Charm of the Dragon: Exploring China’s Relationship with Africa and its Implications for Resource Security, Soft Power and Development

by
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B.A., University of British Columbia, 2008

Research Project Submitted in Partial Fulfillment of the Requirements for the Degree of Master of Arts

in the
School for International Studies Faculty of Arts and Social Sciences

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Abstract

This paper explores the relationship between China and Africa within the context of China’s resource security endeavours. It focuses on Chinese investment and soft power in Africa, and how they connect with African development. Is China in Africa to build mutually-beneficial relationships or to extract resources? Connected to this, are China’s soft power initiatives contributing to African development, or are they merely incentives for African states to do business with China? By examining Chinese soft power, the motivations and actions of both Chinese and African players, the author concludes that Africa is benefiting from Chinese investment, though to what extent varies based on the country. Conversely, the author finds little evidence that China’s soft power initiatives are supporting country development. Finally, the Sudan and Zambia case studies illustrate how Africans are far from passive actors, as external and internal pressures are slowly changing how China does business in Africa.

Keywords:  China; Africa; China-Africa Relations; Chinese foreign relations; Chinese soft power; Chinese investment
To Robyn: for your support, guidance, wisdom and patience.
Acknowledgements

My thanks to Professor Michael Howard are twofold: first, for his enduring good nature as I took a lengthy absence from the program to pursue work experience opportunities; and second, for his continued interest, feedback and support as I moved forward with my project and the inevitable struggles that come with such a large undertaking. I would like to thank my small army of editors and reviewers (the full list of which sadly cannot be printed in such a small space), who dutifully read various iterations of this project from the earliest drafts to the 11th hour final version. You know who you are! To my friends, colleagues, and teachers at the School for International Studies, thank you for a wonderful year together, and for inspiring me to learn more about the world in which we live. Finally, I would like to thank Robyn, whose support, understanding and superb editing skills kept both myself and my paper coherent. She inspired, cajoled, and prodded me to press on time and time again throughout, but especially in the final weeks of, the project. I couldn't have done it without you. Thank you, one and all.
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<th>Acronym</th>
<th>Full Form</th>
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<tbody>
<tr>
<td>AU</td>
<td>African Union</td>
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<tr>
<td>CCP</td>
<td>Chinese Communist Party</td>
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<td>CNPC</td>
<td>China National Petroleum Company</td>
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<td>DRC</td>
<td>Democratic Republic of the Congo</td>
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<tr>
<td>FDI</td>
<td>Foreign Direct Investment</td>
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<tr>
<td>FOCAC</td>
<td>Forum on China-Africa Cooperation</td>
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<tr>
<td>GDP</td>
<td>Gross Domestic Product</td>
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<tr>
<td>IMF</td>
<td>International Monetary Fund</td>
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<tr>
<td>NFM</td>
<td>Non-Ferrous Metal</td>
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<tr>
<td>NGO</td>
<td>Non-Governmental Organization</td>
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<tr>
<td>NIF</td>
<td>National Islamic Front</td>
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<tr>
<td>ODA</td>
<td>Official Development Assistance</td>
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<tr>
<td>PPP</td>
<td>Purchasing Power Parity</td>
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<tr>
<td>SEZ</td>
<td>Special Economic Zone</td>
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<tr>
<td>SOE</td>
<td>State-Owned Enterprise</td>
</tr>
<tr>
<td>SPLA</td>
<td>Sudan People’s Liberation Army</td>
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<tr>
<td>UN</td>
<td>United Nations</td>
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Chapter 1: Introduction

When China began market reforms in the late 1970s, few people could have predicted the surge in growth that would follow. The country’s thirty years of economic development have continually defied scholars and experts alike, as China has risen from an isolated command-economy state to one of the most powerful countries in the world. China’s rise has not been without challenges however, as over the last decade there has been a significant rise in demand for the primary products China needs to continue its high rates of growth. As a result, since the mid-1990s the Chinese government has executed a fundamental shift in its foreign policy, and directly tied to this, its economic policy. Beijing is keenly aware that any disruption in the supply of critical resources could be disastrous for the growth of China’s economy. From Africa to Latin America to Southeast Asia, China has been developing close political and commercial relations with countries throughout the world, seeking to secure the resources it needs to grow, as well as foreign markets for its own exports. At the same time, China is using its own funds to promote major infrastructure, health, education and cultural projects in these regions, employing development policy as an important arm of its new economic agenda.

Nowhere is this approach more apparent than in Africa. Since the mid-1990s, China has invested in Africa to a staggering degree, forging economic ties across the continent. The Chinese government, Chinese state-owned enterprises (SOEs) and private corporations are all heavily involved in conventional economic activities, such as resource extraction, refinement, and infrastructure development. However, these groups
are also investing in other ‘soft,’ or non-traditional, sectors such as healthcare, education and cultural exchanges. Beijing maintains its relationships with African countries are mutually beneficial, helping them realize their potential,\(^1\) especially in regions where the West has traditionally been reluctant to do business. On the other hand, there are many sceptics who question China’s motives, feeling that while the country’s development and other non-traditional investments are laudable, Beijing’s ultimate goals must be far more selfish in nature, such as resource extraction and export dumping in foreign markets. These critics point out that China’s thirst for oil is driving many of its investments in Africa, as evidenced by the number of short- or medium-term enterprises in countries with abundant oil reserves. In the process, Beijing is supporting non-democratic regimes and state elites, leading to few benefits for the wider African people.\(^2\) As a result of these concerns, China has received various labels in its African venture, both positive and negative: development partner, economic competitor, and even neo-colonialist power.\(^3\)

**Argument and Methodology**

This paper seeks to evaluate China’s role and influence in African countries. I endeavour to answer the following questions: Does the presence of oil dictate how China engages African states, and does it play a role in how much China is willing to

invest (be it monetary in nature or otherwise) to maintain these relationships once they are established? Related to this, when analyzing China’s relationship with a given African country, are Chinese ‘soft power’ investments a useful contributor to that state’s overall development, or does this soft power investment merely represent reputation-building and ‘deal-sweetening’ on China’s part? More succinctly, are ‘hard’ economic investments in a given African country the only outside driver for development, or do soft power initiatives play an important role? In order to help answer these questions, Sudan and Zambia will be reviewed as case studies.

I have chosen Sudan and Zambia for several reasons. While China is now involved to a certain degree in almost every country in Africa, such broad engagement is a recent phenomenon. In the 1990s, China was only beginning to invest in the continent. Because foreign direct investment (FDI) can take years to mature, length of engagement is one of the primary factors influencing my study. Sudan and Zambia thus present ideal cases for comparison. Both countries initially developed closer ties with China in the late-1990s, with critical junctures occurring within one year of each other: in 1998 for Zambia, when China began a large investment plan in the country’s copper industry, and in 1999 for Sudan, which marked the beginning of oil exports to China. Other similarities are important for achieving a feasible study: both countries possess relatively weak institutions (although Zambia’s October 2011 election may change this), and both possess wealthy endowments of natural resources. But, while Zambia operates as a weak democracy and possesses a rich diversity of mineral wealth, Sudan is largely elite driven in nature, and its resource profile is composed almost exclusively of oil deposits. These important differences allow for a comparison of Chinese ties to each country, with resources being the chief variable and institutions the secondary variable.
Natural resources form a critical component of this paper’s analysis. In his discussions on power, the political scientist Joseph S. Nye Jr. considers that the ability to influence others is often associated with the possession of resources. These can include “population, territory, natural resources, economic size, military forces, and political stability.” In China’s case, I argue that it already possesses all of these resources in sufficient quantities, with the exception of natural resources. On the one hand, China does possess an abundance of certain natural resources and resource potential, such as land for agriculture, coal, and other stocks. On the other, China’s deficiency in critical resources like water, oil and certain metals will dictate how well the country is able to maintain its high growth rate. Without water in clean and sufficient quantities, agriculture and industry cannot function. But equally important for countries today is oil, for without this resource even the most advanced economy would fail.

In seeking answers to my earlier questions, I argue that while China is eagerly courting ties with any African state willing to do business, the presence of oil does play an important role in how much China is willing to invest in a given country, be it through money, soft power initiatives, or support and solidarity in the international arena. Therefore, China’s overall investment in oil-exporting countries does represent the focus of its African thrust. Despite this, I find that non-oil exporting countries are still benefiting from Chinese investment and soft power initiatives. Indeed, I argue that while China may focus more on developing closer ties with oil producing countries in order to secure this resource, China continues to employ its soft power endeavours wherever there is

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openness to Chinese investment. Thus China’s soft power expansion is occurring in any country open to these activities, regardless of that country’s mineral wealth.

At the same time, from the African point of view, there remains a well-founded concern on the part of academics, politicians and civil groups about competition from Chinese workers and Chinese exports in Africa. African countries remain wary that Chinese investment is simply a means to an end, and may not help them in the long run. However, given the enormous potential economic and financial benefits involved, African governments and business leaders, who form the majority of the economic ties with Chinese companies, are on the whole enthusiastic toward China’s presence in their respective countries. Ultimately, the growing consensus among scholars is that China’s foray into Africa is very much a country-specific experience. Some African states see strong, tangible benefits from dealing with China, while others see mixed results, punctuated by the sale of natural resources and concentration of wealth amongst state elites. In the long run, how these states manage their relationship with China will represent one of the most important questions of the twenty-first century.

A major challenge to conducting this investigation is the lack of reliable data on both traditional and non-traditional types of Chinese investment in Africa. Chinese central government departments do not typically release statistics of their aid or investment-supported activities. The same is often true for private Chinese companies and Chinese SOEs, which receive funding from a number of Chinese investment banks with close connections to the Chinese government. Data on these subjects is usually drawn from third-party sources engaged in monitoring activities, which may not capture the full scale of Chinese activity, or may suffer from reporting bias. In addition, the data maintained by African governments is generally less than reliable, leading to questions
about the accuracy of the information presented. However, by combining and comparing information presented by the above parties, as well as that gathered by other scholars, I aim to reduce concerns surrounding the available information.

Organization and Structure

This paper is organized into five chapters. In chapter two, I explain the theoretical foundation for my analysis, discussing the concepts of resource security and soft power, focusing on the Chinese context. In chapter three, I provide a short history of China’s development and its growing resource demands, as well as an overview of China’s history with the African continent. I then discuss current trends in China-Africa political and economic relations, specifically looking at Chinese investment patterns and strategies, as well as those related to soft power activities.

In chapter four, I move on to my case studies for evaluation: Sudan and Zambia. By reviewing Chinese involvement in these two countries, I hope to determine to what extent the presence of oil plays a role in shaping China’s relationship and activity in a given country, and whether or not China’s soft power endeavours in this country are contributing in a meaningful way to the state’s overall development.

