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Assessing China's Relations with Africa[1]

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Abstract

China's spectacular economic progress has led some security analysts and policy makers to question Beijing's intentions in other parts of the world. This paper examines the extent to which China's engagement with Africa has produced mutual benefits for both and whether Africa is reaping the necessary benefits required for poverty alleviation and economic development. Chinese state-owned enterprises have invested billions of dollars in foreign reserves, construction, and engineering resources assisting African oil-producing exporters. While many in the West have started to question China's extraordinary level of interest in Africa – in particular, its economic engagement with perceived repressive regimes – African leaders view China's entry as a means of pulling Africa onto the path of globalization. It is thus important that African leaders and policy makers ensure that Chinese trade and investment bring reciprocal and tangible benefits for Africans, and contribute to economic stability and good governance.

Résumé

Le progrès économique spectaculaire de la Chine a conduit certains analystes en matière de sécurité et des décideurs dans le Nord et le Sud à s'interroger sur les intentions de Pékin dans d'autres parties du monde. Cet article examine dans quelle mesure l'engagement de la Chine avec l'Afrique a été mutuellement bénéfique et si l'Afrique en tire les avantages nécessaires pour la réduction de la pauvreté et le développement économique. Les entreprises publiques chinoises ont investi des milliards de dollars en termes de réserves de change, de ressources pour la construction et l'ingénierie pour aider les producteurs et exportateurs de pétrole en Afrique. Alors que beaucoup en Occident ont commencé à s'interroger sur le niveau extraordinaire d'intérêt de la Chine pour l'Afrique - en particulier, son engagement économique avec des régimes considérés comme répressifs - des dirigeants africains considèrent l'entrée de la Chine comme un moyen de tirer l'Afrique sur la voie de la mondialisation. Il est donc important que les dirigeants et décideurs africains s'assurent que le commerce et l'investissement chinois apportent des avantages réciproques et tangibles aux Africains et contribuent à la stabilité économique et la bonne gouvernance.

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Introduction

China's meteoric rise over the past two decades from an impoverished developing country to today's second-largest global economy, surpassing Japan in early 2011,[2] and largest world trader[3] has gained considerable world attention, stunning supporters and critics alike, its economy easily outperforming even the most optimistic expectations. With record economic growth rates averaging nearly 10 per cent a year over the past three decades[4] and the economy projected to overtake that of the United States by 2030, if it maintains an annual growth rate of eight per cent.[5] China has become one of the world's largest recipients of foreign direct investment (FDI), having attracted approximately US$106 billion by 2010,[6] up from US$90 billion over the previous year.[7]

This newly acquired wealth, including $US 2.85 trillion in foreign exchange reserves by the end of 2010,[8] has given the Chinese government the opportunity to embark on a military modernization programme, to modernize its space programme, and to rise to world leadership status. As expected, some security analysts and policy makers have begun to question Beijing's intentions not only in regards to its involvement in Africa but also more broadly in the rest of the world. China's position is strategically unique, given its ability to remain involved on issues both as a developing country and a former member of the Non-Aligned Movement and as a permanent member of the United Nations Security Council.[9] As such, China shares the developing nations' sense of humiliation, a determination to take control of their own destiny, and the need to restore dignity following decades of economic colonization and exploitation. Since the 1970s, China has begun to shape its foreign policy engagement with the world in a way that supports its quest to reclaim its place as an independent and sovereign state among the community of nations. This has entailed the promotion of cooperation rather than confrontation, economic development rather than revolution, and international engagement rather than isolation. China has begun to capitalize on its longstanding linkages with the developing world, particularly Africa, where Chinese interest is taking the form of increased trade, investment, and economic cooperation, and grand pledges of aid by Chinese officials during high-level visits to dozens of African states.

This growing trend in China's foreign policy is increasingly viewed as an important aspect of the government's long-term strategy for the country. This paper analyzes the internal dynamics that have shaped, and will continue to shape, Sino-African relations. It also examines the extent to which China's engagement with Africa has helped alleviate poverty and spur economic development.

China's Africa Policy

China's Africa policy can best be understood from its unique political and economic perspectives. Although China reaps considerable economic gains from Africa, it would be simplistic to regard those benefits as the sole driver of China's policy agenda toward Africa. Media outlets and Western scholars often suggest that China's relationship with Africa is built on its dependency on and demand for energy resources, markets, and investment opportunities for its booming industries and job seeking workers. China has often been criticized for taking advantage of the vulnerability of African economies and the desperation of its people and leaders for increased foreign investment to spur development and growth.

This perception, however, fails to take into account four important points. First, China's more active engagement with Africa is part of its continuing emergence as a truly global player and, as such, is no different from the traditional behaviour of major powers. Second, in its global and regional diplomacy, China, like all great powers, is pursuing multiple objectives, including those that create tensions between values and interests at both the national and global level. China can no more be expected to subordinate its commercial and strategic interests to other considerations than have the Western powers in their policies toward Africa and the world. Third, Sino-Africa relations date back to the early Han dynasty (140-87 BC) when Chinese and African contact first occurred,[10] long before China's rapid economic expansion and its significant demand for the continent's mineral resources. Finally, most African states that have benefited so far from China's increasing trade and investment, as well as from debt relief, are not endowed with mineral wealth and offer few investment opportunities to Chinese enterprises. At the end of the day, it is not the responsibility of China but, rather, of African leaders, to ensure that their respective countries capture the benefits while minimizing the downside of China's interest in the continent – a policy prescription that holds true for defining the terms of engagement of any external power. Thus, China's Africa policy should be viewed not as a mere quest for resources but in the context of its diplomatic strategic pursuits and global foreign policy objectives – namely, to solidify its position as a global power, on a par with other permanent members of the UN Security Council; to sustain its economic and human development; and to ensure Taiwan's reunification while countering secession drives by minority areas within China, including Tibet. In pursuing these objectives, China seeks the political and diplomatic support of UN member countries, particularly from less developed countries. As the largest regional group within the UN system, Africa is a natural ally on which Beijing has become closely dependent to further its political objectives.

