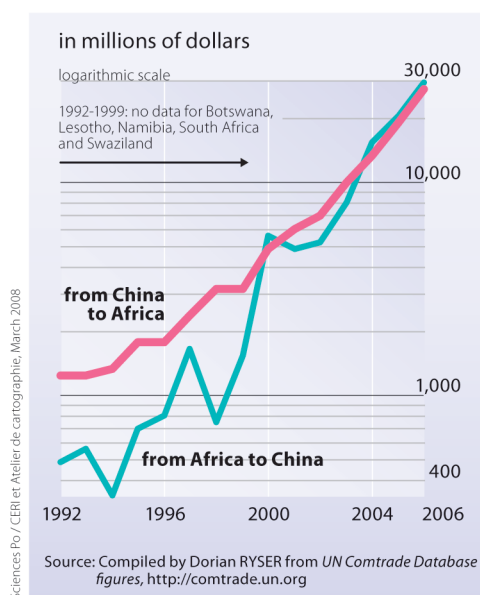


China and Africa: From Reunion to Illusion

Roland Marchal

The rising price of raw materials, particularly energy, the Darfur crisis, as well as, more subtly, the renewed favour that Africa's rural sector and infrastructure are finding in the discourse of major international institutions, are all disparate events. Yet all more or less directly reflect the emergence of the People's Republic of China (PRC) as a strategic actor on the African continent.

figure 68: **China/Africa trade patterns, 1992-2006**



The PRC, which in 1996 still ranked in 83rd place among the continent's trading partners, is today in the front line, ahead of the former colonial powers and the United States. Trade volume has been increasing by about 35% per year since 2000, to reach nearly \$55 billion in 2006. Even if it represents only 2.8% of Beijing's foreign trade, the proportion is double Africa's share in world trade.

In November 2006 China organized the third China-African summit in Beijing, attended by senior representatives of 48 states; the level of representation far exceeded the meetings of the African Union or France-Africa summits. A few months later, in May 2007, the African Development Bank (ADB) and its partners met in Shanghai: Beijing used the opportunity to announce it had earmarked \$20 billion to finance its action in Africa.



China has been visibly present in Africa since the beginning of the new millennium, but its presence fits in with a longer timeframe. Moreover, in this case as in others, it is wrong to consider the continent of Africa as unified with respect to Chinese (or Western) interests. On the contrary, China's presence on the African continent heightens differences between countries. And even if in recent years the Asian giant seems to be pulling out all the stops to gain increased access to certain sectors, it should be noted that it is not alone and that China's action does not disqualify more traditional actors (such as the former colonial powers) or preempt the action of newcomers such as India or Brazil. Perhaps the current situation should be considered as transitional, prompting one to think about what new forms the Chinese presence on the African continent might take in the coming years, above and beyond the reproduction of a trading post economy that observers tend to confine it to.

To pursue the analysis, first China's presence in Africa during the period that followed independence will be reexamined. A cost-benefit approach will then be used to highlight the structural differences in the contributions China has made to the African continent. The conclusion takes a look at the probable evolutions of Chinese policy, which often finds itself out of step with the norms of governance defended by its main political and economic partners in the West.

A new focus on old relations

The PRC's interest in Africa cannot be reduced to the quest for markets to assist its own growth. Indeed, the PRC became involved on the African continent as early as the late 1950s. The Bandung conference, the wave of independence, rivalry with the United States: everything worked in favor of a Chinese diplomatic presence on the continent. China back in the 1950s and 1960s already had a tendency to present itself as the *primus inter pares*: a poor, primarily agrarian country having suffered from colonization and now making a comeback. It should however be emphasized that its *modus operandi* was very different from that of the Soviet Union. China has so far never claimed to be a model to follow to become a socialist state or pull out of underdevelopment. Neither has Beijing ever demanded of its partners that they set up a Marxist-Leninist party as a prerequisite to establishing privileged relations, as Moscow did.

African leaders, during the early years of independence, particularly appreciated China's pragmatism. It required no diplomatic convolutions of them and allowed them both to maintain close relations with the former colonial powers and to have access to Chinese development cooperation which, however modest, proved extremely beneficial in some areas. During this period, Beijing constructed buildings that are symbols of sovereignty—presidential palaces, parliaments, stadiums in the capitals—and, last but not least, sent large numbers of the famous



barefoot doctors who, unlike the Western aid workers, worked in the countryside in the same destitute conditions as the local population.