Chinese activities in Africa, while not as controversial as they once were only a few years ago, remain a strong source of contention in the academic, government, and non-profit realms. With this in mind, in the final chapter I review current arguments surrounding Beijing’s African expansion. China’s critics focus on issues such as primary resource exploitation and neo-colonialism, the destruction of local export economies, and the continued support of authoritarian regimes. Proponents point to the fact that
more emphasis should be placed on trade and development opportunities, and that Chinese investment in Africa is helping the continent to a degree rarely achieved by Western activity in the past.
Chapter 2: The Theory and Development of Chinese Soft Power

In its most basic sense, power is the ability to influence the behaviour of others. In the realm of international studies, this definition has been broken down into a number of more focused classifications such as hard and soft power. While hard power has traditionally been defined as coercion through military and/or economic might, soft power, which I shall focus on in this paper, is a concept that continues to evolve.

Although ideas and concepts about soft power have existed in various forms throughout history, the political scientist Joseph S. Nye Jr. is widely credited as having coined the term in its more modern sense. He defined soft power as “the ability to obtain what one wants through co-option and attraction.” Nye goes on to explain that:

Soft power rests on the ability to shape the preferences of others…It is leading by example and attracting others to do what you want. If I can get you to do what I want, then I do not have to use carrots or sticks to make you do it.

This ‘leadership by example,’ or attraction, can be expressed in many ways, such as a country’s popular and elite culture, its diplomatic image, the actions of its businesses,

6 Nye, Bound to Lead, 31.
international perception of its government policies, and the appeal and pull of its economic prowess.⁸

When Nye originally described his version of soft power, he focused his definition on norms and ideational factors, excluding elements such as formal diplomacy, aid, investment and trade. These areas have traditionally been placed under the umbrella of a country's wider influence, and all of these were areas he considered to be more concrete forms of power, outside the realm of his early version of soft power. He argued that “soft power is not nearly the same as influence; after all, influence can also rest on the hard power of threats and payments.”⁹

However, Nye and other scholars have recently been revising concepts and definitions surrounding soft power, expanding this type of attraction in order to better encapsulate changes in power dynamics over the past twenty years. Hard and soft power are now seen almost “like two sides of the same coin, both presenting the ability to change what others do, and they represent two kinds of power for reaching set objectives.”¹⁰ This broader view reveals three major sources of soft power: culture, in particular elements appealing to other groups of people or countries; values, including values maintained by a state through internal and external policies; and a state's foreign

⁸ Kurlantzick, Charm Offensive, 5-6.
Such a revised vision of soft power lends to the notion that it has become a much larger, more influential force in today’s world.

At the same time, soft power’s basis in attraction remains a subjective experience, based on the views, background, and situation of those it influences. For example, some sources of soft power are ‘natural’ in the sense that they represent an ideal many are attracted to, such as freedom of speech or human rights. Others are artificially constructed by the state through persuasion or other means. Notably, a state can have a number of soft power tools at its disposal, for example cultural, economic, or ideological attractiveness, and these tools can be accumulated or grow, adding to that country’s appeal. Depending on the situation and the audience, the implementation of these soft power tools or ideas could be received in a positive manner, helping to achieve desired goals, or they could also discourage or frustrate, potentially by accident, leading to antagonism or other negative results. In sum, soft power tools, their agents and audiences have no absolute definition or formalized structure, leading to ongoing debates about almost every aspect of soft power.

Connected to power theory, the other major foundation for this paper is realism: more specifically, hegemonic theory and the idea of an anarchic international system. Scholars such as Alastair Johnston and John Mearsheimer have long been concerned with China’s rising and potentially revisionist power status in the regional and world

12 Fijalkowski, China’s Soft Power, 224.
13 Ibid.
14 Szczudlik-Tatar, Soft Power in China, 47.
They assert that China, while at times integrating into the norms and institutions of the international community, remains at heart a realist power that will not hesitate to challenge the prevailing order if it feels sufficiently threatened. Chinese analysts continue to view the current world order, where a single superpower exists in the form of the United States (US), as a potentially hostile environment.

Certainly, other than a confrontation with the US over Taiwan, resource security is now the most critical concern for the Chinese government. David Lampton highlights this point, noting that “Chinese leaders are obsessed with the risk that sea-borne fuel imports, carried overwhelmingly on the flagships of other nations, could be interrupted in a number of ways, including by the US Navy.” The Americans’ role as a guarantor of safe shipping lanes may be pre-eminent, but this could also be used against China. Beijing has recognized that the US, its main source of potential conflict, controls the vast majority of the world’s oil supplies, either directly or indirectly. Though realism dictates avoiding reliance on foreign resources as much as possible, Beijing knows it has little choice but to seek out and build strong bilateral ties with energy exporting states. Toward this end, the Chinese government is seeking to control every aspect of the oil supply chain, from the point crude oil is extracted to its shipment as a refined product back to China. Ironically enough, even though China has used market forces and capitalism to fuel its development, the government distrusts these very same forces to

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17 Lampton, The Three Faces, 41.
provide the resources it needs for its own growth. In the pursuit of resource security, Beijing is employing every tool available to fulfill its objectives, including the use of more subtle means of courting allies around the globe.

**China’s Soft Power in Action**

The rapid increase in Chinese soft power activities in the last decade, combined with a keen interest in the subject among Chinese scholars and government circles, represents an important and changing trend in how soft power is studied. Indeed, given that the Chinese government is increasingly involved in business, investment, and promoting its image abroad, Kurlantzick’s definition of soft power provides a more appropriate description of Chinese soft power: for Beijing, soft power encompasses “anything outside of the military and security realm, including not only popular culture and public diplomacy, but also more coercive economic and diplomatic levers, like aid and investment and participation and multilateral organizations.”

Combined with international attitudes and perceptions, as well as the appeal of economic strength, China’s approach is rooted in soft power principles and radical in its rapid and broad evolution.

Beijing derives its soft power from three overarching sources: culture, foreign policy and economic policy. The first source concentrates on educational and cultural diplomacy. Here, China applies two major strategies. The first involves “inviting in” (qing jinlai), where Beijing uses education to attract foreign students to China through targeted

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programs (exchanges, language and graduate studies) and a significant government-sponsored scholarship program. China also uses tourism and tourism promotion as another major vehicle to bring foreigners into the country. When people from both these groups return home, provided their experiences were positive, they can become de facto “emissaries” propagating China’s positive image.

The second culture-related strategy, “going out” (zou chuqu), involves Beijing’s efforts to promote China abroad, where the target is to raise interest in China, its people, culture and history, in order to shape a positive perspective on China. The most obvious tool Beijing employs in this realm is the rapidly growing network of Confucian Institutes, now found all over the world. Started in 2004 under the auspices of the Ministry of Education, this network is responsible for the promotion of the Chinese language and culture abroad. Senior Chinese Communist Party (CCP) officials have been quoted as saying the Confucian Institutes are important public relations tools useful for improving China’s image abroad, and are “an important part of China’s overseas propaganda set-up.”

China’s foreign policy represents the second major resource from which it can draw soft power to project its image abroad. Numerous high- and working-level official visits to other countries, combined with multilateral and regional forums, are important

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19 Szczudlik-Tatar, Soft Power in China, 49.
20 Ibid.
21 Ibid.
22 Ibid.
links to the idea that China values its relationship with these countries, and shows this value through its actions. These visits and China’s participation in such forums are welcomed because Beijing regularly announces new investments or other initiatives during diplomatic trips. Another important aspect of China’s foreign policy with strong soft power reverberations is its United Nations (UN) peacekeeping activities. Despite frequent and ongoing statements about non-intervention in the internal affairs of other sovereign states, China now has more UN peacekeepers in operation in Africa than any of the other UN Security Council Permanent members. The image that China is now a responsible member—or even a leader—of the international community, contributing its share to the “greater good” is something Beijing is keen to portray.

The final overarching source from which China draws its soft power is economic in nature. This represents arguably the largest realm of Beijing’s influence, and includes significant official development assistance (ODA, or simply aid) to African or other countries, writing off debts, and making preferential long-term loans. Another major angle is represented by Chinese investment in infrastructure and other “prestige” projects, as well as related joint ventures and partnerships between domestic and Chinese firms. These companies, private or otherwise, are funded through substantial loans and other financial support provided by China Export-Import Bank, China

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26 Ibid.
Development Bank and other major Chinese financial institutions. China has also begun to provide more humanitarian aid following natural or man-made disasters, usually in the form of financial or medical assistance, as well as rescue or support teams. Finally, China’s development method of successfully combining market reforms without a transition to democracy has an undeniable soft power appeal, and has increasingly become the focus of attention in recent years. Coined as the central idea behind the ‘Beijing Consensus’ by former *Time* foreign editor Joshua Cooper Ramo, this concept will be discussed in more detail in chapter three.

I propose several reasons for Beijing’s emphasis on soft power policies. First, given my discussions on the international system, I posit that China is not looking for simple business partners. Following the realist approach to power balancing, it is seeking long-term allies, creating deep political and economic connections with these countries. In doing so, China hopes to gather around it a core of states that will support it in international forums and through other channels. Second, fostering alliances through soft power is much more beneficial toward Beijing’s reputation than simply financial investment. Building schools and hospitals improves China’s image internationally; as a result it is seen as a constructive, humanitarian partner in the developing world. China’s frequent declarations of a deep relationship with the African continent have strong merit when backed up by its many positive investments. Unlike Western governments and international financial institutions, which often approach business in Africa laden with

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29 Fijalkowski, *China’s Soft Power*, 227.
31 Kurlantzick, *Charm Offensive*, 56.
conditions, China has come to do business with no strings attached. Finally, China’s soft power approach has a strong ideational component. As just mentioned, many countries look to China as an example of a state that has developed its economy and grown rapidly in power, yet has managed to postpone political reform. This is an appealing combination to many undemocratic leaders in developing countries.

Thus, China’s soft power activities in places such as the African continent serve a dual purpose: to provide incentives for its trading partners to continue dealing with China while deepening bilateral ties, and to promote its image both in Africa and abroad, in an international system which China views as inherently unstable and potentially hostile. Using soft power is therefore preferable to maintaining a purely business relationship, as soft power provides benefits far and above what investment can provide.

Before delving into China’s relationship with Africa, however, some historical context is necessary in order to understand the country’s motives.
Chapter 3: China and Africa

The Rise of China

Since its formation in 1949, the People’s Republic of China has had two major periods of development. First, from roughly 1949-1978, when the country operated under the policies of its leader, Mao Zedong; and second, from 1978-present, when China opened itself to market reforms under Mao’s successor Deng Xiaoping, paving the way for the economic growth witnessed today. During the first period, the country was essentially isolated from international trade and investment. Mao and many of his advisors viewed the world in decidedly realist terms; not only was the government deeply concerned with what they perceived to be the global conflict between capitalism and communism, but they were also fixated on the idea of resource self-sufficiency. This trend increased markedly after the Sino-Soviet split, after which China could no longer rely on access to Soviet resources. The split made apparent the increased need for resource self-sufficiency, and prompted Beijing to comb China for natural resources such as oil reserves.

