

## FOREWORD

*Philip Snow*

Ever since observers have been on hand to report it the arrival of a Chinese presence in Africa has been greeted with extremes of approval and dismay. One hundred years ago, for example, many European empire-builders applauded the import of Chinese contract labourers, who they believed would open up the continent by shouldering work on the new roads and railways and in the Rand goldfields of South Africa which their African counterparts were unable or unwilling to perform. Others saw the Chinese as a lethal threat. Chinese labourers, they protested, would slip out of their compounds, subvert the morality of the unspoilt 'natives', steal European jobs and businesses; and Johannesburg would become 'practically a Chinese town'.<sup>1</sup> African feelings are less well documented, but there are reports of anxiety among some local people that the effect of importing Chinese would be to force down their wages and drive them off the land. Two generations later, in the 1960s and 1970s, when the first representatives of modern China began to appear in independent Africa in pursuit of their strategic rivalries with the United States, Taiwan and the Soviet Union, the pattern of reactions repeated itself. As Beijing's guerrilla instructors gave training to rebels from the white-ruled territories at remote camps in Ghana and Tanzania, as its civilian aid teams built the TAZARA railway and other spectacular projects and set

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<sup>1</sup> Prediction of Sir William Butler quoted in Brian Gardner, *The African Dream* (London: Cassell, 1970), p. 235.

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up medical clinics in the depths of the bush, radical African leaders such as Julius Nyerere acclaimed Maoist altruism and embraced China as the champion of a new, just world order—while Western analysts fretted about the ‘Red Guard line chugging into Africa’,<sup>2</sup> and a Western-influenced president of Upper Volta (Burkina Faso) warned that if he allowed Chinese into his country they would settle there and ‘we would disappear within a few years’.<sup>3</sup>

Now the Chinese are once again making their mark on the continent, and on a larger scale than ever before. After a lull in the 1980s, when their strategic interests in Africa faded and their focus switched to the drive for domestic modernization, they have moved back impelled by their appetite for export markets, for the foreign exchange to be earned from contract engineering, and above all for African oil and other mineral resources—an appetite which has in the space of just half a decade approximately quintupled their trade with the continent. Over \$55 billion worth of two-way trade by the end of 2006;<sup>4</sup> almost \$12 billion worth of Chinese cumulative investment in Africa;<sup>5</sup> some 800 Chinese companies and 80,000 Chinese workers employed on African schemes.<sup>6</sup> This surge of business has been accompanied by a dramatic enlargement of Chinese influence in many spheres. With President Hu Jintao playing host in Beijing to forty-eight African leaders assembled for the great third Forum on China-Africa Cooperation in November 2006, Shanghai providing the venue for the latest meeting of the African Development Bank,

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2 Headline of article in *Wall Street Journal*, 29 September 1967, quoted in Jamie Monson, ‘Liberating Labour? Constructing Anti-Hegemony on the TAZARA Railway in Tanzania, 1965-1976’, p. 198 n. 4 below.

3 Remark of President Maurice Yaméogo quoted in Wei Liang-tsai, *Peking versus Taipei in Africa, 1960-1978* (Taipei: The Asia and World Institute, 1982), p. 147.

4 Official Chinese figure announced in *South China Morning Post (SCMP)*, Hong Kong, 31 January 2007 and *Financial Times (FT)*, London, 1 February 2007.

5 Official Chinese figure cited in *SCMP*, 18 May 2007 and *The Economist*, 19 May 2007.

6 Chinese government estimates for late 2005 cited in *The Economist*, 28 October 2006, *SCMP*, 2 November 2006, *FT*, 25 January 2007 and *SCMP*, 15 May 2007.

the Chinese government taking on the construction of an expanded headquarters for the African Union, and Confucius Institutes arising to disseminate Chinese language and culture in centres ranging from Nairobi to Stellenbosch, it has been hard not to think in terms of something resembling the emergence of a Chinese Commonwealth.

Local and outside interest in this phenomenon has correspondingly been greater than anything ever seen in the past. Earlier, even in the Maoist period, China's presence in Africa was largely mulled over by specialists; now it has become a major world issue, a burning question about which over thirty international conferences were held in 2006 alone, on which every self-respecting columnist finds it necessary to express an opinion, French ministers draw up reports and US congressmen address joint letters to the Beijing government. And once again the response has been characterized by extremes of delight and hostility. While President Mugabe of Zimbabwe has unveiled his 'Look East' policy and urged his subjects to acquire Chinese language and cookery skills, and former President Obasanjo of Nigeria has informed Chinese guests, 'When you're leading the world, we want to be very close behind you',<sup>7</sup> the fear of demonstrations by disgruntled local employees has forced Hu Jintao to cancel a visit to a Chinese-owned mine in the *Zambian Copperbelt*, Chinese workers in several countries have been victims of murder and kidnapping, and Western activists holding China responsible for the Sudanese government's genocidal repression in Darfur have threatened to derail the Beijing Olympics.

Here, not before time, is a book designed to explore the hugely expanded dimensions of this subject. Earlier volumes, including my own *The Star Raft: China's Encounter with Africa* (1988), were for the most part general surveys aiming to awaken interest in the broad Sino-African relationship and to compare the apparent patterns of Chinese conduct in Africa with the record of the European powers. Detailed reports were, of course, compiled on occasion by Western aid or intelligence personnel working locally in Africa, but these

7 Declaration made to President Hu Jintao and his entourage during their visit to Nigeria, quoted in *SCMP*, 28 April 2006.

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went unpublished. Now at last we have a collection of in-depth essays cutting and slicing the subject in numerous ways. Case studies of Chinese interaction with individual African countries, regions and post-colonial groupings; analyses of the impact the Chinese upsurge has made on various sectors of African business and industry; viewpoints of the different external powers including—a bonus unthinkable twenty years ago—an informed contribution from China itself.

And here too is a much needed effort to take some of the heat and mystery out of the study of China's role on the continent. Time and again, in their close-focus chapters, the authors demonstrate that the new Sino-African encounter doesn't lend itself to easy generalization. On the Chinese side we find a diversity of actors who were simply not present a generation ago: provincial governments, giant oil and construction firms and the great new wave of individual retailers, doctors, restaurant operators and other entrepreneurs—not all of them by any means under the day-to-day micromanagement of Beijing. We also find reports of debate and discord among Chinese policymakers, of a kind not observable a generation ago even if it went on, over China's role in the Sudan and the social and environmental responsibilities of Chinese companies. In Africa the cast of characters ranges from the political and business elites to the ever more vocal NGOs and trade unions and the ordinary townspeople who buy their necessities at Chinese shops. Even among the Western powers a contrast emerges between the agitated reaction of US government circles to China's resurgence on the continent and the laid-back attitude of French officials who detect no immediate challenge to their country's interests.

As the actors vary, so does the action from place to place. We find Chinese oil firms displacing local communities in the southern Sudan and drilling without a permit in a Gabonese nature reserve, while Chinese construction firms rebuild large parts of the infrastructure of postwar Angola and other states (not always resource-rich ones) where the West has hung back; Chinese interests investing in an industrial take-off in Mauritius but not in Nigeria; China's thirst for resources improving commodity prices and terms of trade for most countries while competition from Chinese exports cripples the nascent textile industries of South Africa and Lesotho. We

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find Chinese shopkeepers appreciated in Cape Verde and Senegal but not in Namibia. We find the Chinese ambassador to Zambia crudely threatening that diplomatic ties will be broken off if a hostile candidate wins the presidential election, while Beijing's top leaders tour Africa with an assiduity never shown by their Western opposite numbers and the Chinese media talk up Africa's promise in positive tones far removed from the Western press's monotonous preoccupation with African gloom and doom. Some of the authors also inject into the current excitement a helpful dose of relativism. China's lunge for resources, they remind us, is not directed solely at Africa but is taking place right across the globe. The intimate ties cultivated by Beijing's oil majors with accommodating African despots in order to 'lock up' supplies is not a uniquely Chinese piece of devilry but has been standard practice in the Western oil industry in Africa for many years.