Politically, Chinese engagement with the continent has paid dividends over the past five decades in its diplomatic battle to deny Taiwan international legitimacy in multilateral institutions. For instance, in December 2003, China deployed 90 peacekeepers to Liberia, following that country's decision to switch diplomatic recognition from Taipei to Beijing. In December 2007, Malawi severed its ties with Taiwan after Beijing reportedly offered billions of dollars in aid to the country as an incentive to do so. By January 2008, only four African states – Gambia, Burkina Faso, Swaziland, and Sao Tomé and Principe – continued to maintain diplomatic relations with Taiwan.[11]

China has followed up this diplomatic success over Taiwan with cooperation with African countries on such non-traditional security threats as pandemics, terrorism, and transnational crime. Following the fateful 9/11 attacks on the United States and the outbreak of severe acute respiratory syndrome (SARS) in 2003, Beijing sought Africa's support for its effort to play a greater role in the global fight against these emerging challenges. In 2006, China concluded agreements with a number of African states on the deportation of criminal suspects, judicial cooperation, and extradition. It also proposed a strategic partnership with the continent, including a US$38.5 million grant to treat malaria. Some African states have taken part in joint military and training exercises with China. These areas of cooperation offer a glimpse of China's drive to raise its international status.

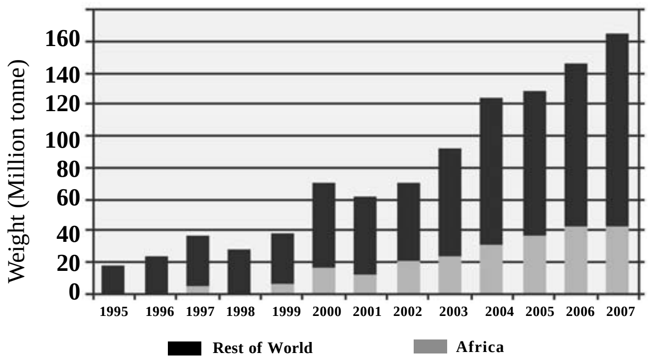
China's Africa policy places equally important emphasis on its economic objectives – essentially, the need to sustain China's economic development. Given Africa's vast investment opportunities, untapped human and natural resources, attractive markets, and low-cost labour, China has ardently strengthened its long-standing relations with the continent over the past two decades. It is widely believed that China's human development and economic growth hinges on its ability to tap into Africa's plethora of resources while offering tangible benefits to host economies in the process. Forging a mutually beneficial situation, as Chinese officials increasingly emphasize in diplomatic circles, has become a major feature of Chinese economic engagement with Africa.

China's Scramble for Africa's Resources

For more than a decade, China has sought access to Africa's rich energy and raw materials to fuel its surging economy. The Chinese leadership always understood that the country's unprecedented growth required a continuous supply of raw materials, especially hydrocarbon fuels. The country's booming domestic energy demand, coupled with insufficient coal output and falling domestic crude oil production, prompted China to look overseas for stable supply sources.

The turning point came in 1993, when China went from a net exporter to a net importer of petroleum. By late 2004, the country had become the world's second-largest oil consumer, at 5.46 million barrels a day (bbl/d), outstripping Japan's 5.43 million bbl/d, and placing it behind only the US's 19.7 million bbl/d (Downs 2004; United States 2005). By 2009, Chinese oil consumption had reached 8.6 million bbl/d, accounting for ten per cent of total worldwide consumption.[12] Moreover, the country was importing more approximately 47 per cent of the oil it consumed.[13] It is predicted that China's dependence on crude oil imports will continue to rise, reaching 65 per cent by 2020.[14] Indeed, over the past decade, China has doubled its oil consumption and is largely responsible for increasing the share of global oil used by non-OECD states from 37 per cent in 1997 to almost 43 per cent in 2007 (Monfort 2008). By the end of 2009, China surpassed the United States as the world's largest consumer of energy in 2009, with oil accounting for less than one fifth of that amount.[15] Its energy demands are expected to rise by 150 per cent by 2020 (Luft 2004). Energy experts point out that China's oil imports from Asia's oil-producing states have not been sufficient to meet even its current energy demands, while Chinese officials are certainly aware of the limitation of Middle Eastern oil and gas production given its primary allocation to European and US markets. In fact, in 2006, Angola surpassed Saudi Arabia as the leading supplier of oil in China.[16]

Figure 1: Africa's Share of China's Crude Oil Imports, 1995-2007



Sources: Statistics Canada, 2008

As a late entrant into the global oil industry, Africa is the last major source of oil reserves that are not already managed primarily by major Western energy companies and are thus available to Chinese corporations. In 2009, China sourced approximately 50 per cent of its crude oil imports from the Middle

East, followed by 30 per cent from Africa.[17] As Figure 1 shows, China's crude oil imports from Africa have been steadily increasing. China thus has placed a high premium on strengthening relations with African states through a strict adherence to the doctrine of non-interference in internal affairs, which bodes well for some African leaders, particularly in Zimbabwe and Sudan, coupled with pledges of increased aid, investment, and lower tariffs on African exports. These policies implemented by the Chinese administration have been echoed by officials during high-level visits to Africa.

In recent years, Chinese state-owned enterprises (SOEs) have invested billions of dollars in foreign reserves and used Chinese construction and engineering resources to assist Nigeria, Tunisia, Angola, Sudan, Gabon, and Algeria, among other African countries, to develop their oil, gas, and other mineral resources. In March 2004, for example, China's Eximbank extended a US$2 billion loan to the Angolan government in exchange for a contract to supply China with 10,000 barrels of crude oil per day (Lee 2004). The loan was designed to be reinvested in infrastructure construction, with approximately 30 per cent going to local subcontractors but the bulk expected to go to Chinese companies. The agreement was part of a reported offer, estimated at US$12 billion, which came with long maturities and low interest rates (Downs 2007). At the time, the government in Luanda had been under intense pressure from the International Monetary Fund (IMF) to improve transparency and management issues with respect to its oil revenues, since the poverty-stricken population of Angola had seen very little of the windfall of foreign reserves that had accompanied increased FDI in the oil sector. Since the end of the civil war in 2002, Angola had been negotiating with the IMF to establish a formal financial arrangement designed to give the government access to lending facilities, but the negotiations fell apart over the issue of revenue transparency. Now, the Chinese loan undermined the IMF's leverage altogether.

In Sudan, Chinese companies have invested more than US$15 billion since 1996, largely in the oil sector,[18] helping Sudan to go from a net importer of oil to one of Africa's largest exporters. Given significant discrepancies in Sudan's reported oil revenues, from nine per cent to 26 per cent, it is difficult to say with certainty how much money can be attributed to the country's booming oil industry. However, it is reported that in 2010 alone, the oil industry generated $4.5 billion.[19] With estimated oil reserves of 1.6 million barrels, this impoverished African state is the recipient of approximately seven per cent of Chinese development; China's Sinopec is building a 1,500-kilometre pipeline to Port Sudan on the Red Sea.