Unfortunately, while economic growth did occur during this period, the overall results were underwhelming given China’s potential. Annual growth rates varied wildly
based on Mao’s scattered economic policies, and by 1978 China’s gross domestic product (GDP) per capita was roughly equal to that of Malawi.\textsuperscript{32}

From 1978 onward, CCP leader Deng Xiaoping introduced economic policies aimed at dismantling the inefficiency and wastefulness of the communist system, and put more emphasis on market reforms, institutional change, and international trade and investment. Combined with the resulting productivity increases, these factors became the major drivers for China’s development, leading to over thirty years of phenomenal rates of growth. Since then, the country has averaged 8-9 percent GDP growth per year; over 400 million Chinese people have been lifted out of extreme poverty;\textsuperscript{33} GDP per capita has increased from US $224 in 1978 to US $4,393 in 2010;\textsuperscript{34} and, average life expectancy has increased from 67.9 years in 1978 to 73 years in 2009.\textsuperscript{35} While much of China’s development success relied on trade and investment, the country avoided dealing in international politics and multinational organizations whenever possible. Deng himself advocated China should “keep a low profile and never take the lead” on global issues, as “Beijing wasn’t strong enough to expose itself to a world leadership role.”\textsuperscript{36} Throughout the 1980s and early 1990s, China followed this policy, strengthening its

global economic ties while generally keeping its distance from international issues (other than efforts to isolate Taiwan).

For a number of reasons, beginning in the 1990s, China could no longer afford to continue this policy. The end of the Cold War caused a major shift in the international political landscape. The Soviet Union collapsed, leaving the US as the only global superpower. China suddenly found itself the target of growing American concern over Beijing’s rapid rise in both economic and political clout, even if the latter was rarely exercised. Policymakers in the CCP feared that American experience containing the Soviet Union could be shifted to act against China.

During this period, China made several aggressive motions towards its neighbours on issues such as border disputes, maritime resource conflicts, and trade disputes. The results were a learning experience for Beijing: the countries of Southeast Asia denounced its rhetoric and unilateral motions as dangerous and counterproductive. China’s neighbours formed closer ties with one another and with the US, in order to counter what they perceived to be a rising level of threat from China.37 Experts and analysts in Beijing, discovering that their approach was creating a backlash, and knowing China could not match the US in military might, sought instead to reorient China’s image as a constructive member of the international order, and build a network of allies and sympathetic states through political and economic ties.38

37 Kurlantzick, *Charm Offensive*, 45-47.
38 Ibid.
This development of China’s ‘soft power’ would mark the beginning of a major campaign by Beijing to improve its image and relationships abroad.\textsuperscript{39} At the same time, the end of the Cold War signalled a retraction of American soft power abroad, as the US ended support for many countries it had once backed against Soviet influence. In addition, a number of international issues in the 1990s and 2000s, such as the US’ refusal to intervene in Rwandan genocide, the financial meltdown in Thailand, and the 2003 US-led Iraq war, yielded decidedly negative results for America’s international reputation.\textsuperscript{40} This combination of events proved very beneficial for China, as it cultivated ‘south-south’ relationships with a growing number of developing countries around the world.

Despite the changing international situation, the main motivations for China’s ‘Peaceful Rise’ policy have been domestic in nature. While China’s rising international profile has been the focus of much attention since the mid-1990s, the demands of its surging economy are now one of the most important topics in international affairs. China’s consumption of commodities and natural resources has risen at extremely high rates. For example, by 2008 China was consuming half the world’s cement, a third of its steel and over a quarter of its aluminium.\textsuperscript{41} China has consumed more than 80 percent of global copper production since 2000.\textsuperscript{42} Imports of iron rose from 148 million tons in

\textsuperscript{39} Kurlantzick, \textit{Charm Offensive}, 5.
\textsuperscript{40} Ibid., 32-36.
\textsuperscript{41} \textit{The New Colonialists: China’s hunger for natural resources is causing more problems at home than abroad}, “\textit{The Economist}, March 13, 2008, http://www.economist.com/node/10853534.
\textsuperscript{42} Ibid.
2003 to 375 million tons in 2008, an average annual increase of 27 percent.\(^{43}\) A 2007 Rio Tinto report on China’s rapid consumption increase estimated that:

> The increase in China's demand for metals during the next two decades may be comparable to the total demand from the industrialised world today. Prices will remain on average much higher in real terms than they were during the last quarter of the 20th century.\(^{44}\)

Likewise, Citigroup estimates that Chinese trade in iron will increase to almost 900 million tons by 2014. This estimate itself is actually an upward revision from an earlier prediction; demand has consistently exceeded expectations, necessitating higher estimates by banks and market experts alike.\(^{45}\)

The destination for all these resources has been Chinese heavy industry. Since 2000, Chinese steel production has tripled, and now accounts for 37 percent of global output alone. Chinese production of iron has more than doubled since 2003, making it the world’s largest producer. This trend is expected to continue, as firms producing these metals are expanding at a rapid pace. One firm, Shougang Steel, increased its steel output from 6 million tons in 2003,\(^{46}\) to 12.4 million tons in 2008,\(^{47}\) with a predicted output of 30 million tons in 2012.\(^{48}\) When a spokesman for the company was asked whether the

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\(^{46}\) Ibid.


firm is confident there will be a market for their ever-increasing steel production, he replied in a puzzled manner that “China is growing so fast, there is no problem selling anything Shougang produces.” Indeed, these surges in production have gone towards infrastructure projects such as the Three Gorges dam and a suspension bridge over the Huangpu River in Shanghai. China also exports finished metals to Africa for Chinese infrastructure projects on that continent.

Equally as important as the continued flow of resources, China needs to maintain high economic growth to provide job opportunities for its growing population and high surplus of labour in rural areas. According to the scholars Wei Zhang and Xiaohui Liu, every percentage point of annual growth provides about one million new jobs in China. With this number in mind, Beijing needs to create about 24 million new jobs per year just to handle the number of new young workers entering the market. Even more daunting, in order to absorb the more than 300 million surplus workers in both rural and urban areas, China will need to maintain an annual GDP growth rate of approximately 9-10 percent over the next 30 years.

One way to promote job creation is for China to find new markets for its manufacturing sector. A recent report estimates that domestic employment generated by trade may be as high as 120 million, and these numbers will only increase in the long run.

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50 Ibid.
51 Liu, China’s Three Decades, 11.
52 Raunet, Feeding the Dragon, 5.
53 Liu, China’s Three Decades, 11. / In the CCP’s most recent Five-Year Plan, the government is actually seeking to slow growth to about 7.5 percent per year. However, a discussion of how they plan to cool the economy while at the same time providing sufficient job creation is beyond the scope of this paper.
run. With markets in the developed world already saturated by Chinese products, and Chinese domestic consumption rising slower than expected, companies must look elsewhere to sell their wares. The African continent, with a population of almost one billion consumers, currently represents the fastest growing market in the world. China has responded to this opportunity by a huge increase in exports to Africa. In 1980, China-Africa trade was a mere US $1 billion, but by 2000 it had grown to over US $10 billion, and by 2010 trade was US $114 billion. China’s exports of textiles, machinery and other manufacturing goods to Africa increased fourfold from 2001 to 2006, totalling US $26.7 billion. Because of this surge in trade, China has now overtaken the US as the continent’s largest trading partner.

But the main reason for Beijing’s growing presence in Africa, and indeed around the world, is China’s growing thirst for oil. The majority of this increase comes from China’s infrastructure and transportation sectors; one report shows that the number of cars sold in China grew by an average of 37 percent per year between 2000 and 2006. While China was self-sufficient in oil as recently as 1993, its demand is expected to double from 7 million barrels per day in 2008 to 16.5 million barrels per day by 2030, surpassing the US as the world’s largest consumer of oil within that time. Of that number, experts estimate China will have to import over 13.1 million barrels per day to

54 Liu, *China’s Three Decades*, 11.
55 Ibid., 9.
56 Southall, *A New Scramble for Africa*, XXV.
61 Ibid.
feed itself. Compounding the issue, oil production has already peaked at China’s main oil fields, and will continue to decline in the future. Given that the US has long-standing relationships with key oil suppliers like Saudi Arabia, Beijing has actively sought out ties with any oil suppliers it could find, such as Russia, Iran, Angola, Sudan and Venezuela.

Another factor in the oil equation is price and stability of supply. The last few years have witnessed highly volatile oil prices, based on rising demand, wars and external shocks. Beijing is growing more concerned with oil security, fearing that any long term supply declines or sudden shocks may have an adverse impact on its growth, with dangerous consequences for domestic peace and stability. Toward this end, it has recently created a strategic petroleum reserve, accumulating enough oil to supply China for about thirty days, although the reserve’s size will have to constantly increase to maintain this ratio. China is also building oil pipelines through Kazakhstan and Myanmar, as well as building ports in the latter country capable of handling Chinese oil tankers, in the event its shipping lane through the Singapore straight is cut off. Finally, China’s relationship with resource-rich African countries is also an important part of Beijing’s efforts to promote its own resource security and domestic growth.

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65 Chen, China’s Foreign Oil Quest, 82-83. / Southall, A New Scramble for Africa, 180-181.
China and Africa: A Growing Friendship

Given the scale of China’s needs to continue its economic development, it is no surprise that the country has been courting the African continent so heavily in recent years. However, this is not China’s first foray into Africa. Beijing first built ties with the continent at the Bandung Conference in 1955, where 29 Asian and African countries met to discuss the issues of colonialism and the divisive nature of the Cold War. For the next four decades, China’s relationship with African countries fluctuated based on how preoccupied the CCP was with China’s internal situation. When Beijing did reach out to Africa, its engagement mainly revolved around solidarity and support amongst socialist states, or as China regularly promotes today, building closer ties with developing African countries.

In fostering these relationships, China provided US $4.9 billion worth of aid to African countries between 1957 and 1989. It built a 1,870 kilometre-long railway through Tanzania and Zambia, the Port of Friendship in Mauritania, as well as a shipping canal in Tunisia and a stadium in Kinshasa. Beijing also supported programs that saw nearly 15,000 medical personnel provide assistance in 42 African countries during this period. In 1971, African countries would support China’s successful bid for a seat on the UN Security Council (resulting in the removal of Taiwan), further solidifying ties between China and the African continent. During the 1980s, however, China turned its

66 Ampiah, Crouching Tiger, 6.
67 Alden, China in Africa, 22.
focus inward as it sought to develop its domestic economy, and relations with Africa were largely neglected.

The 1990s, as noted earlier, brought about China’s rising international profile, as well as its growing resource needs. This marked the period of China’s return to Africa, as Beijing sought to renew its ties with the continent, stressing the importance of Beijing’s ‘Five Principles of Peaceful Coexistence’: mutual respect for each other’s territorial integrity and sovereignty; mutual non-aggression; mutual non-interference in each other’s internal affairs; equality and mutual benefit; and, peaceful coexistence. In addition, China maintains that its relationships with Africa should promote “the increase of economic assistance with limited political conditions, lobbying for the international community to pay more attention to Africa, and the promotion of an international environment more conducive to Africa’s development.”