So where is the Chinese Commonwealth headed? Given the conflicting nature of the evidence the outlook of the authors is, not surprisingly, mixed, with some emphasizing the scope for friction and the risks to both China and its African partners while others write in a spirit of what one of them terms 'realistic optimism'. Looking from the historical angle one point ought perhaps to be kept in mind. Beijing has now accumulated half a century's worth of experience in dealing with post-colonial Africa. Egregious mistakes have been made, but the learning process has been constant, and the Chinese have shown a consistent ability to adjust their policies where adjustment has plainly been called for. At the end of the 1960s, for instance, after Maoist attempts to subvert conservative, Western-leaning governments had resulted in a series of diplomatic debacles, the decision was made that Beijing should from now on stand back and 'support whoever is the leader'.<sup>8</sup> Over the last few years this policy of 'non-interference' has landed the Chinese leaders in trouble of the opposite kind, as large swathes of African opinion condemn their support for despotic regimes in the Sudan and Zimbabwe and the once sainted People's China ironically finds itself viewed in many

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<sup>8</sup> Phrase used by Chinese Foreign Ministry official in interview granted to author on 21 July 1982.

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countries as the champion of corrupt vested interests against the African poor; but we are now seeing signs that Beijing has become aware of the damage and is seeking ways to reach out once again to a broader constituency.

A similar adaptability may be found in Chinese approaches outside the political sphere. By the early 1980s it was clear from the floundering performance of TAZARA and other much publicized aid projects that Chinese skills were not getting transferred to the African recipients on the lines once laid down by Premier Zhou Enlai. The Chinese leadership took note of this shortcoming, and by the end of the decade had already begun to embark on the new programme of professional and technical training for Africans both at home and in China that has been so conspicuous in recent years. Again, in the early 1980s it was possible to pick up mild but unmistakable murmurings in some African quarters—why was it always *China* teaching *Africa*, didn't the Chinese feel the continent had anything to teach *them*? Even to this Beijing has replied in some measure, with the marked increase in African studies that has been arranged since that time in Chinese institutes and universities, and the assertions of some Chinese Africa hands that much more must be done to address the 'educational deficit'.<sup>9</sup> Harder to alter may be certain ingrained patterns of grass-roots behaviour. Will Chinese enterprises in Africa be able to overcome their reluctance, apparently as widespread and resented as it ever was, to employ local people in responsible posts, and their preference to do things by themselves?

One still more imponderable question is raised by the series of meditative articles with which the book closes. What will China's future role on the continent be vis-à-vis its competitors? Will China, maybe followed by India and Japan, nudge the Western powers to the sidelines, so that its current burst of activity indeed proves to mark a watershed in African history; or will its approach to the continent lose its distinctiveness and appeal in the face of the inevitable compromises that day-to-day dealings in Africa impose? Are

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9 Phrase used by Professor Li Baoping of Beijing University in paper submitted to China-Africa Links workshop held at the Centre on China's Transnational Relations of the Hong Kong University of Science and Technology on 11-12 November 2006.

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we bound for a collision between the United States and China over African resources, with local governments exploiting the conflict as best they can; or is there hope for the more constructive scenario that some at least of the Western actors profess to want, in which Africa's Western and Chinese partners team up and draw on each other's strengths to help the continent forward in a wide range of areas, from offshore oil extraction to public health care? Whatever the outcome, China's resurgence in Africa has to rate as one of the most striking developments of the early twenty-first century—and this thorough and balanced study provides the right equipment with which to assess it.

*Hong Kong, September 2007*

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*Chris Alden, Daniel Large and  
Ricardo Soares de Oliveira*

We had a memorable yesterday...We enjoy a splendid today. The flower of Sino-African friendship is blooming with the care and nurturing of the Chinese and African peoples. We will greet a flourishing tomorrow...China, the biggest developing country in the world, is ready to join hands with Africa, the biggest developing continent in the world, to...march into the 21<sup>st</sup> century full of confidence.<sup>1</sup>

China's expanding relations with Africa are the most important dynamic in the foreign relations and politics of the continent since the end of the Cold War. The nature and implications of China's renewed engagement with Africa are only beginning to be appreciated, but it is already clear that this is a process of profound significance. The unprecedented interest among the media, academic quarters, and a range of governments and international organizations that has gathered momentum since 2006 recalls, and has already exceeded, the last comparable episode of attention following Premier Zhou Enlai's African 'political safari' in 1963-64. Rather than revolutionary prospects being 'excellent', as Zhou (in)famously declared in Mogadishu, some regard China's 'new strategic partnership' with Africa as bearing such potential in terms of common prosperity through 'win-win' cooperation, while others see mixed benefits and the potential for threat.

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1 President Jiang Zemin, speech to the Organization of African Unity, Addis Ababa, 13 May 2006. *ChinaAfrica*, 66 (June 1996), p. 24.



China's 'Year of Africa' in 2006 saw China-Africa relations attain an unusual prominence. In January the now-traditional New Year's tour of Africa by the Chinese Foreign Minister Li Zhaoxing, who visited Cape Verde, Liberia, Mali, Senegal, Nigeria and Libya, was followed by the release of China's first Africa policy statement and tours by President Hu Jintao (Morocco, Nigeria and Kenya) in April and Premier Wen Jiabao (Egypt, Ghana, Democratic Republic of Congo, Angola, South Africa, Tanzania and Uganda) in June. The wide geographical extent of these tours was reinforced by regional meetings of the Macau Forum and the Conference of Sino-Arab Friendship. However it was the Forum on China-Africa Cooperation on 4-5 November 2006 (FOCAC or *Zhong Fei Hezuo Luntan*) that showcased China's new 'strategic partnership' with Africa. Beijing was painted with a selection of images of Africa and a profusion of public banners proclaimed 'Friendship, Peace, Cooperation and Development' (*youyi, heping, hezuo, fazhan*). As the third ministerial and first heads of state summit, FOCAC was attended by 'leaders of China and 48 African nations'.<sup>2</sup> It amounted to a public declaration of China's arrival in Africa, and sought to impress this upon the African guests and the world at large.

The recent visibility of China-Africa relations has been accompanied by grand pronouncements about the new 'age of the dragon' in Africa. External coverage at times has suggested that China has suddenly exploded into and is now 'conquering Africa'.<sup>3</sup> There have been sweeping calls for Africa to 'Look East' in a new, more optimistic age of economic growth and apparent political opportunity. As one Kenyan newspaper asked: 'With China calling, is it time to say goodbye to [the] US and Europe?'<sup>4</sup> At the same time there have been growing concerns, sometimes articulated as fears of 'neo-colonialism', that China's relations with Africa replicate and reinforce established patterns that are unfavourable to African development. Such questions are important and are set to be considered for some time. However,

2 See [www.focac.org](http://www.focac.org).

3 Andreas Lorenz and Thilo Thielke, 'China's Conquest of Africa', *Der Spiegel*, 30 May 2007.

4 Mark Sorbara, *The Nation* (Nairobi), 13 April 2006.

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rather than ‘the age of the dragon descending upon Africa’,<sup>5</sup> or indeed a new ‘panda menace’ looming over the continent,<sup>6</sup> Chinese engagement with Africa today represents the continuing development of relations that were revived in a more concerted manner under state direction from Beijing after 1989 and, in turn, have been cultivated by different African governing elites. While China’s inward focus on the daunting task of modernization preoccupied its leadership after 1978, Africa found itself downgraded in China’s official foreign relations, although it was by no means forgotten. China repositioned itself and reached out to Africa again in a new phase during the 1980s (which began, for example, with Beijing’s support for Salim Salim’s bid to become UN Secretary General in 1981). Following the repression of the pro-democracy movement in Tiananmen Square in June 1989, Beijing looked to Africa for political support and increasingly as a source of resources and a potential market. The post-colonial Chinese engagement with Africa may have been episodic as a result of a combination of domestic politics and China’s own foreign relations, but unlike 1433, when Chinese sea voyages to Africa stopped, there was an underlying continuity of ties.<sup>7</sup>