In West Africa, PetroChina finalized a deal in July 2005 reported to be worth US$800 million with the Nigerian National Petroleum Corporation to purchase approximately 30,000 barrels of oil per day for one year.[20] The following year, China National Offshore Oil Corporation, following an unsuccessful bid to buy US-owned Unocal, succeeded in acquiring a 45 per cent stake reported to be worth more than US$2.27 billion in a Nigerian offshore oil and gas field. The company subsequently promised to invest up to US$2.25 billion in additional investment for field development (Linebaugh and Oster 2006).

In central Africa, the China National Petrochemical Corporation has announced its intention to explore both offshore and onshore oil deposits in Gabon, which has proven oil reserves of some 2.5 billion barrels (Brookes and Ji 2006). A Chinese consortium has also signed a US$3 billion iron ore deal with the Gabonese government to rehabilitate and extend a railway as well as to construct a bulk commodities and container port.[21]

In early 2008, the Democratic Republic of Congo disclosed a deal reportedly worth US$9.25 billion with the Chinese government that would provide much-needed financing for infrastructural development and renovations, using rights to mineral reserves as collateral. This promises to be one of China's largest investments in Africa yet, providing some 620,000 tons of cobalt and 10.62 million tons of copper for its resource-hungry domestic industries.[22] The agreement is expected to result in an ambitious infrastructure development boom, with the planned construction of more than hundreds of hospitals, schools, clinics, 3,300 km of roads, two hydroelectric dams, and 3,000 km of railway. This is significantly important for one of the world's poorest states, where output per head is a mere US$714 a year and where half the population does not have access to clean water or electricity. In return, China is expected to reap more than US$30 billion in profits at current copper and cobalt prices.

Indeed, energy analysts credit China's success in securing mineral rights in Africa to a wide range of economic instruments; particularly prestige construction projects, financial assistance, and arms sales to cement ties with oil-producing states. In Sudan, for instance, Beijing has used its technical expertise and links to other government-owned companies to transform the country's oil industry into a major export earner for Khartoum. With $519 million in loans from the China Exim Bank, the Merowe hydropower dam was completed in 2009, doubling Sudan's electricity generation, but also resulting in a number of negative social impacts, including the displacement of 50,000 inhabitants.[23] In 2008, China offered the Nigerian government export guarantee facilities reportedly worth US$50 billion aimed at funding projects over the next three years.[24] Analysts contend that this is a strategic decision by Beijing to promote and boost Chinese investment in that continent (Green 2008).

In southern Africa, Zimbabwe and South Africa constitute China's major sources for platinum and iron ore (see Brookes and Ji 2006). Following the imposition of sanctions against Robert Mugabe's regime in Zimbabwe, which is accused of oppressing minority populations, squashing political opposition, and causing the exit of Western mining firms, China used its diplomatic and economic leverage to secure mining rights in that country. In 2004, withstanding an EU and US arms embargo against the regime, China sold Harare military vehicles and fighter aircraft reported to be worth more than US$200 million (McLaughlin 2005). Furthermore, Zimbabwe was able to acquire military-strength radio-jamming devices, which reportedly were used to block broadcasts of anti-government reports by independent news agencies during the most recent parliamentary election campaign, when international election observers accused Mugabe's ZANU-PF party of rigging the vote and harassing opposition candidates.

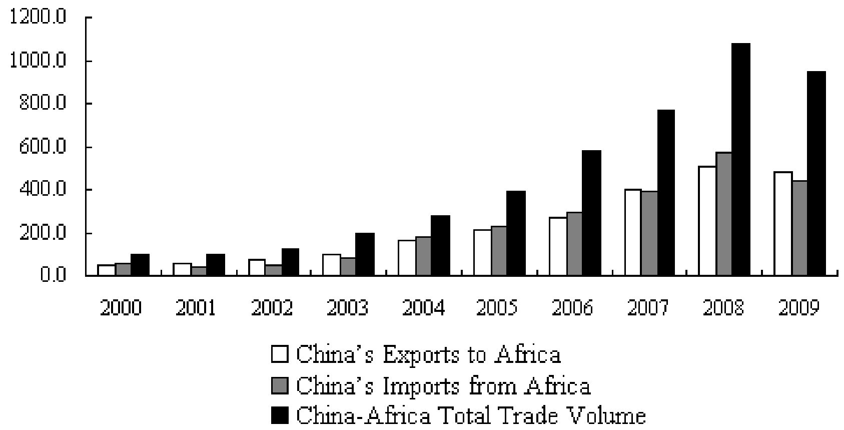
Aside from providing military hardware to secure rights to mineral deposits in Zimbabwe as well as vetoing sanctions against Mugabe's regime,[25] in June 2006 Beijing threw the country's disintegrating economy a lifeline with energy and mining deals reportedly worth more than US$1.3 billion. While neither China nor Zimbabwe has indicated how the investments will be repaid, the deals gave China access to Zimbabwe's resources of precious minerals, including the world's second largest deposits of platinum, as well as gold, chrome, coal, nickel, and diamonds (see Thomson 2008). Major investment projects include the construction of three coal-fired thermal power stations to aid the state power company, which has been cutting customers' power for seven hours a day,[26] and a deal with China Machine-Building International Corporation to mine coal and aid in dealing with the country's electricity shortages.[27] Chinese investments in other sectors of the Zimbabwean economy remain limited, but interest remains high in the resources sector. In his message to mark his 83rd birthday on February 24, 2007, President Mugabe indicated that Zimbabwe had sizable uranium resources as well as old tin mines in which 'Chinese investors' had recently expressed interest.

Zimbabwe was a keen participant in the much-vaunted November 2006 China-Africa summit. The summit generated much interest and debate among both Western and African analysts about the nature of Zimbabwe's relationship with China. Critics contend that Chinese investors are increasingly given preferential treatment in Zimbabwe over their local counterparts. Attesting to this criticism, the governor of the Reserve Bank of Zimbabwe, Dr Gideon Gono, in a meeting with the deputy governor of the People's Bank of China, was quoted as saying, 'I would like to unveil to the Chinese people the vast investment opportunities that ... abound in Zimbabwe, including our natural resource endowments’.[28] In return for Harare’s guarantees, China’s National Aero-Technology Import and Export Corporation and China North Industries Corporation (NORINCO) have agreed to finance multi-billion-dollar expansion projects by both Zimbabwe Electricity Supply Authority and Hwange Colliery Company. It is worth noting that the US government has sanctioned NORINCO on several occasions for supplying missile technology to Iran.