Recently, this solidarity has taken on another form, as China has begun using its remarkable track record for growth with a lack of political reform to promote its economic interests abroad. In their dealings with other developing countries, Chinese officials regularly suggest that Beijing has developed a successful model for social and economic prosperity, one that other countries can emulate. This ‘Beijing Consensus’ model contrasts with the ‘Washington Consensus,’ which advocates market reforms such as privatization, liberalization, deregulation, as well as emphasizing the importance of fiscal-

69 Ampiah, Crouching Tiger, 7.
71 Kurlantzick, Charm Offensive, 56.
monetary discipline and property rights. The Beijing Consensus focuses on a more top-down state control of development. The government is involved in economic planning, and imposes restrictions and controls on banking, property, investment, imports and exports.

The soft power implications of this model cannot be overstated. First, as noted above, political reforms are sidelined in favour of economic growth, something which many authoritarian regimes would greatly like to imitate. Second, countries (notably in Latin America) that implemented Washington Consensus reforms failed to achieve the growth predicted by proponents of the plan. China’s path to growth represents an attractive alternative to the market reforms advocated by Western governments and institutions. The fact that the model China has relied upon has also failed in the developing world in the past does resonate with some governments, but at the same time it is impossible to ignore the progress China has made in the last thirty years. For their part, the Chinese are actively promoting the Beijing Consensus style of reforms in Africa, encouraging African governments to develop their economic systems in a similar fashion.

In support of the ‘Five Principles of Peaceful Coexistence,’ in 2000 China established the Forum on China-Africa Cooperation (FOCAC). By providing a new institutional base and mechanism for communication between China and its economic partners in Africa, Beijing seeks to foster closer ties with African regimes. Since its

72 Kurlantzick, Charm Offensive, 56.
73 Ibid.
74 Ibid., 57.
75 Ibid.
creation, the Forum has held four summits, where African and Chinese leaders, investors and businesspeople meet to discuss trade, investment and development opportunities.

As with China’s development model, the soft power Beijing exerts at the FOCAC is one of the central points in China-Africa relations. At the second summit in 2003, Premier Win Jiabao announced that China would cancel the debt of 31 African countries, totalling US $1.3 billion, with another US $1 billion to be cancelled in 2007. The Premier also promised to support African peace initiatives: 1,800 Chinese peacekeepers, military observers and civilian police were participating in seven UN missions by 2007. In 2006 at the third meeting, China made a number of major development, soft power and trade-related promises:

- Send 100 agricultural experts to Africa.
- Cancel all interest-free loans that were due by the end of 2005 for highly indebted or poorly developed countries.
- Provide US $3 billion in preferential loans, and a further US $2 billion in buyer’s credits.
- Undertake to establish the foundation for three to five trade and economic cooperation zones in Africa.
- Increase trade with Africa to US $100 billion by 2010, becoming the region’s most important trading partner in the process.

In 2009, at the fourth FOCAC meeting, Chinese Premier Wen Jiabao announced eight measures that would strengthen China-Africa relations over the next three years. Most significant among these points was China’s pledge of a further US $10 billion in

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77 Ibid., 28.
78 Ibid.
79 Raunet, *Feeding the Dragon*, 56.
concessional loans to African countries, as well as US $1 billion for Chinese financial institutions to set up loans for small and medium sized African businesses.\textsuperscript{80}

\begin{figure}[h]
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\caption{Trade Volumes between China and Major African Trading Partners, 1997-2006.\textsuperscript{81}}
\end{figure}

In 1998, China-Africa trade was less than US $10 billion, but by the time of the third FOCAC meeting in 2006, it had grown to over US $50 billion (see Figure 1 for more detail on trade volumes between China and its major African partners). China’s goal of


achieving US $100 billion in bilateral trade by 2010 has already been met, as trade reached US $114 billion in 2010. Chinese FDI into Africa has also increased remarkably, totalling US $30 billion between 2000 and 2005, with a huge surge to US $100 billion by 2007. Chinese ODA is on the rise; in 2002, China gave US $1.8 billion to African countries, and at the 2006 FOCAC meeting, China pledged another US $5 billion in loans and credits over the next three years, and launched a US $5 billion China-Africa Development Fund. Finally, in addition to the US $1.3 billion in total debt already forgiven in 2000 and 2003, in 2006 the Chinese government pledged to write off another US $1.25 billion before the third FOCAC meeting in 2009.

China has also continued to support social development in Africa. The government has promised to train upwards of 15,000 African professionals, build 100 rural schools, send further support for the 1,000 doctors and nurses already working in African countries, build 30 new hospitals and 30 new malaria-treatment centres, and offer scholarships to 4,000 African students to attend universities in China. In addition, Beijing has sponsored the construction of two pharmaceutical plants in Africa to manufacture Artemisinin, an effective anti-malaria medicine.

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84 Dambisa Moyo, Dead Aid: Why aid is not working and how there is a better way for Africa (New York: Farrar, Straus and Giroux, 2009), 105.
85 Ibid
86 Szczudlik-Tatar, Soft Power in China, 47.
87 Ampiah, Crouching Tiger, 9.
88 Moyo, Dead Aid, 104 / le Pere, Geo-Strategic Dimension, 29.
89 le Pere, Geo-Strategic Dimension, 29.
Financing development projects in Africa, as noted above, is one area where China’s support continues to increase. China’s Export-Import Bank is the primary body responsible for supporting infrastructure projects such as transportation, telecommunications, hydroelectric dams, power plants, and railway lines (see Figure 2 for Chinese infrastructure spending in Sub-Saharan Africa from 2001-2007). While the main firms who seek out these loans are Chinese SOEs, the projects are all Africa focused: by the end of 2005, the Bank had approved a total of US $6.5 billion in standard loans for 260 projects in 36 African countries. Concessional and low-interest loans of US $12.5 billion were also approved in that time frame, concentrating on

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infrastructure projects in Angola, Mozambique, Sudan and Zimbabwe.\textsuperscript{91} Overall, Chinese financial commitments to African infrastructure projects grew from US $500 million annually in 2001-2003 to over US $7 billion in 2006.\textsuperscript{92}

These development projects and initiatives form part of a wider strategy that analysts have argued is now an integral part of China’s approach to the African continent, often being labelled “aid for trade.”\textsuperscript{93} Chinese firms, especially SOEs, regularly use the promise of aid and investment to secure business deals with African countries. In fact, a 2009 World Bank report found that it is difficult to define whether Chinese initiatives and projects in Africa are either traditional ODA or purely investment-related.\textsuperscript{94} These activities further blend the already unclear lines between Chinese aid, investment and soft power, leading both Beijing and Chinese companies to deal with African states in a broad and complex manner.

A prime example is China’s relationship with the Democratic Republic of Congo (DRC). In September 2007, Beijing pledged over US $8.5 billion in order to repair the country’s war-torn infrastructure. The huge project, when complete, will cover 3,851 kilometres of road, 3,212 kilometres of railway track, 32 hospitals, 145 health centres, and 2 universities.\textsuperscript{95} At the same time however, several Chinese mining firms were granted full rights to refurbish and build new copper and cobalt mines in several regions

\textsuperscript{91} Raunet, \textit{Feeding the Dragon}, 28.
\textsuperscript{93} Ibid., 3.
\textsuperscript{94} Foster, \textit{Building Bridges}, 7-8.
\textsuperscript{95} Raunet, \textit{Feeding the Dragon}, 25.
of the DRC, which included the construction of roads and railways necessary for the mines.\textsuperscript{96}

China’s agreement with the DRC is a fairly standard representation of China-Africa ties on the continent, where ‘hard’ economic deals are supplemented by ‘soft’ incentives or investments by the Chinese government. Angola has received US $4 billion in development assistance from Beijing, while the Chinese have aided in reconstructing the country’s infrastructure following decades of conflict. In return, Angola guaranteed a minimum of 10,000 barrels of oil per day to China.\textsuperscript{97} Nigeria and Ethiopia have made similar deals, trading oil for investment, with development support for unrelated sectors provided by China.\textsuperscript{98} It must be noted, however, that the benefactors of China’s most generous investments are also those countries that export the largest quantities of oil to China. Together, Angola, Nigeria, Sudan and Ethiopia receive 70 percent of Chinese investment in Africa.\textsuperscript{99}

These statistics highlight the central points of China-Africa relations and trade. Namely that African exports to China are predominantly resource-based, and concentrated in the hands of a few African countries. Angola, Sudan, Equatorial Guinea, Gabon and Mauritania account for over 90 percent of African exports to China;\textsuperscript{100} this is despite the fact that more than 35 African countries have signed economic agreements

\textsuperscript{97} Foster, \textit{Building Bridges}, xiv.
\textsuperscript{98} Raunet, \textit{Feeding the Dragon}, 29.
\textsuperscript{99} Ibid., 28.
\textsuperscript{100} Moyo, \textit{Dead Aid}, 120.
with Chinese firms.\textsuperscript{101} The exports of these five countries are overwhelmingly resources such as metals, oil and agricultural products.

China also supports its relationships and investments on the African continent with soft power activities from all three of its soft power sources. These include educational exchanges and scholarships, Confucius Institutes, strong multilateral dialogue through the FOCAC, and regular high-level Chinese official visits to many African countries. China provides strong economic-based soft power incentives for its partners in Africa, such as building hospitals and infrastructure projects, providing doctors and medicine, as well as cancelling debt and providing low or no interest loans. But are these soft power activities making a real difference in China’s relationship with its partners, or are they simply for show? In the next chapter, Sudan and Zambia will be used as case studies to explore China’s use of soft power in the African context and evaluate its implications.

\textsuperscript{101} Raunet, \textit{Feeding the Dragon}, 28.
Chapter 4: Case Studies

Sudan

Sudan’s ties with China are among the oldest of any African country. When discussing the Sino-Sudanese relationship, Beijing has been known to evoke the spirit of friendship and mutual anti-colonial sentiment through the death of the British general Charles ‘Chinese’ Gordon at the hands of rebel Sudanese Mahdist forces in 1885. In reality, however, other than a brief period of cooperation during the 1970s, China’s relationship with Sudan was essentially limited to arms sales until the late 1990s. This critical juncture represents the period of time when US and UN Security Council sanctions forced the withdrawal of western companies from Sudan in 1997. Prior to this, because of the ongoing conflict in the country between the National Islamic Front (NIF), which took power in 1989 through a coup, and the Sudan People’s Liberation Army (SPLA), Beijing remained extremely cautious about dealing with Sudan. This policy held until the lure of oil without foreign competition proved to be too attractive for China.

102 Srinivasan, A Marriage Less Convenient, 58 / Charles Gordon led the ‘Ever Victorious Army’ against the anti-Imperial Taiping rebels in China, crushing their movement in 1864. For his service he was decorated by the Qing Dynasty and ultimately made Governor-General of Sudan. His death some years later in Sudan has been used by Beijing as a mutual anti-colonial symbol for some time.
Following the departure of western oil companies during this period, the NIF and Beijing negotiated to develop Sudan's oil wealth. The result was a 40 percent stake for China National Petroleum Company (CNPC) in the newly incorporated Greater Nile Petroleum Operating Company, the joint-venture that now extracts and processes most of Sudan's oil. This move was the first important phase “in the restructuring and global expansion of the Chinese oil sector.”