### *Historical background*

The historical background to China’s longstanding connections with different parts of Africa can only be very generally summarized here.<sup>8</sup> The example of the Ming Dynasty diplomatic missions seeking trade and recognition on behalf of the Chinese Emperor, as opposed to conquest or occupation—famously Zheng He’s seven voyages be-

5 Lorenz and Thielke, ‘China’s Conquest of Africa’.

6 Antoine Halff, ‘The Panda Menace’, *The National Interest*, July 2007.

7 As one title, capturing part of the high interest generated by the latest phase of relations, asserted: ‘China in Africa: They’re Back!’ George Moose, *Africa Policy Journal*, 2 (2006).

8 See Philip Snow, *The Star Raft: China’s Encounter with Africa* (London: Weidenfeld and Nicolson, 1988); Teobaldo Filesi, *China and Africa in the Middle Ages* (translated by David L. Morison) (London: Frank Cass, 1972); J.J. L. Duyvendak, *China’s Discovery of Africa* (London: Arthur Probsthain, 1949); Gao Jinyuan, ‘China and Africa: The Development of Relations over Many Centuries’, *African Affairs* 83, 31 (1984), pp. 241-50.

tween 1405 and 1433—continues to be regularly invoked to demonstrate a contrast to European exploration and conquest in Africa. Together with shared colonial experience, it remains an important part of the basis for claims that China is different in the manner in which it relates to Africa. As Philip Snow has documented in his pioneering work *The Star Raft: China's Encounter with Africa*, the historical backdrop is important. It imbues China's approach to its Africa relations, and the use of history is a notable aspect of China's connections with the continent. The third FOCAC, during the fiftieth anniversary year of the PRC's establishment of diplomatic relations with Egypt, was underpinned by historical recollection emphasizing the commonalities between China and Africa: cradles of civilization, victims of colonialism, a developing country and developing continent.<sup>9</sup>

The PRC's engagement with Africa waxed and waned according to its domestic situation, Cold War politics and its dispute with the Soviet Union.<sup>10</sup> Beijing rhetorically championed Third World causes during the different phases of its involvement with Africa, including the revolutionary 'national liberation' struggles of the 1960s and 'self-reliant development' of the 1970s. China sought to use its relations with Africa to enhance its position vis-à-vis the US and Taiwan, as it previously had done vis-à-vis the Soviet Union.<sup>11</sup> The PRC's involvement in Africa took different forms—including support for liberation

9 See, for example, Yuan Wu, *China and Africa* (Beijing: China Intercontinental Press, 2006) (trans. Li Guoqing).

10 Emmanuel Hevi, *The Chinese Communists and Africa* (New York: Praeger, 1966); Bruce D. Larkin, *China and Africa 1949-1970: The Foreign Policy of the People's Republic of China* (Berkeley: University of California Press, 1971); Alaba Ogunsanwo, *China's Policy in Africa, 1958-71* (Cambridge University Press, 1974). George T. Yu, *China and Tanzania: A Study in Cooperative Interaction* (Berkeley: University of California, 1970), Yu, *China's African Policy: A Study of Tanzania* (New York: Praeger, 1975); Alan Hutchison, *China's Africa Revolution* (London: Hutchinson, 1975); Steven F. Jackson, 'China's Third World Foreign Policy: the Case of Angola and Mozambique, 1961-93', *The China Quarterly*, 142 (June 1995), pp. 388-422.

11 Peter Van Ness, 'China and the Third World: Patterns of Engagement and Indifference', in Samuel S. Kim (ed.), *China and the World: Chinese Foreign Policy Faces the New Millennium* (Boulder, CO: Westview Press, 1998), p. 151.

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struggles and aid programmes—but its foremost motivation was not based on resource needs. As Larkin observed in 1971: ‘For the most part strategic minerals do not figure prominently in China’s quest for economic relations with Africa.’<sup>12</sup> Rather, it was driven by the combination of a desire to pursue prestigious aid work and geopolitical exigencies, including strategic competition with Taiwan before and after Beijing’s successful entry into the UN with the support of African votes in October 1971.<sup>13</sup> More limited Chinese engagement in Africa during the 1980s reflected China’s changed internal development and modernization priorities under Deng Xiaoping, as did the reorientation of Chinese aid in Africa during the 1980s when its political philanthropy developed into more commercially oriented involvement. China’s aid programme in Africa may have been scaled back in the 1980s, but commerce continued. Chinese business ventures or infrastructure projects may not have proceeded on a comparable scale to today but were active in a number of contexts. Zhao Ziyang’s tour of eleven African countries in late 1982 and early 1983, designed to repeat Zhou Enlai’s ground-breaking tour, sought to reinvigorate relations and assert shared Third World identity.<sup>14</sup>

Facing international isolation after the Tiananmen Square crack-down, China reinvigorated its political interest in Africa and embarked once again on proactive Africa diplomacy. This was catalyzed by President Jiang Zemin’s tour of Egypt, Kenya, Ethiopia, Mali, Namibia and Zimbabwe and his address to the Organization of African Unity in May 1996. In calling for the rejuvenation of ‘traditional projects aided by China’, increased political cooperation and expanded economic ties, Jiang offered an optimistic vision of flourishing

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12 Bruce D. Larkin, *China and Africa 1949–1970*, p. 93.

13 See, among others, George T. Yu, ‘Peking versus Taipei in the World Arena: Chinese Competition in Africa’, *Asian Survey*, 3, 9 (1963), pp. 439–53; George T. Yu and David J. Longenecker, ‘The Beijing-Taipei Struggle for International Recognition: from the Niger Affair to the U.N.’, *Asian Survey*, 34, 5 (1994), pp. 475–88.

14 See Deborah Bräutigam, *Chinese Aid and African Development: Exporting Green Revolution* (London: Macmillan Press Ltd, 1998). George Yu, ‘Africa in Chinese Foreign Policy’, *Asian Survey*, 28, 8 (1988), pp. 849–62.

relations. Even then, however, with a trade volume of \$3.5–4 billion, China's share of Africa's trade was comparatively small. The Chinese government was keen to address its trade surplus with Africa: 'China only exports but imports little' from African countries.<sup>15</sup> At this stage, recognition that 'Africa is a market with great potential' was accompanied by increased government and enterprise interest in economic engagement, the entry of Exim Bank and establishment of Investment, Exploitation and Trade Centres in Egypt, Gabon, Cameroon, Côte d'Ivoire, Guinea and Mali which were intended to combine investment, resource extraction and trade functions. The impressive thickening of ties that has been evident since 2000 has thus followed on from the 1990s, but through a more concerted drive to expand China's engagement in Africa.<sup>16</sup>

### *China's African engagement*

Current relations are developing in a markedly different context from previous periods of Chinese involvement in Africa. China's engagement today is occurring under new circumstances in which a more developed China operates under conditions of growing interdependence and plays an increasingly important role in the global economy. The ideological disagreements of the Cold War have been superseded by economic competition and political differences, as China participates in the global economy and pursues better trade terms rather than an alternative socialist vision. Beijing's engagement appears to be predicated upon a longer-term timeframe and driven by economic diplomacy rather than the ambitious ideology of the past.