In addition to reaping Africa’s resources to keep its own economy afloat, China’s approach could be better illustrated by its emphasis on vertical integration-ownership of production facilities through to transport tankers to secure oil to Chinese consumers below international market prices. Instead of buying rights for future exploration and development, Beijing has concentrated on purchasing equity shares in established oil fields. With a vision of turning themselves into global players in the energy market, CNPC and other Chinese oil companies in Africa have fought to secure equity positions, which have enhanced their ability to learn from established industrial practices, minimized risks, and allowed for technology transfers. This strategic judgment with regard to energy security helps to explain China’s long-term vision concerning its engagement with Africa. China maintains that it plans to be in Africa for the long haul, unlike many of the Western multinational and mining firms that have a short-term outlook for the continent. As Wenping (2010) points out, while London-based Shell has a long history in Nigeria, the country continues to export crude oil and import gasoline. Due in part to the role of China, Sudan’s oil industry has developed considerably, with oil production increasing from 2,000 barrels per day in 1993 to 500,000 bpd presently.[29]

China’s Contribution to Africa’s Economic Development

China’s red carpet treatment for 50 African heads of state in November 2006 to commemorate five decades of Sino-African relations together with high-profile state visits by top Chinese officials, including President Hu Jintao and Premier Wen Jiabao, to dozens of African states in recent months bears testimony to the continent’s strategic importance for Beijing’s economic and political growth strategies in a multipolar, post-Cold War environment. These visits came shortly after Chinese pledges to increase aid to the continent from about US$2.3 billion in 2006 (Wang 2007: 22) to US$10 billion by 2009 (Baldauf 2007) and to expand trading ties, which were already worth more than US$73.3 billion in 2007, up from nearly US$11 billion in 2000 (see Figure 2).



Source: http://www.gov.cn/english/official/2010-12/23/content_1771603_3.htm

In 2008, trade between Africa and China reached US $106.8 billion, with US$50.8 billion in Chinese exports to Africa and US$56 billion in imports from Africa.[30] In 2010, China-Africa trade volume increased to US$114.18 billion,[31] making China the continent's largest trading partner.[32] In 1999, the share of Chinese imports from Africa was 4.2 per cent, with the share of Chinese exports to Africa at 4 per cent.[33] Chinese FDI outflows to the continent increased from US$1.5 million in 1991 (Figure 3) to US$9.33 billion in 2009,[34] while China's stock of FDI in Africa increased from US$49.2 million in 1990 (UNCTAD/UNDP, 2007) to US$7.8 billion in 2008.[35] China has received praise for its contribution to Africa's unprecedented economic growth.[36] While Africa's real GDP growth fell to 3.1 per cent in 2009, from 5.6 per cent in 2008, in response to the global economic downturn, economic prospects for the future are positive, with a real GDP growth of 5.2 per cent expected in 2012.[37] This is largely the result of riding on the back of high commodity prices and encouraging patterns in the growth of exports to China.

The reorientation of China's economy toward trade over the past decade and a half has dramatically increased its trade-to-GDP ratio in excess of 70 per cent. China has become a major importer of commodities and a significant exporter of manufactured goods. From 1995 to 2009, China's imports from Africa increased by 27 per cent.[38] In 2009, China's top imports from Africa included mineral products (79 %), base metals (5 %) and precious stones and metals (4 %).[39] The share in total Chinese imports from sub-Saharan Africa of five of the most highly sought commodities – oil, iron ore, logs, diamonds and cotton grew to more than 80 per cent in 2005, up from less than 50 per cent in 1995. The most rapidly growing export was petroleum products.

As of 2008, seven sub-Saharan states source the bulk of their total imports from China. Sudan, as we have seen, has become closely aligned with China due to its expanding energy links with Beijing in recent years and is the largest importer of Chinese products on the continent, accounting for more than 14 per cent of its total imports; next are Tanzania and Ghana with 9.1 per cent each, Nigeria with 7.1 per cent, Kenya and Ethiopia with 6.4 per cent each, and Uganda with 5.1 per cent (Jenkins 2005). Most of these countries' imports consist of manufactured products. Even though Africa remains a relatively marginal player when it comes to China's overall trade with the rest of the world, its trading relationship with China has important implications for both. Africa serves as a low-value consumer market for Chinese goods, particularly for loss-making SOEs, which have set up shop across the continent. The affordability of Chinese products fills an important gap in the market for many

African consumers, who cannot afford more expensive consumer goods from Europe or, given the inability of their own economies to produce local equivalents, do without them altogether.

Equally important, over the past few years, Beijing has pumped millions of dollars into African industries geared to serve markets in the EU and the United States. Using the provisions of the EU's Cotonou Agreement[40] and the US African Growth and Opportunity Act (AGOA),[41] Chinese investors have established joint ventures with local investors in a variety of sectors – particularly agriculture, ago-business, textiles, and light manufacturing – to produce goods for export to those markets at concessional rates. In the process, they are helping to build local capacity, boost technology transfers, and raise export levels of dozens of African economies.

However, this expanding Chinese investment has pre-empted the development of African capacity to build intermediate goods and an indigenous capacity for exports, in which there appears to be a limited amount except in the textile and agro-business sectors, and little incorporation of sub-Saharan Africa and China into coordinated global value chains. This might seem discouraging given the need to reduce African dependence on commodity exports to China and elsewhere. Surprisingly, it has helped Africa reduce displacement of domestic production and the negative impact of such displacement on local production and employment, adding to optimism about increased Chinese economic engagement with the continent.

In terms of FDI, China's commercial activities on the continent are qualitatively different from those sourced from North America or the EU. Historically, FDI from the developed world has been driven by privately owned enterprises focused on obtaining maximum profit over a short period of time and with the least amount of risk. Chinese FDI, however, is directed by partially or wholly state-owned enterprises, strategically placed, with the objective of forming long-lasting relationships with the communities and governments with which they cooperate, assisted in part by their accessibility to very low cost capital. In addition, a large number of these investments reportedly are linked either implicitly or explicitly to strategic objectives, principally securing reserves of mineral resources for Chinese industries back home.