This rather positive period for the young African states also enabled the PRC to accumulate support to occupy Taiwan's seat at the UN in 1971. China's popularity, however, suffered from the excesses of the Cultural Revolution and the subsequent tougher stance in relations with the Soviet Union. Although African leaders were hardly interested in the factional fighting that went on in China during the Cultural Revolution, they reacted very negatively when Beijing formed an alliance with South Africa under apartheid and Zaire under Mobutu Sese Seko to support Jonas Savimbi against the MPLA (Popular Movement for the Liberation of Angola) in Angola and its Cuban and Soviet allies. This episode was a resounding failure for Chinese diplomacy because Beijing, unlike Moscow, proved incapable of influencing the outcome of the Angolan conflict and considerably tarnished its image in Africa.

The secondary status was also seen in other areas. China was certainly eager to defy a very inequalitarian capitalist economy and international division of labour, but its means were limited. Certainly, the construction of a railway connecting Zambia's copper mines and the Tanzanian port of Dar es Salaam clearly reflected its desire to challenge the economic domination of Southern Africa by white South Africa, but it would take much more to challenge the economic logics at work in this region.

When Deng Xiaoping returned to power in 1978 and imposed the four modernizations, Chinese interest in the African continent diminished considerably. One reason was that the Chinese message—socialism does not mean shared poverty—was poorly received among African elites who were moreover increasingly subject to pressure from international financial institutions because of their debts. The Chinese leaders themselves also focused more on their domestic problems. Consequently, official visits to the African continent became fewer and farther between and cooperation dwindled.

If the 1980s was for Africa a lost decade for development, for China it was a period of normalization on the international scene. The excesses linked with denouncing the Soviet Union became a thing of the past, as were the most controversial diplomatic postures in the international arena.

Everything changed in the weeks that followed the repression of the student movement in June 1989. The PRC was so isolated internationally that Beijing tried to renew ties with the African countries to avoid new condemnations in international fora. African leaders responded quite favourably to these attempts for at least two reasons. They themselves were often criticized by democratic movements and thus demonstrated international solidarity with disputed elites. Moreover, all of them felt considerable reticence towards the multiple restrictions on national sovereignty imposed mainly by Western donors in the name of





human rights, good governance, etc. This renewed contact, which is reflected in an increase in Chinese official visits to the African continent, paved the way not only for broader-based reinstatement of Sino-African cooperation but also for the development of trade relations starting in the middle of the 1990s. The scope of this new dynamic was probably only noticed in the 2000s. Yet the first Sino-African summit in Beijing, despite its success, went relatively unnoticed in Western capitals; however, the first significant Chinese direct investments on the continent since 1970 were not.

But the PRC's interest in Africa has another basis also: the firm application of the "one China" policy. The victory China obtained at the United Nations in 1971 was in fact only one episode in the diplomatic marginalization of Taiwan. At the time Taipei enjoyed ties with Central American and African countries, and the PRC relentlessly encouraged these countries to break off the diplomatic relations with the island in its favour. Naturally, Taiwan could put forward a certain number of arguments: its cooperation could be generous and be applied to useful areas for its partners, beyond mere corruption of government elites (what is politely called "dollar diplomacy").

Yet it would be mistaken to view the African (or Central American) posture as purely lucre-driven. South Africa developed important relations with Taiwan as early as the 1950s. In 1990, the authorities in Taipei were quick to understand the scale of the transformation announced by the release of Nelson Mandela and began to court the main anti-apartheid party, to the point of helping to finance his election campaign in 1994. Nelson Mandela reiterated promises, but diplomatic relations were finally broken off on 1 January 1997. At least three reasons explain such a turnaround. First of all, Pretoria never hid its desire to achieve permanent member status on the United Nations Security Council in the future; it is certain that Beijing would exercise its veto against any country that maintained diplomatic ties with Taipei. Furthermore, most of the trade with China was developed through Hong Kong, which reverted to Chinese control with a special status in 1997. The pursuit of relations with Taipei would have probably created problems for South African economic actors in Hong Kong at a time when South African growth needed to be spurred to offset the costs of reform after apartheid. Lastly, it was obvious already in the mid-1990s that continental China had changed radically and that investments were possible and profitable. Anyway, Taipei has made the best of the situation: it continues to invest in South Africa where it maintains a liaison office.

There are other motivations. For instance, Chad, which had renewed ties with Taiwan for rather conventional reasons (dollar diplomacy), decided to recognize the PRC in July 2006 at a time when its President, Idriss Deby, was confronted with armed opposition backed by Khartoum, also one of China's main African partners. In so doing, Idriss Deby hoped first of all to prevent Chinese support for Khartoum's aid to Chadian rebels and Chinese obstruction at the Security Council.