The key factors propelling Chinese engagement in Africa can be summarized as a combination of domestic Chinese dynamics, desire to expand into new markets and international political factors.<sup>17</sup>

15 'Economic and trade relations between China and African countries in 1996', *Almanac of China's Foreign Economic Relations and Trade 1997/1998*, p. 430.

16 See Ian Taylor, *China and Africa: Engagement and Compromise* (Abingdon: Routledge, 2006).

17 See Chris Alden, *China in Africa* (London: Zed Books, 2007) and Denis M. Tull, 'China in Africa: Scope, Significance and Consequences', *The Journal of Modern African Studies*, 44, 3 (2006), pp. 459–79.

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The overarching driver has been the Chinese government's strategic pursuit of resources and attempts to ensure raw material supplies for growing energy needs within China, in part reflecting the country's position as a centre of global manufacturing. Most significant Chinese activity and investment in Africa is related to this demand, rooted in domestic economic and political changes in China and the changing profile of resource needs accompanying its economic development and role in the global economy. 'An unprecedented need for resources is now driving China's foreign policy.'<sup>18</sup> China's post-1978 determined focus on economic development contributed to an annual growth rate of over 9 per cent. From the 1990s, however, it became necessary to acquire overseas supplies, including energy.<sup>19</sup> China's energy diplomacy has become a notable foreign policy issue under President Hu Jintao, who has led expanded diplomacy not merely in Africa but around the world, including the Middle East and Latin America. The Chinese government's diplomacy with oil states is aimed to a considerable extent at enhancing its energy security.<sup>20</sup>

A further factor is Africa's status as a market with strong commercial potential for Chinese business. The Chinese government, businesses, and entrepreneurs have regarded (or, for many businesses, been financially encouraged to regard) Africa as a continent of economic potential populated by consumers. Explicitly rejecting 'Afro-pessimism', to date they appear to have not been overly encumbered by investment constraints or concern about political instability that have affected other investors. Central government support for Chinese state owned enterprises (SOEs) has been important in directing FDI in Africa, as opposed to other regions. Africa is a place for Chinese companies to gain experience as well as establish and expand business ventures into the global arena. While most business

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18 David Zweig and Bi Jianhai, 'China's Global Hunt for Energy', *Foreign Affairs*, 84, 5 (2005), p. 25. See also Ian Taylor, 'China's Oil Diplomacy in Africa', *International Affairs*, 82, 5 (2006), pp. 937-59.

19 As Martyn Davies has argued, a longer-term (25-year) strategy of seeking to extract the Chinese economy from international commodity networks may well operate too. Chatham House 14 December 2006 (on record).

20 Erica S. Downs, 'The Chinese Energy Security Debate', *The China Quarterly*, 177 (2004), pp. 21-41.

and related political activity occurs at the state level, including SOEs, a further trend of increasing private entrepreneurial activity is evident in many locations (including, as detailed in this volume, Tanzania, Namibia and Cape Verde).<sup>21</sup>

Finally, there are political factors operating as part of what is styled 'win-win cooperation'. Since helping China gain admission to the UN, African states have supported China (including in the years following 1989) in different multilateral settings. China in turn styles itself as leader of the global South and champion of a progressive 'new international political and economic order featuring justice, rationality, equality and mutual benefit' and 'safeguarding legitimate rights and interests of developing countries.'<sup>22</sup> Efforts to work with and speak for Africa as part of the global South are intertwined in China's emerging role in international affairs. It has highlighted its development efforts in Africa, with attendant claims to international status.

Two additional political dynamics in China's wider foreign policy are also at work in the African context. The first is China's strategic competition with Japan as manifested in Africa. This is seen particularly in the underlying objective of opposing Japan's UN Security Council aspirations, in which African state votes would play a role. Beijing's ability to marshal African support against Tokyo's aims was seen at the Asian African Summit in April 2005, where Chinese lobbying blocked an endorsement of a Japanese seat. However, the second area is more prominent, even if it is receding in importance for Beijing. The One China principle, the fundamental exception to China's 'no-strings attached' policy,<sup>23</sup> has seen the Chinese government use African support in its cross-Straits campaign.<sup>24</sup> Inviting

21 This is assisted by such bodies as the China-Africa Business Council, established in 2004 to support China's private sector investment in Cameroon, Ghana, Mozambique, Nigeria, South Africa and Tanzania.

22 *China's African Policy*, January 2006, Part IV (5).

23 Zambian opposition leader Michael Sata discovered this to dramatic effect after calling Taiwan a 'sovereign state' during the presidential elections of September 2006. This prompted China's Ambassador to Zambia to denounce his interference in China's sovereignty in an episode that, rather than being taken simply as a transgression of China's non-interference framework, might be better regarded as anchored in China's 'internal' politics.

24 This was seen, for example, when China's African allies rallied behind its

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Taiwan-recognizing African states to attend FOCAC 3 as observers demonstrated a new approach to winning over the remaining recalcitrant states. The Chinese government's aim to deny space to Taiwan in Africa is succeeding, though the subject remains a sensitive issue for Beijing and the possibility that African states can play the Taiwan card to exert leverage vis-à-vis Beijing remains. Taiwan's political prospects in the continent are nonetheless bleak and rest on a dwindling number of small, strategically insignificant states. Five out of a worldwide total of 24 states that recognize Taiwan are in Africa: Burkina Faso, The Gambia, Malawi, São Tomé and Príncipe, and Swaziland. The loss of Chad in August 2006 was a marked setback for Taiwan as, in contrast to Taiwan's other African allies, it represented strong potential in terms of resources. Taiwan's economic relations with Africa, facilitated by the Africa Taiwan Economic Forum, constitute a proportionally small amount of its foreign trade.<sup>25</sup> Overall trade with Taiwan's African allies amounted to just over \$56m in 2006, with Swaziland the highest-ranking state (trade running at US\$30.2m or 0.007 per cent of total trade).<sup>26</sup>

Taiwan, nonetheless, continues to promote its role in Africa. The first Taiwan-Africa Heads of State Summit was held in Taipei on 9 September 2007. It saw Taiwanese President Chen Shui-bian joined by King Mswati III of Swaziland, President Blaise Compaoré of Burkina Faso, President Fradique de Menezes of São Tomé and Príncipe, President Bingu wa Mutharika of Malawi, and Vice-President Isatou Njie-Saidy of The Gambia. The Taipei Declaration affirmed the 'great historical significance' of this 'new chapter in the history of Taiwan-Africa diplomatic relations'.<sup>27</sup> Five core areas were

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Anti-Secession Law in March 2005. Formal support for the One China policy is routinely expressed in official exchanges.