This is not to say that Chinese FDI has produced tangible benefits only for Chinese manufacturing and for China's economy at large. Chinese investment not only enjoys the support of African governments – particularly in the agriculture sector, as a way of securing the food needs of their populations – but also is seen as a means of helping Africa get around restrictions imposed by the World Trade Organization (WTO). African governments have repeatedly called for the lifting of market restrictions by the North on their agricultural and textile products where they have a competitive edge. In multilateral trade negotiations, however, African calls for the revision of agricultural subsidies and tariff escalation[42] have fallen on deaf ears. For its part, however, China has earned credit by promoting African exports of both yarn and textiles – in a number of countries, such as Lesotho, it imports yarn to be woven in Chinese industries, while in other countries, such as South Africa, it imports sizable quantities of clothing with the aim of shipping it back to China before re-exporting it to US and EU markets.

Assisted by low labour costs and political connections, as well as assistance from the Chinese government, Chinese companies have been able to outbid Western firms for infrastructure project contracts across the continent, particularly in east and southern Africa. Also aiding the 900 or so Chinese firms operating in Africa is a contracted Chinese labour force numbering approximately 74,000 in 2006, up from 24,000 in 1996.[43]

An example is the investment by Qingdao Municipal Government in Zambia's textile industry, where the newly created Mulungushi Industrial Park in Kabwe aims to take advantage of the AGOA provisions that allow Zambia to export textiles to the United States. Also in Zambia, a Chinese firm has formed a joint venture with a local company to buy a cotton ginnery in the country's eastern province, reflecting China's fixation on its vertical integration strategy.

In neighbouring Mozambique, Chinese companies have invested in building a large shopping centre and industrial warehousing in the capital, Maputo, in a soya processing plant reportedly worth US$10 million, and an estimated US$12 million in the production of prawns (Kaplinsky, McCormick, and Morris, 2006). Some of the most significant Chinese investments in the country have centred on infrastructure projects – already, approximately two-thirds of the country's 600 km of roads have been rehabilitated by Chinese multinationals. On the border between Mozambique and Tanzania, Chinese firms have won a tender to rehabilitate a large bridge deemed vital for cross border trade between the two countries. They have also won tenders to repair water treatment plans in Beira and Quelimane reportedly worth US$15 million and in Maputo worth more than US$30 million.

In January 2008, China signed an agreement to provide Gabon with more than US$83 million to help fund a hydroelectric dam scheme; the loan bears three per cent interest over a 20-year term, including a seven-year grace period.[44] In Sudan, in early 2008, in a deal reportedly worth US$396 million, two Chinese companies won tenders to increase the height of the Roseires Dam, which supplies Sudan with more than 70 per cent of its hydro-power. The dam is projected to increase electricity power generation by 50 per cent.[45]

In Zimbabwe, Beijing's economic support remains strong, and Chinese firms have secured contracts to develop the country's agricultural, mineral, and hydroelectric resources. China already supplies Zimbabwe with expertise, technical assistance, and agricultural equipment, and in September 2006, it announced a US$200 million capital injection into Zimbabwe's farming, manufacturing, and mining sectors. Tobacco is among Zimbabwe's top exports, and China, as the largest importer, has made large investments in tobacco production and processing.

Meanwhile, state-owned China International Water and Electric has been contracted to farm 250,000 acres in the southern part of Zimbabwe. Chinese and Zimbabwean developers believe the project will yield 2.1 million tons of maize every year and require the building of a massive irrigation system.[46] It remains unclear how Zimbabwe will pay for the project, although unconfirmed reports claim payment will be made in tobacco.[47] Through lines of credit at Chinese banks, China also supports Zimbabwe's small and medium-sized enterprises (SMEs). With this assistance, Zimbabwe's Ministry of Small and Medium Enterprises set aside US$10 million in 2005 for disbursement to SMEs in such industries as textiles, soap, tile, and fibreglass manufacturing. Large SOEs, such as the Zimbabwe Iron and Steel Company, which is presently being refurbished, also receive Chinese assistance; in January 2008, Zimbabwe awarded a Chinese company a US$9.5 million contract to repair a blast furnace (Kadzere 2008).

The growth of Chinese FDI in construction and infrastructure projects reflects China's commitment to a deeper imprint on the continent, with the strategic aim of achieving parity with the West, particularly the United States. China's political agenda is also served by the building of a coalition of partners that views its role in Africa as contributing to South-South cooperation and to harnessing a mutually beneficial relationship with the continent. To a large extent, the Chinese have been successful in meeting these goals, due mainly to their ability to build relatively good infrastructural projects at prices that are reportedly 25 to 50 per cent lower than those of other foreign investors (Corkin and Burke n.d.).

According to anecdotal research, Chinese firms have outbid and outperformed their Western counterparts in Africa due to a combination of factors. These include: their access to cheaper capital than other foreign or even local investors; less pressure from the Chinese government to sanction SOEs to adopt good environmental and labour standards; the use of Chinese materials; the almost exclusive use of Chinese labourers, many of whom live in isolated communities and are often less expensive than African workers; and the Chinese government's ready provision of subsidies for investing overseas.

In addition there are the dozens of mega-infrastructure projects and development initiatives by Chinese SOEs across the continent, even in countries with less than abundant mineral resources. In Guinea-Bissau, China paid for the tiles and marble of the parliamentary building of this impoverished West African state. In East Africa, China financially supported and assisted with the construction of new foreign ministry buildings and stadiums in Djibouti and Uganda. In Kenya, China Development Bank announced in December 2007 that it was providing US$20 million in development credit to build low-cost housing and improve health care and education in the country.[48]

These mega-projects point to a deep Chinese commitment to an expanded foreign policy agenda on the continent. Chinese analysts argue that these projects enable China to exert more pressure on African states to curtail Taiwan's attempts to establish a sizable presence on the continent. In addition, African analysts point out that China understands the challenges of governing in areas where the bulk of the population lives in abject poverty. Thus, tangible examples of modernization, such as Chinese built stadiums, highways, or foreign ministry buildings, resonate well with African leaders who seek to portray their legitimacy to their populations, who are often dissatisfied and frustrated with the slow pace of reform and economic development and have little patience for the rhetorical proclamations of prosperity in the near future.

Technical development assistance to Africa, though still less than official development assistance from the West, is slowly becoming a bargaining chip China can use to further its economic engagement with the continent. Chinese engineering, medical, and agricultural teams have provided technical support to African states since the 1960s; this HIV/AIDS support accelerated from the late 1980s, and covers the spectrum from building schools and clinics to treating patients. In 1963, China sent its first medical team to Algeria.[49] By the end of 2009, the number of medical workers China had sent across the world totalled 21,000.[50] From the 1960s to 2005, China has sent more than 15,000 doctors to work in over four dozen countries, treating more than 180 million cases of HIV/AIDS.[51]

As a developing country itself, with limited resources to invest abroad, China had preferred technical support to Africa over financial aid. It felt better able to address Africa's ills through the 'soft power' flexing of its muscles via developmental assistance programmes. Over the past decade, China has actively encouraged African policy makers and academics to study in China to learn from the Chinese model of economic liberalization and reform and from its communist political ideology and social cohesiveness. China has projected its brand of economic development and its reform model as indications of the 'soft power' it hopes to portray as it seeks new economic partners to help it achieve the scale of industrialization and modernization it wishes to realize in the coming decades.

