

**FEEDING THE DRAGON: EXPLORING THE  
CONFLICTING DRIVERS BEHIND CHINA'S  
INVOLVEMENT IN AFRICA**

by

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## **ABSTRACT**

This paper explores China's most recent entry into Africa. What drives political leaders, entrepreneurs, and workers as they do business in Africa on behalf of China? What is the nature of Chinese engagement on the continent? Are the Chinese neo-colonialists, development partners, or economic competition for Africans? By looking at Chinese foreign and domestic policy decisions, China's deteriorating social and environmental conditions, as well as the background and characteristics of the upcoming generation of Chinese leaders, the author concludes that China's overall intentions in Africa are motivated by a sincere desire for mutual growth and benefit; however, when Chinese and African interests collide, China's need for continued growth and domestic harmony usually trumps local concerns. African leaders are not without recourse though. The case studies of Sudan and Zambia will illustrate how pressure from African nations is slowly changing the Chinese way of doing business in Africa.

**Keywords:** China; Africa; Sino-African relations; Chinese foreign relations; Chinese overseas investment

**Subject Terms:** China – Foreign Relations – Africa; Africa – Foreign Relations – China; China – Foreign economic relations – Africa; Africa – Foreign economic relations – China

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## CHAPTER 1: INTRODUCTION

Though China has made many forays onto African shores in the past, this paper will explore China's most recent entry into Africa, which started in the 1990s and picked up speed after 2001. Modern Chinese political leaders, entrepreneurs, and workers doing business in Africa are driven by disparate and often competing needs. There is China's need for resources to fuel its economic growth; there is a need for China to have a positive international reputation and to be seen as a leader to the developing world; there is a need to relieve social pressures in China caused by unemployment and inequality; and of course there is the ever-present need for Chinese companies to record profits. It has been suggested that the Chinese, in their relationship with Africans, are neo-colonialists, development partners, or economic competitors<sup>1</sup>. In actual fact, they are a combination of the three. China's engagement in Africa, once driven by rhetorical concerns, is now decidedly pragmatic. The Chinese adopt different approaches in different situations as necessary in order to get the job done. This paper will dig deeper into Chinese motivations in Africa by exploring Chinese foreign and domestic policy decisions, China's deteriorating social and environmental conditions, as well as the background and characteristics of the upcoming generation of Chinese leaders. It would appear that the fundamental problem underlying Sino-Africa relations is the uneasy balance China must strike

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<sup>1</sup> Alden, Chris (2007). *China in Africa*, London: Zed Books.

between economic growth and pursuit of profit on the one hand, and maintaining social harmony so that profits aren't compromised on the other. Fortunately, China's recent engagement in Africa, which is guided by the quest for shared profits and mutual benefits, gives Africans a new opportunity to be active participants in their countries' development. This paper will conclude with a look at Sudan and Zambia as case studies, where we will find that China can be made to acknowledge local concerns and revise its policies in African countries when the profitability of Chinese business interests risk being compromised by inaction.

The story of China's involvement in Africa sounds decidedly different depending on who's telling it. According to the Chinese Communist Party (CCP), China is engaging in a push for greater South-South cooperation in order to ensure the common development of both China and African nations--to the mutual benefit of all, of course<sup>2</sup>. Others are more sceptical of the "mutual benefit" claims. A recent article in *The Economist* referred to the Chinese as "the new colonialists"<sup>3</sup>, pointing out that some accuse the Chinese, with their thirst for natural resources to fuel their booming economy, of "coddling dictators,

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<sup>2</sup> The website for the Forum on China-Africa Cooperation (FOCAC), an organization that was established in 2000 to promote the "common development" of China and African nations, states it thusly: "The characteristics of the forum are... *Pragmatic Cooperation*: Its purpose is to strengthen consultation and expand cooperation and its focus is on cooperation. *Equality and Mutual Benefit*: It promotes both political dialogue and economic cooperation and trade, with a view to seeking mutual reinforcement and common development."

<sup>3</sup> *The Economist* (2008). "The new colonialists: a 14-page special report on China's thirst for resources", March 15<sup>th</sup>-21<sup>st</sup>, 2008.

despoiling poor countries, and undermining western efforts to spread democracy and prosperity.”<sup>4</sup>

Many African leaders, however, are far more enthusiastic about the potential for growth and development that China’s interest in Africa offers. The Chinese are offering to build badly-needed national infrastructure—roads, schools, railways, and telecommunications networks—in exchange for access rights to the mines, forests, and oil wells that the African continent has in abundance. For many of Africa’s political elite, impressed by China’s rapid transformation from an underdeveloped nation of peasant farmers to a global economic powerhouse, Beijing makes an offer that is hard to refuse. The Chinese have invested billions of dollars in African infrastructure in the first decade of this century. Many people are hopeful that an increase in China’s investment, trade, and aid will be just the thing to put African nations on the path of long-term sustainable development.

But China’s “aid-for-trade” model is certainly not without its critics. African environmentalists and civil society groups are raising warning flags over the so-called “Chinese takeaway” of Africa’s precious commodities. Robert Kagan, a writer for the *Washington Post*, called China the leader of a “league of dictators” because of its support for rogue states like Sudan and Iran in order to gain access to their oil.<sup>5</sup> The IMF and the US Treasury Department have both

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<sup>4</sup> *ibid*

<sup>5</sup> Kagan, Robert (2006). “League of Dictators? Why China and Russia Will Continue to Support Autocracies,” *Washington Post*, Sunday April 30<sup>th</sup>, 2006.

criticized China's so-called "opportunistic lending" practices.<sup>6</sup> Furthermore, many world leaders and businesspeople resent the ease with which China's state-owned enterprises are able to use their government backing and the promise of foreign aid to aggressively outbid other companies for extraction rights. India's petroleum secretary, for example, spoke out bitterly at the 2005 World Petroleum Congress against the practice of granting extraction rights in exchange for cash and development aid.<sup>7</sup>

It is important to keep such criticism in perspective though. Although oil makes up about 80% of Africa's resource exports to China, the Chinese still only receive 14% of the continent's total oil exports<sup>8</sup>. When compared with the 54% that goes to the United States and Western Europe, it is clear that the West is still the biggest recipient of Africa's most-coveted resource. However, there is no question that China is catching up quickly. According to the World Bank, China's oil imports from Africa have been increasing at a rate of 30% every year.<sup>9</sup>

China has its sights clearly set on Africa because Africa allows it to achieve many of its foreign policy objectives at the same time. As many

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<sup>6</sup> Gill, B., Huang, C., & Morrison, J.S. (2007), "Assessing China's Growing Influence in Africa," *China Security*, Vol. 3(3), p.11.

<sup>7</sup> Ghazvinian, John. (2007) *Untapped: The Scramble for Africa's Oil*. Orlando: Harcourt Inc. p. 291

<sup>8</sup> Foster, V., Butterfield, W., Chen, C., Pushak, N. 2008. "Building Bridges: China's Role as Infrastructure Financier for Sub-Saharan Africa." *Trends and Policy Options: Infrastructure*, No.5 (Publication Forthcoming), The World Bank, Public Private Infrastructure Advisory Facility. Downloaded from [http://siteresources.worldbank.org/INTAFRICA/Resources/Building\\_Bridges\\_Master\\_Version\\_wo-Embg\\_with\\_cover.pdf](http://siteresources.worldbank.org/INTAFRICA/Resources/Building_Bridges_Master_Version_wo-Embg_with_cover.pdf) on July 12, 2008 at 4:03 pm.

<sup>9</sup> Broadman, Harry G. (2007). *Africa's Silk Road: China and India's New Economic Frontier*. The International Bank for Reconstruction and Development / The World Bank, p.82.

researchers<sup>10</sup> have pointed out, China relies on African nations not only for energy and resources, but also for diplomatic and political support, markets, and consumers for China's cheap manufactured products. Moreover, Africa can help China achieve its biggest domestic policy objective: ensuring social harmony.

As the leaders of the Chinese Communist Party have known since Deng Xiaoping, economic growth is crucial to staving off unrest among China's 1.3 billion people. Due to its massive population pressure, China's economy must create 24 million new jobs every year in order to prevent massive unemployment. And, as Ted Koppel recently pointed out on PBS's *Charlie Rose* show<sup>11</sup>, with 87,000 protest demonstrations every year, the leadership in Beijing can ill afford to let any discontent simmer. By providing the resources, jobs, and investment opportunities the Chinese need in order to keep their economic growth rates high, Africa can help the CCP maintain social stability and political control.

## **Chinese Diplomacy in Africa**

Sino-African diplomacy is still heavily dominated by China's 40-year crusade to strip Taiwan of all official diplomatic recognition, and as a result there are only four African states (Swaziland, Gambia, São Tomé and Príncipe, and Burkina Faso) that currently have diplomatic relations with the Republic of

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<sup>10</sup> For more on this, see Gill, B., Huang, C., & Morrison, J.S. (2007), "Assessing China's Growing Influence in Africa," *China Security*, Vol. 3(3), pp.3-21; Alden, Chris (2007). *China in Africa*. London & New York: Zed Books; or Eisenman, Joshua (2007), "China's Post-Cold War Strategy in Africa: Examining Beijing's Methods and Objectives," in Eisenman, Heginbotham, & Mitchell (eds.), *China and the Developing World: Beijing's Strategy for the Twenty-First Century*, New York, London: M.E. Sharpe, pp.29-59.

<sup>11</sup> "A Conversation With Ted Koppel," *Charlie Rose*, Public Broadcasting Service, July 9<sup>th</sup>, 2008

China<sup>12</sup>, as Taiwan is formally called. Africa is also very important to China's long-term strategy of increasing its influence within international institutions such as the UN. The sheer numbers of African nations, not to mention their tendency to support each other through 'bloc' voting, make the continent the most significant regional group of states in multilateral settings.<sup>13</sup>

Another major aspect of China's foreign relations policy is its desire for a more multipolar world—one better able to hold back the forces of American hegemony. Since the Cold War, China has felt as though its national security interests were threatened by the dominance of the two major world powers over global affairs. The USSR's decision to send 400,000 troops carrying battlefield nuclear weapons to the Sino-Soviet border in 1969 did nothing to assuage Beijing's fears, but it did make the CCP leaders shift their national security strategy dramatically. Instead of making the support of global proletarian revolution the pillar of its foreign policy, as it had been since 1949, the Chinese leadership started to actively promote a strategy of "anti-hegemony"<sup>14</sup> which supported foreign groups that were acting against the USSR and the USA. African rebel groups that had been receiving support from Beijing as a result of their socialist and proletarian principles could no longer count on Chinese funds, weapons, and training. Instead, China began to support any groups that were actively fighting against Soviet interests, regardless of what their political

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<sup>12</sup> Wikipedia, [http://en.wikipedia.org/wiki/Foreign\\_relations\\_of\\_the\\_Republic\\_of\\_China\\_-\\_List\\_of\\_countries\\_with\\_diplomatic\\_relations\\_with\\_the\\_ROC](http://en.wikipedia.org/wiki/Foreign_relations_of_the_Republic_of_China_-_List_of_countries_with_diplomatic_relations_with_the_ROC). Downloaded on July 12<sup>th</sup> at 17:30.

<sup>13</sup> Alden, Chris (2007). *China in Africa*. London & New York: Zed Books, p.22.

<sup>14</sup> Eisenman, J. (2007). "China's Post-Cold War Strategy in Africa," in Eisenman, J.; Heginbotham, E; & Mitchell, D. (eds.), *China and the Developing World: Beijing's Strategy for the 21<sup>st</sup> century*, p.32

ideologies may be. By keeping Soviet troops engaged in skirmishes far afield, Beijing hoped to keep the Red Army as far away from their own borders as possible.

After Mao's death, the push towards a more multipolar, economically interdependent, and peaceful world picked up speed. The new leaders in Beijing, including Deng Xiaoping and Zhao Ziyang, had lived through the chaos of the Cultural Revolution and therefore understood that in order to hold the country together and prevent social unrest, they had to allow China's billion-strong citizens to get rich. They began to implement economic reforms that freed up China's business environment, allowing private enterprise and self-employment for the first time since in the PRC's history. Not long after, the Soviet Union collapsed, leaving the US the world's only "superpower". In the post-Cold War era of globalization, relative peace, and general economic prosperity, Chinese factories began churning out manufactured products and flooding world markets with cheap consumer goods. As a result, China's economy could no longer support itself with its domestic resources. Beijing was forced to abandon its long-standing policy of self-sufficiency and start importing energy and natural resources on a massive scale. By the early 1990s, China had gone from being an oil exporter to a net oil importer, and Africa suddenly became far more strategically important.

Africa can satisfy Beijing's hunger in many ways. Its lush land can feed the industrial belly of the Chinese heartland with much of the timber, minerals, oil and energy it requires. The development aid China provides African nations can

shore up Beijing's claims to be the leader (and champion) of the developing world. Furthermore, African leaders can help China forge the global alliances it requires in order to effectively counter the dominance of Western interests at international institutions like the UN.

The problem with China's current foreign policy towards Africa and the developing world is that it contains some inherent contradictions. The leaders in Beijing purport to stand for a more peaceful and interdependent world, established on the principles of total respect for national sovereignty, nonaggression, non-interference, equality and mutual benefit, and peaceful coexistence<sup>15</sup>. Beijing's 'new security concept' calls for common economic development and the peaceful settlement of disputes through multilateral dialogue, with all nations on an equal footing.<sup>16</sup> Yet in reality, the Chinese government is beholden to its commitment to endlessly expand the domestic economy. Given China's environmental problems, income inequality, rising unemployment, and social issues, Beijing must do all it can to keep its citizens happy. The last five thousand years have demonstrated that when the tinderbox of social unrest ignites China's populace, the conflict rarely ends until millions of people have died. Therefore, in any situation where the needs of Chinese economic growth come into conflict with the principles of non-interference and mutual benefit, there is no longer any equal footing. The need to keep China's 1.3 billion people fed will trump the concerns of all other parties to the

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<sup>15</sup> These are the 'Five Principles of Peaceful Coexistence,' a cornerstone of Chinese national security that was first articulated in 1955 at the Bandung Conference of developing world nations.

<sup>16</sup> Gill, Bates (2007). *Rising Star: China's New Security Diplomacy*. Washington, D.C.: The Brookings Institution, p.5



transaction. For African nations, this means that Chinese companies (including state-owned enterprises) operating in Africa may resort to bribing officials, breaking local laws, and even supporting rebel movements if they feel it will provide an advantage when doing business. The Chinese commitment to non-interference is unfortunately all too easily violated.

### **Chinese Aid, Trade, and Investment in Africa**

There is a metaphor that the Chinese often use to describe their nation's remarkable growth: China is like an elephant riding a bicycle; if the bicycle starts to slow down, the elephant will lose his balance and fall over. China is indeed hurtling down the path of economic development at a speed never before seen in the history of the world. In less than three decades, China has gone from a nation of mostly peasants to one of factory workers. Compared to the Industrial Revolution in the 18<sup>th</sup> century, China's factories are capable of producing manufactured goods thousands of times more quickly than any of the 'satanic mills' which fuelled Europe and America's rise to the top of the global development hierarchy. Factories require fuel, however, and China is in desperate need of natural resources and other commodities to keep its domestic economy pedalling forward.

According to *The Economist*, China consumes "more than half of the world's pork, half of its cement, a third of its steel and over a quarter of its aluminium."<sup>17</sup> Not only that, but since the beginning of the new millennium, it has gobbled up more than 80% of global copper supply. Africa (along with other

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<sup>17</sup> *The Economist*, March 15<sup>th</sup> 2008, "The new colonialists," p.13.

developing nations) is in an excellent position to feed China's resource hunger. As a result, China's needs have had a significant effect on African economies over the past ten years. Africa's trade with China rises rapidly every year, as the continent's energy sources, timber, agriculture and fisheries are ripe for Chinese investment and extraction.

China is investing billions of dollars into African economies as well. China's multinational corporations are investing heavily in Africa's petroleum and gas sectors, and Chinese small and medium-sized firms are opening up for business all over the African continent. Many of these are state-owned or state-supported. According to Chris Alden of the London School of Economics, there are currently more than 800 Chinese state-owned firms operating in Africa<sup>18</sup>. With its centralized and relatively-government controlled economy, China is able to tie its foreign policy to its domestic growth needs<sup>19</sup>.

State-backed firms operating in Africa can therefore use the promise of diplomacy and development assistance to help them secure business contracts. Furthermore, by relying heavily on workers brought over from China, these firms can keep labour and managerial costs low and outbid their local and foreign competitors. Smaller companies, like the Chinese retailers that are opening up manufactured goods stores across the continent, are beginning to make an impact on local African economies as well. Many worry that these trading shops,

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<sup>18</sup> Alden, Chris (2007). *China in Africa*. London & New York: Zed Books, p.42.