In doing so, CNPC constructed a 1,500 kilometre pipeline to connect oil production with Sudan’s first oil refinery, as well as a US $215 million oil terminal in Port Sudan. Oil exports began in 1999, and soon after Chinese oil facilities and workers became targets in the SPLA’s ongoing war with the NIF. Despite these attacks, by 2001 Sudan was supplying almost 10 percent of China’s oil needs, although it has since been overtaken by Angola as China’s largest petroleum trading partner.

Since investment first began in 1996, China has spent over US $15 billion on so-called ‘package deals’ in Sudan: building oil and critical infrastructure-related projects, such as roads, bridges, airfields, power plants and dams, as well as providing arms and weapons, in exchange for continued and unfettered access to oil. These investments are not limited to infrastructure and arms sales, however, as Beijing has also begun investing heavily in a number of other sectors of Sudan’s economy, including the textiles.

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104 Large, Non-Interference, 280.
105 Ibid., 282.
106 Ibid., 285.
108 Raunet, Feeding the Dragon, 75-76. / Large, Non-Interference, 282. / Srinivasan, A Marriage Less Convenient, 63-64.
healthcare, agriculture and fishing industries. In 2009, Chinese aid supported the construction of the 88-bed Ad-Damazin hospital, providing an important medical facility that meant local Sudanese would no longer have to travel several hundred kilometres to Khartoum for medical attention.

Still, infrastructure projects make up the bulk of China’s economic activities in Sudan, where Chinese companies win most of projects tendered by the Sudanese government. These include a US $79 million contract to upgrade and expand Port Sudan and a US $373 million contract to construct an aqueduct that will deliver water from the Nile river toward Port Sudan. China’s largest non-oil related project in Sudan to date was a US $1.9 billion project, built and financed almost entirely by Beijing, to construct the Merowe Dam on the Nile River. Completed in 2009, the dam is capable of generating nearly half of Sudan’s total power demand, and was constructed almost entirely by Chinese labour—5,000 workers brought in by the China Water Resources and Hydropower Construction Group—to finish the job on time. Unfortunately for local inhabitants, over 50,000 people were forcibly resettled to clear the area for the 177 kilometre-long reservoir the dam created, receiving little or no compensation for their losses.

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111 Michel, *China Safari*, 149.
112 Ibid.
113 Ibid., 160-161.
114 Ibid., 161-162.
Labour is an area of the Sino-Sudanese relationship that has yielded mixed results. While Chinese investment has provided much-needed jobs for Sudanese workers, CNPC and other Chinese SOEs have increasingly come to rely on Chinese labour for major construction projects. One report estimates there may be as many as 74,000 Chinese workers in Sudan, almost one third of the total workforce employed by Chinese SOEs in the country.\footnote{Raunet, \textit{Feeding the Dragon}, 76.} In addition, the Merowe Dam is not the first time a Chinese company has had to rely almost exclusively on foreign sources of labour; CNPC brought in 10,000 Chinese labourers to build the previously mentioned 1,500 kilometre pipeline.\footnote{Srinivisan, \textit{A Marriage Less Convenient}, 61.} Finally, even when local labourers are used, it is not clear what benefits Chinese investment is yielding for these local people, who can make as little as US $80 per month.\footnote{“Employing Workers in Sudan,” The World Bank Group, June 2011, http://www.doingbusiness.org/data/exploreeconomies/sudan/employing-workers/.}

China’s agriculture investments represent another aspect of the Sino-Sudanese relationship that has its negative aspects. From the outside, Beijing trumpets these investments as supporting local economies and populations. In 2009, China supplied 400 combine harvesters to Sudan for the wheat and sorghum harvest.\footnote{China-Africa Trade and Economic Relationship: Annual Report 2010, 17.} For the 2010 season, a Chinese firm was contracted to build water pumps, sprinkler systems and other agricultural materials to irrigate a 150,000 hectare section of land along the Blue Nile River in Sudan.\footnote{Ibid} On the ground, however, the farms these investments support regularly grow Chinese vegetables for the burgeoning Chinese population in Sudan,
which are priced far outside the reach (and tastes) of most Sudanese. Chinese workers often travel up to 500 kilometres to buy familiar vegetables and other foodstuffs in Khartoum.\textsuperscript{120}

\textbf{China and Darfur}

China's investments in Sudan, substantial as they are, remain tempered by its experiences with the Darfur crisis. The long-running civil war between the north and south of the country had been a regular problem for foreign companies operating in Sudan. Matters were exacerbated by a number of countries, including China, which provided arms to the Sudanese government for its ongoing war with the SPLA. Chinese munitions companies were among the many firms investing in Sudan during the late 1990s and early 2000s, building several factories to produce weapons and ammunition for use in the region.\textsuperscript{121} Throughout this period, Beijing continued to ignore international pressure regarding the Sudanese conflict, standing by its position of non-interference in the domestic affairs of its ally.

This position, however, would be sorely tested by the conflict in Darfur. The widespread human rights violations that began in the south and east of Sudan in 2003 would prompt international outcry as the situation deteriorated. Initially, Beijing was unwilling to support international condemnation of the events in Darfur, either abstaining from UN declarations or significantly watering down resolutions advocating action

\textsuperscript{120} Michel, \textit{China Safari}, 148-149.
against Sudan.\textsuperscript{122} China maintained this conflict was an internal issue of the Sudanese government, with Beijing’s respect for national sovereignty precluding any critical statements.\textsuperscript{123}

In 2007, the situation became more serious, after a failed peace agreement led to a surge in violence and attacks against Chinese facilities and workers in Sudan.\textsuperscript{124} By this time, Beijing’s growing exasperation with the Sudanese government, as well as its concern about regional violence, led to increased emphasis on China’s ‘responsible role’ in Sudan. President Hu Jintao personally visited Khartoum, urging the Sudanese government to accept a UN peacekeeping mission.\textsuperscript{125} The Chinese government made several public comments on avenues to resolve the Darfur conflict, signalling a more proactive approach to the situation.\textsuperscript{126} A hybrid peacekeeping force comprised of UN and African Union (AU) forces was finally agreed upon in July 2007. Although the Sudanese government ultimately complied with the peacekeeping resolution, it did so only after considerable delays.\textsuperscript{127}

China contributed 315 military engineers to assist with development projects in Darfur, and became the first non-African country to contribute peacekeepers to the UN force.\textsuperscript{128} These engineers helped construct camps, roads and bridges; Beijing also offered to send equipment and other support to solve a water shortage faced by the

\textsuperscript{122} Srinivasan, \textit{A Marriage Less Convenient}, 67.
\textsuperscript{123} Ibid.
\textsuperscript{124} Large, \textit{Non-Interference}, 289.
\textsuperscript{125} Raunet, \textit{Feeding the Dragon}, 78. / Srinivasan, \textit{A Marriage Less Convenient}, 71.
\textsuperscript{126} Srinivasan, \textit{A Marriage Less Convenient}, 72-76.
\textsuperscript{127} Raine, \textit{China’s African Challenges}, 186-189.
\textsuperscript{128} Ibid., 189.
peacemaking force.\textsuperscript{129} This group represented a sizeable fraction of the roughly 2,000 peacekeepers China had deployed around the world at that time.\textsuperscript{130} Even more striking is the fact that 77 percent of all UN-supplied Chinese peacekeepers in 2008 were deployed in Africa.\textsuperscript{131} During this period, the Sudan/Darfur situation remained very unstable, prompting China to supply a further 460 engineers, transport and medical personnel to the UN force in Southern Sudan.\textsuperscript{132} Given the ongoing issues between Sudan and South Sudan following the latter’s independence in July of 2011, Beijing’s shift into a more constructive policy on the Sudan region is an important aspect of its efforts to become a more responsible international stakeholder.

\textbf{China and South Sudan}

In the wake of South Sudan’s independence on July 9, 2011, many countries and foreign companies have moved to engage the new government in a number of areas. The major focus of attention is South Sudan’s vast oil reserves, which now account for more than 80 percent of the Sudan region’s oil production.\textsuperscript{133} The Chinese government has quickly initiated and built ties with the government of South Sudan, seeking to secure further long-term oil contracts in the region and ensure South Sudan becomes an ally of Beijing.

\textsuperscript{129} Levy, \textit{Peacekeeping Deployments}, 37.
\textsuperscript{130} Ibid.
\textsuperscript{131} Ibid.
\textsuperscript{132} Ibid.
In August 2011, Chinese Foreign Minister Yang Jiechi was the first high-level foreign representative to visit the new country. Minister Yang spoke of the bright future between China and South Sudan, and highlighted Beijing’s desire to see closer cooperation in the areas of agriculture, infrastructure, and oil production. This statement came days after Minister Yang’s meeting in Khartoum with the government of Sudan, where he urged the north and south to resolve ongoing disputes over revenue sharing and oil transit fees. The Minister was referring to a disagreement between the north and south over custom duties for South Sudanese oil leaving Port Sudan, causing Khartoum to halt a shipment of oil. Unfortunately, these disagreements continue to plague Sudanese oil exports months later. Given the fact that all of South Sudan’s oil is exported through Sudan, combined with China’s strong interests in both countries, it is no surprise that Beijing is seeking to play a mediating role between the south and north. Any disruption or violence stemming from disputes over oil could have a major effect on Sudanese oil exports to China.

Despite the focus on oil politics in the Sudan-South Sudan-China relationship, Beijing is directly courting South Sudan in a number of ways. As noted above, high-level exchanges are playing an important role in building a relationship between the government of South Sudan and Beijing. Following Foreign Minister Yang’s visit in August 2011, the Deputy Chinese Minister of Commerce Jiang Yaoping traveled to Juba, South Sudan’s capital, in November 2011. Minister Jiang toured several schools

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135 Ibid.
and Juba University, all supported in part by aid from the Chinese government, and signed an agreement on economic, trade and technical cooperation between China and South Sudan. Both countries will continue to strengthen bilateral relations when the President of South Sudan, Salva Kiir, visits Beijing at the end of 2011.

China has also fostered its relationship with South Sudan through other soft-power related initiatives such as a donation of 640,000 doses of anti-malaria drugs, financial support for the construction of a vocational training centre in Juba, and the construction of several bridges in the region, carried out in partnership with Japan. In addition, China has also dispatched a police squad to South Sudan, which will take part in the UN peacekeeping force stationed in the country.

Through the building of strong political ties between Beijing and Juba, as well as China’s efforts to promote soft power related initiatives in South Sudan, China is the leading player in bilateral relations with the new country. Other foreign companies and governments such as the US continue to compete with China for South Sudan’s attention. However, given Beijing’s head start in dealing with Sudan, combined with its early relationship-building with South Sudan, it is likely that China will remain the major player in the region for some time.