- 25 According to data from the Taiwanese Bureau of Foreign Trade, it conducted the most business in 2006 with Angola, which ranked as Taiwan's highest trade partner in the continent with a volume of US\$2.15bn (0.46 per cent of total trade, or 27<sup>th</sup> position) behind South Africa with trade volume of US\$2.06bn or 0.44 per cent, in 28<sup>th</sup> place).
- 26 January 2006-January 2007, using data from the Taiwanese Bureau of Foreign Trade
- 27 First Taiwan-Africa Heads of State Summit Taipei Declaration, Taipei, 9 September 2007.



singled out as priorities: information and communications technologies, economic development; medical assistance, the environment; peace and security. Like FOCAC, the summit produced an Action Plan and established a Follow-up Committee for its implementation. Shortly afterwards, an assortment of politicians, academics and NGO representatives gathered for the 2007 Taiwan-Africa Progressive Partnership Forum. If development was the prominent public theme of the Summit, Taiwan's aspiration to join the UN was its key subtext. Taiwan's Foreign Affairs Minister, James Chih-fang Huang, had toured Taiwan's five African allies (plus Chad) in July 2007 to carry the torch for Taiwan's annual attempt to join the UN. China-supporting African governments have spoken out against the bid. One section of the Summit Declaration got to the heart of Taiwan's diplomatic objectives in Africa. It affirmed that 'Taiwan's African allies support Taiwan's legitimate right to join the United Nations and its specialized agencies'. They duly backed Taiwan's attempt to join the UN, but on 21 September 2007 the UN General Assembly's General Committee decided not to place the issue of membership on the UN's agenda, thus thwarting Taipei's fifteenth consecutive bid.<sup>28</sup>

### *Anatomy of current relations*

The present phase of China's Africa engagement continues but departs from its past involvement in terms of its scope, scale and importance. Many commentators thought that the PRC's presence in Africa in the 1960s would endure and effect political change, while during the 1990s some went as far as to dismiss China's importance in the continent altogether.<sup>29</sup> However, the context of relations has altered in important ways. China's position in the world has shifted away from self-reliance and into an interdependent phase, as signalled and deepened by China's accession to the World Trade Organization in 2001.<sup>30</sup> The nature of China's state-backed thrust into Africa appears

28 *AP*, 'China thanks Africans for defeating Taiwan's bid to join UN', 28 September 2007.

29 Gerald Segal, 'China and Africa', *Annals of the American Academy of Political and Social Science*, 519 (1992), pp. 115-126.

30 See Alastair Iain Johnston and Robert S. Ross (eds), *New Directions in the*

to be predicated upon a medium-long term involvement in which China's diplomatic presence throughout Africa serves commercial objectives.<sup>31</sup> Furthermore, while primarily anchored in state-related forms, the growing diversity of engagement by a range of Chinese actors ensures that the objectives of state and new private actors are no longer necessarily coterminous as they once might have been.

### *Trade*

Trade between Africa and China began to accelerate in 2000 when official two-way China-Africa trade stood at \$10.5 billion. This rose to \$29.5 billion in 2004, nearly \$40 billion in 2005 and some \$55 billion in 2006. In the first half of 2007, China-Africa trade increased by 25 per cent over 2006 to reach US\$32 billion, according to the Chinese Ministry of Commerce.<sup>32</sup> It is projected to reach \$100 billion by 2010, if not before. China's share of African exports rose from 1.3 per cent in 1995 to 9.3 per cent in 2004, and was accompanied by 'significant redirection' and decline of African exports to OECD countries between 1995 and 2004.<sup>33</sup> In the context of China's overall economic relations, the continent is a comparatively small trade partner for China: Africa accounted for 2.6 per cent of the total volume of China's foreign trade in 2004.<sup>34</sup> Overall trade in 2005 bore a deficit for China of some \$2.95 billion. In practice, this meant an operating deficit with a small number of resource-producing states (including Angola, Sudan, Republic of Congo, and Equatorial Guinea).

The profile of China's imports from Africa reflects the unequally distributed geography of Africa's resources. China has become a

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*Study of China's Foreign Policy* (Stanford University Press, 2006).

31 China's already considerable diplomatic presence in Africa, and its stress on having diplomatic representation in as many states as possible, is a contrast to Britain, among others; Britain is scaling back and regionalizing diplomatic representation, something the Chinese consider surprising. This reflects the fundamental statist orientation of the Chinese engagement with Africa.

32 *Xinhua*, 'China's direct investment in Africa hits \$480 mln in first half', 29 August 2007.

33 Andrea Goldstein, H. Reisen, Nicolas Pinaud, and X. Chen, *The Rise of India and China: What's in it for Africa?* (Paris, OECD: 2006), p. 45.

34 MOFCOM, *China Commerce Yearbook 2005*, p. 126.

major market for key African raw and soft commodity producers: Angola, Nigeria, Sudan, Zambia, and the two Congos. Overall, five oil- and mineral-exporting countries account for 85 per cent of Africa's exports to China.<sup>35</sup> Oil is the most significant export, making up almost 100 per cent of Angolan exports to China, with timber also important.<sup>36</sup> Growing African exports to China correlate narrowly with the growth of its major commodity exports (oil, metals/minerals, agricultural products, woods, cotton) to China.

A leading illustration of the impact of Chinese competition is the case of African textile industry.<sup>37</sup> The Multifibre Agreement (MFA) quota systems and investment from Asia contributed to the development of the clothing industry in Southern Africa, including Lesotho and Swaziland, in the 1990s. When quota limits on Chinese exporters under the MFA were lifted in January 2005, the impact of this was considerable for African clothing and textile exporters benefitting from the US African Growth and Opportunity Act (AGOA). Overall African clothing exports under AGOA declined by 17 per cent in 2005. Lesotho's and Madagascar's exports fell by 14 per cent. The main casualty was South Africa, with a 45 per cent decrease in exports. The impact on employment in 2004-5 was tangible: employment in the clothing sector in Lesotho declined by 28.9 per cent, 6,000 textile workers lost jobs in Lesotho in January 2005 alone; in Swaziland employment in this industry fell by 56.2 per cent, and in South Africa by 12.2 per cent.<sup>38</sup>

China-Africa trade relations should be considered in world context and the differential impacts within Africa appreciated, as Kaplinsky has underlined.<sup>39</sup> China has significantly contributed to keeping an-

35 Harry G. Broadman, *Africa's Silk Road: China and India's New Economic Frontier* (Washington, DC: The World Bank, 2007), p. 12.

36 Combined with crude oil, these accounting for 97.1 per cent of Gabon's and 84 per cent of Cameroon's exports to China.

37 See Mike Morris, 'China's Dominance of Global Clothing and Textiles: is Preferential Trade Access an Answer for sub-Saharan Africa?', *IDS Bulletin*, 37, 1 (2000), pp. 89-97.

38 Raphael Kaplinsky *et al.*, 'The Impact of China on Sub-Saharan Africa' (April 2006), pp. 18-19.

39 *Ibid.*

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nual world economic growth above the 4 per cent threshold deemed 'critical for improving the terms of trade for primary commodity producers'.<sup>40</sup> China is a key world net importer of commodities. Low US interest rates, assisted by Asian countries' recycling of their considerable foreign exchange reserves into US securities, stimulated raw commodity prices and benefited commodity exporters in Africa. The expansion of China's manufactured exports may have helped to reduce world prices for manufactured goods, but this translated into pressure on major African clothing exporters (Kenya, Lesotho, Madagascar, Mauritius, South Africa and Swaziland). Africa is benefiting in mixed ways from a worldwide growth cycle driven by China and reinforced by India. Real GDP in Africa grew at an annual rate of 4.2 per cent between 2001 and 2004 (compared with 3.3 per cent between 1997 and 2000). Sub-Saharan Africa's real GDP growth rate reached an eight-year high at 5.4 per cent in 2004, with rising commodity prices played a critical role in the increase.

Despite its overwhelming importance for Africa itself, Chinese FDI in Africa remains a comparatively small proportion of its overall outward FDI (some 3-5 per cent). UNCTAD reported that the level of China's FDI reached US\$1.6 billion by 2005.<sup>41</sup> However, statistics vary. One report, noting that China's direct investment in Africa for the years 2000-2006 was US\$6.6 billion according to China's Ministry of Commerce, suggests that 'official statistics may not fully capture the true magnitude of direct investment by Chinese entities in African countries'.<sup>42</sup> Not all investment is supported directly by the Chinese central government: there is an emerging dynamic of regional investment directed from lower levels of Chinese government, including the provincial level,<sup>43</sup> as well as private entrepreneurial

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40 Goldstein *et al.*, *The Rise of India and China*, pp. 18-19.

41 See UNCTAD, *Asian Foreign Direct Investment in Africa: Towards a New Era of Cooperation among Developing Countries* (New York and Geneva: UNCTAD, 2007).