<sup>19</sup> Zweig, David, and Bi Jianhai. "China's Global Hunt for Energy. " *Foreign Affairs*. 84.5 (Sept-Oct 2005): 25. CPI.Q (Canadian Periodicals). Gale. Simon Fraser University. 26 Mar. 2008 <[http://find.galegroup.com/itx/infomark.do?&contentSet=IACDocuments&type=retrieve&tabID=T002&prodId=CPI&docId=A136226832&source=gale&srcprod=CPI&userGroupName=sfu\\_z39&version=1.0](http://find.galegroup.com/itx/infomark.do?&contentSet=IACDocuments&type=retrieve&tabID=T002&prodId=CPI&docId=A136226832&source=gale&srcprod=CPI&userGroupName=sfu_z39&version=1.0)>.

which can exploit family labour and extensive trade ties to get and sell Chinese supplies cheaply, will soon take business away from established African retailers<sup>20</sup>.

Since the beginning of the 21<sup>st</sup> century, China has become the African continent's third most important trading partner (the US and France are numbers one and two)<sup>21</sup>. China's factories turn out more inexpensive manufactured goods than they can sell domestically, as China itself is rapidly becoming a saturated market. As a result, Chinese manufacturers of low-value consumer goods must constantly seek out new markets and new consumers. Many Africans, with their relatively low incomes, are all too happy to buy cheap clothes, shoes, and manufactured household goods from China. It is therefore no surprise that Chinese trade with Africa has increased dramatically over the last two decades, with a sharp rise occurring in the past ten years. In 2000, China and Africa's two-way trade amounted to less than US\$1 billion, but only 6 years later—by the end of the 2006—it had grown remarkably, to US\$50 billion. Not only that, but China went from taking a 2.6% share of Africa's exports in 2000 to 9.3% in 2006<sup>22</sup>. The downside to China's thirst for resources, however, is that it only benefits African countries that are resource and commodity exporters. Nations that need to import commodities and resources are disadvantaged because China's demand drives up world prices and makes the resources they need harder to afford.

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<sup>20</sup> Alden, Chris (2007). *China in Africa*. London/New York: Zed Books, p.49

<sup>21</sup> *ibid*, p.8

<sup>22</sup> *ibid*, p.8

Africa also stands to learn lessons from China about poverty reduction and economic growth. From 1990 to 2001, the number of Africans living on less than \$1 a day rose by 77 million, whereas the number of Chinese in absolute poverty went down by 165 million in over the same time period<sup>23</sup>. As the Ethiopian foreign affairs minister put it, “Never in modern history has a nation successfully made such a determined and massive effort as China has in achieving progress within such a short span of time. Ethiopia has been following this remarkable achievement with great interest and admiration.”<sup>24</sup> Other African leaders are taking note, too, and China is happy to share what it has learned.

Through infrastructure development projects, scholarships for African students at Chinese universities, and knowledge-sharing programs between Chinese universities and their African counterparts, China hopes to export its “soft power” to Africa’s developing nations. By emphasizing the “legal development, greatly circumscribed civil rights, gradual systemic reform, and opening to the world”<sup>25</sup> aspects of China’s own domestic policy, Beijing hopes to inspire and forge political alliances with Africa’s political leaders. Such policies are especially attractive in Africa and other parts of the developing world, where many people are resentful of the structural reforms foisted upon them by the IMF and Western lenders under the so-called “Washington Consensus” (capitalism, democracy, rule of law, liberalisation, privatization, etc.). By consolidating

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<sup>23</sup> Kaplinsky, Raphael (2006). “Winners and Losers: China’s trade threats and opportunities for Africa,” in Wild, L. & Mephram, D. *The New Sinosphere: China in Africa*, Institute for Public Policy Research Publication, Nov. 1<sup>st</sup>, 2006, p.12.

<sup>24</sup> Alden, Chris (2007). *China in Africa*. London/New York: Zed Books, p.35.

<sup>25</sup> Lampton, David (2008). *The Three Faces of Chinese Power: Might, Money, and Minds*. Berkeley, Los Angeles, & London: University of California Press, p.141

alliances against Western interference across Africa, Beijing is hoping to emerge as “the putative leader of the developing world.”<sup>26</sup>

Though China’s growing trade and investment in Africa provides enormous opportunities for the development and economic growth of African nations, it also poses significant challenges. China is hardly known for its environmental stewardship, and Africa has unfortunately become a prime source of China’s illegal timber and ivory trade<sup>27</sup>. Chinese mining and oil companies have been harshly criticized for their poor labour and environmental standards, especially in Zambia, where anti-Chinese sentiment formed the backbone of a national political campaign. Furthermore, many Africans are concerned about the impact that the glut of cheap Chinese goods has on local manufacturers, who must face stiffer competition for both domestic and overseas markets.

This paper will start with a closer look at Sino-African diplomatic initiatives. How has China’s diplomatic relationship with Africa changed since the founding of the PRC? China’s aid for infrastructure development and anti-poverty initiatives in Africa is helping the CCP secure crucial foreign allies for its concept of a new global security founded on multilateralism, interdependence, and peaceful settlement of disputes<sup>28</sup>. Not only that, but China’s African allies provide support for Beijing in multilateral settings, such as on the UN Human Rights Committee. China’s growing, albeit limited, involvement in peacekeeping and

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<sup>26</sup> Gill, B., Huang, C., & Morrison, J.S. (2007), “Assessing China’s Growing Influence in Africa,” *China Security*, Vol. 3(3), p.5.

<sup>27</sup> Eisenman, J. “China’s Post-Cold War Strategy in Africa,” p. 40.

<sup>28</sup> In recent years, the Chinese have believed such multilateralism to be vital in order to help counter the far more unilateral foreign policy of the US under the G.W. Bush administration.

security in Africa signals that the once-reclusive country is now willing to get more involved in international affairs. However, China's seeming lack of concern for human rights and its continuing practice of selling arms and military supplies to African regimes engaged in bloody internal struggles indicate that Africa's leaders must not allow the lure of Chinese development aid and investment blind them to the interests of their own people and nations.

When it comes to trade and investment in Africa, China is, as mentioned before, motivated by its need for resources, markets, and consumers. Chapter 3 will investigate the details behind this relationship. Resources form the backbone of Chinese trade and investment on the continent, but they are only one part of the Sino-African economic relationship. From state-owned enterprises building multi-million dollar extraction facilities to family-owned general stores and restaurants in small communities, Chinese businesses can be found at all levels of African economies. Since China joined the World Trade Organization in 2001, Beijing has had an official "go out" policy<sup>29</sup>, which has encouraged entrepreneurial Chinese citizens and companies to go seek their fortunes overseas. Another important source of Chinese migration to Africa is the labourers who have been brought over to work for Chinese companies on infrastructure development and construction projects. Though China's contribution to African economies is usually appreciated, there are mounting tensions between the Chinese workers and their African hosts. Chinese shops

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<sup>29</sup> China Daily, Jan.24<sup>th</sup>, 2006. "Outward Investment Steady: Minister" downloaded from China.Org.Cn at <http://www.china.org.cn/english/BAT/156187.htm> on July 16th, 2008.

selling “Made in China” products to African consumers may be able to exploit their trade and social networks to offer the lowest price in town, but they are also putting many indigenous shops out of business. Also, concerns are rising in many parts of Africa as to who is truly benefiting from Chinese investment, especially in the resource extraction and textile industries. Finally, the growing autonomy of China’s overseas businesses and state-owned enterprises is causing some leaders in Beijing to worry that they will soon be unable to control their country’s international reputation.

## CHAPTER 2: AFRICA'S ROLE IN CHINA'S "NEW SECURITY DIPLOMACY"

In recent years, many researchers have noted that China is becoming more engaged with international institutions. Since the mid-1990s, Chinese foreign diplomacy has fallen increasingly in line with international norms and traditional diplomatic practices. This has happened at the same time as the US, under the administration of George W. Bush, seems to be drawing further away from cooperation with the international system and is making more unilateral foreign policy decisions. As Stuart Harris, of the Australian National University, has pointed out, through its low-profile diplomatic relationship with the US, its pragmatic and non-ideological approach to Latin America (a relationship based on China's need for resources, as is the Sino-African one), and its embrace of a multilateral approach to deal with North Korea through the six-party talks, China is demonstrating its willingness to play by the same rules (more-or-less) and cooperate with other states in the international system<sup>30</sup>. Similarly, Bates Gill has stated that China's approach to international security "has become more proactive, practical, and constructive, a pattern that looks likely to continue for years to come."<sup>31</sup>

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<sup>30</sup> Harris, Stuart (2007). *Case Studies in Chinese Diplomacy*. Australian National University: Working Paper 2007/2.

<sup>31</sup> Gill, Bates (2007). *Rising Star: China's New Security Diplomacy*. Washington, DC: Brookings Institution Press, p.1.



China's new pragmatic approach can be seen in its relationship with Africa, which, in addition to being driven by China's need for energy, is motivated by a desire to secure its international status. But underlying China's different foreign policy positions the CCP (Chinese Communist Party) has one primary concern: maintaining domestic social stability in order to preserve China's current one-party regime. Beijing believes that economic growth is central to Chinese domestic stability, and Africa's abundant natural resources can provide fuel to keep the factories running. Also, the Chinese care deeply about their country's international status. According to Yong Deng, a survey of Chinese youth showed that 67% of them ranked it as one of their top three concerns above economic development<sup>32</sup>. This was evidenced recently by the outrage expressed by Chinese "netizens" who posted comments on international websites like the BBC's in response to Western media reports that were critical of China's crackdown on dissidents in Tibet. Coming in the same year that China is hosting the Olympics and is hoping to prove to the world that it is a responsible international actor, the criticism of China's domestic affairs seemed to sting all the more deeply. If China's international status drops greatly, it may eventually lead to social instability that could threaten state power. In order to maintain its popularity and support among the Chinese people, therefore, the CCP must do two frequently incompatible things: it must do all it can to ensure continued economic growth while maintaining a positive international reputation.

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<sup>32</sup> Survey conducted in 1998 by the *Zhongguo Qingnian Bao* (China Youth Newspaper – translation mine), as cited in Deng, Yong (2005). "Better than Power: 'International Status' in Chinese Foreign Policy," in Deng, Yong & Wang, Fei-Ling (eds.), *China Rising: Power and Motivation in Chinese Foreign Policy*, Oxford: Rowman & Littlefield Publishers, Inc., p.52.

China's current engagement with Africa allows it to achieve many of its foreign and domestic policy goals. CCP leaders believe that they can maintain political control and social harmony by harnessing African resources to ensure continued economic growth in China. At the same time, China can use Africa to advance its position as a leader of the developing world—an economic model for other developing nations to follow. The scale of the China-Africa diplomatic relationship has stepped up in recent years, but Africa has been playing a key role in Chinese diplomacy for a long time. The nature of the relationship has changed as China's motivations have shifted, but overall the Chinese have managed to maintain friendly relations with most African nations since the start of the post-colonial era.

## **History of China's African Foreign Policy**

In the fifties and sixties, China's foreign policy towards Africa was based on practicality, but was dominated by ideological concerns. Fresh from the battlefields of China's own proletarian revolution, the CCP leaders in Beijing were eager to spread their Maoist-Marxist ideology to the far corners of the earth. At the time much of Africa was still struggling to shake off the yoke of colonialism, and nationalist parties were fighting for greater rights and independence. Communist ideology appealed to many rebel leaders, who were eager for a more egalitarian system of governance than that which had been meted out by their colonial overlords. Seizing the opportunity to wrest control away from the colonial powers (and to spread Mao's particular style of communist thought), the CCP provided military and financial support to a variety of revolutionary movements

around the continent. Rebels who spouted Marxist ideology and who were committed to the power of spontaneous mass struggle received Chinese assistance in the form of money, weapons, and military training. By the 1970s, however, this support was no longer being given on purely ideological grounds, but also in order to shore up China's own national security interests. Whether the revolutionary leaders were adherents to Maoist doctrine or not no longer mattered; what counted most was whom they were fighting against.

As Joshua Eisenman has pointed out, in 1969, after the USSR sent 400,000 troops to the Sino-Soviet border, China's foreign policy concerns became far more pragmatic<sup>33</sup>. By keeping Soviet troops engaged in battles with revolutionary groups overseas, the CCP hoped to weaken the threat from their sabre-rattling next-door neighbour. During the post-independence civil war in Zimbabwe, for example, the USSR backed Joseph Nkomo, so the Chinese—with the help of the North Koreans—supplied arms to Nkomo's biggest rival, Robert Mugabe<sup>34</sup>. Similarly, in the mid-1970s, China sent hundreds of tons of arms to the National Front for the Liberation of Angola (FNLA) and provided training for their guerrilla soldiers, simply because Moscow was supporting the rival Popular Movement for the Liberation of Angola (MPLA) rebel group<sup>35</sup>. Again, China's interest in this civil war was clearly driven by pragmatism instead of doctrinal

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<sup>33</sup> Eisenman, Joshua (2007). "China's Post-Cold War Strategy in Africa: Examining Beijing's Methods and Objectives," in Eisenman, Heginbotham, & Mitchell (eds.), p.32.

<sup>34</sup> Simons, Bright B.; Lartey, Evans; & Cudjoe, Franklin. "China smiles at Africa with two faces." *Imani Center for Policy & Education*. Accra, Ghana. <http://www.imanighana.com/article13.html> Downloaded on July 10<sup>th</sup>, 2008.

<sup>35</sup> Eisenman, Joshua (2007). "China's Post-Cold War Strategy in Africa: Examining Beijing's Methods and Objectives," p.32.

fervour, as the FNLA were an openly Communist organization yet Beijing still decided to withdraw its support.

China's long history of engagement in Africa has a huge influence on how African leaders view the Chinese today. As Gill & Reilly have shown, even when China was isolated by the international community and suffering from extreme domestic poverty, the CCP was always willing to come to the aid of the emerging regimes in post-colonial Africa.<sup>36</sup> Today, through its non-interventionist, "no strings attached" foreign policy, China is trying to position itself as a more sympathetic partner than the West, which has been far more rigid and prescriptive in its approach to African aid and development. In Africa, Beijing hopes to demonstrate that China's peaceful rise to global prominence can be a win-win situation for all parties involved.

China's new non-ideological foreign policy approach really became apparent after the death of Mao Zedong. As China emerged from the chaos of the Cultural Revolution, Beijing's new leaders faced severe domestic social pressure. Educational institutions had been closed for more than a decade—leaving dispossessed youth with nowhere to channel their energy, millions of people had lost their lives, and unemployment and rural poverty were rampant. It is therefore not surprising that Deng Xiaoping, who succeeded Mao Zedong as

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<sup>36</sup> Gill, Bates & Reilly, James (2007). "The Tenuous Hold of China Inc. in Africa," *The Washington Quarterly*, 30:3, p.37

China's supreme leader in December 1978, broke with Mao's assertive and high-risk foreign policy.<sup>37</sup>

Deng Xiaoping rightly hypothesized that the CCP would not be able to retain its power and China would never regain its international status if Beijing did not modernize its economy, focus on economic growth, and do all it could to lift China's billion-plus people out of poverty. The party focused heavily on domestic issues, and Chinese engagement with Africa began to tail off through the 1980s as CCP leaders implemented their policies of encouraging economic reform and China's gradual "opening up" to the world. In contrast to the Maoist belief that war was inevitable and China must constantly prepare for international confrontation, which had led to China's global isolation under Mao Zedong, Deng Xiaoping determined that the world was instead heading down a path of increasing peace, stability, and interdependence. In 1982 he officially declared that a new world war was an unlikely prospect and that China could therefore expect a relatively stable international environment in which to pursue its peaceful rise.<sup>38</sup> This important realization has guided foreign policy for the last two and a half decades, with Chinese leaders forming increasingly multilateral and interdependent relationships with their counterparts overseas.

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<sup>37</sup> Garver, John W. (2007). "China's U.S. Policies," in Deng, Yong & Wang, Fei-Ling (eds.), *China Rising: Power and Motivation in Chinese Foreign Policy*, Oxford: Rowman & Littlefield Publishers, Inc., p.202

<sup>38</sup> Gill, Bates (2007). *Rising Star: China's New Security Diplomacy*. Washington, DC: Brookings Institution Press, p.3.

## **Objectives of China's New Security Discourse**

### **Countering unilateralism and Western hegemony**

A key part of China's new security diplomacy under Deng Xiaoping was the belief that, with time, the international security situation would move towards increasing multipolarity and balance among the great powers of the world. With the collapse of the Soviet Union and an end to the bipolarity of the Cold War, China expected that multilateral institutions like the United Nations would assume an expanded role in international governance. The 1991 US invasion of Iraq, done with the support of the UN, challenged this view. China's leaders became increasingly preoccupied with the US's disproportionate influence in international institutions, and with America's "ability to mobilize powerful allied force to achieve its security goals"<sup>39</sup>. Countering unilateralism and western hegemony became a key Chinese foreign policy objective. At the same time, however, Beijing realized that a friendly and cooperative relationship with the US was crucial in order for China to achieve its economic development goals. This created an inherent conflict in China's foreign policy. Export promotion was a major part of China's post-1978 development strategy, and access to US markets was critical if China hoped to export its manufactured goods overseas and generate revenue.<sup>40</sup> However, if China went too far in its attempts to counter US power it faced the possibility that the Americans would retaliate by blocking Chinese business interests in the USA.