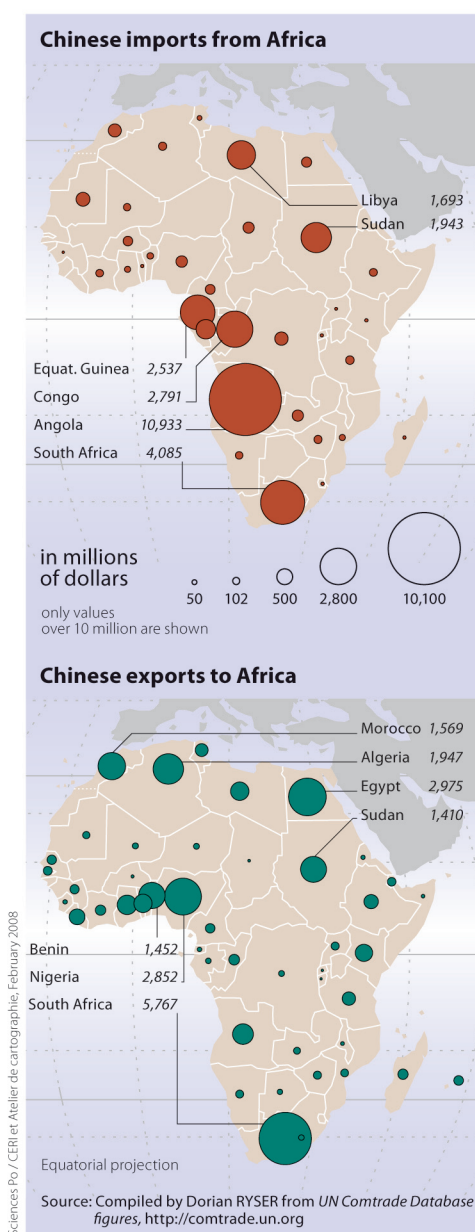
Moreover, aware of the promises made by some of his opponents to break with Taipei in the event of a regime change in N'Djamena, he preempted the argument and indicated to the PRC that he could be a much more credible partner. In a way, despite the abandoning of agricultural cooperation projects, the Chadian regime came out on top in this rather inglorious episode. Since the summer of 2006, China

is neutral in the conflict by proxy between Sudan and Chad and is even striving to lower tensions between them.

In the autumn of 2008, only four African countries still recognized Taiwan: Burkina Faso, São Tomé and Príncipe, Swaziland and Gambia. As for Senegal, it defected in October 2006 despite Taiwan's generosity towards President Abdoulaye Wade and his regime.

Even if the People's Republic of China has diplomatic relations with the 48 other states on the continent, it would be naïve to believe that they all carry the same weight. The Africa one talks about in China is much smaller. There are, on the one hand, the historic partners such as Guinea and Sudan, which still enjoy warm relations. It is also in this category that Zimbabwe under Robert Mugabe should be classified. In the early 1960s he chose to strike up relations with the People's Republic of China when all the main liberation movements in southern Africa maintained close ties with the Soviet Union (ANC, SWAPO, ZAPU). Robert Mugabe is thus an old friend of Beijing, which is all the more inclined not to interfere in the domestic affairs of Zimbabwe. A second category reflects more the necessities induced by China's current growth. In 2005 nearly 80% of African imports to China came from Angola, South Africa, Sudan, Congo Brazzaville, Equatorial Guinea, Nigeria and Gabon. Chinese exports are directed in similar proportion to South Africa, Nigeria, Sudan, Benin, Ghana and Togo. Except for South Africa, the continent's only real industrial power, all the other countries are producers of mineral or energy raw materials. Africa certainly, but not all of Africa.

figure 69: **Chinese trade with Africa, 2006**





Two remarks should qualify the pervasive image in the media of an absolutely conquering China whose exponential growth feeds on African raw materials. For one, China's presence is in a state of flux. A closer look needs to be taken at the social and economic effects of the considerable Asian/Chinese migrations on the African continent: will this phenomenon produce an economic spillover effect (a sort of "Kenyan debate" revisited) or will these migrants concentrate only on the small distribution sector, thus sharpening competition and autochthonous discourses? Moreover, even if China is always mentioned, attention should be paid to other emerging actors, starting with India and Brazil, but also, probably more discreetly, to the reconfiguration of Japanese and South Korean presence. Moreover, the growth in trade cannot last long at the current pace. The development that nourishes these flows has extremely negative effects on Chinese ecosystems and social balances. Without indulging in catastrophism it remains conceivable that at some point, voluntarily or not, the demand of China's protection system for African products will have reached a peak. The question is whether it will be industrial, ecological or international considerations that will dictate such a development.