42 Jian-ye Wang, 'What Drives China's Growing Role in Africa?', IMF Working Paper August 2007.

43 In certain cases, these revive older connections. For instance Hefei, the capital of Anhui Province in eastern China, became a sister-city of Freetown in 1984, and the Anhui Foreign Economic Construction Corporation was

investment. The dominance of major resource providers in China's imports from Africa is reflected in Chinese investment patterns concentrated on resource-producing states. Chinese FDI to Africa appears predominantly resource oriented. In 2004 China became the world's second largest importer of oil after the US, and it sources some 30 per cent of oil imports from Africa. Angola is China's biggest supplier of oil in Africa, currently providing some 500,000 bpd, or 15 per cent, of China's imports. Chinese national oil companies are pivotal drivers of overseas oil investment. Natural resource rich countries continue to be main destinations, with 50-80 per cent of Chinese FDI in Africa in natural-resource exploitation and resource rich countries (Angola, Sudan, Chad, Equatorial Guinea, Nigeria, South Africa). However, concurrent with this concentration of investment and commercial activity in larger, resource rich economies, there are processes seeing Chinese business 'rolling out across the continent relatively evenly, positioning themselves in countries such as Sierra Leone with comparatively virginal markets and less rigid government control that presumably permit them to realize higher profits.'<sup>44</sup>

Investment relations have gained momentum and increasingly are subject to bilateral regulation. As well as state diplomacy, Chinese Trade Centres assist Chinese investment by providing information to both local and Chinese businesses considering investing or trading, and a degree of logistical support with business start-ups. Chinese Economic and Commercial Counsellors attached to Chinese embassies also provide information.<sup>45</sup> Investment is thus set to increase exponentially. China's African Development Fund, announced during the third FOCAC, was launched in June 2007 with \$1 billion of a projected \$5 billion fund to encourage and support Chinese business operating in Africa. The China Development Bank will oversee government equity support for Chinese corporations for

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operating in Sierra Leone in 2006.

44 'China's Interest and Activity in Africa's Construction and Infrastructure Sectors' (Centre for Chinese Studies, Stellenbosch, 2006), p. 40.

45 Ibid.

## INTRODUCTION

commercial activities in Africa as a major part of China's 'economic cooperation'.

The established pattern of trade—China mostly importing African natural resources and exporting manufactured goods in return—shows little sign of being changed to any significant extent. While African business is stepping up operations in China, if from a very low starting point, continuing concern that China is replicating more established patterns of Africa's unfavourable relations with external partners has continued to be articulated and is recognized as a challenge by the Chinese government. The basic question facing Africa's trade with China (as indeed with the EU, for example) is what can be exported to China beyond resources? While Beijing seeks credit for expanding its zero-tariff policy, in practice this is of largely symbolic value. In 2004, African exports corresponded to just 72 of 190 zero-tariffs lines.<sup>46</sup> Nor do these translate to a significant amount: in 2006 China imported some US\$350 million of goods under the zero-tariff policy, including US\$180 million worth of sesame.<sup>47</sup>

Chinese companies have become the most confident investors in Africa.<sup>48</sup> This is especially the case in South Africa, but other important FDI destinations include Tanzania, Ghana and Senegal. The diversity of Chinese companies is considerable, ranging from major multi-billion dollar SOEs to small businesses run by individuals. The majority of Chinese companies in the initial phase of market entry have been SOEs but there are an increasing number of private Chinese construction companies. The major state-backed Chinese investors do not appear to have substantially integrated into African business communities yet, in contrast to entrepreneurial networks such as those in Mauritius with more embedded positions. China opened its first Economic and Trade Cooperation Zone in Zambia in February 2007. With it, and the others that were down to follow, the successful model employed in China is being transplanted into Africa.

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46 Broadman, *Africa's Silk Road*, p. 170.

47 'MOC official answers questions on granting zero-tariff to least-developed African countries', 20 August 2007 from the MOFCOM website.

48 See Chris Alden and Martyn Davies, 'A Profile of the Operations of Chinese Multinationals in Africa', *South African Journal of International Affairs*, 13, 1 (2006), pp. 83-96.

A substantial amount of commercially oriented Chinese financial activity has been devoted to infrastructure projects.<sup>49</sup> Chinese companies have in a relatively short time attained a strong position, in part through a reputation for low costs and fast delivery and, with the notable exception of South African business, lack of competition (though competition between Chinese companies is a factor). Frequently financed by soft loans, state-linked Chinese companies run successful infrastructure construction projects across Africa. China's Roads and Bridges Corporation, for example, is active in various contexts such as Angola where it is rehabilitating 1,200 km of roads between Luanda and Uige. Chinese actors are also involved in dam projects.<sup>50</sup> Chinese FDI in services, particularly telecommunications, is also increasing across Africa. Huawei Technologies has expanded communications business to 39 Sub-Saharan African countries. Tourism is another area of expanding cooperation; 26 African countries are now officially approved destinations for Chinese tourists.<sup>51</sup>

An important dynamic facilitating investment is the role of state-backed Chinese banks. The Export-Import Bank of China (or Exim) has rapidly become the world's largest export credit agency with 'significant and expanding operations in Africa'.<sup>52</sup> Exim Bank operates in a manner that differs from the export credit rules prevailing in OECD economies. As a state-backed bank, it has been funding projects often linked to broader political aims.<sup>53</sup> A number of new

49 There is often a thickening of ties on the back of investments or new projects. For example, the China Southern Airlines air link between Nigeria and Beijing through Dubai will facilitate travelling by some 100,000 Chinese workers and engineers who are in Nigeria for railway construction.

50 Such as Ethiopia's hydroelectric dam and power plant on the Tekeze River, Sudan's controversial Meroe (Hamdab) dam, the Mphanda Nkuwa Dam in Mozambique, the Gangelas Dam in Angola, the Adjarala Dam between Togo and Benin, and the Imboulou Dam in Congo Brazzaville.

51 With the addition of Algeria, Cape Verde, Cameroon, Gabon, Rwanda, Mali, Mozambique, Benin and Nigeria. Action plan of the Beijing Summit of the Forum on China-Africa Co-operation. 5 November 2006.

52 Todd Moss and Sarah Rose, 'China ExIm Bank and Africa: New Lending, New Challenges', Centre for Global Development Notes, November 2006.

53 The former Nigerian President Obasanjo called for the establishment of an 'Africa-China Bank', a new regional institution, to promote investments

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African borrower countries with Exim Bank, such as Ghana (with a projected \$1.2 billion worth of new loans) and Mozambique (\$2.3 billion for the Mepanda Nkua dam and hydroelectric plant), were granted debt relief under the HIPC initiative. Chinese companies, however, draw on a range of funding, not just that directly connected to the Chinese government.

Exim Bank and other Chinese banks have emerged as bilateral competitors for the established IFIs. This has provoked concerned reactions; the President of the European Investment Bank, for example, noting strong competition from Chinese banks in Africa, commented that ‘they do not bother with social and human rights conditions’, adding, ‘We should continue to have conditionality, but we need to think about it.’<sup>54</sup> The announcement by the President of the African Development Bank, Donald Kaberuka, at its May 2007 meeting held in Shanghai, that Exim Bank had agreed to finance projects worth \$20 billion over the next three years, would mean that it will be the single biggest financing agency over that period.<sup>55</sup>

### *Aid*

Traditional altruistic aid is no longer at the forefront of China’s African engagement, though the effects of Chinese aid to Africa may be visible in terms of high-profile infrastructure. Officially the Chinese government focuses on agricultural development, infrastructure, human resources training, and medical and health cooperation. Details of the quantity, concentration and terms and conditions of zero-interest or concessional loans, grants, technical assistance are however elusive, but such forms of aid appear to be bound up with infrastructure projects.<sup>56</sup> ‘Tied aid’ has been a source of controversy for a grow-

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between China and African countries. ‘Nigeria Proposes Africa-China Bank’, *Nigeria First* (Abuja), 7 November 2006.