In its inaugural white paper on its development activities, China reported that it had provided a total of 256.29 billion Yuan (US$38.54 billion) in aid to developing countries by the end of 2009. This included 106.2 billion Yuan in grants, 76.54 billion Yuan in interest-free loans and 73.55 billion Yuan in concessional loans.[52] Additionally, China cancelled 25.58 billion Yuan in debt to the developing world.[53] While the white paper did not specify how much was allocated to Africa, in 2009, 47.5 per cent of China's aid went to Africa.[54] It is reported that from 1957 to 2006, Chinese aid to Africa totalled 44.4 billion Yuan ($5.7 billion).[55] Brautigam estimates that in 2007, China provided $US 1.38 billion in aid to Africa, including debt relief.[56]

In November 2006, at the third summit of the Forum on China-Africa Co-operation, China pledged to double aid to Africa to about US$10 billion by 2009, to cancel all debt stemming from Chinese interest-free government loans that matured by the end of 2005 (about US$1.4 billion) for 31 of the most highly indebted and least developed states (LDSs) on the continent that have diplomatic relations with Beijing, and to provide US$3 billion in preferential loans and US$2 billion in preferential buyers' credits to African states.

In Liberia and Mozambique, China signed memos cancelling all debt owing to it by these impoverished states – an amount that jointly totalled more than US$30 billion. In Liberia's case, Beijing introduced a tax exemption policy for all imports from Monrovia. In June 2007, China gave Guinea-Bissau US$4 million as part of a protocol for financial support (Horta n.d.), and later US$400,000 for Guinean refugees residing in the north of the country. In January 2008, the Chinese government announced a donation of some US$500,000 in humanitarian aid to Somalia through the World Health Organization.[57] In both Liberia and the Central African Republic, China provided direct funding for training programmes to strengthen the capacity of the civil service in those countries. In areas of small-scale agricultural production and hydro-irrigation, China has supported training programmes involving thousands of farmers across the continent. In Djibouti and Ethiopia, in the Horn of Africa, Beijing has supplied modern telecommunication equipment, along with maintenance training programmes. During the November 2007 Beijing Summit, China's leadership announced the dispatch of more than 300 volunteers to Africa and a grand pledge to build more than 100 schools across the continent by 2009.

In other cases across the continent, Chinese development assistance has taken different forms. As part of its 2006 economic assistance package, China eliminated tariffs on 190 commodities from the continent's 25 LDCs, increasing the number to 440 a year later (Broadman 2008). In 2006, Chinese prime minister Wen Jiabao announced a doubling to 4,000 in the number of scholarships for African students to study in China; that year, 3,737 African students were studying at Chinese higher learning institutes and universities, up from 2,757 the previous year.[58] By the end of 2009, 29,465 African students had received scholarships to study in China.[59]

Challenges of Sino-African Relations

It has not, however, been all smooth sailing for Sino-African relations. China's involvement in Africa has elicited strong criticism, not only from the West, but from Africa as well. Indeed, many in the West, and increasingly in Africa, have started questioning the motives behind China's extraordinary level of interest in the world's poorest region. In the West, Beijing has come under fire in recent years for its economic engagement with perceived repressive regimes in countries such as Sudan and Zimbabwe.

China's military cooperation, particularly where African dictators are involved, has been under scrutiny over the past decade. China has traditionally focused its military cooperation on providing basic equipment, arms sales, and training programmes. Indeed, China was the continent's third-largest arms supplier, after Russia and Germany, from 2001 to 2004, supplying nearly seven per cent of the continent's military purchases (Amosu, 2007). China reportedly sold 12 FC-1 fighter jets and 100 military vehicles to the Zimbabwean government in 2004.[60] Indeed, China has become one of the most important investors in Zimbabwe, following the exodus of Western multinationals in the mid-1990s when the government seized white-owned farms and distributed them to landless peasants and cronies of the regime. Chinese firms have bought a 70 per cent stake in the country's only electricity generation facilities, at Hwange and Kariba,[61] as well as stakes in the national railway. On the streets of Harare, Chinese investors and shopkeepers are prominently visible, competing with local vendors.

In the Horn of Africa, China stands accused of prolonging the violence and civil conflict that took place between Ethiopia and Eritrea during 1998 and 2000 when it sold US$1 billion worth of arms to both sides of the conflict.[62] In Sudan, where civil unrest has claimed the lives of an estimated 10,000 to 70,000 people in the region of Darfur since 2003, and left one million homeless,[63] China has been severely criticized for not pressuring the administration of Sudanese President Omar al-Bashir to put an end to the conflict. Moreover, in 1997, the United States imposed economic sanctions against al-Bashir's government, accusing it of sponsoring state terrorism and acting as a safe haven for Islamist terrorists, including Osama bin Laden. Yet China has threatened to veto any UN Security Council vote that proposed the use of military force or sanctions against Khartoum, relenting only slightly in 2006, following a backlash from the West and from African leaders who began to question China's sincerity and commitment to the continent's economic development and good governance initiatives. Meanwhile, China has become Sudan's largest arms supplier, providing arms, ammunition, helicopters, and antipersonnel mines that have been used both in Darfur and in the south of the country, where a 27-year conflict between Khartoum and the largely animist and Christian regions ended in 2005 (see Goodman 2004; Luard 2006).