**Chinese Soft Power in Sudan and South Sudan**

Reviewing China’s activities in Sudan, it is clear that Chinese investments and activities have invariably blurred the line between hard and soft power. Based on the sources of Chinese soft power and the available information, there is limited evidence China is engaging Sudan on a cultural level. Given the country’s per capita income of US $2,300 in 2009 and an average level of schooling for adults of 3.1 years, it is unlikely any significant numbers of Sudanese are studying or in traveling to China, hindering any efforts under Beijing’s “inviting in” policy. The same applies for its “going out” policy; while China does maintain one Confucian Institute at the University of Khartoum, the university’s annual tuition fees range between US $9,000 and US $20,000, far outside the reach of the majority of Sudan’s general population.

China’s soft power activities in Sudan are certainly more foreign and economic-policy oriented, but even here they are mixed at best. Certainly Beijing’s long term near-unwavering support for the Sudanese government is an important aspect of their bilateral relationship, and has clear soft power implications for the Sudanese government and Sudan’s elite. While most of the world maintains sanctions on Sudan, China remains a firm friend. China’s support for the UN peacekeeping missions in Sudan also lends to this argument. Despite this, without polls or available field research it remains difficult to qualify just how favourably the general Sudanese population views China.

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When it comes to applying soft power of an economic nature, classifying Chinese actions in Sudan is also difficult. While Beijing’s oil-related activities represent more traditional direct investment, infrastructure projects that support both the local area as well as the oil industry are arguably dual purpose in nature. In addition, Beijing’s investments in the textiles, healthcare, agriculture and fishing industries can be perceived as rooted in the realm of soft power, as these investments seek to engage the wider population of Sudan. Finally, as noted earlier, a lack of concrete data regarding Beijing’s ODA given to Sudan means a proper analysis of this area and its implications for soft power is not possible. Therefore, based on the available information, Chinese actions that can be clearly classified as soft power are limited at best, with the majority being focused either directly or indirectly on the oil or infrastructure sectors.

When evaluating China’s soft power actions in South Sudan, given only five months have passed since its secession from the north, it is not yet possible to determine whether China has altered its use of soft power in South Sudan, or if it has continued with the same policies employed in Sudan. In the same vein, any changes in how the general Sudanese and South Sudanese populations view China are not yet apparent. This may soon change given the awkward balancing relationship Beijing must now play between Khartoum and Juba. South Sudan has the oil, but Sudan has the infrastructure and the ocean access. How China manages its relationship with Sudan and South Sudan will be an important question in the coming years.

**Conclusion**

Given that China’s presence in Sudan has revolved so strongly around investment, reviewing the statistics available provides some insight into the overall benefits to the Sudan region. Following the 1999 completion of China’s first major oil
project in Sudan, GDP per capita (at purchasing power parity, or PPP) increased from US $1,226 at a rate of 6.65 percent per year, compared to being largely stagnant beforehand. In 2010, GDP per capita reached US $2,492. In 1999, Sudan's overall GDP was a mere US $10.7 billion, having remained almost unchanged since 1978 when GDP was US $8.1 billion. But as Chinese investment began to rapidly increase in Sudan, this number surged to US $21.7 billion in 2004 and US $62.0 billion in 2010. In 2005 alone, Sudan was Africa’s largest recipient of Chinese FDI, at US $351.5 million. Until South Sudan’s secession in July of 2011, petroleum sales made up more than 70 percent of the government’s revenue, with as much as two-thirds of Sudan’s oil being purchased by China. Though figures may soon change, in 2010 Sudan was China’s third largest trading partner in Africa, with China running annual trade deficits every year since Sudanese oil exports began. As Beijing is by far the largest investor in Sudan, and has been so during a period when the international community has maintained a significant number of sanctions against Sudan, these numbers indicate that Sudan’s economy has benefited from Chinese investment. To what extent that benefit has reached beyond the Sudanese government and Sudan’s elite to the general population, however, is difficult to qualify.

The Sudan case study exemplifies China’s considerable oil interests in their purest form. Sudan, and now South Sudan, are among China’s most important oil-

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145 Ibid.
146 Ibid.
147 Srinivasan, A Marriage Less Convenient, 63-64.
148 Raine, China’s African Challenges, 184.
149 Srinivasan, A Marriage Less Convenient, 59.
trading partners. Beijing has proven itself loathe to upset its relationship with Khartoum, expending significant resources to develop and maintain its close connections with Sudan. These resources have been largely directed at the Sudanese elite, although China has undertaken a number of bottom-up projects such as investing in the fishing and healthcare sectors. The soft power implications in Sudan are limited; while these projects and those in the infrastructure sector have merit, they are few and far between, dwarfed by China’s massive spending in the Sudan region’s oil industry. In South Sudan, Beijing has made promising first steps in its relationship with Juba, but it is premature to make any soft power-related conclusions after five months of bilateral relations.

As a result, soft power does not appear to play a major role in China’s relationship with Sudan, and an assessment of Chinese soft power in South Sudan is not yet feasible. Furthermore, the Darfur crisis has lent to a growing awareness in Beijing that China cannot stand by pariah states and its principle of non-interference at all times, as close relations with a country facing international scrutiny can have clear and negative political consequences for China.

Zambia

When China speaks of its friendship with the African continent, it often evokes its relationship with Zambia as a prime example of solidarity and cooperation.151 The central symbol of this claim is the Tan-Zam railway, the great link between Dar es Salaam in Tanzania and Lusaka in Zambia. Between 1970 and 1976, Chairman Mao sent 25,000 workers to Zambia to construct this 1,870 kilometre railway line, allowing the landlocked African country to export cotton and other products without having to rely on safety of passage through South Africa.152 After completing the railway, however, the Chinese workers returned home and Beijing’s focus turned elsewhere. Sino-Zambian relations fell into the same disrepair as the Tan-Zam railway, and were not renewed for another twenty-odd years. It is with this background of disregard and conflict that current Sino-Zambian relations take place.

China was bound to return to Zambia at some point, for its resource endowments are significant; although the country possesses no oil reserves, it has large quantities of copper, iron, and nickel, as well as deposits of zinc, lead, silver, and cobalt.153 While the Sino-Sudanese relationship focuses almost completely on oil production and related infrastructure investments, Zambia and China are more diverse economic partners. Sino-Zambian trade and investment encompasses a number of industries, including

151 Michel, China Safari, 234.
152 Ibid.
textiles, construction, agriculture, manufacturing, telecommunications, and of course mining.\textsuperscript{154}

The mining sector is why China first returned to Zambia. In 1998, the Chinese company Non-Ferrous Metal (NFM) Mining Group purchased the derelict Chambishi copper mine in the country’s copper belt region for US $20 million, and then spent US $100 million over three years to refurbish it.\textsuperscript{155} Chambishi was one of the Zambian government’s many failed mining operations from its post-colonial period; years of mismanagement, combined with slumping copper prices in the 1980s, drove most of Zambia’s mining industry into bankruptcy.\textsuperscript{156} Chinese companies such as NFM Mining would later move in and purchase the rights to mining operations throughout Zambia. This includes Jicuan Mining Ltd., which in 2007 invested US $220 million to become a major shareholder in Zambia’s first nickel mine, and Collum Coal Mining Industries, which purchased a major coal mine in Southern Zambia.\textsuperscript{157}

As noted above, the Chinese government and Chinese companies are also involved in a number of other major sectors in Zambia. In 2008, the company Qingdao New Textiles Industry established a Zambian subsidiary in order to produce cotton and other related products.\textsuperscript{158} Infrastructure projects include a sports stadium in the Chambishi region and a US $150 million investment in 2007 by Koza Telecoms to

\textsuperscript{155} Raunet, \textit{Feeding the Dragon}, 81.
\textsuperscript{156} Michel, \textit{China Safari}, 238.
\textsuperscript{157} Mwanawina, \textit{China-Africa}, 9. / Foster, \textit{Building Bridges}, 44, 133.
\textsuperscript{158} Ibid., 8.
provide GSM mobile telephone infrastructure throughout Zambia. Joint-ventures between Chinese and Zambian companies are also common, such as a US $200 million textile plant rehabilitation project, and a US $243 million partnership between the Zambia Electricity Supply Corporation and Sinohydro Corporation of China to modernize the Kariba North Bank power station. Finally, two of the six special economic zones (SEZ) China has established in Africa are located in Zambia: one in the Chambishi copper belt region, and one in Lusaka, which focuses on textiles, agriculture, and manufacturing.

These investments and partnerships have been complimented by a number of soft power-related actions by the Chinese government. The Tan-Zam railway, once a beacon of China’s achievements in Africa, has seen both its infrastructure and financial situation fall into crippling disrepair. In 2008, the line was running only three of twelve locomotives, had a mere 300 cargo wagons remaining (it normally needs 2,000 to operate), and workers were not paid for months at a time. These issues, combined with increased competition from new roads and railways out of Zambia, have led to the Tan-Zam railway operating at roughly 40 percent capacity since 2000. Despite this, China was determined not to see its once-prestigious investment collapse. In 2010, Beijing provided an interest-free loan of US $39 million to the Tan-Zam railway, and sent

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159 Mwanawina, *China-Africa*, 10, 12.
161 Michel, *China Safari*, 244.
164 Ibid.
a team of technicians, engineers and advisors to carry out a complete review of the railway in order to help it return to profitability.\textsuperscript{165}

The Chinese government has also assisted Zambia in a number of other areas, including agriculture, healthcare, trade, education, and debt relief. In 2003, Beijing provided free training to Zambian farmers in rice production, mechanized agriculture, as well as hydropower and food processing.\textsuperscript{166} The Chinese government has also provided Zambia with significant healthcare assistance in the form of Chinese medical teams, construction of the Kabwe General Hospital,\textsuperscript{167} as well as medical equipment and medicine such as malaria vaccinations.\textsuperscript{168} Beijing is also building a new stadium in Zambia’s capital, Lusaka,\textsuperscript{169} has allowed over 450 Zambian products to be exported to China tariff-free, and provided a number of scholarships to Zambian students.\textsuperscript{170} Perhaps most important for a highly-indebted country, Beijing has cancelled a significant portion of Zambia’s debt, including US $211 million at FOCAC in 2006.\textsuperscript{171}

China must work harder to build a positive image in Zambia because, unlike in Sudan, Chinese enterprises face in Zambia increased competition from foreign companies or states. Zambia has never been the subject of international sanctions,

\textsuperscript{166} Mwanawina, \textit{China-Africa}, 8.
\textsuperscript{167} Ndulo, \textit{Chinese Investments}, 142.
\textsuperscript{170} Ndulo, \textit{Chinese Investments}, 143.
\textsuperscript{171} Raine, \textit{China’s African Challenges}, 139.
allowing companies from all countries to compete for business. But Beijing's actions are also indicative of a wider problem China faces in Zambia. In Sudan, China is able to focus on engaging business owners and the Sudanese elite, and due to the repressive nature of the regime, operates largely free from local criticism. Zambia on the other hand is a democratic country (albeit one with relatively weak institutions), operating on principles of freedom of expression, rules of governance and accountability that are more open than in China. This is best shown by the 2011 election of long time opposition leader—and China sceptic—Michael Sata. In short, China’s accountability in Zambia is much higher than in Sudan, and Beijing must operate differently to be successful in Zambia.