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<sup>39</sup> *ibid*, p.3

<sup>40</sup> Garver, John W. (2007). "China's U.S. Policies," in Deng, Yong & Wang, Fei-Ling (eds.), *China Rising: Power and Motivation in Chinese Foreign Policy*, Oxford: Rowman & Littlefield Publishers, Inc., p.205.

Somehow Beijing needed to trade cooperatively with the US, while still doing everything it could to curtail US influence internationally. By seeking out bilateral and multilateral security partnerships with new allies, while at the same time expanding its trade with the US, China was able to strike the necessary balance. From 1987 to 2000, China-US trade grew dramatically, with the US increasing its consumption of China's total exports from 7.7% to 20.9%.<sup>41</sup> One of the most significant of these multilateral partnerships to emerge in the 1990s was China's growing involvement with the Association of Southeast Asian Nations (ASEAN). This relationship gave the Chinese an opportunity to regain the trust of their neighbours to the south<sup>42</sup>, increase their regional influence, and earn a more positive international reputation.

During the Asian financial crisis of 1997-98, when other Asian countries' exports became relatively cheaper on world markets, many observers were concerned that China was going to devalue its currency in order for its manufacturing industry to stay competitive. Beijing's decision not to do so was widely praised around the world and signalled that China was ready to be taken seriously as a "responsible great power" in the international community<sup>43</sup>. China's move towards multilateralism paralleled that which was occurring in Africa as well, as African nations became more active in multilateral institutions like the African Union. Increasingly, China began to see Africa as a large, and

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<sup>41</sup> *ibid*, p.206

<sup>42</sup> For many years China had been supporting revolutionary movements in the region, which seriously strained its relations with Southeast Asian nations.

<sup>43</sup> Wang, Hongying (2005). "National Image Building and Chinese Foreign Policy," in Deng, Yong & Wang, Fei-Ling (eds.) *China Rising: Power and Motivation in Chinese Foreign Policy*, Oxford: Rowman & Littlefield Publisher, Inc. p.97.

influential, voting bloc of developing world nations that could be induced to support Chinese interests internationally if offered the right package of trade and investment deals.

China's vision of itself as a responsible great power that operates according to international norms and within multilateral institutions took root in the 1990s, but it was accelerated and encouraged by the post-September 11<sup>th</sup> shift in US foreign policy<sup>44</sup>. The Bush administration's preoccupation with fighting global terrorism forced US concerns about China's rising profile to the sidelines. The invasion of Iraq in 2003 also started to convince other nations of the potential dangers inherent in American unilateralism. As a result, China gained confidence in its status as an emerging global power and its explicitly multilateral and non-interventionist foreign policy. This confidence was further reinforced with China's admission to the World Trade Organization in December 2001.

### **China as development partner**

At a time when citizens' groups in many African nations are still struggling to rein in the wealthy predatory elites who have an unfortunate stranglehold on leadership in much of the region, China offers something new: the promise of trade, investment, and development assistance to build badly needed infrastructure projects, like transportation and shipping networks, without requiring a complete overhaul of state and government institutions. China's "no strings attached" foreign policy offers a quick-fix answer that may help Africans

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<sup>44</sup> Gill, Bates (2007). *Rising Star: China's New Security Diplomacy*. Washington, DC: Brookings Institution Press, p.6.



get their economies moving again, without having to jump through endless 'conditionality' hoops. As one African leader recently told the *Economist* newspaper, "If we say to the Europeans that we want a highway, they say 'hold an election first, sort out your finances, crack down on corruption'—and in the end, the highway never gets built."<sup>45</sup>

China, on the other hand, is willing to invest heavily in countries where others will not—like the Democratic Republic of Congo (DRC), which is ranked 168<sup>th</sup> worst country in the world (out of a total of 180 countries) by Transparency International on its 2007 corruption index<sup>46</sup>--as long as doing so will provide greater access for Chinese firms. In September 2007, for example, China pledged at least \$8.5 billion to the Congolese government in order to improve the war-torn country's infrastructure and refurbish and build new mines<sup>47</sup>. According to BBC2 *Newsnight*'s Tim Whewell, this massive building project will include 2393 miles of road, 1996 miles of railway, 32 hospitals, 145 health centres, and two universities, built by the Chinese in exchange for copper and cobalt mines<sup>48</sup>. For the people of the Congo, who have been faced with innumerable difficulties, China's assistance may be just what they need to lift them out of the endless cycle of war and poverty in which they are trapped. Then again, given that the country is still in a state of conflict, Chinese funds could also be used to fuel the

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<sup>45</sup> Barnabe Kikaya bin Karubi, member of the National Assembly of the Democratic Republic of Congo, as quoted in "Mutual Convenience", *The Economist* (March 15-21<sup>st</sup>, 2008), A special report on China's quest for resources, p.12.

<sup>46</sup> [http://www.transparency.org/policy\\_research/surveys\\_indices/cpi/2007](http://www.transparency.org/policy_research/surveys_indices/cpi/2007)

<sup>47</sup> "Mutual Convenience", *The Economist* (Mar 15-21<sup>st</sup>, 2008), A special report on China's quest for resources, p.13.

<sup>48</sup> BBC2, "China in DC Congo aid deal," from *Newsnight*, Tim Whewell reporting, originally aired Tuesday, 15 April 2008. Downloaded from <http://news.bbc.co.uk/2/hi/programmes/newsnight/7347686.stm>

violence and make people's lives even less secure. Not only that, but critics of the Chinese-DRC deal claim that it will result in an unequal distribution of profits from mining, with US\$42 billion going to the Chinese and only US\$21 billion going to the Congolese government.

Given that Chinese firms investing in Africa often use the promise of development aid from the government in Beijing to secure their contracts, it is hard to separate investment from aid. As a recent World Bank report explains, Africa is now receiving a large amount of financing for infrastructure projects from emerging economies, such as China and India. According to the report, this new source of income, comparable in scale to development assistance received from OECD sources, is one of the biggest reasons behind Africa's recent average regional GDP growth rates of 4% – 6% per year.<sup>49</sup>

The 21<sup>st</sup> century's most significant emerging economies (China and India) need resources and other commodities, and their need is providing African nations with a new opportunity for development: they can harvest their resources and sell them to China and India in order to make progress towards their goals of economic growth and poverty reduction. If they play their cards right, this new South-South cooperation could turn out to be a win-win situation for all involved. China and India get the resources they need, and Africans get highways, railroads, mines, power stations, schools, and hospitals—everything they need to

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<sup>49</sup> Foster, V., Butterfield, W., Chen, C., Pushak, N. 2008. "Building Bridges: China's Role as Infrastructure Financier for Sub-Saharan Africa." *Trends and Policy Options: Infrastructure*, No.5 (Publication Forthcoming), The World Bank, Public Private Infrastructure Advisory Facility. Downloaded from [http://siteresources.worldbank.org/INTAFRICA/Resources/Building\\_Bridges\\_Master\\_Version\\_wo-Embg\\_with\\_cover.pdf](http://siteresources.worldbank.org/INTAFRICA/Resources/Building_Bridges_Master_Version_wo-Embg_with_cover.pdf) on July 12, 2008 at 4:03 pm.

help them kick-start their lagging economies, much in the way the Chinese and Indians have their own. China tends to finance large infrastructure projects, especially hydropower plants and railways, and their funding has increased dramatically in the last few years. Chinese financial commitments to African infrastructure projects grew from US\$1 billion per year from 2001-2003 to a high of at least US\$7 billion in 2006. In 2007, they dropped back to a still-impressive US\$4.5 billion dollars.<sup>50</sup> During the same period, Africa has increased its exports of natural resources to China more than seven-fold, from \$3 billion in 2001 to \$22 billion in 2006.<sup>51</sup>

The Chinese are proud of their “no strings attached”, non-interventionist policy towards Africa, and they view a deepening of South-South cooperation as an inevitable result of an increasingly globalized and multipolar world. Another advantage is that such infrastructure financing bypasses traditional channels and weakens the influence of Western lenders, effectively countering what Beijing views as an American-led hegemony in multilateral institutions like the OECD. An important point to remember is that Chinese investment in Africa, which has picked up greatly in recent years with the advent of China’s “resources for infrastructure” policies, is not a new phenomenon. According to the World Bank, in 1975, China had aid programs in more African countries than the US did<sup>52</sup>.

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<sup>50</sup> Foster, V., Butterfield, W., Chen, C., Pushak, N. 2008. “Building Bridges: China’s Role as Infrastructure Financier for Sub-Saharan Africa.” *Trends and Policy Options: Infrastructure*, No.5 (Publication Forthcoming), The World Bank, Public Private Infrastructure Advisory Facility. Downloaded from [http://siteresources.worldbank.org/INTAFRICA/Resources/Building\\_Bridges\\_Master\\_Version\\_wo-Embg\\_with\\_cover.pdf](http://siteresources.worldbank.org/INTAFRICA/Resources/Building_Bridges_Master_Version_wo-Embg_with_cover.pdf) on July 12, 2008 at 4:03 pm.

<sup>51</sup> *ibid*

<sup>52</sup> *ibid*

China therefore has had a long-standing policy of engagement all over the African continent, not only in the most strategically obvious countries. Currently, over 35 countries in Sub-Saharan Africa are receiving or negotiating to receive some form of infrastructure development assistance from China.<sup>53</sup>

### **The ‘Angola Model’**

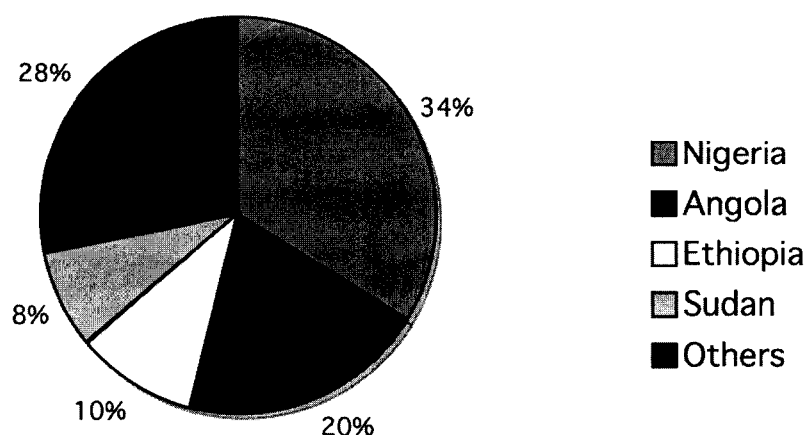
China’s model for infrastructure financing and development aid, which links the repayment of the loan to natural resource exports, is used not only in Africa but also in other parts of the developing world, such as South America. This unique form of assistance has become known as the “Angola model”, named after the African country that was one of the first to receive Chinese financing on these terms. China first became involved in Angola after the country signed peace accords in 2002, and in 2004 China’s Export-Import (Ex-Im) Bank gave the Angolan government a line of credit to finance the repair of their war-torn country’s national infrastructure. Angola has received about US\$4 billion since that time, all in exchange for the country’s national resources. According to the World Bank, the first instalment of US\$2 billion was given in exchange for a guarantee of 10,000 barrels of oil exports to China per day<sup>54</sup>. In addition to Angola, Nigeria, Sudan, and Ethiopia are the four countries that receive most (70%) of Chinese finance to Africa, despite the fact that at least 35 African nations are known to have signed such development deals. (*see figure 1 below*)

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<sup>53</sup> *ibid*

<sup>54</sup> *ibid*

**Figure 1: Chinese Infrastructure Finance to Sub-Saharan Africa by Country, 2001-2007**



Nigeria, which is also an oil rich country, has made US\$5 billion worth of deals with the Chinese to finance the construction of a hydropower plant and to complete upgrades to the national railway. Ethiopia has received US\$1.6 billion to finance telecommunications networks. And much to the distaste of the international community, the government of Sudan, accused of organizing a genocidal campaign against its citizens in Darfur, has received at least US\$1.3 billion for power, railway, road, and water network development in exchange for its oil.<sup>55</sup>

The vast majority of Chinese financing arrangements with Africa are dealt with through China's Ex-Im bank, not through a development agency. Countries that would otherwise not have the financial resources to back up their loan agreements are able to repay their loans in natural resources instead. The economic cooperation between China and developing countries in Africa is based on principles of mutual benefit and reciprocity and deals are negotiated

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<sup>55</sup> *ibid*

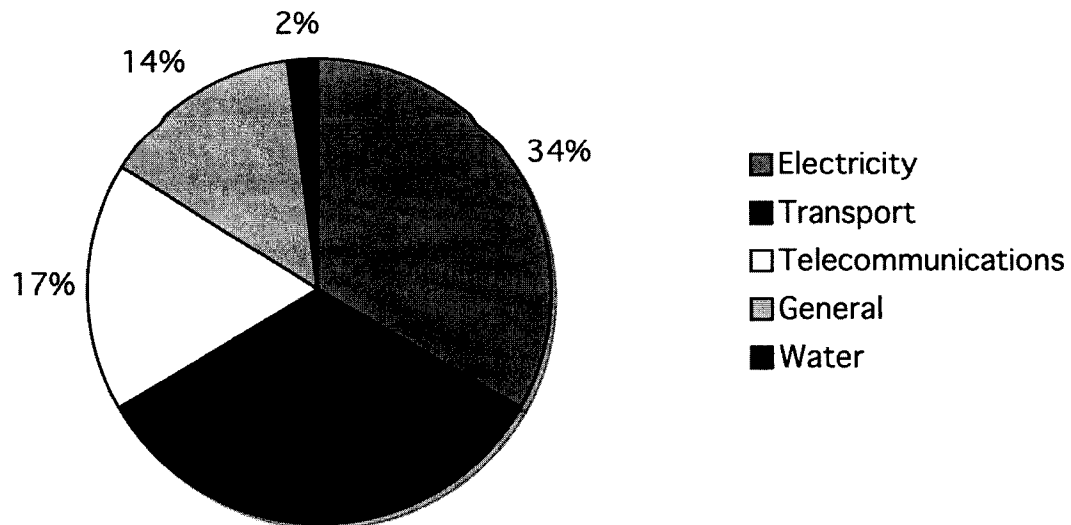
through bilateral agreements between the two states. Despite the fact that there are hundreds of private Chinese companies doing business in Africa, China's large state-owned enterprises are usually the ones that benefit from the Ex-Im Bank loans. The smaller Chinese private firms in Africa rely instead on China's informal and private lending markets.<sup>56</sup> The Center for Chinese Studies at South Africa's Stellenbosch University estimates that the total amount of loans for infrastructure development that China's Ex-Im Bank has given to African countries is US\$12.5 billion. Most of the Chinese funds have gone to pay for power and water. According to their research, 40% of those loans went to finance electricity generation projects, 24% went to general multisectoral projects, 20% went to transport, 12% went to telecommunications development, and 4% went to water projects. The World Bank reports a slightly different breakdown (see figure 2 below). They found that electricity projects accounted for 33.4% of total financing, transport for 33.2%, information and communications technology for 17.4%, water for 2%, and general projects for 14%.<sup>57</sup>

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<sup>56</sup> Edinger, Hannah; Herman, Hayley; & Jansson, Johanna (eds.) (2008). *New Impulses from the South: China's Engagement of Africa*, Center for Chinese Studies, Stellenbosch University, South Africa, p.14.

<sup>57</sup> Foster, V., Butterfield, W., Chen, C., Pushak, N. 2008. "Building Bridges: China's Role as Infrastructure Financier for Sub-Saharan Africa." *Trends and Policy Options: Infrastructure*, No.5 (Publication Forthcoming), The World Bank, Public Private Infrastructure Advisory Facility. Downloaded from [http://siteresources.worldbank.org/INTAFRICA/Resources/Building\\_Bridges\\_Master\\_Version\\_wo-Embg\\_with\\_cover.pdf](http://siteresources.worldbank.org/INTAFRICA/Resources/Building_Bridges_Master_Version_wo-Embg_with_cover.pdf), p.17.