54 ‘Chinese loans to Africa dangerous’ – EU Bank’, *AFP*, 29 November 2006.

55 *Africa Confidential*, ‘Year of the Pig – the New Scramble for Africa’, 48, 11 (2007), pp. 6-7.

56 China’s pledge to double its 2006 assistance to Africa by 2009, for example, was hard to gauge in the absence of adequate baseline data about current levels of assistance.



ing number of African trade unions and civil society activists. Some are rapidly disbursed according to political opportunity; in other cases it is bound to China's larger investments in resources. Aid is used in symbolic gestures assisting economic involvement. 'Prestige' projects are often linked to improving relations with states (constructing stadiums in Mali and Djibouti, or the houses of parliament in Mozambique and Gabon). The first of 10 anti-malaria centres due to be built in 2007—and a total of 30 pledged by 2009—opened in Liberia in February as part of a broader health sector training and cooperation programme. FOCAC 3 also pledged to expand Chinese support for scholarships for African students studying in China, education and agricultural aid, including Chinese technical assistance.<sup>57</sup> Aid is one area in which China looks set to expand not merely to enhance its interests but also to further claims to leadership and demonstrate constructive contribution to human development beyond narrowly extractive or profit-oriented activities. In recent years China has supported humanitarian aid, conflict resolution and peacekeeping in Africa as part of an apparent emerging and increasingly prominent role as humanitarian donor and development force.<sup>58</sup>

Debt relief has been a prominent area of Chinese aid and political relations. China has committed itself to cancelling some US\$1.27 billion worth of debt from 31 African countries. Promises of further debt relief were made at the third FOCAC, followed by a number

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57 The most recent FOCAC pledged that China would: 'Over the next three years, train 15,000 African professionals; send 100 senior agricultural experts to Africa; set up 10 special agricultural technology demonstration centers in Africa; build 100 rural schools in Africa; and increase the number of Chinese government scholarships to African students from the current 2,000 per year to 4,000 per year by 2009.' Around 1,100 students from 46 African countries were studying in China in 2006. An Egyptian-Chinese University was planned for Egypt.

58 The total number of Chinese military personnel and civilian police sent on peacekeeping missions in stood at over 1,800 in early 2007, with pledges of continent participation in peacekeeping missions and assistance to 'African regional organizations'. Some three quarters were supporting UN operations in Africa, mainly Liberia, Democratic Republic of Congo and Sudan. In November 2006, the World Food Programme welcomed China's first donation of US \$1.75 million since it graduated from being a recipient of food aid at the end of 2005.

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of other gestures early in 2007.<sup>59</sup> Media and culture are additional sectors of expanding cooperation. There are currently Confucius Institutes in Rwanda (at the Kigali Institute of Education), Zimbabwe, Madagascar and Egypt, two in Kenya and South Africa and three in Nigeria. China's new small volunteer programme started with a government pledge to send 300 'youth volunteers' to Africa.<sup>60</sup>

### *International politics*

Looking at the broader canvas of international politics, China's developing relations with Africa have implications on a number of fronts. In the first instance, China's growing political clout in Africa is based on its surging economic presence across the continent, something that derives from the profound transformation of the Chinese domestic economic environment since 1978.<sup>61</sup> This enormously powerful economy in turn poses opportunities and challenges for Africa's own development prospects as well as the continent's economic ties and political orientation towards its traditional partners in the West. And, finally, the emergence of China as a leading actor in Africa is compelling precisely because it is the most prominent expression of emerging international trends that put China at the centre of contemporary global politics.

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59 Chad receiving US\$32 million in debt relief, Equatorial Guinea US\$75 million and Sudan some \$80 million.

60 In November 2006, 10 of a projected 50 Chinese professional volunteers were working the Ethiopian News Agency, Ethiopian Television, Press Agency and various sections under the Ministry of Information 'Chinese Volunteers Begin Free Service', *The Ethiopian Herald* (Addis Ababa), 10 November 2006.

61 For academic literature on Chinese foreign policy towards Africa, see various works by George Yu (op. cit.); Richard Payne and Cassandra Veney, 'China's Post-Cold War African Policy', *Asian Survey* 38, 9 (1998), pp. 867-79; Ian Taylor, 'China's Foreign Policy towards Africa in the 1990s', *Journal of Modern African Studies*, 36, 3 (1998), pp. 443-60; Ian Taylor, 'The "All Weather Friend"? Sino-African Interaction in the 21<sup>st</sup> Century', in Ian Taylor and Paul Williams (eds), *Africa in International Politics: External Involvement on the Continent* (London: Routledge, 2004), pp. 83-101; Marcel Kitissou (ed.), *Africa in China's Global Strategy* (London: Adonis & Abbey, 2007); Barry Sautman and Yan Hairong, 'Friends and Interests: China's Distinctive Link with Africa', *African Studies Review* 50, 3 (2007).

## CHINA RETURNS TO AFRICA

For China itself, as the renewed engagement with Africa flows directly from the three decades of rapid development, the relationship holds implications for the course and conduct of China's transformation from socialist bastion to a fully market capitalist economy. At the sharp end of China's presence in Africa are its state-owned enterprises involved in resource extraction and infrastructure development. They are products of the CCP's decision to transform moribund state institutions into state-directed multinational firms able to compete against the best of the established international corporations. This 'going out' policy, formally launched in 2001, is supported by Beijing's astute 'no conditions' diplomacy as well as billions of dollars in foreign reserves, which have allowed companies like PetroChina, ZTC or Jiangsu International to gain a foothold in markets in a short period. As they establish their presence in Africa, their practices—derived from experience at home, where social and environmental legislation has been weak to non-existent—increasingly determine the shape of relations with Africa. Complicating matters is the decentralization of economic policies, which has reduced the central government's ability to influence the actions of private Chinese entrepreneurs.<sup>62</sup> With African resources becoming ever more important to the health of the Chinese economy, Beijing's domestic policy of delivering greater prosperity at home, on the back of sometimes painful economic reforms, without relinquishing significant political control is arguably in danger of becoming hostage to the fortunes of its international forays in places like Africa. Surely this is what is being seen in the diplomatic controversy over Chinese support for the pariah regime in Sudan.

While China-Africa relations are an important factor in Beijing's own domestic calculations, the burgeoning ties with China hold tremendous implications for Africa. Africa's development needs, as outlined in a host of initiatives such as the New Partnership for African Development (NEPAD), require an infusion of substantial foreign investment aimed at improving its physical infrastructure, the opening of new markets and better prices for its products, and an expan-

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62 Bates Gill and James Reilly, 'The Tenuous Hold of China Inc. in Africa', *Washington Quarterly*, 30, 30 (2007), pp. 37-52.

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sion of human capital, all of which would contribute to a sustained growth cycle that would allow the continent to meet its development aims for the next decade. China's engagement with Africa provides for many of these very conditions and that is why, irrespective of the concerns being voiced in some circles in Africa (see below), Chinese involvement is widely considered to be a positive-sum game.<sup>63</sup> For instance, diversifying sources of foreign investment, an explicit policy pursued by the oil producers like Angola and Nigeria, has contributed to opportunities to extract better terms from donors and lenders alike. At the same time, it should be noted that China's rapid insertion into Africa has benefited directly from the previous decades of neo-liberal restructuring of African economies, including the removal of barriers to investment and the privatization of state-owned assets. Moreover, their investment outreach commenced at roughly the same time as the West began to reduce its exposure to Africa (as illustrated, most notoriously, by the French-directed devaluation of the CFA Franc in 1994 and the Western shift to pursuing investment opportunities in, ironically, China).<sup>64</sup> In this context, China's rapid gains on the continent, far from being a sudden 'scramble for Africa', could be more accurately described as pushing on an open door, one which in any case the West had left ajar as it scrambled eastward.