China and the Zambian government regularly highlight the benefits of their relationship to the wider Zambian population. These benefits focus on improvements to the standard of living and job creation. Chinese investments in the mining and infrastructure sectors alone are said to provide work in the range of 10,000 positions, with total job creation in Zambia by Chinese companies now standing at over 25,000. The Chambishi SEZ, once it reaches full capacity, will reportedly provide up to US $800 million in investment, and create 6,000 jobs. How many of these jobs will actually be for Zambian workers, however, remains to be seen. Like in other African countries, Chinese companies operating in Zambia often prefer to use Chinese workers, and reserve the worst tasks for local labourers. Estimates from different sources put the

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173 Michel, China Safari, 244.
number of Chinese in Zambia at anywhere from 3,500 to 80,000. These workers occupy higher-paid positions and enjoy enviable living conditions compared to their Zambian counterparts.

When investing in a given industry, Chinese companies require their African partners to adhere to certain rules. When NFM Mining Group first purchased the Chambishi mine, the company had a number of demands before the mine could open, including:

Visas for Chinese workers and managers, low wages for the local workforce, no unionization, only token taxation, and the stipulation that any negotiation of these conditions must be carried out directly with the umbrella company in Beijing, or, at the very least, with the Zambian president.175

While this last clause may seem preposterous, it only serves to highlight the inflexible nature of many Chinese companies regarding conflicts with Zambian labourers and unions.

Certainly, for Zambians who are employed by Chinese companies, many experience issues with wages, work safety and living conditions. In 2006, the Collum-owned coal mine in southern Zambia was closed by state investigators after they discovered that workers were being sent underground without any protective equipment, including footwear.176 This mine would enter the spotlight again in 2010, when miners protesting poor wages, living and working conditions outside the management office

174 Michel, China Safari, 234.
175 Ibid, 238-239.
176 Ndulo, Chinese Investments, 144. / Raine, China's African Challenges, 139.
were shot by Chinese employees. Twelve miners were wounded, two critically, and in retribution the group looted the compound, causing significant damage.  

The Chambishi copper mine has also been the site of significant conflict. As early as 2003, workers at the copper mine began to complain about safety standards and wage issues; monthly salary was too low to meet their basic needs. Attempts to negotiate better conditions and pay lead to mass layoffs, and non-unionized temporary miners were hired until the regular workers relented, further fuelling labour unrest. Finally, in 2006 an explosion at the copper mine killed 46 Zambian workers; the cause was later blamed on lax safety standards. This revelation provoked widespread outrage and anti-Chinese sentiment in Zambia.

The Chinese presence in Zambia has been the subject of heated debate for some time. Discontent over the Zambian government’s handling of a number of these labour situations has led to wider political strife in the country. Michael Sata, head of the Patriotic Front party, campaigned in elections in 2006 and 2008 on the notion that workers for foreign (ie. Chinese) companies needed to be given fair compensation for their work, and that these companies needed to be accountable for their business practices, including combating lax labour and environmental laws. Sata’s 2006 campaign was particularly heated in that he promised, if elected, he would remove all

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179 Michel, China Safari, 239.
180 Ndulo, Chinese Investments, 144.
181 Raunet, Feeding the Dragon, 83-86 / Raine, China’s African Challenges, 140-141.
Chinese companies from Zambia and sever ties with the People’s Republic of China in order to recognize Taiwan. Beijing’s alarm at these statements was so palpable the Chinese Ambassador expressed public concern over Sata’s positions, and China allegedly provided financial support to the incumbent Levy Mwanawasa during the election (Sata would ultimately lose, though he won every riding in Zambia’s copper belt region). This represents one of the few occasions that China has so publicly broken its stance of non-intervention in the domestic affairs of another country.

**Chinese Soft Power in Zambia**

Unsurprisingly, Chinese soft power in Zambia faces a number of challenges. While there are a number of ongoing soft power-related Chinese initiatives in Zambia, the wider problems of labour unrest, combined with other issues such as cheap Chinese merchandise imports flooding the Zambian market, have led to a less than favourable image of China in Zambia.

Looking at China’s cultural sources of soft power, Beijing has provided a number of education scholarships to Zambian students to study in China. Unfortunately, Zambia is an even poorer country than Sudan. While the average level of schooling for adults is 6.5 years, the country’s combined (both sexes) enrolment in education is 47 percent, meaning few Zambians will ever be able to take advantage of scholarships to study in China. Under its cultural ‘going out’ policy, China has also established a Confucius

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182 Kurlantzick, *Charm Offensive*, 140.
Institute at the University of Zambia. The largest post-secondary institute in the country, the University is home to 10,000 students and thus represents a large potential student body for the Confucius Institute. Unfortunately, as with the University of Khartoum in Sudan, tuition fees at the University of Zambia are prohibitively high in relative terms.\textsuperscript{185} With a GDP per capita of US $1,511 in 2010, most Zambians will be unable to afford post-secondary education.\textsuperscript{186} In addition, the regular conflicts between Zambian workers and their Chinese employers have had a lasting negative effect on Zambian public opinion regarding China, meaning most Zambians are not interested in learning more about China.\textsuperscript{187} Repairing this damage will take some time, and cultural soft power initiatives like education promotion will not be sufficient to do so on their own.

In the same vein, Chinese soft power drawn from its foreign policy has not been successful in influencing Zambian society. The itinerary of Hu Jintao’s 2007 visit to Zambia was modified repeatedly as protests and unrest threatened to derail the Chinese President’s trip.\textsuperscript{188} His public lecture at the University of Zambia was cancelled, as well as a visit to the Chambishi SEZ for the opening ceremony of a US $220 million copper-smelting plant.\textsuperscript{189} Rather than foster goodwill among the general population, President Hu’s visit only served to attract protestors.

China’s strongest soft power actions have, as with Sudan, come from economic sources. The cancellation of debt, the provision of low-interest long-term loans,
agricultural training, construction of hospitals and other infrastructure projects are all important components of Beijing’s economic soft power influence. Yet the news, opinions and scholarly work on Zambia continue to perpetuate a relatively negative view of China’s presence in the country. This comes despite the Zambian government’s continued open-arms policy to Chinese investment, although even this may change in the near future given the election of Mr. Sata.

**Conclusion**

While Zambia is one of the poorest countries in Africa, the results of its ten-year relationship with China still show tangible benefits. Prior to China’s investment in the country, Zambian GDP per capita (at PPP) was largely stagnant, fluctuating between US $850 and US $1,000 from 1980-1999.\(^\text{190}\) In the next decade, following the flood of Chinese investment into the country, per capita income increased at an average rate of 5.15 percent per year, to US $1,511 in 2010.\(^\text{191}\) Overall Zambian GDP experienced similar gains: GDP actually declined from 1980-1986, and then remained steady around US $3.0 billion until 2000.\(^\text{192}\) Since then, it has been steadily increasing, from US $3.24 billion in 2000 to US $16.2 billion in 2010.\(^\text{193}\) In 1999, bilateral trade was US $20 million, but since then China has become one of Zambia’s largest trading partners, with bilateral trade surging to US $2 billion in 2010.\(^\text{194}\) Between 1999, when NFM Mining first invested in Zambia’s Chambishi mine, and 2006, over 160 Chinese companies established

\(^{190}\) **Zambia World Development Indicators**, http://data.worldbank.org/country/zambia.

\(^{191}\) Ibid.

\(^{192}\) Ibid.

\(^{193}\) Ibid.

operations in Zambia, investing US $316 million in the country.\textsuperscript{195} By 2010, the number of companies investing in Zambia had almost doubled to 300, with Chinese FDI swelling to US $2 billion.\textsuperscript{196} Of this number, US $400 million alone was invested in Zambia’s mining sector in that year, making China the third largest investor in Zambia.\textsuperscript{197}

The impressive growth of China’s relationship with Zambia and the resulting improvements in income per capita do show Zambia has benefited from China’s presence in the country. Unfortunately, this benefit has not been without conflict or negative consequences, as Zambian workers continue to press for better working conditions and pay, and Chinese companies seek to avoid the spotlight of negative press and protests that accompany these demands. Thus the Zambian case study demonstrates the limitations of soft power. Zambia may derive some benefit from Chinese soft power initiatives, but because of widespread labour issues, China’s other positive actions have not swayed Zambian public opinion in Beijing’s favour.

\textsuperscript{195} Raine, \textit{China’s African Challenges}, 138.
Chapter 5: Conclusions

China and Africa: Proponents and Opponents

Despite a growing body of literature that characterizes China’s involvement in Africa as highly country-dependant, opinions remain divided regarding the overall benefits to the countries that do business with Beijing. Critics of China’s activities in Africa have gone so far as to characterize the country’s involvement as “neo-colonialist.” China is extracting valuable natural resources from Africa at bargain prices, they argue, taking advantage of a continent wracked by decades of low growth and desperate for investment.\textsuperscript{198} These critics also point out that Chinese exports of cheap manufactured goods to Africa, combined with the rising currency values associated with resource exportation,\textsuperscript{199} are killing domestic African manufacturing firms.\textsuperscript{200} Finally, opponents argue that Chinese firms do not employ enough African workers,\textsuperscript{201} leading to fewer ‘trickle-down’ effects for the local economy.

Related to this, many non-government organizations (NGOs) worry that Chinese firms ignore basic legal, environmental and labour standards in the African countries

\textsuperscript{198} Ampiah, \textit{Crouching Tiger}, 3-4.
\textsuperscript{199} The more complete term for this phenomenon is ‘Dutch disease.’ This is when a country’s exports in commodities or resources drive up the value of its currency on the international market, rendering exports from other sectors of its economy relatively uncompetitive, and thus harming the country’s growth in the long run.
\textsuperscript{200} Alden, \textit{China in Africa}, 49.
\textsuperscript{201} Raunet, \textit{Feeding the Dragon}, 83-86. / Moyo, \textit{Dead Aid}, 111.
where they operate. Western companies argue Chinese firms now have an unfair advantage when it comes to bidding for contracts in Africa. With Beijing’s support, Chinese companies can promise aid and government assistance, thereby trumping any Western offers. Alarmists concerned with China’s rise are even more succinct: they state that China’s expansion in Africa is directly supporting non-democratic governments, which without China’s support, might otherwise have been forced to transition to more open and accountable political systems. Beijing’s support, they argue, will only lead to further corruption, repression and violence in the long run.

While these accusations may seem overblown, they are not without merit. Angola has benefited so much from Chinese aid and investment that in 2006 its government decided the country no longer needed the International Monetary Fund’s (IMF) financial assistance and all the conditions about transparency that came with it. As noted earlier, Western sanctions against Sudan over the violence in Darfur had little impact for a number of years, thanks in large part to China’s investment in the country’s oilfields.