**Figure 2: Chinese Infrastructure Finance in Sub-Saharan Africa by Sector, 2001-2007**



### **“No strings attached”**

China’s readiness to help African nations finance large-scale infrastructure projects is in contrast with Western donors, who have tended not to place a high priority on infrastructure development needs<sup>58</sup> and have focused instead on governance and institutional reforms. As a result, many in the West fear that China’s no-strings attached lending policy will only worsen African progress in the areas of governance and human rights. China’s view on this is decidedly different. According to Beijing, governance, human rights, peace and security cannot be achieved without an initial investment in basic infrastructure in order to get the economy rolling. Their view is that people must have financial security and be able to satisfy their basic needs before they can even begin to work on loftier goals such as governance and institutional reform. As Li Ruogu, the head

<sup>58</sup> Kornegay, Francis A. (2008). “Africa’s Strategic Diplomatic Engagement with China,” in Edinger, Hannah; Herman, Hayley; & Jansson, Johanna (eds.) (2008). *New Impulses from the South: China’s Engagement of Africa*, Center for Chinese Studies, Stellenbosch University, South Africa, p.3.

of China's Ex-Im Bank put it, "Transparency and good governance are good terminologies, but achieving them is not a precondition of development; it is rather the result of it."<sup>59</sup>

In exchange for infrastructure development assistance and trade in natural resources, China expects African nations to lend their support for Chinese interests at multilateral institutions. For example the UN Human Rights Commission tried for many years to pass resolutions condemning China's human rights record, but these motions were always rejected, due in large part to the many nations of Africa that consistently refused to support any censure of China. Another example of China using its African (and other allies) to support its position in international institutional settings is Taiwan's continued exclusion from the World Health Organization's assembly. Every year for the past 12 years, Taiwan has applied for observer status at the WHO's annual assembly, only to have its hopes dashed time and time again. Despite overwhelming evidence to support Taiwan's claim that China has no effective responsibility for health decisions on the island, every year China manages to convince the WHO's 193 member states to reject Taiwan's bid<sup>60</sup>. In Taiwan, the message received is that the global community cares about their money but doesn't care about their health and welfare. The African countries that refuse to recognize Taiwan diplomatically do so on a purely pragmatic basis. In the odd case that Taipei is able to offer an African nation more money than Beijing (usually because the PRC sees little

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<sup>59</sup> As cited in Behar, Richard (2008). "Special report on China in Africa (Part 6)" *Fast Company*, June 2008 issue, downloaded from [www.fastcompany.com/magazine/126](http://www.fastcompany.com/magazine/126)

<sup>60</sup> Reuters, May 12<sup>th</sup>, 2008. "WHO assembly rejects Taiwan bid for observer status," downloaded from Reuters website <http://www.reuters.com/article/healthNews/idUSL1927933220080519>



strategic value in outbidding the ROC), that country will usually have full diplomatic ties with Taiwan<sup>61</sup>. If China offers more though, Taiwan will quickly find itself excluded again. China insists on adherence to the 'One China' principle from all its African partners. In fact, it is the only major precondition to receiving Chinese aid. In January of this year, Taiwan lost a key African ally when Malawi switched diplomatic recognition from the ROC to the PRC. At a press conference, Malawi's foreign minister called Taiwan an "inalienable part of China's territory" and explained that her government had switched recognition "after consideration on the benefits that we will be getting from mainland China." Despite all its earnest efforts, Taiwan, with its puny 23 million population is destined to lose the dollar diplomacy battle for recognition from African leaders to the PRC's hungry 1.3 billion consumers.

## **Peacekeeping Operations**

Another sign that China is moving towards greater engagement and cooperation with the international community is its increasing commitment to international peacekeeping operations. According to the United Nations Department of Peacekeeping Operations, as of June 2008 China has committed 179 troops, 58 military observers, and 1,718 troops to UN peacekeeping missions globally, making a total of 1,955 Chinese peacekeepers worldwide. In comparison, Canada, which takes great pride in its tradition of international

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<sup>61</sup> The 4 African countries that currently recognize Taiwan are Swaziland, Gambia, Burkina Faso, and Sao Tome and Principe.

peacekeeping, currently only has 168 peacekeepers working for the UN.<sup>62</sup> Three quarters of all Chinese peacekeepers are currently stationed in Africa, with most of these stationed in Liberia, Sudan, and the Democratic Republic of Congo.<sup>63</sup>

China's commitment to peacekeeping has increased by a factor of ten since the beginning of the new millennium<sup>64</sup>. In the 1990s, when China first began to get involved in UN peacekeeping efforts, its involvement was mostly limited to providing military observers and civilian peacekeepers, but no troops. Today, China is involved in more missions than it was a decade ago; it is increasingly intrusive; it is far more willing to send troops, as well as a greater number of personnel; and it is prepared to spend more money on peacekeeping than ever before.<sup>65</sup> According to David Lampton, the PRC has stated that "it provides more military observers, civilian policemen, and troops to peacekeeping operations under the roof of the United Nations than any of the other four permanent members of the United Nations Security Council, which increasingly prefer to operate outside the UN framework."<sup>66</sup> Though China's leaders make a valid point about the increasing propensity of the US, Britain, and their allies to engage in non-UN peacekeeping operations, China is no longer the Security Council's number-one contributor. As of June 2008, France, with 1,974 UN peacekeepers is ranked twelfth among 119 contributing member states and

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<sup>62</sup> [http://www.un.org/Depts/dpko/dpko/contributors/2008/jun08\\_1.pdf](http://www.un.org/Depts/dpko/dpko/contributors/2008/jun08_1.pdf)

<sup>63</sup> Gill, B., Huang, C., & Morrison, J.S. (2007), "Assessing China's Growing Influence in Africa," *China Security*, Vol. 3(3), p.5

<sup>64</sup> *ibid*

<sup>65</sup> Lampton, David (2008). *The Three Faces of Chinese Power : Might, Money, and Minds*, Berkeley, CA: University of California Press, p.64.

<sup>66</sup> *ibid*

China is ranked thirteenth.<sup>67</sup> Recent Chinese peacekeeping missions of note have included 1000 personnel deployed in southern Lebanon in 2006 to help with de-mining efforts in the wake of the Hezbollah-Israeli war, as well as 125 Chinese riot police who were sent to Haiti for two months in the fall of 2004—the latter represented China's first deployment in the Western Hemisphere.<sup>68</sup>

China's support for UN peacekeeping missions falls well within the parameters of the global security diplomacy agenda it is supporting in Africa. The image of Chinese peacekeepers wearing blue UN helmets sends a signal to the world that China is developing into a responsible great power. It supports China's vision of a more peaceful world built on the collective diplomatic action of multilateral international institutions. It counterbalances US foreign policy, which is increasingly moving away from UN-supported interventions to unilateral actions taken to protect American interests. However, China remains cognizant of the fact that its foreign policy rests on an explicit platform of non-interference, so Beijing must be very careful about where and how it gets involved. Thus far, China's leaders have focussed mainly on peacekeeping for explicit humanitarian purposes, and they have been careful not to commit too many troops, especially in other Asian countries, lest other nations become concerned about Chinese power.<sup>69</sup>

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<sup>67</sup> [http://www.un.org/Depts/dpko/dpko/contributors/2008/jun08\\_2.pdf](http://www.un.org/Depts/dpko/dpko/contributors/2008/jun08_2.pdf)

<sup>68</sup> Lampton, David (2008). *The Three Faces of Chinese Power : Might, Money, and Minds*, Berkeley, CA: University of California Press, p.64.

<sup>69</sup> *ibid*

## **China is Changing**

### **New policies**

China's new security discourse in Africa and elsewhere in the developing world appears to be part of a more permanent policy shift away from pure economic growth and towards a more humanitarian and socially responsible agenda. This change in policy was evidenced at the Sixth Plenum of the Sixteenth Congress of the Communist Party of China in October of 2006 when CCP leaders, for the first time since December 1978, didn't declare that the Party's chief task was economic construction. Instead, the Plenum pronounced their primary objective to be "the establishment of a harmonious society by 2020."<sup>70</sup> According to the CCP, the harmonious society that they wished to establish would have five characteristics: democracy and the rule of law; a basis in principles of equality and justice; an honest and caring nature; stability, vigour, and order; and humans living in harmony with nature.<sup>71</sup>

### **Rising Inequality**

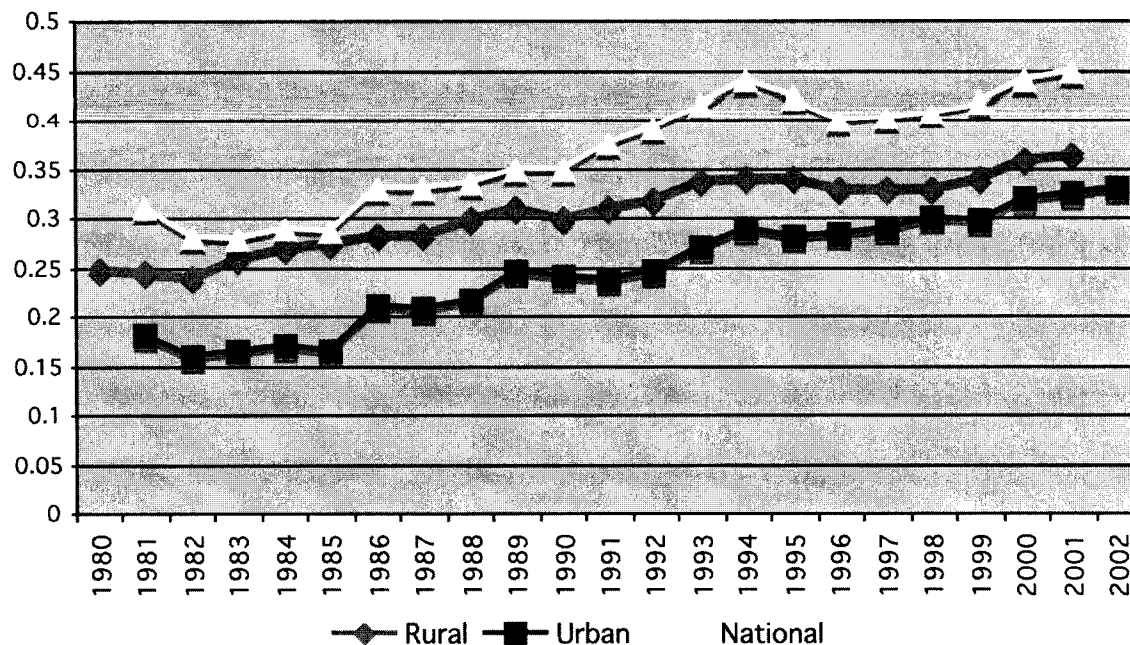
These concerns clearly reflect CCP leaders' growing awareness of the potential for instability that their country's rapid economic growth is creating. There is rising unemployment, a growing rural-urban divide, massive environmental problems, and labour unrest. As figure 3 below demonstrates, China's Gini coefficient has been steadily increasing since 1980.

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<sup>70</sup> Woo, Wing Thy (2007). "The Origins of China's Quest for a Harmonious Society: failures on the Governance and Environmental Fronts," in Sanders, Richard & Chen, Yang (eds.), *China's Post-Reform Economy—Achieving Harmony, Sustaining Growth*, London & New York: Routledge, p.15.

<sup>71</sup> *ibid*

Figure 3: Evolution of Gini Coefficient in China, 1980-2002<sup>72</sup>



China's leaders are all-too aware that this rising inequality represents a great challenge to their ability to maintain social harmony without compromising economic growth. If Chinese economic growth slows down too much, the CCP risks losing their grip on power as a discontented populace will rise up in protest. The Sixteenth Congress's policy shift seems to indicate that China's leaders believe China has reached a point where the threat of social disharmony is all too real. Chinese society has changed remarkably since 1978<sup>73</sup>, and public expectations vis-à-vis employment, housing, and income distribution have risen correspondingly. The CCP leadership under Hu Jintao and Wen Jiabao seems to

<sup>72</sup> Graph adapted from Naughton, Barry (2007). *The Chinese Economy: Transitions and Growth*, Cambridge, MA: The MIT Press, Figure 9.2, p.218.

<sup>73</sup> Woo, Wing Thy (2007). "The Origins of China's Quest for a Harmonious Society: failures on the Governance and Environmental Fronts," in Sanders, Richard & Chen, Yang (eds.), *China's Post-Reform Economy—Achieving Harmony, Sustaining Growth*, London & New York: Routledge.

understand that institutional reforms and new policy initiatives are critical if the country is to continue to grow economically. They seem to have concluded that the policy framework that served them so well from 1978 to 2005 is not sustainable for long-term growth unless it is revised and refined<sup>74</sup>.

### **New Leadership**

The new, younger generation of CCP leaders are better educated and more socially astute than their Maoist predecessors. Party leadership in China, as are many other things, is very hierarchical, and the generation of leaders who sit in the ranks directly below Hu Jintao and Wen Jiabao differ markedly from previous Chinese leaders. Known as the “Fifth Generation,” they were mostly born in the 1950s. Unlike their baby boomer counterparts in North America, who were raised in an environment of unprecedented post-war prosperity, the Fifth Generation leaders grew up during the social and political turmoil of the Cultural Revolution. During this chaotic time high schools and universities were closed, so the Fifth Generation leaders missed out on the opportunity for formal schooling. Instead, many of them spent their adolescent years as so-called “sent-down youths,” who were forced to leave their families and move from urban to rural areas in order to experience life as peasant farmers and rural labourers. According to Cheng Li, a researcher at the Brookings Institution, the Fifth Generation leaders’ unique life experiences makes them well suited to tackle the

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<sup>74</sup> *ibid*, p.16.

institutional reforms that China will require over the next couple of decades.<sup>75</sup>

Through their experience of the Cultural Revolution, they are likely to have a better understanding of their fellow citizens at all levels of society.

**Table 1: China's "Fifth Generation" leaders' work experience during adolescence<sup>76</sup>**

<i>Work Experience</i>	<i>Number</i>	<i>Percent</i>
"Sent-down youth"	54	52.4
Born into farming family or began career as farmer	8	7.8
Coal Miner	2	1.9
Construction worker or stevedore	3	2.9
Railway worker	2	1.9
Factory worker	16	15.5
Soldier	8	7.8
Teacher	2	1.9
Office clerk	3	2.9
Unknown	5	4.9
<i>Total</i>	<i>103</i>	<i>100.0</i>

Many of the Fifth Generation leaders entered university in their late twenties as members of the celebrated "Class of 1982"—the first students to pass university entrance exams in China since the start of the Cultural Revolution. In 1978, after Deng Xiaoping reinstated the exam system, a staggering 11.6 million people registered for the tests, ranging in age from 18 to about 33. Due to limited spaces, only 3% of these students were admitted<sup>77</sup>. The Fifth Generation therefore not only had to work hard to secure their student status, but once in university they also had to stay open-minded, as their fellow classmates were a staggeringly diverse group. Li believes that this is another

<sup>75</sup> Cheng Li (2008). "Will China's Lost Generation Find a Path to Democracy?", in Li, Cheng (ed.) (2008). *China's Changing Political Landscape: Prospects for Democracy*. Washington, D.C.: The Brookings Institution, p.114.

<sup>76</sup> *ibid*, p.101

<sup>77</sup> *ibid*, p.102

sign that they will be well equipped to govern China over the potentially tumultuous decades to come. Furthermore, this generation of leaders were educated quite differently than the technocratic leaders who precede them in the CCP leadership. The vast majority of them (80%) have post-graduate degrees, many PhDs, and their most popular fields of study were politics, management, economics, and law.<sup>78</sup> Interestingly, 16.5% of them have spent some time studying in western countries. So what will all this mean for China in the years to come? As Li puts it:

If the legacy of Jiang's Third Generation was rapid economic growth, and if the mandate of Hu's Fourth Generation is social harmony and social fairness, the self-perceived mission of the Fifth Generation may very well be China's political transformation.<sup>79</sup>

## **Effect on Africa**

Africa is likely to feel many of the social changes in China quite directly. It is already, according to some, housing convicts from the PRC's overcrowded prisons as labourers<sup>80</sup> on the many Chinese-led construction projects underway on the continent, though CCP leaders deny this claim. The hundreds of thousands of poor Chinese labourers who can't find employment in the booming mega cities of the PRC are already on Africa's doorstep and are, according to many, stealing the new infrastructure construction jobs that should have gone to local unemployed workers<sup>81</sup>. But China's changing domestic social environment is not necessarily going to be all bad for Africa. As China's population becomes

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<sup>78</sup> *ibid*, p.103

<sup>79</sup> *ibid*, p.115

<sup>80</sup> Behar, Richard (2008). "Special report on China in Africa (Part 6)" *Fast Company*, June 2008 issue, downloaded from [www.fastcompany.com/magazine/126](http://www.fastcompany.com/magazine/126)

<sup>81</sup> *ibid*



increasingly prosperous, well-educated, and cosmopolitan, there may be increased opportunities for Africa to leverage its assets in order to procure a more mutual form of the current “mutual benefit” Sino-African diplomatic relationship. It all depends on how dedicated African leaders are to the economic and social development of their people.