Military cooperation and perceived diplomatic support for dictatorial regimes are not the only two spheres in which China has been criticized as far as its policy towards the continent is concerned. Controversy and public protests have been sparked in both Zambia and Namibia over the alleged poor working conditions and low pay of Chinese firms. Chinese companies have also been accused of selling very cheap and inferior consumer goods to the great disadvantage of local entrepreneurs. In Lesotho, for example, local street vendors attacked Chinese owned businesses in November 2007, throwing rocks and chanting anti-Chinese slogans, and accusing Chinese investors of colluding with the government to force them out of the city centre in the country's capital, Maseru. In 2010, there was public outrage over the alleged shooting of 11 workers at the Collum Mine in Zambia by two Chinese managers, charges which were ultimately dropped without reason from the government.[64]

In December 2006, South African president Thabo Mbeki issued a stern warning to fellow African leaders not to allow China to become a neo-colonial power and pointed out that relations with Beijing should be built on common interests and lead to mutual benefits for both sides. This came in the wake of a national debate in South Africa on the need to protect the South African textile industry, which has been hit hard by the dumping of Chinese products, forcing the closure of many local textile and garment factories and businesses and the shedding of thousands of jobs (He 2007). That same year, the two countries signed a Memorandum of Understanding aimed at restricting Chinese textile exports to South Africa.

Critics of Chinese economic relations with Africa point to the potential long-term negative impact of China's growing interest in the continent. They argue that Beijing's demand for oil and other raw materials inevitably helps to perpetuate Africa's reliance on such exports and impedes the growth of more labour-intensive industries such as agro-business and manufacturing. Critics also argue that Chinese development assistance is intimately tied to the expansion of Chinese multinational companies across the continent and to credits from the Chinese Export-Import Bank, which threatens to perpetuate the continent's vicious cycle of debt for decades to come.

Chinese leaders defend their policies in Africa and try to counter arguments that China's involvement with the continent has led to more harm than good. They repeatedly point out that Western policies and neoliberal economic formulas have not succeeded in alleviating Africa's poor economic growth, poverty, and inequality and that the Chinese model of development, sensitive to Africa's domestic needs, should be given a chance to work. With regard to arms sales to despots and autocratic regimes, China argues that these sales are helping African governments stem the various rebellions that wrack these fragile states, producing the stability that is important not only for China but also for other states whose investors and citizens work in Africa.

In a bid to improve its standing as a responsible economic partner, China recently initiated cooperation with Western institutions, and the World Bank on aid projects on the continent. In December 2007, for instance, Chinese diplomats met with Western donors in Kinshasa to coordinate. In the lead up to the 2008 Summer Olympic Games, China began to apply pressure on the government in Khartoum to bring about reduced violence in the Darfur region in Sudan, although it continued to oppose sanctions by the UN Security Council. China played a vital role in convincing Khartoum to allow a hybrid UN-African Union peacekeeping force to be deployed in Darfur, and it sent some 275 military engineers to the region. In southern Africa, in April 2008, China recalled one of its merchant ships that had been met by the refusal of South African dock workers to unload its military cargo, which had been destined for Zimbabwe.

Nevertheless, it is important to reiterate two key points with regard to China's engagement with Africa. First, China's activity is part of its continuing emergence as a truly global player, and as such is no different from what major powers traditionally have done. Second, in its global and regional diplomacy, China, again like all great powers, is pursuing multiple objectives, with inevitable tension between values and interests at both the national and global level. China can no more be expected to subordinate its commercial and strategic interests than Western powers have done.

Conclusion

Chinese and African government officials often point out that Chinese foreign and economic relations with the continent have been built on mutual respect dating back to the time of China's support for the African independence movement in the 1960s. Its history as a country once subjugated and invaded by the European powers has allowed China to promote itself as sensitive to African needs without carrying political baggage in terms of adherence to good governance and human rights or to prudent macroeconomic stabilization programmes – policies that the so-called 'Washington Consensus' has been championing in the developing world since the end of the Cold War.

Therefore, its no surprise that critics and champions of China's Africa policy have been waging a battle against each other in academic and policy making arenas on how best to evaluate Chinese economic expansion in Africa. Both camps agree, however, on one critical point: it is incumbent on African leaders and policy makers to ensure that Chinese trade and investment promote reciprocal and tangible benefits for the African population as well as economic stability and good governance.

Given China's momentous economic growth, its burgeoning middle class, and modernizing industries, African states have to opportunity to use their low-cost labour and abundant natural resources to export more non-traditional goods – such as processed commodities, food, light manufactured products, agro-processed items, and household consumer goods – competitively to Chinese consumers. To this end, a few large business enterprises from other African states have joined South African flagship corporations in showcasing Africa's entrepreneurship and ingenuity in the world's most populous state.

The ascendancy of China's engagement with Africa seems all but unstoppable. Whether it will prove a curse or a blessing for the continent is unclear, but at this point no region in the world is deriving as much benefit as Africa from China's economic boom. African leaders view China's entry as a way to pull their continent along the path of globalization, which they have missed thus far. African states must seize the enormous opportunity that China's increased engagement with the continent presents and that their populations expect will help eradicate poverty and disease on the continent in the coming decades. Africa needs to manage and sell its mineral resources to China at competitive prices and to invest the proceeds in its own development – an avenue that offers bright prospects for the continent's ability to end its reliance on Western aid. At the end of the day, African leaders have a responsibility to ensure that all their people, whether in urban areas or remote villages, benefit from China's expanding trade with and economic assistance to the continent, while keeping in mind the history of Africa's engagement with external powers.

Notes

1. The author is grateful to Stacey Gomez for her discussions and assistance.
2. See http://online.wsj.com/article/SB10001424052748704593604576140912411499184.html?mod=WSJ_hp_MIDDLENexttoWhatsNewsTop
3. See http://news.bbc.co.uk/2/hi/8450434.stm
4. See http://www.economist.com/finance/displaystory.cfm?story_id=9861591
5. See http://www.bbc.co.uk/news/business-12848449 and http://www.chinapost.com.tw/business/asia-china/2011/03/24/295816/China-economy.htm
6. See http://www.chinadaily.com.cn/bizchina/2011-03/16/content_12178330.htm
7. See http://www.uschina.org/statistics/fdi_cumulative.html
8. See http://www.economist.com/node/18560525
9. The term 'non-aligned' was first used by Indian Prime Minister Jahawarlal Nehru in a 1954 speech in Colombo, Sri Lanka. The principles that would serve as the basis of the Non-Aligned Movement were: mutual nonaggression, mutual respect for each other's territorial integrity and sovereignty, equality and mutual benefits, mutual non-interference in domestic affairs, and peaceful coexistence. The origin of the Non-Aligned Movement can be traced back to a conference in Bandung, Indonesia, in 1955, hosted by the leaders of the developing world, at which they declared their desire not to become involved in the East-West ideological confrontation of the Cold War.
10. See *History and Identify in the Construction of Africa's China Policy*, p. 86.
11. See http://news.bbc.co.uk/2/hi/asia-pacific/7186918.stm
12. See *Statistical Review of World Energy 2010*.
13. Calculated from *Statistical Review of World Energy 2010* by dividing imports in crude oil for 2009 (thousand barrels daily) into total consumption.