A cost-benefit approach

While Africa's image has been particularly tarnished in Western public opinion, Sino-African relations have reinserted this continent into a global economic framework and no longer merely a humanitarian or exotic one. It is thus interesting to draw up a list of both positive and negative consequences induced by the remarkable exchanges between China and Africa. Of course everything is a question of degree: potentially positive effects can also have more negative aspects and vice versa. No assessment can be made in purely numerical terms; the underlying political dimension often remains decisive.

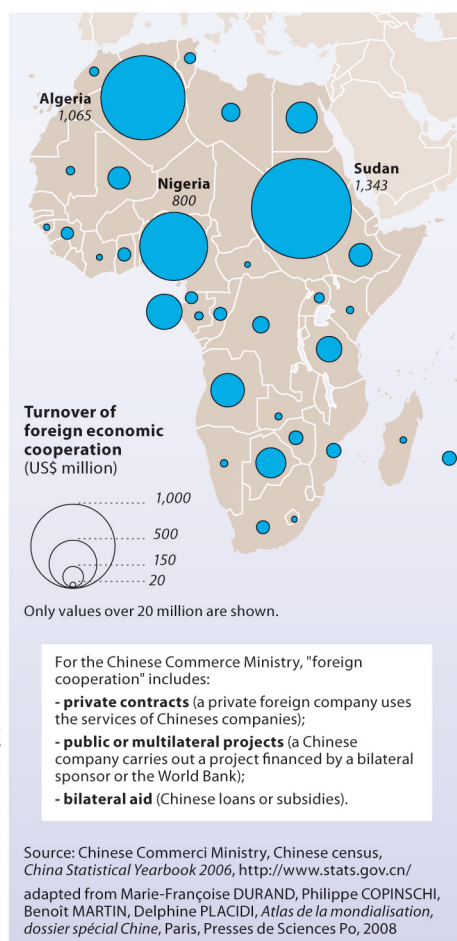
Sino-African trade has reached a level where it directly influences the price of raw materials on a world level. It is not the only explanation for the historic upturn in prices, but it accounts for much of it. Potentially, such an effect can only be beneficial for producer countries (African or other), but all the African countries cannot be put in this category. For many producer countries, such revenue constitutes a means of restoring good relations with the Bretton Woods institutions and negotiating substantial debt cancellations. This is particularly what happened with Nigeria in 2006. Yet this extremely positive aspect should be qualified in at least two ways.

For one, the availability of substantial financial resources does not automatically increase development potential. In the 1960s and 1970s, when the price of raw materials was also high, the resources obtained were used in a dubious manner dictated by profiteering, corruption and strategic errors: development was

very limited except as regards the kleptocracy. The social situations in Angola and Sudan lead one to believe that the worst is often probable in countries characterized by mediocre governance. Moreover, China itself remains a supplier of raw materials. The activity of energy companies beyond national borders should be analyzed, because it may not only correspond to ensuring a secure supply. International trade may for instance be valued by these companies because domestic prices are controlled (as are, consequently, any profits) or because it is the Chinese government and not the companies themselves that pay the costs of internationalization. It is also important to examine more generally the latent possibilities the Chinese authorities have of manipulating world prices by playing on the country's strategic reserves.

China is able to implement its development assistance projects considerably faster than Western counterparts. One of the reasons is that Chinese aid is tied

figure 70: **China's
"foreign cooperation", 2006**



(that is, Chinese companies manage the projects), which avoids long delays inherent in the bidding process. As a Kenyan minister reportedly said, "When western donors promise to build a road, they stop work a few yards in to ask us about the human rights situation or corruption. The Chinese come in and do the job." China also places emphasis on infrastructure projects, out of fashion among Western donors for over a quarter-century but nevertheless vital to development.

This capacity to build imposing infrastructures in a relatively short time frame is thus a positive aspect, but the ambiguities must also be measured. These projects are designed as tied aid: even if Chinese companies are believed to be generally competitive in the sector today, nothing indicates that they are for all projects. It is no longer uncommon to see Chinese construction criticized by African oppositions: its quality is (or is said to be) substandard; substantial gifts are allegedly made to regime notables; this infrastructure is said to be primarily to help facilitate exports of raw materials by China. Another factor deemed to be very negative by the Bretton Woods institutions pertains to the macroeconomic implications of reimbursing Chinese aid. Contrary to long-established OECD rules, for instance, repayment is based on delivery of raw



materials and the conditions for awarding aid are hardly transparent: Western donors are striving to contain debt whereas China is increasing it.