China’s no-strings-attached policies of non-interference in the domestic affairs of other nations have received the most criticism in the context of Africa, where many countries continue to be run by corrupt predatory elites. Chinese companies operating in Africa often do so with seeming total disregard for labour, environmental, and occupational safety standards. As China starts to revise its message of economic growth at all costs to one of increasing social harmony, what chance is there that it will become more concerned with basic human and social security issues in the African countries where it does business? Will social problems in the wake of China’s entrance into African economies eventually start to impede China’s profit making ability and force it to change strategy? Force Chinese companies to start employing and training more local employees and sharing profits more fairly, bringing costs and prices up? That certainly seems to have been the path that the socially and politically progressive modern Western nations, whose economies rose to the top of the world with widespread child labour and horrific environmental mismanagement, seem to have followed.

## Chinese foreign policy lessons from history

A look to Chinese history yields few results when trying to imagine the possible path that the Chinese will follow in future relations with Africa. It could be argued that not since the 8<sup>th</sup> century, when the Chinese Tang empire extended into Central Asia and counted Turks, Koreans, Indians, Persians, Arabs, and Jews among its multicultural citizenry, has the Chinese state faced a level of openness to the outside world as it does today. What lessons could the past hold for modern CCP leaders?

This question is quite relevant, as Chinese political thought has always been influenced by past experience. With almost three thousand years of historical records to draw on, sifting through the layers of shared history is a popular pastime in China. The Tang dynasty in some ways is similar to the PRC today. A policy of land reform initiated by the second Tang emperor, Emperor Taizong (626-649), had taken power away from landlords by giving their land to the peasants who worked it and by replacing the nepotistic civil service with a meritocracy, where entrance was entirely determined by the results of standardized examinations. This is not entirely different from the policies of the CCP in its early days under Mao Zedong and Deng Xiaoping.

China flourished for the first 150 years of the Tang Dynasty; its population, according to the official census of 754, was 52,880,488 people<sup>82</sup>, together representing more than a quarter of the total human population on Earth in the

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<sup>82</sup> Gonick, Larry (2002). *The Cartoon History of the Universe III: From the Rise of Arabia to the Renaissance*, New York: W.W. Norton and Company Ltd., p.119

eighth century<sup>83</sup>. However, things started to fall apart when China made a mistake in its foreign strategy: a Chinese governor apparently executed some locals in Tashkent<sup>84</sup>, leading Chinese allies in the Ferghana valley to abandon Tang Emperor Xuan Zong in Beijing and embrace the Muslim Abbasid Caliphate in Baghdad<sup>85</sup>. The eventual confrontation between the Chinese army and Arab Abbasid Caliphate troops on the bank of the Talas River (in today's Kyrgyzstan) in 751 resulted in a Chinese defeat that shook the empire to its core and ensured that Muslim civilization would dominate Central Asia for centuries to come.

What lessons might China's current leaders have learned from the failures of past Chinese governments that have embarked on ambitious foreign policy projects, especially in the case of the Chinese in Africa? Well, one of the mistakes of the Tang dynasty was that it allowed itself to descend into opulence, while keeping the often rebellious tendencies of the Chinese army far away on the frontiers of the empire, posted there to maintain peace and deter foreign enemies. Far removed from central government oversight, Chinese governors, traders, and soldiers did not always do their utmost to get along with locals. The resulting instability threatened the Silk Road trade routes that were an important part of China's economy.

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<sup>83</sup> Biraben, Jean-Noël (1979), "Essai sur l'évolution du nombre des hommes," *Population*, Vol.34(1).

<sup>84</sup> Gonick, Larry (2002) *The Cartoon History of the Universe III*, p.120

<sup>85</sup> Wikipedia

### **Keeping eyes on the “outskirts of the empire” to protect trade routes**

Much as the lack of official oversight over the actions of Chinese businessmen and managers working on the “fringes of the empire” led to the downfall of the Tang dynasty, the lack of CCP control over the actions of Chinese capitalists operating in the free markets of Africa should be of grave concern to the PRC’s current generation of leaders. These CCP leaders already fear the domestic social cleavages that may result from their current globalized economic strategy of extensive engagement with the outside world. At the opening of the 17<sup>th</sup> National Congress of the Communist Party in October 2007, Hu Jintao spoke out against China’s widening wealth gap and promised to tackle environmental degradation and ‘social splintering’<sup>86</sup>. With time, China’s leaders will hopefully learn from the mistakes of the Tang and realize that the social inequalities created overseas by Chinese economic engagement in Africa are equally dangerous to China’s badly needed trade networks. Given China’s attempts to characterize Sino-African diplomatic and economic relations as a win-win situation meant to ensure mutual development, Beijing’s leaders risk being perceived as disingenuous if they continue to ignore African social, labour, and environmental concerns about Chinese practices when they count them among their top domestic concerns.

In his opening address to the 17<sup>th</sup> National Congress, President Hu stated:

“Contemporary China is going through a wide-ranging and deep transformation. This brings us unprecedented opportunities as well

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<sup>86</sup> Macartney, Jane, “Hu Jintao pledges to tackle wealth gap and corruption in China,” *The Times Online*, London, October 16<sup>th</sup>, 2007 downloaded from <http://www.timesonline.co.uk/tol/news/world/asia/article2661790.ece>

as unprecedented challenges ... There are still a considerable number of impoverished and low-income people in both urban and rural areas, and it has become increasingly difficult to accommodate the interests of all sides.”<sup>87</sup>

This shows that the top levels of CCP leaders are aware of the problems China faces. As mentioned before, the fifth generation leaders who earned their posts on the Politburo Standing Committee last October are markedly different from the PRC leaders who preceded them and are far more likely to want to tackle these problems head on than to remain shrouded in secrecy and denial. Hopefully the fifth generation PRC leaders will manage to successfully avoid the foreign policy mistakes of the Tang and tread with a lighter footprint overseas. So far, things look promising. Unlike the Tang dynasty, which projected an image of force to the world beyond its borders, these current CCP leaders seem to be doing all they can to present a more peaceful and benevolent face internationally.

There are already some indications that China may be shifting its policies towards Africa in an attempt to be more in line with international opinion. In Africa, China appears to be more sensitive to criticism from the African Union than it is from the West. Take the case of Sudan, for example. China has faced pressure at the UN since the 1990s for its close relationship with the Khartoum government. However, it was only once China began to face pressure from African leaders, who were frustrated that Sudan's instability risked spilling over into neighbouring countries, that China finally changed diplomatic course.<sup>88</sup> Many people credit Chinese pressure with finally convincing Khartoum to allow the

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<sup>87</sup> *ibid*

<sup>88</sup> Gill, B., Huang, C., & Morrison, J.S. (2007), "Assessing China's Growing Influence in Africa," *China Security*, Vol. 3(3), p.13.

African Union/United Nations hybrid peacekeeping force into Sudan. Another example of China's African policy shift towards international norms was its pledge at the most recent FOCAC summit to do more to ensure its African projects are transparent, equitable, and fair—in line with the UN convention against corruption, which China ratified in January 2006.<sup>89</sup> On the social and corporate responsibility front, the Vice-Chairman of the Standing Committee of the People's Congress, Cheng Siwei, has hinted that in the future, Chinese companies that violate local labour and environmental safety standards will face stiff penalties.

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<sup>89</sup> le Pere, Garth (2008) "Prospects for a Coherent African Policy Response: Engaging China," in Edinger, Hannah; Herman, Hayley; & Jansson, Johanna (eds.) *New Impulses from the South: China's Engagement of Africa*, Center for Chinese Studies, Stellenbosch University, South Africa, p.16.

## CHAPTER 3: CHINA'S GROWING TRADE AND INVESTMENT IN AFRICA

China's financial relationship with the African continent has been characterized as one based primarily on resources. The typical image portrays a Chinese multinational company, let's say an oil company like PetroChina, bidding for extraction rights in some underdeveloped country against other international petroleum companies. Bids are tendered, and while everyone is waiting for the decision as to who will be receiving the rights to drill for oil, PetroChina sends its representatives to speak with local leaders. Because this Chinese multinational is 88.21 percent owned by China National Petroleum Company (CNPC)<sup>90</sup>—one of China's three government-backed national oil companies—it is able to promise that the region will receive infrastructure development loans from the Chinese government in exchange for drilling rights. Seeing as how none of the other companies bidding have the financial resource potential of the entire People's Republic of China, home to 1/5<sup>th</sup> of the world's population, backing them up PetroChina wins the contract. The mine infrastructure is able to be built very quickly at relatively low cost because Chinese workers are brought over to do construction, Chinese managers to manage the workforce, Chinese engineers to design the equipment and oversee construction, which often leaves local Africans with the grunt jobs: the janitors, dishwashers, and heavy lifters.

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<sup>90</sup> Downs, Erica S. (2008). "Business Interest Groups in Chinese Politics: The Case of the Oil Companies," in Li, Cheng (ed.) (2008). *China's Changing Political Landscape: Prospects for Democracy*. Washington, D.C.: The Brookings Institution, p.123.

As Chris Alden put it, people typically characterize Chinese involvement in Africa in one of three ways.: colonizer, competitor, or development partner<sup>91</sup>. According to the first view, China is no different from the Western European imperialists who first ransacked Africa; the CCP leaders are neo-colonialists who are taking over communities, exploiting locals, and gobbling up African resources with no concern for environmental stewardship, labour rights, or health and safety standards. The second views China as an economic competitor that is extracting the continent's resources at bargain basement rates in order to keep flooding African markets with cheap manufactured goods and forcing local industries to go out of business. The final view, promoted by China through FOCAC and other forms of diplomacy, sees China as a development partner to Africa; a teacher who will guide Africa down the same development path it has travelled, providing low-cost loans and infrastructure assistance as long as Africa gives up a little of the natural resources it has in abundance in return—"I'll scratch your back if you scratch mine."

The problem with most of these interpretations of Chinese engagement in Africa is that they tend to view China as a monolithic single actor. As the BBC's Tim Whewell put it in a *Newsnight* broadcast in April 2008, "Throughout Africa, the Chinese state, the state-owned ExIm Bank, and other state businesses work together in one streamlined operation that the West, with its more privatized

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<sup>91</sup> Alden, Chris (2007). *China in Africa*, London: Zed Books, p.5-6.



economies, can't match."<sup>92</sup> The state is seen as the main driver behind the quest for resources, and its interest in resource procurement seems clear cut. To a certain extent, this is true. The Chinese state does do all it can to ensure a coordinated effort that will benefit China's continued development. However the story of how China is becoming increasingly engaged in Africa has many actors with many plotlines. Though they are all being driven out of China and towards Africa by the same set of social forces, these actors have independent motivations and their interests do not always agree.

## **The clashing interests of China's many actors**

### *Political leaders*

China's political leaders, in partnership with business groups through FOCAC, invest heavily in Africa because continued economic growth has been the key to the CCP's political legitimacy since 1978<sup>93</sup>. In order to achieve economic growth, China depends on oil, minerals, timber, and other commodities, which it can import from Africa. The primary motivation of the leaders in Beijing, therefore, is to do all they can to maintain friendly relations with African nations and to ensure that the two-way trade of African natural resources and Chinese manufactured goods continues to flow smoothly. One way CCP leaders have done this is by encouraging the growth of Chinese

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<sup>92</sup> BBC2, "China in DC Congo aid deal," from *Newsnight*, Tim Whewell reporting, originally aired Tuesday, 15 April 2008. Downloaded from <http://news.bbc.co.uk/2/hi/programmes/newsnight/7347686.stm>

<sup>93</sup> Kynge, James (2006). *China Shakes the World: The Rise of a Hungry Nation*. London: Weidenfeld & Nicolson, p.132.

multinational corporations (MNCs) and providing offers of development assistance in order to help them capture African markets.

### *State-owned firms*

There are currently over 800 state-owned firms operating in Africa<sup>94</sup>. These usually receive preferential tax treatment, state financing, and political backing from the Chinese government. However, in order to ensure that its investment will turn a profit and generate growth for the Chinese economy, Beijing has had to relinquish a certain degree of control over companies doing business overseas. Many of the SOEs, especially in the oil and mining sectors, are listed on foreign stock exchanges, which means they are accountable not only to CCP leaders but also to their foreign shareholders. Also, their revenue is increasingly essential to government leaders as the CCP faces mounting pressure to spend more on domestic social development, which gives these companies greater political influence than ever before<sup>95</sup>. The interests of Chinese companies operating in Africa do not always jibe with China's diplomatic agenda. One frequent clash is with a core principle of the PRC's official foreign policy: non-interference in the domestic affairs of other countries. When Chinese firms do business in countries that are dealing with ongoing political conflict, such as Sudan, Nigeria, or Ethiopia, they must make agreements that inevitably cause them to lose their image of impartiality.

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<sup>94</sup> Alden, Chris (2007). *China in Africa*, London: Zed Books, p.42.

<sup>95</sup> Downs, Erica S. (2008) in "Business Interest Groups in Chinese Politics: The Case of the Oil Companies," p.126. This social development could include things such as building stronger and better schools, improving health care access, and providing adequate pensions for China's rapidly greying population.

### *Chinese migrants and small entrepreneurs*

Another significant group of actors in the story of Sino-African economic engagement is the rising population of Chinese migrants to African countries. Many of these have been brought over by Chinese companies to work on infrastructure development projects. As mentioned earlier, the Chinese government is providing many African countries with development assistance, resulting in an infrastructure building boom across Sub-Saharan Africa. Many of the contracts to build these projects are being awarded to Chinese firms, who often operate on much lower profit margins than their African counterparts. By employing Chinese labourers who are willing to work for low-wages, construction firms can keep costs down. Chris Alden reports that Chinese labourers in Angola are paid US\$1 a day compared to the US\$3-4 received by their African counterparts, and that Chinese engineers are paid one sixth of what other nationals receive<sup>96</sup>. Another major reason that there are so many Chinese labourers working in Africa is that China's Ex-Im Bank, which has provided many of the loans for infrastructure development in Africa in recent years, requires that all of the contractors and exporters, as well as 50% of the procurements linked to the contract, be from China.<sup>97</sup>

In addition to the labourers brought over to work on large construction projects for Chinese multinationals, there are many individuals and smaller firms moving to Africa to seek their fortunes. The problem is that these individuals and

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<sup>96</sup> Alden, Chris (2007). *China in Africa*. London: Zed Books, p.45.

<sup>97</sup> Corkin, Lucy & Burke, Chris (2008). "Constructive Engagement: An Overview of China's Role in Africa's Construction Industries," in Edinger, Hannah; Herman, Hayley; & Jansson, Johanna (eds.) *New Impulses from the South: China's Engagement of Africa*, Center for Chinese Studies, Stellenbosch University, South Africa, p.43.

small and medium sized enterprises operate “under the radar” of Chinese government oversight. They are also likely to be the most visible Chinese presence in many African communities, where local populations frequent their restaurants and general stores. When they violate local regulations and operate with terrible labour and environmental standards, they create resentment towards the Chinese among Africans. This undermines the positive public relations message that China’s leaders are trying to convey through FOCAC and their development assistance.

It is therefore important to take a balanced perspective of China’s economic involvement in Africa. The CCP has had an official “go out” strategy (*zouchuqu*) since 1999, whereby there are tax and investment opportunities available for Chinese firms (and individuals) willing to invest overseas<sup>98</sup>. Since then, there have been more and more Chinese doing business in Africa, and they reflect all levels of Chinese society. Party interests often collide with the business interests of China’s SOE and multinational corporations, and the actions of individual entrepreneurs and managers do not always reflect well on China either.

## **Historical Development of Sino-African Economic Relations**

Throughout the Cold War, Chinese involvement in Africa was dominated by the country’s need for strategic alliances. Seeking greater diplomatic recognition, China’s government was actively supportive of Africa’s newly

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<sup>98</sup> International Crisis Group (2008). “China’s Thirst for Oil,” *Asia Report*, No.153, June 9<sup>th</sup>, 2008, p.4.

independent states as they shook off the colonial yoke in the 1970s. By being one of the first to grant diplomatic ties and provide economic support to nascent regimes, China secured steady support from African nations in matters of international diplomacy.

Since 1978, when Deng Xiaoping began to encourage the Chinese to get rich in hope that a steadily growing economy would stave off social unrest, China's rapid ascent from the development trenches to global economic powerhouse status has inspired many African leaders. Not only have the Chinese been able to develop quickly despite starting with limited resources and technical capacity, but they have also done so without having had to bend over backwards for western overseas development assistance. To African leaders, who have long been frustrated by the arduous task of fulfilling the requirements of western lenders, China's self-charted path is a true inspiration. Furthermore, China's rise has been good for African economies. As the capitalist economy grew over the eighties and nineties, China's growing need for resources and commodities forced it to abandon its long-standing revolutionary policy of total self-sufficiency. By 1993, China had moved from being an oil exporter to an oil importer.

