislative assembly had spent close to 60% of his local area development funds on constructing fountains in parks," says Bhardwaj.

People had been asking the official for seven years to install water pumps in their slums, but always the local government man said there was no money. Now the people know why money remained an issue.

"People took the report card to him and questioned him on why he spent his local area development

funds on constructing fountains, rather than providing drinking water. They told this official that they would not vote for him in the forthcoming elections if he didn't address their drinking water problems using the funds at his disposal." The result was that the water pumps arrived rather rapidly and the government man was even on hand to inaugurate them prior to the next elections.

The profound lesson India offers is one of relevance. "A very important thing is that common citizens feel extremely empowered because for the first time, they know are informed about what the government is doing and can meaningfully participate in governance," says Bhardwaj.

India's access to information movement shows people don't want information for the sake of having information and don't mobilise for lofty liberal freedom ideals. People fight for information rights when these rights become relevant – when they matter to people's experience of life, and they begin to realise that the right government information can change lives for the better.

*This article was first published on Free African Media at the following link: <http://freeafricanmedia.com/article/2011-09-20-lessons-from-indias-fight-for-the-right-to-know>*

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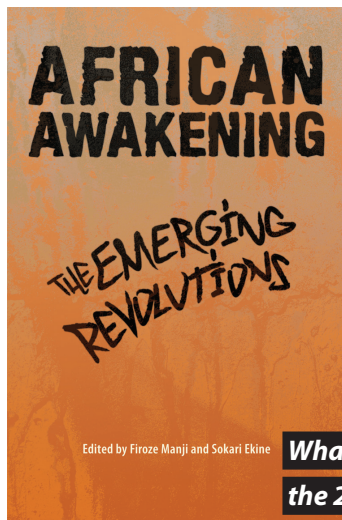


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**What the mainstream media missed – the 2011 uprisings in their African context**



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## RESOURCES, LINKS AND ANNOUNCEMENTS

**Recent Publications and New Reports****Emerging Powers and the Changing Global Environment: Leadership, Norms and Institutions**

Written by Mzukisi Qobo, SAIIA Occasional Paper No 91, September 2011

Occasional paper is available at: <http://www.saiia.org.za/occasional-papers/emerging-powers-and-the-changing-global-environment-leadership-norms-and-institutions.html>

**India's role in the new global farmland grab**

Written by Rick Rowden, Economics Research Foundation and GRAIN, 19 August 2011

Report is available at: <http://farmlandgrab.org/post/view/19100>

**Chinese trade and investment and the forests of the Congo Basin**

Synthesis of scoping studies in Cameroon, Democratic Republic of Congo and Gabon

Authors: Putzel, L.; Assembe Mvondo, S.; Ndong, L.B.B.; Banioguila, R.P.; Cerutti, P.O.; Tieguhong, J.C.; Djeukam, R.; Kabuyaya, N.; Lescuyer, G.; Mala, W.A, Center for International Forestry Research (CIFOR) Bogor, Indonesia

Report is available at: <http://www.cifor.org/nc/online-library/browse/view-publication/publication/3501.html>

BRIC and Africa - the redback's rise - an opportunity for Africa

Written by Jeremy Stevens and Simon Freemantle, Standard Bank Research, August 29 2011

Report is available at: <https://research.standardbank.com/DocumentReader?docId=1671-b000554fccd346bc-9160596cdc8cf4ff>

**Programme Activities**

Ms Hayley Herman, Programme Officer, participated in China Week hosted by Rhodes University Confucius Institute in Grahamstown, South Africa from 26-29 September 2011. During this time she also gave a presentation titled Civil society engagement: A role to play in Sino-African relations?



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