It should also be pointed out that political conditionalities are not always as absent as Beijing claims. For instance, when Charles Taylor was ousted during the summer of 2003, the interim government in Liberia decided immediately to break off relations with Taiwan and recognize the PRC. Why? The UN was to discuss the swift deployment of a multilateral force to stabilize and rebuild the country and any Chinese misgivings had to be quickly allayed.

One of the most talked-about aspects of Chinese development assistance to the continent is the presence of Chinese workers. Initially they came in the framework of major infrastructure construction projects, but today they come on their own (to Cameroon and Angola, for instance). Rumours are circulating about them: they are said to be convicts who are granted reductions in sentence by working in hostile lands, etc. Although the hypothesis is not the most likely, it is not implausible. The Chinese state would not be the first to use such methods: Europeans deported convicts to their distant colonies in the 19th and 20th centuries (the British to Australia, the French to New Caledonia). Yet beyond these legitimate questions regarding forms of *laogai*, this raises questions as to the impact such practices have on local employment, as well as the lack of technology transfer that implementing aid in this way implies.

A third aspect of Chinese action in Africa is its implicit criticism of Western policy. The lack of interest Western developers have in infrastructure has already been mentioned, but in deference to the struggle against (urban) poverty, the considerable neglect of rural areas that the same Western development workers have displayed for the past two decades must also be mentioned. Still in the name of the struggle against poverty, Western cooperation has also hesitated to back local elites but has rather placed emphasis on grassroots programmes (even if the reality on the ground is more complex than that). From this standpoint, China has a very elitist approach that is not necessarily devoid of positive effects, because these African elites can prove to be genuine economic actors.

The donors finally woke up: in 2007, for the first time in many years, the World Bank focused its annual Development Report on rural areas, and the European Commission decided to refresh its thinking about African infrastructures. In a way, the mere fact of reopening the debate, and obliging the various parties to recognize that there is indeed a crisis in development paradigms, is a very positive (even if unintended) aspect of Chinese action on the African continent.

Yet, questions remain about the conditions in which Chinese aid projects are discussed, evaluated and implemented. One of the reasons that prompted Westerners to give up on major construction works was that infrastructure maintenance too often remained an impossible feat. Moreover, such huge projects may be a good channel for rent-seeking, embezzlement and other ruinous corruption





practices. The gamble the Chinese have taken on African elites may be understandable, but it at least must be controlled to some extent so that it does not become an additional opportunity to generate clientelism and patrimonialism. Certainly, the lack of interest the Chinese show for local civil society comes as no surprise because that is also what happens in China, except very marginally and only in certain niches. But by excluding these potential interlocutors, China is forming in Africa an opposition that is very critical of its way of doing things and its choice of partners.

Now it is possible to discuss the more potentially negative aspects, while qualifying them. First of all, the current structure of Sino-African trade reinforces an international division of labour that remains structurally disadvantageous for the dark continent: Africa exports raw materials and imports manufactured products (with the notable exception of South Africa). Even if this is true, one must show some degree of realism, because at this stage of development, there is no real alternative. Particular attention should thus be given to the way in which the financial resources obtained by the export of raw materials are mobilized for development.

It is important to stress that this does not mean a revival of the trading post economy, as some radical analysts would have us believe. Indeed, unlike the colonial situation, prices are set on a world market and not by the colonial homeland. By the same token, purchases of manufactured products are unhindered by the very strict conditions of control that prevailed during the colonial period. If China sells more, it is because it sells products that are accessible to larger numbers.

Another aspect has been pointed out countless times in southern Africa. It has to do with the de-industrialization provoked by competition with the PRC. After a free trade agreement was signed with the United States in May 2000 (under the African Growth and Opportunity Act, AGOA), the textile industry developed rapidly in several African countries, particularly in southern Africa, thanks moreover to Chinese investment. The end of the Multi-Fibre Arrangement in January 2005 after 30 years of existence had very negative effects on the African industrial sector. In the space of a few months, South Africa lost nearly 80,000 jobs before China agreed to negotiate and offered a semblance of compromise to the South African authorities.