Although much has been said about China's rise to economic dominance over the past couple of decades, it is important to remember that China had a significant effect on the global economy for centuries before its dramatic decline in the 19<sup>th</sup> and 20<sup>th</sup> centuries. According to Johns Hopkins professor David Lampton, China accounted for between 22 and 33% of world GDP for most of the

past two thousand years<sup>99</sup>. Considering that the Chinese state has been home to a sizeable percentage of the world's population for millennia, this is not too surprising. With the fall of the Qing dynasty, the Chinese Civil War, and the other trials and travails of the early 20<sup>th</sup> century, however, China's share of global GDP fell to only 4.5% from 1950-1973<sup>100</sup>. Since the death of Mao Zedong and the implementation of a new capitalist-oriented economic policy under Deng Xiaoping in 1978, China's share of global GDP has been steadily returning to "normal". According to the IMF, China accounted for 3.199% of global GDP in 1980 and an estimated 16.551% in 2008<sup>101</sup>. China needs Africa's resources in order to keep its economy growing, and Africa, home to 300 million of the poorest people on earth<sup>102</sup>, needs China's development assistance. It is therefore no great surprise that Chinese trade and investment on the continent has been expanding exponentially over the past decade. Bilateral trade grew dramatically, from US\$6.5 billion in 1999 to US\$73.5 billion by the end of 2007<sup>103</sup>.

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<sup>99</sup> Lampton, David (2008). *The Three Faces of Chinese Power : Might, Money, and Minds*, Berkeley, CA: University of California Press, p.78.

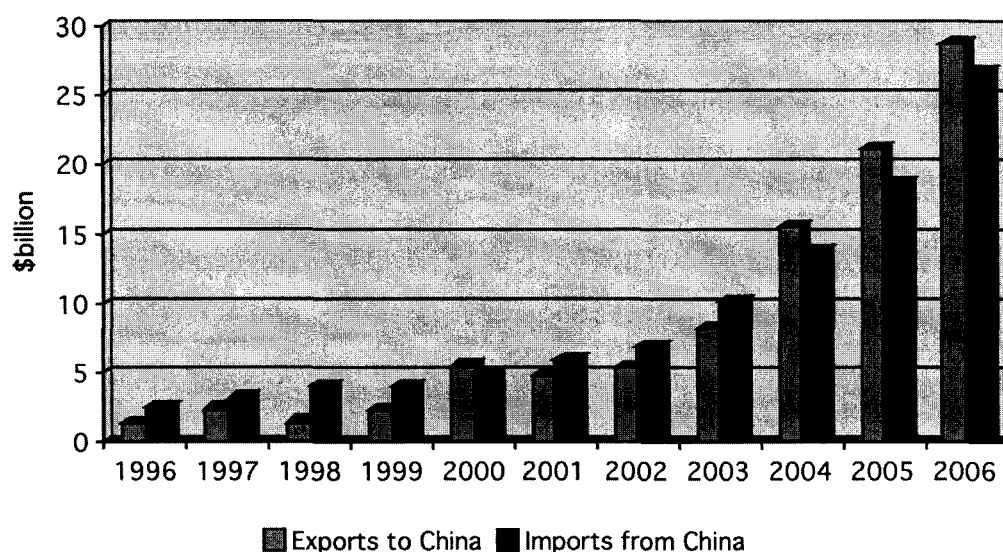
<sup>100</sup> *ibid*

<sup>101</sup> International Monetary Fund, *World Economic Outlook Database, April 2007*  
<http://www.imf.org/external/pubs/ft/weo/2007/01/data/weorept.aspx?pr.x=90&pr.y=9&sy=1980&ey=2008&scsm=1&ssd=1&sort=country&ds=.&br=1&c=924&s=PPPSH&grp=0&a=>

<sup>102</sup> Broadman, Harry G. (2007). *Africa's Silk Road: China and India's New Economic Frontier*, The International Bank for Reconstruction and Development / The World Bank, p.1.

<sup>103</sup> Corkin, Lucy & Burke, Chris (2008). "Constructive Engagement: An Overview of China's Role in Africa's Construction Industries," in Edinger, Hannah; Herman, Hayley; & Jansson, Johanna (eds.) *New Impulses from the South: China's Engagement of Africa*, Center for Chinese Studies, Stellenbosch University, South Africa, p.41.

Figure 4: Africa's Trade with China 1996-2006<sup>104</sup>



### Creation of the Forum on China-Africa Cooperation

China and Africa's new economic relationship was enshrined in 2000, when the Forum on China-Africa Cooperation (FOCAC) was created at a summit in Beijing. FOCAC's stated purpose is to promote "both political dialogue and economic cooperation and trade, with a view to seeking mutual reinforcement and common development"<sup>105</sup>. These policies have the direct approval of China's top leaders. President Hu Jintao's policy on the "six pillars" of Sino-African relations reiterates and expands on these goals by calling for relations based on six principles: "non-interference, African ownership in dealing with problems, mutual trust and cooperation, the increase of economic assistance with limited

<sup>104</sup> Table adapted from Centre for Chinese Studies (2007). *China's engagement of Africa: Preliminary Scoping of African Case Studies—Angola, Ethiopia, Gabon, Uganda, South Africa, Zambia*, research prepared for the Rockefeller Foundation by the Centre for Chinese Studies, Stellenbosch University, South Africa, figure 1.1, p.3.

<sup>105</sup> FOCAC website, <http://www.fmprc.gov.cn/zflt/eng/gylt/tj/t157576.htm>

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."<sup>106</sup> Since its creation, the Forum has led to three summits where Chinese and African leaders and business groups met to explore trade and investment opportunities. At the third FOCAC meeting in Beijing in November 2006, China pledged to increase its two-way trade with Africa to US\$100 billion by the year 2010, which would make China Africa's most important trading partner.

### **Chinese money in Africa**

Since the 1990s, Chinese financial assistance to Africa has primarily been granted in loans, administered first by the Chinese Ministry of Foreign Relations and Trade and later by China Ex-Im Bank. These loans are popular with China's leaders, as their flexibility means they can be used to ensure greater access to African markets for Chinese firms. The development aid China is giving Africa comes in many different forms. According to Stellenbosch University's Centre for Chinese Studies, at the FOCAC forum in Beijing in 2006, China promised billions of dollars of loans and preferential buyer's credits; a US\$5 billion fund to encourage Chinese investment in Africa; to train a total of 15,000 African professionals; to build agricultural technology demonstration centres across the continent; to send 100 Chinese agricultural experts to Africa; to build 100 schools in rural areas; to pay for scholarships for 4000 African students to attend

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<sup>106</sup> Centre for Chinese Studies (2007). *China's engagement of Africa: Preliminary Scoping of African Case Studies—Angola, Ethiopia, Gabon, Uganda, South Africa, Zambia*, research prepared for the Rockefeller Foundation by the Centre for Chinese Studies, Stellenbosch University, South Africa, p.4.



university in China.<sup>107</sup> Lying behind all these promises, though, are terms that are favourable to the Chinese. When China builds schools or agricultural demonstration centres, they do so using Chinese construction and engineering firms, as well as imported Chinese labour. African countries do get the infrastructure they badly need, but they must pay the Chinese back in natural resources, and they often miss out on new jobs and secondary economic opportunities for locals.

### **Benefits not shared by all**

According to the Chinese government, almost every country in Africa is benefiting in some way from China's growing trade relationship with Africa (see *table 2 below*). This may be true for Africa's resource-rich nations like Sudan, Nigeria, Angola and Zambia, but it is certainly not true for all. The majority of countries have growing trade deficits with China, as they are becoming increasingly reliant on the import of Chinese consumer goods and machinery. Countries that rely on imports are further disadvantaged as Chinese demand drives global commodity prices ever higher, and local firms face stiffer competition from Chinese manufacturers on domestic and global markets. Companies that rely heavily on textile exports are also out of luck, as cheaper Chinese textiles are resulting in job losses and a decline in domestic manufacturing and global market share<sup>108</sup>. As Zafar (2007) has shown, whether a

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<sup>107</sup> Centre for Chinese Studies (2007). *China's engagement of Africa: Preliminary Scoping of African Case Studies*, Stellenbosch University, South Africa, p.5.

<sup>108</sup> Zafar, Ali (2007). "The Growing Relationship Between China and Sub-Saharan Africa: Macroeconomic, Trade, Investment, and Aid Links" *The World Bank Research Observer*, vol. 22:1 (Spring 2007), p.113.

country does well from trade with China depends on whether it exports a commodity or not, how much demand there is for its commodity—both on world markets and within China, as well as how much the particular country depends on imported oil and/or textile exports to sustain its economy<sup>109</sup>.

**Table 2: Official (FOCAC) figures on China-Africa bilateral trade<sup>110</sup>**

Country	Value of Bilateral Trade (in US\$)	Country	Value of Bilateral Trade (in US\$)
Algeria	1.77 billion	Liberia	164 million
Angola	6.95 billion	Libya	1.3 billion
Benin	1.09 billion	Madagascar	197 million
Botswana	62.52 million	Mali	145 million
Burundi	12.22 million	Mauritania	78 million
Cameroon	197 million	Mauritius	186 million
Cape Verde	5.19 million	Morocco	1.484 billion
Central African Republic	16 million	Mozambique	165 million
Chad	206 million	Namibia	140 million
Comoros	1.83 million	Niger	34 million
Congo (Brazzaville) (Republic of Congo)	2.423 billion	Nigeria	2.84 billion
Congo (Kinshasa) (Democratic Republic of Congo)	226 million	Rwanda	23.54 million
Côte d'Ivoire	222 million	Senegal	141 million
Djibouti	111.99 million	Seychelles	3.41 million
Egypt	2.145 billion	Sierra Leone	32.12 million
Equatorial Guinea	1.457 billion	Somalia	19.64 million
Eritrea	8.41 million	South Africa	7.27 billion
Ethiopia	370 million	Sudan	3.9 billion
Gabon	393 million	Tanzania	474 million
Ghana	769 million	Togo	570 million
Guinea	147 million	Tunisia	340 million
(Guinea) Bissau	5.79 million	Uganda	99.37 million
Kenya	475 million	Zambia	300 million
Lesotho	56.15 million	Zimbabwe	283 million

<sup>109</sup> *ibid*, p.114

<sup>110</sup> "White Paper on China's African Policy, January 2006," *China Report*, 2007, vol. 43(3), pp.375-391

## China's Resource Hunger

As mentioned earlier, the biggest driver of Sino-African relations is China's need for natural resources, especially oil. In order to sustain its astronomical economic growth, keep its 1.3 billion-strong populace from getting restive, and maintain political power and control, CCP leaders must procure enough oil, coal, timber, metals, and other resources to keep the nation's factories running at full steam. China's need for raw materials has been growing as quickly as its economy has, and its growing demand for oil, steel, copper, aluminium, and nickel represents most of the global growth in demand for these resources. According to Johns Hopkins professor David Lampton, "from 1995 to 2003, China accounted for 68 percent of global demand growth for oil; 82 percent of steel; 100 percent of copper; 100 percent of aluminium; and 73 percent of nickel."<sup>111</sup>

China is now the world's third largest consumer of oil, after the USA and Japan<sup>112</sup>, and Africa supplies it with 28 percent of the oil it needs.<sup>113</sup> China's need for oil is becoming more acute due to projected declines in domestic supply<sup>114</sup>, increasing insecurity regarding its Middle Eastern supply lines, and less oil being supplied from Russia than Chinese leaders had originally

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<sup>111</sup> Lampton, David M. (2008). *The Three Faces of Chinese Power : Might, Money, and Minds*, Berkeley, CA: University of California Press, p.91.

<sup>112</sup> International Crisis Group (2008). "China's Thirst for Oil," *Crisis Group Asia Report*, No.153, 9 June 2008, p.3.

<sup>113</sup> Centre for Chinese Studies (2007). *China's engagement of Africa: Preliminary Scoping of African Case Studies—Angola, Ethiopia, Gabon, Uganda, South Africa, Zambia*, research prepared for the Rockefeller Foundation by the Centre for Chinese Studies, Stellenbosch University, South Africa, p.6.

<sup>114</sup> International Crisis Group (2008). "China's Thirst for Oil," p.3.

anticipated<sup>115</sup>. As a result, China's state-owned oil companies have been investing more and more in African oilfields each year, at the same time as the Chinese government has offered oil-rich African states a wide variety of aid and development packages. Currently, China's primary trade partners in Africa are oil-producing states. In fact, according to the IMF, nine out of ten of China's top African trade partners in 2004 were states that exported oil (*see Table 3 below*).

**Table 3: China's top ten African trade partners, 2004 (by imports)<sup>116</sup>**

Country	Value (US\$ million)	% of total Sino-African trade
Angola	3,422.63	27.4
South Africa	2,567.96	20.6
Sudan	1,678.60	13.4
Congo-Brazzaville	1,224.74	9.8
Equatorial Guinea	787.96	6.3
Gabon	415.39	3.3
Nigeria	372.91	3.0
Algeria	216.22	1.7
Morocco	208.69	1.7
Chad	148.73	1.2
<i>Total</i>	<i>11,043.72</i>	<i>88.4</i>

Mineral-rich countries are benefiting as well. The African continent contains some of the richest mineral reserves in the world (*Table 4*). China has a growing need for metals like aluminium, copper, iron ore, nickel, and zinc, and it is able to procure many of the minerals it needs from Africa. In Zambia, China is

<sup>115</sup> Centre for Chinese Studies (2007). *China's engagement of Africa: Preliminary Scoping of African Case Studies*, Stellenbosch University, South Africa, p.6.

<sup>116</sup> Taylor, Ian (2006). "China's Oil Diplomacy in Africa," in *International Affairs*, 82(5), p.938.

investing heavily in copper mining, and in the Democratic Republic of Congo it is building a smelter that is expected to produce 1000 tonnes of cobalt a year.<sup>117</sup>

**Table 4: How Africa's Mineral Reserves Compare to the World's<sup>118</sup>**

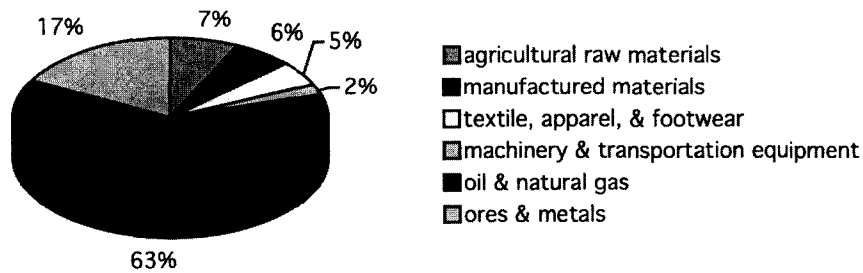
Type of Commodity	African Reserves	World Reserves	African % of World Total
Platinum group metals (t)	63,000	71,000	89
Diamonds (million carats)	350	580	60
Cobalt (t)	3,690,000	7,000,000	53
Zirconium (t)	14	38	37
Gold (t)	10,059	35,941	28
Vanadium (t)	3,000,000	13,000,000	23
Uranium (t)	656	4,416	15
Manganese (kt)	52,000	380,000	14
Chromium (1000t)	100,000	810,000	12
Titanium (kt)	63,000	660,000	10
Nickel (kt)	4,205	62,000	7
Coal (mt)	55,367	984,453	6

Oil, natural gas, ores, and metals together make up 80% of Africa's total merchandise exports to China (*see Figure 5 below*). Add agricultural raw materials and we see that a total of 87% of African exports are natural resources. This may place Africans at a disadvantage, as a reliance on resource exploitation often leads to fewer opportunities for economic and social development. As it currently stands, Africa is only able to sell 13% of its textiles, apparel, footwear, machinery, transportation equipment, and other manufactured materials to the Chinese. Conversely, 87% of China's exports to Africa are manufactured and 13% are natural (*see Figure 6*).

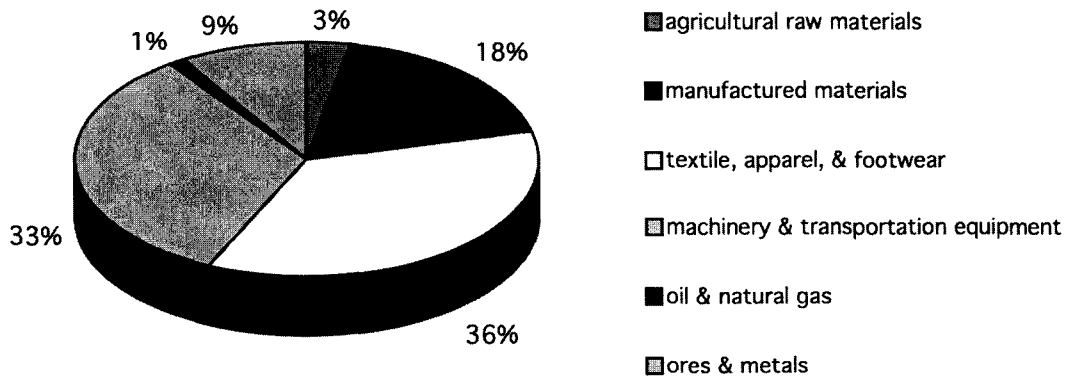
<sup>117</sup> Rocha, John (2006). "Managing Natural Resource Wealth: African Strategies for China," in Wild, L. & Mephram, D. *The New Sinosphere: China in Africa*, Institute for Public Policy Research Publication, Nov. 1<sup>st</sup>, 2006, p.31.