Countering these arguments, proponents of China’s growing presence in the region argue that, when it comes to stimulating growth, the non-interventionist attitude China brings with its investment is far better than the stringent conditions carried by many Western development projects. African countries, long forced to deal with high debt, conditions on aid and investment, and outside pressures to reform, are finding that

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203 Ibid.
205 Ibid.
Chinese investment allows them to focus on one of the few development methods that has consistently been proven to increase prosperity: growth.207 Those who support China’s actions in Africa also point out that the West has spent billions supporting African aid and investment projects over the last thirty years, with little to show for it. They argue that Western support for African dictators during the Cold War is little different from Chinese support now, except that China is actually doing business with Africa, instead of simply handing over money and weapons.208 Chinese investment in Africa is helping individual Africans improve their standard of living, regardless of what type of government their country might have.

Chinese and African governments are well aware of the resources-for-investment exchange taking place between their countries. Proponents of the situation point out that exchanging aid and investment for natural resources is simply a pragmatic response to the needs of both parties.209 China requires inputs to fuel its continued growth; Africa needs the investment, human capital and technology China brings to the continent, as well as the cheap consumer products Chinese firms export in increasing numbers to African countries. Chinese investment in many areas is creating employment, housing, and better standards of living.210

Moreover, Chinese investments in Africa are becoming more diversified. Economic sectors such as textiles, tourism, telecommunications and agro-processing

207 Moyo, Dead Aid, 108-111.
208 Ibid., 108.
209 Ibid., 111.
210 Ibid., 110-111.
are receiving more attention from Chinese firms. These companies are also seeking more contracts for infrastructure development that benefits the wider population, such as electricity and water management. Even though many of these new projects may be part of wider package deals involving natural resources, their ultimate effect remains a positive one. Supporters of China do acknowledge that Chinese manufacturing imports to Africa may hurt domestic growth of these industries, but they are quick to point out that African countries can soften the blow by employing the very same economic policies that China used to promote the growth of its own manufacturing industry.

At the same time, many African countries are becoming more adept at dealing with Beijing. Some governments are adopting legislation that requires a minimum amount of local labour for all investment projects. In 2008 in the DRC, three Chinese mines were closed, citing environmental abuses, and since then a special office has been established to enforce mining and customs regulations in the country. Similarly, the government of Gabon halted a major drilling project when it discovered the Chinese firm in question did not have the proper environmental permits. In addition, competition for African resources from India, the Middle-East and further abroad is pushing contract terms further in favour of African countries.

China, for its part, no longer seems as willing to unconditionally support governments on the African continent as it once was. Despite its promotion of the

211 Moyo, Dead Aid, 106.
212 Ibid.
213 Moyo, Dead Aid, 111.
‘Beijing Consensus,’ the benefits of investment and its commitment to non-intervention, China remains deeply concerned with its international self-image. In December of 2008, China and the World Bank agreed to work together to develop future aid projects in Africa. Chinese diplomats are now attending meetings in Kinshasa, DRC, where western aid donors meet to coordinate development projects.\textsuperscript{216} China’s willingness to participate in discussions with international financial institutions on how and where aid is invested in Africa may help level the playing field between Chinese and western companies when it comes to bidding for African resource and investment contracts.

\textsuperscript{216} Mutual Convenience, http://www.economist.com/node/10795773.
Conclusions

China’s endeavours to fuel its growth represent one of the most important trends in international relations today. Beijing is reaching out to African countries on an unprecedented scale, in order to secure the economic and political ties necessary for its own future prosperity. These economic goals include the uninterrupted and secure flow of oil from international sources to China, ideally through complete control of the oil lifecycle, from extraction to refinement to delivery. Beijing is also seeking new markets for its exports, in order to promote continued job creation in China and stave off any instability that might result from a rise in unemployment. Political goals include garnering support for China’s positions at the UN and other multilateral forums, and acquiring further allies in Beijing’s bid to isolate Taiwan and lay claim to the island.

In the pursuit of these goals, China is using its financial and economic might by investing in its allies in places such as Africa and Latin America. This investment is both traditional and non-traditional in nature. For example, direct investment in the oil and natural resource sectors is complimented by building infrastructure, offering aid and scholarships, cancelling debt, and providing technical assistance and medical support.

These types of Chinese soft power activities fall under three major sources. Under cultural sources of soft power, Beijing promotes education exchanges and tourism to China, and provides scholarships for students from all over the world to study in the country. Beijing also promotes cultural soft power abroad, through its extensive network of Confucian Institutes now found in almost every country with which it maintains diplomatic relations. China’s second source of soft power stems from its foreign policy, including high- and low-level official visits to other countries and participation in multilateral forums such as the FOCAC, both of which provide a venue for Beijing to
announce new soft power initiatives in the partner country or region. China’s UN peacekeeping commitments are another aspect of its foreign policy that has strong soft power attraction. China seeks to project the image that it is now a responsible power supporting peaceful relations in the international system.

The final and arguably most important source of Chinese soft power is economic in nature. The success of China’s development model, which some have coined the ‘Beijing Consensus,’ represents an extremely appealing path for some African leaders, who wish to promote economic growth without political reform. China’s other economic soft power tools include providing aid, writing off debts, and making preferential long-term loans. The clout Beijing wields and the goodwill it gains through spending and investment are important economic aspects of its soft power, as Chinese financing supports major projects building African infrastructure, healthcare, and education capacity.

In evaluating these soft power activities and their impact on Chinese relations with a given African country, a number of conclusions can be drawn. In the case of oil rich countries with weak or authoritarian institutions such as Sudan, China focuses its attention on the government and business elites, and their relationship predominantly revolves around oil and infrastructure-related investments. Still, when reviewing the benefits of this relationship, per capita incomes have increased in Sudan following Chinese investment. At the same time, even though China has been by far the largest investor in Sudan for over a decade, it is difficult to determine to what extent China’s investment has supported Sudan’s development other than to acknowledge it has played an important role. In addition, there is a troubling lack of data to support a concrete analysis of China’s soft power investments and activities in Sudan. From what
information is available, Chinese soft power in Sudan has been directed at the
government and business elites, and does not appear to have contributed to Sudan’s
wider development. Finally, the analysis of China’s relationship with Sudan during the
Darfur crisis shows that Beijing is willing to go to great lengths to protect its investments
in oil-rich African countries, underscoring the importance this resource plays in Beijing’s
security calculations. China has demonstrated this strong willingness to support other
oil-rich countries such as Angola, Nigeria, and now South Sudan.

In the case of mineral rich countries without oil such as Zambia, China still
expresses great interest in building close economic ties with these states. Indeed, while
Chinese investments in Sudan are over six times higher than in Zambia, Beijing has
made concerted efforts to build better ties with Zambia. These include major
investments in Zambia’s mining industry, as well as a number of soft power related
activities such as building hospitals, forgiving debt and working to restore the Tan-Zam
railway. However, as the negative views of China and labour unrest in Zambia
demonstrate, China can experience more difficulties operating in a country with
democratic institutions and an open civil society than it does in an authoritarian country
like Sudan. At the same time, China’s rank as one of the largest investors in Zambia
over the last fourteen years, combined with the fact that Zambian per capita income has
consistently improved over the same period, bears the conclusion that Zambia has

Lucy Corkin, “All’s Fair in Loans and War: The Development of China-Angola Relations,” in
_Crouching Tiger, Hidden Dragon_, eds. Kweku Ampiah and Sanusha Naidu (Scottsville: University of
KwaZulu-Natal Press, 2008), 108-123.

Alden, _China in Africa_, 66-68.

US $2 billion in Zambia compared to over US $15 billion in Sudan.
benefited from Chinese investment. Similar to the Sudanese case, however, it is difficult to fully determine to what extent China’s presence in Zambia has supported development. Finally, the Zambian case study exposes the limits of Chinese soft power. Despite all the soft power investments and activities Beijing has undertaken in Zambia, its reputation continues to suffer due to ongoing labour issues.

The case studies of Sudan and Zambia serve to reinforce a glaring weakness in the data available on China’s relationship with Africa. Beijing does not normally release statistics or information on its aid and development activities, and the data of many African countries lacks reliability. These factors make an accurate analysis of China’s investment, development assistance, and soft power activities in Africa extremely difficult to conduct. On one hand, huge sums of money are being invested by the Chinese government and Chinese companies in both traditional and non-traditional sectors in Africa. On the other hand, improvements to per capita income and the standard of living in many African countries are taking place. Connecting the two trends represents a sensible conclusion based on the evidence provided. Chinese investment in Africa is making a positive difference.

The idea that soft power initiatives can support a country’s development is not as clear. The goal of soft power is to gather allies and support and to build relationships. In the case of authoritarian countries like Sudan, China directs its soft power toward the government and the country’s elite. In doing so, it fosters close alliances with these countries. But given current data limitations, it is not possible to discover if this connection extends to the wider populations of authoritarian countries such as Sudan. If anything, these peoples may resent China for supporting their repressive regimes. In the same vein, the negative actions of Chinese companies in democratic countries such as
Zambia can cause such discontent that they can usher new, more sceptical administrations into power. In this case, even with the limited soft power data available, it is certainly possible to draw the conclusion that Chinese soft power can, and does fail, if China’s wider bilateral relationship with another country is not managed appropriately.

Still, many questions remain about China’s presence in Africa. African countries may be benefiting from Chinese investment, but the outcomes are very case-specific. Critics of Chinese activities in Africa continue to argue Beijing is undermining efforts at political reform and exploiting the continent for its natural resources. Large quantities of Chinese labour are now present in countries throughout Africa, potentially competing for jobs with local inhabitants. There also exists a growing discontent surrounding Chinese manufacturing exports to Africa, positing that these exports are destroying African efforts to develop their own economies. Supporters of China’s development policy in Africa argue that China provides an opportunity to countries long impoverished to finally improve their standard of living, regardless of the political regime involved, and that the Chinese presence in Africa represents the continent’s best chance at wider development in recent decades.

The heart of the matter is that many Western governments, firms and NGOs fear China’s growing political and economic clout in Africa. There is a concern that economic expansion is intimately connected to the world of international power politics. This is often seen as a zero sum game, where one country’s rise means the decline of another. As China continues to rise in today’s political landscape, another country, often portrayed as the US, must invariably decline in some way. What critics fail to consider, however, is that trade and economic growth do not have to be zero sum games. All countries can benefit in some way from exchanging goods and services. Western donors
and governments often place more emphasis on political and institutional reform compared to economic development, which explains their attitude towards Chinese policies of political non-interference, unconditional aid and investment. In reality, growth can be the engine that drives institutional reform, and can completely change the political landscape within a country. Indeed, in the long run it will be the African people themselves who will play the biggest role in shaping their relationship with China, for their perceptions of Beijing’s role in Africa will largely determine any future relationship the two parties have. Whether that relationship will be mutually beneficial, however, remains to be seen.
References