The situation did not affect all the potentially concerned countries in the same way. Mauritius came out better, almost well, and it is possible to perceive therein the effect of positive national regulations as well as ties between Mauritian operators and Chinese investors. Beijing in any event has continued to claim that China was only following international WTO trade rules (Soares de Oliveira, Large, Alden 2008). Even if the textile sector suffers considerably from Chinese competition, thanks to China the price of industrial goods has fallen. The real question is thus one of ratchet mechanisms, and it appears that the island of Mauritius is better endowed than a country like Nigeria with its large domestic market.





The PRC is accused of backing authoritarian regimes in Africa. Such diplomatic support enables them to resist the virtuous pressures of the West and possible sanctions. Sudan and Zimbabwe are the two cases mentioned most often. The truth of these allegations is undeniable. However, the hypocrisy of the West must at the very least be highlighted. For instance, criticisms of the authoritarian regimes in Angola and the Congo are few and far between, yet these countries keep their populations in deplorable conditions that meet none of the basic conditions required by Western democracies. It should also be remembered that Zimbabwe and Sudan have enjoyed and continue to enjoy cordial relations with many democratic countries (South Africa, France, Spain, Germany, United Kingdom).

The issue thus has more to do with the selectiveness of Western democratic passions. When the Ethiopian regime arrested its entire parliamentary opposition and over 15,000 other people, the European Union protested meekly because Meles Zenawi is a good friend of Tony Blair and George Bush. When Joseph Kabila's army massacred several hundred people in the southwestern Democratic Republic of Congo, the French and the Belgians solemnly explained that Joseph Kabila is the only possible option.

Criticism of Chinese pragmatism will only carry real weight if it is accompanied by criticism of the other major powers for abandoning their democratic agenda in Africa. China at least is coherent in its positioning. It has also shown that it is capable of changing (maybe owing to the threat of a boycott of the 2008 Olympic Games): in Sudan, it was Beijing that convinced Khartoum to agree to a hybrid force of 26,000 troops; in Zimbabwe, the Chinese ambassador no longer denies the scale of the crisis, whereas Pretoria is dragging its feet about doing the same.

If the analysis outlined above is valid, several lessons can be drawn from it. First of all, contrary to the Chinese diplomatic discourse, there is little hope that Sino-African relations will take place in a "win-win" context, any more than by "harmonious" development. These relations in fact underscore the importance of certain countries at the expense of others and produce, as did the former colonial powers, new inequalities between African countries. Although raw material producers can boast of newfound prosperity, others will pay more dearly for products of absolute necessity. This analysis has nevertheless underlined the fact that Chinese interests, like those of the former colonial powers, are not dictated by economic considerations alone.

In China's growing presence in Africa, there is, however, reason for cautious optimism. This presence reminds the Western world that its hegemony is not total and that its policies must be more effective if they hope to carry the day over newcomers. Moreover, this presence benefits certain African countries. The question of the macroeconomic consequences of an increasingly visible Chinese presence on the African continent thus remains open.



Western countries seem very ambivalent about this new situation. From an ideological and political standpoint, China does not represent an alternative (Sudan has borne this out), but its influence makes Western pressures and conditionalities less effective in the short term and highlights the distance that separates the reality of relations between the West and Africa from the rhetoric about partnerships. On the economic level, things are more difficult to measure, because Western countries do not take advantage of their presence on the African continent in the same way. In some sectors (energy, telecommunications, major construction projects), competition is heavy despite the continuing relative technological superiority of the West. In others, such as the banking sector, China today lags far behind. This explains partly why France, still very present in this latter field of activities, has a different attitude to China's impact on the continent.

Another source of relative optimism is the fairly rapid evolution of Chinese policy with respect to certain vital questions for Africa. Perhaps it is an optical illusion created by Beijing's fear of sanctions during the Olympic Games, but between 2005 and 2007, Chinese diplomacy agreed to become involved in certain African crises, participate in peacekeeping operations on the continent and discuss the problems created by its procedures for aid to Africa with its Western counterparts. This is far from a Copernican revolution, but the Western states have not been any more capable of a meaningful *aggiornamento*, as President Nicolas Sarkozy's first steps in Africa illustrate for example.

It is fairly easy to draw up a list of questions that traditional donors and China might discuss: crisis prevention and management, environmental questions (on which Chinese companies do not enjoy good press) which will become essential for the future of the continent as well as China, and the interoperability of international development assistance for the continent.

Although the topics for debate are numerous, one reality that the current discourses tend to minimize must nevertheless be taken into account: the Africans (elites and others) will not remain indifferent as their place on the world chequerboard is reconfigured.

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