<sup>118</sup> *ibid*, p.30

**Figure 5: Africa's merchandise exports to China**



**Figure 6: China's merchandise exports to Africa**



All over Africa, Chinese textiles are flooding local clothing markets and forcing African textile firms out of business with their impossibly low prices. Knowing that countries dependent on natural resources often suffer a so-called 'resource curse'—when governments surviving off resource rents become complacent and neglect to build a strong national economic infrastructure<sup>119</sup>—this does not bode well for African security. Already many African states suffer under political elites who do little build strong and equitable national institutions. Another reason African nations must beware an overdependence on resource

<sup>119</sup> Taylor, Ian (2006) "China's Oil Diplomacy in Africa," *International Affairs*, 82(5), p.951.

revenue is that rebellions and insurgencies are often fuelled by easy access to resource rents. Given that there is still a lot of civil strife and tension in many African societies, especially the large oil-producers like Nigeria and Sudan, this could prove very dangerous. According to the International Crisis Group, one-third of the civil wars on earth occur in states that are oil-producing<sup>120</sup>.

Because oil is so vital to China's national security interests, the state has been actively working to secure as many sources of oil from Africa as it can. China doesn't care about the security conditions, governance, environment, or efficiency of the nations with whom it does business; all it is concerned with is procuring the resources it needs and promoting the economic activities of Chinese firms overseas in order to achieve continued economic growth back home. This pragmatic approach appeals to African leaders who want to solve problems quickly, but it makes many western observers, who are trying to promote better governance and environmental standards in Africa, very nervous. Western oil companies are growing nervous too. They are being increasingly outbid on contracts by Chinese firms, which is frustrating them primarily because of who their opponents are. As Chris Alden observes, "What concerns Western business is the ability of Chinese firms to readily call upon diplomacy and financial incentives...in support of their business initiatives. Moreover, they are not hampered by a cumbersome need...to introduce human rights or environmental monitoring issues into any business deal."<sup>121</sup> This Chinese mode

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<sup>120</sup> International Crisis Group (2008) "China's Thirst for Oil," *Crisis Group Asia Report* no.153, 9 June 2008, p.21.

<sup>121</sup> Alden, Chris (2007). *China in Africa*, London: Zed Books, p.104.

of doing business is effective, but it runs counter to Beijing's purported desire to move towards better compliance with international institutions and norms.

## **The growing Chinese presence in Africa**

One aspect of Chinese involvement in Africa that is frequently underreported in the West is the surge of Chinese immigrants that has accompanied the expansion of Sino-African business ties. Some of these migrants are brought to Africa by Chinese firms to provide cheap labour for the construction and resource extraction industries. Others, like migrants all over the world, have chosen to resettle in Africa to pursue opportunities that are unavailable in China, often following friends, neighbours, or family members who have already charted the path before them. It is hard to know exactly how many Chinese immigrants there currently are living in Africa. In addition to the paucity of accurate immigration records, many Africans have a hard time distinguishing Chinese features from those of other Asians, and as a result Koreans, Japanese, and others are frequently included in the category of 'Chinese' immigrants.<sup>122</sup> That being said, Alden (2007) uses a variety of sources to estimate that there are 300,000-400,000 Chinese currently living in South Africa; 20,000 in Tanzania; 100,000 in Nigeria; 5,000 in Ethiopia; 4,000 in Kenya; 40,000 in Angola; anywhere from 4,000 to 40,000 living in Namibia; and 2,300 (official government figure) to 80,000 (opposition figure) in Zambia, where the Chinese presence has become a hotly debated political issue<sup>123</sup>.

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<sup>122</sup> *ibid*, p.53

<sup>123</sup> *ibid*, p.52-53



The remarkable thing about the recent wave of Chinese immigration to Africa is how quickly the population of immigrants is growing. The Chinese government has been gradually removing restrictions on emigration since 1974, and today any Chinese citizen who wants to leave the country is free to do so, as long as he or she has a legal right to enter their new country of choice<sup>124</sup>. These immigrants are creating a new social dynamic in the rural and urban areas of Africa where they settle. Unfortunately, many Chinese are being viewed as intruders in countries where previous migrations of ethnically Indian or Malay settlers received little attention.<sup>125</sup> Chris Alden has pointed out that this is due in part to the fact that many of the recent Chinese immigrants to Africa have been low-skilled labourers. Apparently one Angolan NGO worker asked Alden, "Why is China sending us all their poor people?"<sup>126</sup>

### **The role of employment and unemployment**

"While China appears to the rest of the world to be enjoying an amazing growth bonanza, the officials working behind the high walls of their leadership compound in Beijing feel trapped in an endless employment crisis. This creates an unyielding pressure for growth that influences every economic plan and strategy, and can leave Beijing with little room for compromise in its deliberations with trade partners."<sup>127</sup> -- James Kynge (2006), *China Shakes the World: The Rise of a Hungry Nation*, p.52

Civilizations have been farming the Chinese land for millennia now, and as a result China's natural resources are almost depleted. It cannot rely on its

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<sup>124</sup> *ibid*, p.52

<sup>125</sup> *ibid*, p.54

<sup>126</sup> *ibid*, p.54

<sup>127</sup> James Kynge (2006), *China Shakes the World: The Rise of a Hungry Nation*. London: Weidenfeld & Nicolson, p.52

physical environment to sustain its economy. The one thing the Chinese economy does have in abundance, however, is human capital. China's large, cheap, and adaptable workforce is the envy of the world. However along with a massive workforce comes massive potential for social problems. These China also has in abundance. Thanks in large part to Chairman Mao's short-sighted policy of encouraging population growth, China has a chronic problem with unemployment. Despite its rapid economic growth, the number of unemployed workers grows by several million every year<sup>128</sup>.

China's serious unemployment problems began in the 1990s. Before then, China's bloated state-owned enterprises had guaranteed everyone a job, but starting in 1993 CCP leaders began to lay off workers. Officially, 28.18 million state-enterprise workers were laid off between 1993 and 2003<sup>129</sup>, but as Naughton (2007) says, this must be taken as less than the actual number, as the Chinese government did not have a consistent way of categorizing laid-off workers before 1998<sup>130</sup>. This unemployment problem creates serious potential for exactly the kind of social instability that the Party has been trying so hard to prevent through its economic policies. CCP leaders therefore find themselves trapped in a catch-22: the free-market conditions that generate the necessary growth to prevent social instability may lead to other conditions that pose a great threat to China's stability and social harmony.

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<sup>128</sup> Kyngé, James (2006). *China Shakes the World: The Rise of a Hungry Nation*. London: Weidenfeld & Nicolson, p.52.

<sup>129</sup> Naughton, Barry (2007). *The Chinese Economy: Transitions and Growth*, Cambridge, MA: The MIT Press, p.186.

<sup>130</sup> *ibid*

Another consequence of China's booming economy has been an increasingly wide gap between rural and urban dwellers' incomes. Most of the new jobs being created in China today are in the manufacturing industries, which are usually located near urban areas to keep transport costs low. China's cities keep getting bigger as more and more people move from the countryside in search of work. Another factor promoting rural-urban migration is that the Chinese government keeps building massive infrastructure projects in rural areas, such as the Three Gorges Dam, which forced 2 million peasants off their land<sup>131</sup>. There are some Chinese economists, such as Hu Angang, who claim China's recent urban unemployment rate may have been as high as 11 or 12 percent<sup>132</sup>. Together with the rural jobless, these urban unemployed contribute to China's 'floating population' of over 140 million migrants.<sup>133</sup> It is from this migrant population that many of the Chinese immigrants to Africa are drawn, hence the perception among Africans that they are being inundated with China's poor. The CCP actively encourages migration overseas because it helps to relieve social pressures at home in China.

In the past, economic migration was something available mainly to the upper classes of Chinese society, but today it is an option for nearly everyone. Local and state governments play a key role in encouraging residents to emigrate overseas, because they know that foreign remittances sent home to

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<sup>131</sup> Alden, Chris (2007). *China in Africa*, London: Zed Books, p.54.

<sup>132</sup> Bergsten, C. Fred; Gill, Bates; Lardy, Nicholas R.; Mitchell, Derek (2006). *China: The Balance Sheet—What the World Needs to Know Now About the Emerging Superpower*, New York: Institute for International Economics at the Center for International and Strategic Studies, p. 32.

<sup>133</sup> Alden, Chris (2007) p.54

family members can create additional revenue sources for the local economy.<sup>134</sup>

There is a class difference apparent in the migrants' chosen destinations, however. Affluent Chinese tend to seek immigration in Western Europe, North America, Australia and New Zealand; the middle classes dominate Chinese immigrant populations in South America and other parts of Asia; and Africa often attracts those who don't have the means to go elsewhere. For China's poor, an unskilled construction or retail job in Africa is an opportunity to move up the social ladder. Many of the Chinese labourers who move to Africa to live in dormitory housing and work for mines, construction companies, and other such large state-backed firms do so in the hope that they will eventually be able to move on to better employment. Some hope to move up in the company, attaining the rank of manager far more quickly than they could if they remained at home in China. Others eventually decide to open small or medium-sized businesses of their own in Africa, such as general stores, restaurants, or even medical clinics specializing in traditional Chinese medicine like acupuncture and reflexology.

### **Chinese businesses**

The Chinese businesses that are attracting the most international attention for their investment in Africa are large multinational companies, like the 75% state-owned<sup>135</sup> oil company Sinopec. Chinese construction firms are another highly visible symbol of China's presence on the continent. As mentioned before, the fact that so many of the jobs building the Chinese-funded massive

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<sup>134</sup> *ibid*, p.55

<sup>135</sup> Downs, Erica S. (2008). " Business Interest Groups in Chinese Politics: The Case of the Oil Companies," in Li, Cheng (ed.) (2008). *China's Changing Political Landscape: Prospects for Democracy*. Washington, D.C.: The Brookings Institution, p.123.

infrastructure projects in places like Angola, Congo, and Zambia have gone to unskilled Chinese immigrants is sparking intense political debate. By undervaluing labour and managerial costs in order to undercut local companies, Chinese construction firms are causing many to claim their bidding practices are unfair.<sup>136</sup> Furthermore, local companies are often subject to taxes and labour and environmental laws from which Chinese firms are exempt. It is not only the large state-owned enterprises and multinational corporations that are moving into Africa. Small and medium-sized businesses are being established across Africa as well. Chinese firms are now present in Africa's light manufacturing, services, apparel, telecommunications, and agricultural processing sectors, among others.<sup>137</sup>

Though this may be good for Chinese economic growth, as funds earned overseas are channelled back into new homes and educational opportunities for family members back in China, the rapid growth of Chinese businesses has many Africans worried. Expansion of Chinese businesses in Africa puts Chinese in direct competition with Africans. Thanks to their social and political connections to the PRC, Chinese firms in Africa have their own supply chains and are therefore able to provide consumer products at much lower cost than traditional suppliers. Consumers may be happy to see goods offered so cheaply in their local shops, but many suppliers are going out of business, forced out of their livelihoods by stiff Chinese competition. Resentment is already brewing

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<sup>136</sup> Alden, Chris (2007). *China in Africa*, London: Zed Books, p.45.

<sup>137</sup> Zafar, Ali (2007). "The Growing Relationship Between China and Sub-Saharan Africa: Macroeconomic, Trade, Investment, and Aid Links" *The World Bank Research Observer*, vol. 22:1 (Spring 2007), p.105.

against the Chinese in many parts of Africa. In Zambia, workers have rioted and kidnapped managers, and political candidates have run successful campaigns on explicitly anti-Chinese platforms. Surely this is not the kind of publicity that the CCP intended when it set up the FOCAC, but the problem is that Beijing has little control over Chinese firms now that they have been released onto the free markets of the globalized economy.

## **CHAPTER 4: CONCLUSION—THE FUTURE OF SINO-AFRICAN RELATIONS**

As China hurtles down the path of industrialization, it faces strong criticism of its labour, environmental and human rights record from industrialized countries that have charted the same path in the not-too-distant past. Before condemning Chinese practices in Africa, however, it is important to bear in mind that the countries of Western Europe and North America also rose to the top of the global economy by engaging in some decidedly questionable practices. Furthermore, since rising to the top of the development heap, first world countries have been encouraging poorer nations to join them at the top—granting billions of dollars in loans and development aid. Now that China is following their lead and is charting its own path to the top, they are rejecting the CCP's methods of economic development as unethical and unsustainable. China reads it as Western arrogance, whereas Westerners believe their objections to be a well-intentioned attempt to prevent China from repeating their own mistakes.

In the nineteenth century, millions of British farmers moved off the land to work in factories with atrocious safety records alongside children as young as six years old. The factories seemed to sprout up overnight on the outskirts of heavily polluted cities where coal dust filled the air and darkened the sky. British industrialists relied on the systematic pillaging of natural resources and exploitation of their overseas colonies to secure essential supplies and keep the

domestic economy growing. China's current domestic situation may share some characteristics with the British during the Industrial Revolution, but when it comes to its foreign policy in Africa, China appears to be striving to avoid the mistakes of its predecessors.

Despite accusations that it pursues a "neo-colonialist" agenda in the developing world, China's African partners today have a great deal more agency than they did in their relationships with European colonial powers. In some areas, like parts of the Democratic Republic of Congo, African leaders have been quite assertive in their demands that Chinese businesses comply with local laws and government oversight.<sup>138</sup> Furthermore, after thirty-odd years of unbridled industrialization and economic growth, CCP leaders seem to have realized that, if left unaddressed, poor social, environmental, and labour practices will eventually destroy social harmony both domestically and internationally. What affects China's African trade partners also affects Chinese access to resources and markets, therefore Beijing must be careful not to be associated with too much social unrest when it does business in Africa. It prides itself on its market-driven approach to mutual development, and lavishes great praise upon its African partners. There are some mistakes being made, such as a disproportionate reliance on labour imported to Africa from overseas and lax attention to environmental and safety conditions, but the PRC appears to be taking small steps towards rectifying those situations. Overall, China seems committed to charting a new development path for itself, one that does not rely on the

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<sup>138</sup> The Economist (2008). "Mutual convenience: Congo has something China wants, and vice versa," *A special report on China's quest for resources*, March 15<sup>th</sup>, 2008, p.13-14.



exploitative practices that were the backbone of the European colonialists' ventures in Africa.

The problem, however, is that China's great path forward for the 21<sup>st</sup> century contains many inherent contradictions. Chinese leaders must always act pragmatically and try to steer the ship along the correct course, but they often run into hazards. China's remarkable success since the reforms of 1978—its booming cities, media-savvy consumers, and growing international prestige—suggests that economic growth can indeed help prevent social and political instability. The free market conditions needed to maintain that growth have been embraced and promoted by leaders, both domestically and in their transactions overseas. However it is now becoming increasingly apparent that the same free market conditions that create growth can also lead to greater social instability, as unemployment, economic inequality, environmental pollution, and government and corporate corruption increasingly challenge the Chinese system from within.

When it comes to its engagement in Africa, China must forge a delicate balance between many competing interests and needs. Continued economic growth demands a steady supply of resources and markets, much of which China can procure from Africa. Imports of oil, copper, timber, and other African resources are becoming increasingly important to the Chinese economy. Back home, unbridled economic growth is leading to rising unemployment, rapidly growing inequality, and rural displacement. Here too Africa can relieve some of the pressure by providing jobs for unskilled Chinese workers (working for

Chinese firms on national infrastructure projects in poor African countries paid for by China's state owned Ex-Im Bank).

However, increased engagement overseas means that China can no longer afford to placate only its domestic critics. As China becomes more entwined with the international community through trade networks and multilateral organizations, it is becoming more and more sensitive to external concerns and its need to address them. The international outcry over China's role in the ongoing Darfur crisis—the “genocide Olympics” campaign—played a significant part in China's decision to finally support the African Union peacekeeping mission in Sudan. Also, despite its official policy of non-interference in the domestic affairs of other nations, China is increasingly running into situations where it must “choose sides” in order to procure access to essential resources. The irony is that if the political situation changes, China may find itself shut out of trade deals with the new leaders. In Sudan, for example, China's cooperation with the Khartoum government, which has ensured China a steady supply of oil since the 1990s, has made the Chinese unpopular in the south of the country, where locals have been fighting for an independent homeland and where, despite a peace agreement, the situation remains extremely volatile. Should Southern Sudan actually secede—as it may well do—the Chinese could be cut off from access to the oilfields in the south of the country.