The Chinese impact on governance in Africa, which has exercised Western and African minds alike, is arguably the most contentious component of its engagement. By actively courting 'pariah regimes' like those of Sudan and Zimbabwe, Beijing has not only irritated the West—which at least initially was not seen to be a particularly worrisome outcome by Chinese officialdom—but found itself at odds with an emerging consensus on the necessity of good governance within Africa itself. The voices arguing for improvements in accountability, transparency and democracy were not just civil society activists but some of the top leaders of the continent, like Nigeria's former President Olusegun Obasanjo and South Africa's Thabo Mbeki, and their

63 See, for instance, Garth le Pere and Garth Shelton, *China, Africa and South Africa: South-South Co-operation in a Global Era* (Midrand: Institute for Global Dialogue, 2007).

64 See Firoze Manji and Stephen Marks (eds), *African Perspectives on China in Africa* (Oxford: Fahamu, 2007) for a range of views.

concerns were reflected in the reformulation of the African Union and the NEPAD initiative. This unexpected development put China in an invidious position, opening it to criticism from African sources of its single-minded pursuit of profit over the needs and concerns of ordinary Africans. The paradoxical result of this has been seen in the case of Sudan, with a seemingly gradual shift away from its categorical support for non-intervention in domestic affairs to one in which it supports the African Union position (and with that the West) on the necessity of a peacekeeping operation in Darfur.<sup>65</sup>

The fast pace and changing dynamics of Chinese foreign policy towards the continent is a noteworthy feature of its engagement. For instance, China's Africa policy changed in three discernable ways after the Beijing Summit of 2006. It moved beyond its primary focus on resource acquisition into areas like financial services and an expansion of activity related to agriculture. It attempted to build islands of Chinese investment in the form of Economic Cooperation Zones in selected African countries; and it modified its conventional investment packages to include greater emphasis on social and community outreach. The bold foray into financial services—with the US\$5.4 billion purchase of 20 per cent of South Africa's Standard Bank (its largest bank and the one with the most exposure in Africa) in November 2007 by the Industrial and Commercial Bank of China and, less than a week later, the announcement of a partnership between the China Development Bank and Nigeria's United Bank of Africa—signalled the deepening of its economic engagement. Building on its past history as a provider of technical assistance in this sector, Chinese sponsored agricultural centres are springing up across Africa and, when combined with an expanding Chinese role in financing, training and commercial farming, seem to presage a more substantive involvement.<sup>66</sup> Debates around the uncertain status of the structure of the Economic Cooperation Zones, stalled their

65 See 'Arms, Oil, and Darfur: The Evolution of Relations between China and Sudan', *Sudan Issue Brief* (Geneva: Small Arms Survey, 2007).

66 'Chinese team to discuss agricultural centre', Agência de Informação de Moçambique, 7 November 2007. Discussions are being held in Senegal and South Africa, while Chinese farmers are establishing themselves in Zambia and Zimbabwe.

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development in other regions. The now conventional approach of Chinese FDI in resource rich countries was adjusted, as seen in the over US\$5 billion package for the DRC announced in September 2007 which included US\$3 billion for infrastructure rehabilitation and US\$2 billion to develop mines in Katanga, Ituri and the Kivus, while 31 hospitals and two universities are to be built. A new 'social clause' has come into Chinese investment in Africa.

Finally, China's deepening presence in Africa holds wider implications for the international system. It has challenged Western pre-eminence in a region that had long served as Europe's '*chasse gardée*' and, for the United States, as an increasingly important source of its energy needs. Moreover, China's ability to command colossal financial resources, from revenues arising from its arrival as the premier global manufacturer and a leading trading nation, in the service of its foreign policy interests gives it an easy position that Western states can only envy. Just as America's shift from debtor to creditor nation after 1919 is marked by historians as a turning point in the distribution of power in the international system, so too China's status as a top international creditor is a signal that power is moving East. The shock induced by Africa's dwindling interest in borrowing from the World Bank and European Investment Bank, which has caused both institutions to decry Chinese lending practices as well as questioning their own relevance, is seemingly another indicator of the West's putative marginalization on the continent.<sup>67</sup> China's capturing of markets through the unbeatable combination of aggressive diplomacy, financial largesse and low costs, coupled with African aptitude in playing one suitor off of the other, only fuels this sense of impending relegation in Western capitals. Faced with this new challenge to their established international standing, the leading industrial countries have sought to respond through a strategy of heightened public criticism and grudging collusion with China. China in turn, belatedly recognizing the dangers posed by an aroused Western perception of threat to established interests, has sought to counter this discourse of fear with its own declaration that China's rise to prominence would

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67 'China treads on Western toes in Africa', *Financial Times*, 12 January 2007.

be peaceful.<sup>68</sup> In this context, Robert Zoellick, the former US Assistant Secretary of the Treasury, has called on China to assume a role as 'responsible stakeholder' in the international system commensurate with its economic importance.<sup>69</sup> Africa, again, is held to be a litmus test for Beijing's commitment to a largely Western-inspired agenda on governance and accountability.

China's return to a position of significance in African affairs is set to have a sustained impact on the continent. Whether this engagement redefines many of the traditional shibboleths of African international relations, as the rhetoric of 'win-win' partnerships suggests, remains to be seen. In any case, as the proving ground for a new activist China, Africa provides an important insight into the conduct of a resurgent China in regions and markets such as Central Asia, Latin America and the Middle East. The 21<sup>st</sup> century is indeed being made in Africa.

### *Overview of the book*

The overarching aim of this book is to contribute towards deepening and broadening analysis of 'China in Africa', here referring to sub-Saharan Africa, through analysis of key themes in contemporary relations and more detailed case-studies. The book is structured as follows. The first section addresses China-Africa trade linkages and the political economy of China's recent involvement in the continent. Chapters examine the nature of trade relations, the impact of Chinese entrepreneurs on African manufacturing, China's Lusophone Africa strategy, the geopolitics of Chinese oil investment, and the political consequences of Chinese economic involvement in Africa. The second section considers China-Africa relations today from different regional perspectives and seeks to explore the very different, indeed opposing, ways in which the growing presence of China is perceived

68 Bates Gill, Chin-hao Huang, J. Stephen Morrison, *China's Expanding Role in Africa: Implications for the United States* (Washington, DC: Center for Strategic and International Studies 2007), pp. 159-60.

69 See Robert B. Zoellick, 'Whither China: From Membership to Responsibility?' Remarks to National Committee on U.S.-China Relations, 21 September 2005.

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in Africa, China, Europe and the US. Country case-studies are the focus of section three. This is anchored by two chapters engaging the historical lineages of the PRC's aid programme in East Africa through analyses of the TAZARA railway and the presence of Chinese medical practitioners, which both show some of the important continuities in these programmes as manifest today and, in their different ways, testify to some of the pronounced changes in China's approach over time. The selection of case-studies makes no attempt at being fully representative. This section aims, rather, to provide detailed analyses of current relations featuring more high profile instances of Chinese involvement (Angola, South Africa and Sudan) as well as detailed studies of less prominent but revealing cases (Cape Verde and Namibia) where the Chinese presence is characterized by small-scale, entrepreneurial migration. The final section begins by serving up a cautionary note about considering relations today, before presenting two alternative readings of the potential impact of Chinese involvement for Africa: the first concludes that China's growing role could be part of an Asia-centred shift with profound and potentially transformative implications for Africa, while the second points to deep structural constraints that have historically shaped African interactions with the outside world, and postulates the Chinese presence as following this established path.