14. See http://www.chinadaily.com.cn/bizchina/2010-01/14/content_9317926.htm and http://www.huffingtonpost.com/2010/07/20/china-energy-consumption_n_652921.html
15. See http://www.huffingtonpost.com/2010/07/20/china-energy-consumption_n_652921.html
16. See http://www.bloomberg.com/apps/news?pid=newsarchive&sid=aIdwB3BWURDI&refer=top_world_news
17. See http://www.eia.gov/countries/cab.cfm?fips=CH
18. See Alden 2007: 61.
19. See http://www.publishwhatyoupay.no/new-analysis-global-witness-oil-transparency-sudan and http://www.globalwitness.org/crudecalculationspress
20. See 'China, Nigeria sign oil supply pact', Xinhua News Agency. July 9, 2005.
21. See 'Africa: Western leaders monitor China-Africa summit', *The Nation* (Nairobi). May 17, 2007. Available at http://allafrica.com/stories/200705161110.html.
22. See http://www.ft.com/cms/s/0/5e46bc14-1e29-11dd-983a-000077b07658.html.
23. See http://www.huffingtonpost.com/peter-bosshard/chinas-global-dam-builder_b_522127.html and http://www.internationalrivers.org/en/node/350
24. See http://www.ft.com/cms/s/0/7a46f5d4-0013-11dd-825a-000077b07658.html#axzz1Kgqppb2x
25. See http://www.guardian.co.uk/world/2008/jul/11/unitednations.zimbabwe
26. See 'China and Zimbabwe sign technological cooperation agreement', *People's Daily*, July 15, 2003.
27. See 'China Updates', *Mines and Communities*, June 16, 2006, Available at: http://www.minesandcommunities.org/Action/press1109.htm.
28. See 'China Zimbabwe friendship further strengthened: Ambassador', Xinhua New Agency, April 23, 2005.
29. See Harneit-Sievers, Marks and Naidu 2010: 183.
30. See http://www.gov.cn/english/official/2010-12/23/content_1771603_3.htm
31. See http://www.gov.cn/english/official/2010-12/23/content_1771603_3.htm
32. See http://www.bbc.co.uk/news/world-asia-pacific-12069624
33. See http://www.tralac.org/cause_data/images/1694/tralac_Africa-China2010.pdf
34. See http://www.gov.cn/english/official/2010-12/23/content_1771603_4.htm
35. See *World Investment Report 2010*, p. 35.
36. See http://articles.cnn.com/2011-01-17/world/razia.khan.africa_1_trend-growth-economic-growth-commodity-prices?_s=PM:WORLD
37. See http://stats.oecd.org/Index.aspx?DataSetCode=AEO11_OVERVIEW_CHAPTER1_FIG1_EN
38. See Trelac 2010.
39. See Trelac 2010.

40. The Cotonou Agreement was signed in June 2000 between the EU and a group of African, Caribbean, and Pacific states collectively known as the ACP countries. Since the First Lomé Convention in 1975, the EU has granted nonreciprocal trade preferences to these ACP states. Under the Cotonou Agreement, however, this system will be replaced by a new scheme, to take effect in 2008, known as the Economic Partnership Agreements. The new arrangement is expected to provide for reciprocal trade agreements, whereby not only will the EU provide duty-free access to its markets for ACP exports, but ACP countries will be expected to provide duty-free access to their own markets for EU exports.
41. AGOA, which became law in 2000, and AGOA II, ratified in 2002, substantially improves preferential access for US imports from beneficiary sub-Saharan African countries by expanding the list of products those countries may export to the United States duty free under the Generalized System of Preferences from 4,600 items to more than 6,400; the provisions are scheduled to remain in effect until September 30, 2015.
42. Tariff escalation occurs when low tariffs are charged on raw materials imported from the South, higher tariffs are charged on imports of partially processed goods, and much higher tariffs are charged on fully processed products.
43. It is important to note that estimates on the number of Chinese workers in Africa vary from 100,000 to 750,000. See http://www.migrationinformation.org/feature/display.cfm?ID=690 & See Chen (2005); and Reilly and Gill (2007). China has more than four million labourers working abroad at any time, mostly engaged in construction projects. South Africa is home to more than 100,000 Chinese workers, and sizable Chinese communities can be found in Nigeria, Algeria, Zimbabwe, Sudan, and elsewhere. The majority of long-term Chinese residents living in Africa are small merchants involved in the retail sector. The continent has also witnessed an influx of Chinese tourists over the past few years; in 2005, Africa welcomed 110,000 Chinese tourists, a 100 per cent increase over the previous year.
44. See http://africa.reuters.com/business/news/usnBAN732858.html.
45. See http://chinadigitaltimes.net/2008/04/china-sudan-dam.
46. See 'China and Zimbabwe sign technological cooperation agreement', *People's Daily*, July 15, 2003.
47. See 'Chinese demand coal guarantees', *Financial Gazette* (Harare), May 20, 2005.
48. See http://Africa.reuters.com/wire/news/usnL06885098.html.
49. See http://www.gov.cn/english/official/2011-04/21/content_1849913_5.htm
50. See http://www.gov.cn/english/official/2011-04/21/content_1849913_5.htm
51. See http://www.chinadaily.com.cn/china/2007-02/01/content_798163.htm; and http://www.fmprc.gov.cn/zflt/eng/yhjl/t404109.htm.
52. See http://www.gov.cn/english/official/2011-04/21/content_1849913_4.htm
53. See http://www.gov.cn/english/official/2011-04/21/content_1849913_5.htm
54. See http://www.gov.cn/english/official/2011-04/21/content_1849913_6.htm

55. Brautigam 2010: 350.
56. Brautigam 2009: 397.
57. See http://www.chinadaily.com.cn/china/2008-01/22/content 6413076.htm.
58. See http://news.xinhuanet.com/english/2007-12/17/content7264552.htm.
59. See http://english.mofcom.gov.cn/aarticle/subject/minister/lanmua/201102/20110207420901.html
60. See Harneit-Sievers, Marks and Naidu 2010: 44.
61. See http://allafrica.com/stories/200506200960.html.
62. See http://www.jamestown.org/images/pdf/cb_005_021.pdf; and Eisenman and Kurlantzik (2006).
63. See Harneit-Sievers, Marks and Naidu 2010: 178.
64. See http://af.reuters.com/article/topNews/idAFJOE7330I220110404.

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