Another example of the contradictions that China faces in its engagement in Africa is that the CCP policy of encouraging Chinese emigration, which

provides more opportunities for China's industrializing workforce than are available domestically, is causing hard feelings in some of the African countries where the Chinese do business, like Zambia. If Chinese business practices are bad enough, locals will turn against the Chinese and force their political leaders to shun Beijing's economic overtures. The CCP therefore faces the difficult task of simultaneously giving Chinese businesses freedom to turn a profit while somehow ensuring that their business practices comply with local standards. The fact that some of China's biggest state-controlled enterprises, such as the national oil companies, are now traded on foreign stock exchanges makes it even more difficult for the CCP to exert influence over their activities. In addition to heeding Beijing, these companies are accountable to their international shareholders, whose interests are not necessarily the same as those of the Chinese government.

### **Case Study: Sudan**

The case of Sudan is a good illustration of how China is gradually coming to realize that it cannot separate its own interests from the interests and values of the international community. When China first began to invest in Sudan it capitalized on the country's reputation as a pariah regime. In 1996, as Western countries were pulling out of the country and imposing sanctions, China saw an opportunity to move in and secure long-term access to badly-needed oil. One of China's biggest oil multinationals, the China National Petroleum Corporation, bought 40% of the Sudanese government's Greater Nile Petroleum Corporation,

an arrangement that makes China Sudan's largest foreign investor.<sup>139</sup> Since 1996, China has invested over US\$15 billion in the oil industry and other infrastructure projects in Sudan.<sup>140</sup> There may be as many as 74,000 Chinese workers in the country; they reportedly make up as much as a third of the total workforce at large construction projects in Sudan<sup>141</sup>. Until recently, China seemed to be quite content with the arrangement and didn't appear to mind risking condemnation for its relationship with Sudan from countries who supported imposing sanctions against the Khartoum government. China repeatedly supported Sudan on the UN Security Council and invoked the principle of non-interference in the domestic affairs of sovereign states in order to prevent punitive measures against its important economic partner. By abstaining from voting on resolutions the UN tried to pass against Sudan over its role in the Darfur conflict, China ensured that they would be difficult, if not impossible, to implement.<sup>142</sup>

Recently though, the Chinese position towards Sudan appears to have shifted and moved more in line with international opinion. For one thing, China has taken Sudan off the list of countries that the government encourages Chinese companies to invest in. Also, since China joined the WTO in 2001, it has been increasingly compliant with international norms. Although it publicly condemned the "genocide Olympics" campaign launched against China's human

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<sup>139</sup> International Crisis Group (2008). *China's Thirst for Oil*, Crisis Group Asia Report 153, June 9<sup>th</sup>, pp.23-4.

<sup>140</sup> Alden, Chris (2007). *China in Africa*, London: Zed Books, p.61.

<sup>141</sup> *ibid*, p.83.

<sup>142</sup> International Crisis Group (2008). *China's Thirst for Oil*, Crisis Group Asia Report 153, June 9<sup>th</sup>, p.25.

rights record by foreign NGOS, the CCP nonetheless understood the potential economic impact such criticism might have. Critics of China's role in Sudan accused Chinese arms dealers of selling aircraft and weaponry to the Sudanese government in an effort to "consolidate and protect Chinese shares in the exploitation of Sudan's oil reserves."<sup>143</sup> At first, China brushed off its critics. As deputy Foreign Minister Zhou Wenzhong put it in 2004, "Business is business. We try to separate politics from business. I think the internal situation in Sudan is an internal affair, and we are not in a position to impose on them."<sup>144</sup> However, a series of events starting in late 2006 made China change its tune.

In May 2006, fighting in Darfur intensified and spread into neighbouring Chad. Sudanese-backed rebels attacked the capital city, and the Chadian president decided to seek China's help in preventing the assaults from Sudan. In August of that year, Chad switched its diplomatic recognition from Taiwan back to China.<sup>145</sup> Suddenly Beijing's economic interests in the region were being compromised by the conflict in Sudan. It's newest African diplomatic ally was requesting help, the international community was stepping up its demands for China to do something, and Beijing feared what might happen to its oil supply if the US or some other country decided to take unilateral action in Darfur.<sup>146</sup> In September 2006, China decided to start urging the Khartoum government to accept an international peacekeeping force. Furthermore, attacks on Chinese oil

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<sup>143</sup> Taylor, Ian (2006). "China's Oil Diplomacy in Africa," *International Affairs*, 82:5, 949.

<sup>144</sup> Kyngé, James (2006). *China Shakes the World: The Rise of a Hungry Nation*. London: Weidenfeld & Nicolson, p.217.

<sup>145</sup> Alden, Chris (2007). *China in Africa*, London: Zed Books, p.34.

<sup>146</sup> International Crisis Group (2008). *China's Thirst for Oil*, Crisis Group Asia Report 153, June 9<sup>th</sup>, p.25.

facilities in Sudan in November and December of that year made many prominent Chinese start to question whether China's business interests in Sudan were worth damaging its international standing.<sup>147</sup> They feared that China's carefully orchestrated "peaceful rise" was being compromised by its insistence on doing nothing while the regional crisis associated with the conflict in Darfur widened. Not only that, but China was also allied with most of the AU countries that made up the peacekeeping force in Darfur. By continuing to back the Sudanese government's position against the African Union force, it was alienating other important African allies.

The Chinese government responded to these changes by publicly urging its Sudanese counterpart to take action to improve the humanitarian situation in Darfur and to accept a hybrid AU/UN peacekeeping force. In February 2007, President Hu Jintao met privately with Sudan's President Omer al-Bashir and urged him once again to comply with the international community's demands. Hu also stated that although it was important to observe sovereignty and territorial integrity in resolving the Darfur crisis, it was also necessary to involve the international community, ensure aid delivery, and to enforce a ceasefire.<sup>148</sup>

This message demonstrates the difficult tightrope that the CCP is forced to walk in order to balance all its competing interests in Africa. All of the principles Hu mentioned (sovereignty, aid delivery, ceasefire, and international involvement) were given equal weight, making it impossible to determine which

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<sup>147</sup> Alden, Chris (2007). *China in Africa*, London: Zed Books, p.117.

<sup>148</sup> International Crisis Group (2008). *China's Thirst for Oil*, Crisis Group Asia Report 153, June 9<sup>th</sup>, p.27.

one was most salient. Would Beijing support violating principles of state sovereignty in order to ensure the delivery of humanitarian aid, for example?

Finally, in July 2007, Chinese support enabled the Security Council to pass a watered-down measure authorising a hybrid UN/AU mission in Darfur. The measure contained no threat of sanctions against Sudan, but it did allow for the protection of humanitarian aid workers and civilians and demanded that the Sudanese government cease all aerial bombings.<sup>149</sup> Even though Sudan has not been complying with the resolution, and has in fact been exacerbating tensions with neighbouring Chad since early in 2008, China's initial attempt at improving the situation is still worthy of note, as it marks a shift in the Chinese policy of non-interference.

In Sudan, China has been forced to juggle many competing interests in the country. The Darfur conflict has a direct effect on the security of China's energy supplies and economic interests, not to mention its international reputation. At the same time, China doesn't want to alienate the Khartoum government or risk appearing to bow to Western pressure, in case it loses its status as a preferential trading partner to Sudan. Furthermore, China's "outsider" status puts it in a better position to actually negotiate with Khartoum and help bring about an end to the humanitarian crisis. A final consideration is that the ruling party of Sudan—the National Congress Party (NCP), with which China has negotiated most of its business deals—may not be ruling over all of the current Sudanese territory in a few years. In 2011, the southern part of Sudan has been

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<sup>149</sup> *ibid*, p.28.

promised the right to vote in a referendum on independence. Should the South secede, the Sudan People's Liberation Army (SPLM) will gain control of the southern oilfields, and China will be dependent on relations with them to procure the oil it needs. Therefore if China goes too far to support the NCP in the current conflicts, it risks jeopardizing future relations with the SPLM, and vice versa. According to the International Crisis Group, many Chinese thinkers are critical of state-owned enterprises that will do anything in the pursuit of profit, even if it means going against China's broader national interests.<sup>150</sup> For the time being, the case of China's involvement in Sudan seems to indicate that China is now willing to do more to satisfy the concerns of the international community than it used to do; however, China's own economic interests and energy security remain of paramount importance.

### **Case Study: Zambia**

If Sudan represents how diplomatic pressure can bring about a shift in Chinese policy from the top down, then the case of Zambia illustrates how China's economic activity in Africa can create conditions that bring about a bottom-up kind of policy shift.

China's economic relationship with Zambia goes back to 1962, when the country first achieved independence from the British. During the Mao years, China built the young country a railway into Tanzania so that it could transport goods without having to go through Rhodesia, whose government was under a UN sanctions regime. This understandably left a favourable impression of the

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<sup>150</sup> *ibid*, p.31.



Chinese in the minds of many Zambians. Through the 1970s and 80s the Zambia's president, Kenneth Kaunda, nationalised key industries, such as the mining sector. Since 1991, however, Zambia has been undergoing IMF and World Bank supervised structural reforms, and it has sold off pieces of the previously state-owned mining firm to a variety of private investors.<sup>151</sup>

The recent history of China and Zambia begins in 1998, when one of China's state-owned enterprises, Non-Ferrous Metal Mining Group (NFCM), bought the decaying Chambishi copper mine in the northeast of the country for US\$20 million. China spent US\$100 million and three years fixing it up. Initial feelings towards the Chinese mine were positive. In an area of chronic unemployment, the rehabilitated mine provided work for hundreds of people. Plus, the majority of Zambians still had a positive perception of China thanks to Beijing's construction of the TanZam railroad in 1970. This development project helped the landlocked country a great deal, and for the most part, Zambians remembered the workers who arrived to build it as having been modest, hardworking, and well-mannered.<sup>152</sup>

Relations between the mine owners and their local employees quickly deteriorated, however. In 2004, representatives of trade unions that had been banned from Chambishi (possibly with the support of the Zambian government), gathered in the area to assert their legal right to recruitment among mine employees. The employees themselves had already been grumbling about poor

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<sup>151</sup> Fraser, Alastair & Lungu, John (2007). *For Whom the Windfalls? Winners and Losers in the Privatisation of Zambia's Copper Mines*, Lusaka, Zambia: Civil Society Trade Network of Zambia. Downloaded from [www.minewatchzambia.com](http://www.minewatchzambia.com)

<sup>152</sup> Alden, Chris (2007). *China in Africa*, London: Zed Books, p. 73.

working conditions and lax health, safety, and environmental standards. In April 2005, the incendiary situation exploded, quite literally, when a fire at the Chambishi-owned munitions factory claimed the lives of forty-six local employees. The Zambian workforce went on strike, and in July 2005 Chambishi's Chinese owners agreed to allow unions into the mines and pay all employees US\$500 in back wages. But management never intended to keep their agreement. When the employees learned that they would not be receiving the promised money, they stormed the managers' offices.<sup>153</sup> Two employees were shot—perhaps by police, a frightened manager, or security guards—in the chaos that ensued.<sup>154</sup>

China's reputation in Zambia was badly damaged by the incident. Workers in Zambia's Copperbelt district began to agitate, complaining that, despite soaring copper prices, miners' wages were desperately low and labour, health, and environmental safety laws were being violated on a regular basis. Zambian miners argued that the danger and difficulty of their work rightfully entitled them to decent wages and working conditions instead of the poorly paid temporary contracts they were being offered<sup>155</sup>. Though many of the mining companies in Zambia routinely flouted labour and environmental regulations, the Chinese were often singled out as the worst offenders.<sup>156</sup> According to Zambian civil society groups, of all the mining companies doing business in their country, the Chinese-

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<sup>153</sup> Alden, Chris (2007). *China in Africa*, London: Zed Books, p.73.

<sup>154</sup> Fraser, Alastair & Lungu, John (2007). *For Whom the Windfalls? Winners and Losers in the Privatisation of Zambia's Copper Mines*, Lusaka, Zambia: Civil Society Trade Network of Zambia. Downloaded from [www.minewatchzambia.com](http://www.minewatchzambia.com)

<sup>155</sup> *ibid*, p.3

<sup>156</sup> *ibid*, p.48

owned Chambishi mine pays the lowest wages and employs the highest percentage of its employees on temporary contracts<sup>157</sup>. It wasn't long before anger towards the Chinese directed itself against the Zambian government, which was accused of cozying up to foreign investors and selling out its people. A presidential candidate for one of Zambia's opposition parties, Michael Sata, rose to popularity by exploiting this anti-foreign/anti-Chinese sentiment for political gain. "What we want is Zambia for Zambians. People are making money over our heads," he said.<sup>158</sup>

Soon enough, Sata's presidential campaign began to cause headaches for the Chinese. It even led them to compromise their policy of non-intervention in the domestic political affairs of other nations. It began when Sata stated that if elected he would switch official diplomatic recognition from China to Taiwan. The Chinese ambassador to Zambia was outraged by the suggestion, and threatened that China would sever all trade and investment ties if Sata won the election.<sup>159</sup> Even though this clearly violated the principle of non-interference which is a key part of China's foreign policy, it was entirely in line with another major part of Chinese policy: the diplomatic isolation of Taiwan and the official acceptance of the "One China" principle. In this case, the violation of one of China's core diplomatic principles was committed in order to preserve another principle, one that the CCP considers more vital to China's national interests.

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<sup>157</sup> *ibid*, p.48

<sup>158</sup> *ibid*, p.1

<sup>159</sup> Alden, Chris (2007). *China in Africa*, London: Zed Books, p.75.

China fears that diplomatic recognition of Taiwan would eventually lead to the break-up of the PRC, which makes interference in the presidential election campaign of a sovereign nation seem a less worrisome outcome. China's interference had far reaching consequences, though. Sata's party wound up winning a significant number of seats in the Zambian parliament, thus making them a viable political party and creating a powerful new voice in government on behalf of the miners in the Copperbelt region. Furthermore, political leaders in other parts of Africa became concerned by China's vocal opposition to a legitimate local politician. Editorials appeared in newspapers across the continent, raising concerns about Chinese business and diplomatic practices.<sup>160</sup> China's reputation was not only damaged by the management problems at the Chambishi mine, it was also damaged on a much deeper level; the very principle of political non-interference that set China apart from the other nations intent on exploiting African resources had been irrevocably compromised.

Sometimes, China's policy positions in Africa are compromised for no "good" reason other than the pursuit of profit. Before buying and rehabilitating the Chambishi mine, China's state-owned NFCA signed a development agreement with the Zambian government. In this agreement, China committed to provide professional, managerial, engineering and scientific positions for qualified Zambians at the mine. In reality, the vast majority of Zambian workers at the Chambishi mine are on temporary contracts. Of more than 2,200 workers, only 52 of them are on permanent contracts. In contrast, there are 180 Chinese

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<sup>160</sup> *ibid*, p.75 (see notes in back of book)

employees with permanent contracts at Chambishi. Furthermore, there are eleven Chinese senior managers at mine, and only one Zambian manager at the same level.<sup>161</sup> Chinese managers in Zambia explain such discrepancies by invoking market forces, which require them to get work done as quickly and efficiently as possible. According to the Chinese, labourers brought over from China (who are already used to poor work conditions and safety standards) are a necessary requirement to compete in the cutthroat business world. As one manager of a state-owned enterprise in Lusaka, Zambia put it, "This is a cultural difference. Chinese people work until they finish and then rest. Here they are like the British ... they have tea breaks and a lot of days off. For our construction company that means it costs a lot more."<sup>162</sup>

The best intentions of the Chinese government when it comes to negotiating equitable development projects in Africa are easily side-tracked by the pragmatic voice of capitalist economics. As much as Beijing would like to rein in the Chinese firms doing business in Africa, in reality the CCP's hands are tied. As always, domestic needs will trump the concerns of China's overseas partners. But when African nations step forward and assert themselves, the pressure they can exert on China's resource supply lines will eventually persuade the Chinese to deal with African concerns. The active resistance of Zambian citizens and politicians to the exploitative business practices of foreign-owned companies working in their country continues to be a thorn in the side of the Chinese. They

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<sup>161</sup> Fraser, Alastair & Lungu, John (2007). *For Whom the Windfalls? Winners and Losers in the Privatisation of Zambia's Copper Mines*, Lusaka, Zambia: Civil Society Trade Network of Zambia. Downloaded from [www.minewatchzambia.com](http://www.minewatchzambia.com), p.49.

<sup>162</sup> Alden, Chris (2007). *China in Africa*, London: Zed Books, p.83.

are slowly being forced to do more to comply with labour, safety, and environmental standards on their projects in Zambia. If China continues to modify its practices in response to African concerns, which it is likely to do, then China's forays onto the continent will be beneficial to African development. As a new source of investment and development aid, China has a lot to offer African leaders. Whether these leaders will be active and assertive partners who set terms to ensure that African countries get maximum benefit from Chinese investment is entirely up to them. Unlike in colonial times, the choice is theirs.

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