

# Discussion Paper

TANZANIA-CHINA ALL-WEATHER FRIENDSHIP FROM  
SOCIALISM TO GLOBALIZATION: A CASE OF RELATIVE  
DECLINE

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## ABSTRACT

How close is the Tanzanian-Chinese partnership today? Bi-lateral trade and Chinese economic activity in Tanzania today is far more significant than in the 1970s; China's "no strings attached" policy is still attractive and political solidarities and military co-operation have remained relatively strong. However, this bi-lateral relationship does not have the importance, nor the exclusiveness it enjoyed in the heydays of socialism. Today, China must compete economically, politically and culturally with the activism and soft power of a larger group of countries, particularly the United States. Although both in Dar es Salaam and in Beijing this relationship is still presented as "special", it has lost the structural role that it had until the late 1970s in shaping Sino-African relations. Growing Sino-American and Sino-Western competition in Africa has increased Tanzania's option and helped it, to some extent, to better defend its own interests. This paper examines Tanzanian-Chinese relations over the past half century and more particularly since 2005, highlighting how global political, strategic and economic shifts have affected and on the whole reduced, in relative terms, the importance of this bi-lateral relationship.

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The views expressed in this paper are those of the authors.

# CONTENTS

<b>ABSTRACT .....</b>	<b>2</b>
<b>1. INTRODUCTION .....</b>	<b>4</b>
<b>2. EVOLUTION OF POLITICAL RELATIONS SINCE THE 1960S .....</b>	<b>6</b>
2.1 FROM SOCIALISM TO REFORM: THE RISE AND DECLINE OF A “SPECIAL” RELATIONSHIP (1964-2005).....	6
2.2 THE REVIVAL OF THE RELATIONSHIP ON A NEW BASIS AFTER 2005 .....	7
<b>3. TODAYS TANZANIA-CHINA POLITICAL AND SECURITY PARTNERSHIP AND ITS LIMITS ..9</b>	
3.1 CONTESTED PARTY TO PARTY RELATIONS .....	9
3.2 WEAKENING FOREIGN POLICY AND GEO-STRATEGIC CONVERGENCES .....	10
3.3 AN ENHANCED MILITARY CO-OPERATION .....	12
<b>4. ECONOMIC RELATIONS: CHINA AS A BIG PLAYER AMONG SEVERAL .....</b>	<b>14</b>
4.1 BILATERAL TRADE: A NORTH-SOUTH PATTERN .....	14
4.2 INVESTMENTS: FROM LOW TO HIGH PROFILE .....	18
4.3 USING TANZANIA AS A MANUFACTURING HUB?.....	19
4.4 BUILDING INFRASTRUCTURE .....	20
4.5 FINANCE: CHINA AS A FREE RIDER? .....	21
<b>5. EDUCATION AND CULTURAL EXCHANGES: A LATE AND STILL MODEST DEVELOPMENT .....</b>	<b>23</b>
<b>6. MEDICAL MISSIONS: THE LIMITED VIRTUES OF CHINESE TRADITIONAL MEDICINE ....</b>	<b>24</b>
<b>7. CHINESE COMMUNITY IN TANZANIA: A SOURCE OF TENSION AFFECTING CHINA’S IMAGE?.....</b>	<b>24</b>
<b>8. CONCLUSION .....</b>	<b>26</b>
<b>BIBLIOGRAPHY.....</b>	<b>28</b>

# 1. INTRODUCTION

There are two clearly distinct eras in the Tanzania-China partnership: the socialist period, from 1964 to 1989; and the last 27 years, dominated in both countries by economic reforms, political changes and globalisation. The transition from one development model to another has been a lengthy one, weakening the partnership until 2005 when it was revived by both sides in a very different ideological and geo-strategic environment.

Chinese and sometimes African historians like to remind us about the Ming dynasty and Admiral Zheng He's voyages to the East coast of the black continent in the 14<sup>th</sup> and 15<sup>th</sup> century (Kamata, 2014). However, this mythical period of "peaceful trade" belongs more to a Chinese government-sponsored legitimising narrative than a meaningful background to the fifty year old history of Tanzania-China relations (Wang, 2010; Walt, 2012).

The first thing that makes the Tanzania-China relationship different from other Sino-African bi-lateral partnerships is, in our view, the parallel, quasi-simultaneous and deep transformations of both countries after the end of the Cold War and the collapse of the Soviet Union. These transformations are far from having being identical: Tanzania gradually moved in the 1990s from a one-party system to a multi-party democracy while China has remained dominated by the Communist Party and authoritarianism. Nevertheless, in the 1980s, structural economic reforms and liberalisation were introduced around the same time, allowing both countries to quietly move away from socialism. As will be observed, the result is that Tanzania has developed relations with a wider array of countries, including the most prominent Western powers, such as the United States (US) and the European Union (EU), as well as other emerging economies like India. Yet Tanzanian leaders continue to regard China as a close partner. Domestically, the Chama Cha Mapinduzi (CCM), the Revolutionary Party and ruling party of Tanzania has kept to some extent the influence and modus operandi that stemmed from its previous status.

Economic reforms fulfilled President Nyerere's wish "*that Tanzania runs, while others walk*"<sup>1</sup>. Tanzania has gradually changed from being seen<sup>2</sup> as an illustration of African economic woes to being hailed as a 'cheetah' (Martins, 2013). In the 2000s, growth accelerated to seven per cent a year thanks to capital intensive sectors (communications, financial services and construction). Since then, investment has been the main driver of growth as its share of Gross Domestic Product (GDP) has increased to 37 per cent (2013), stimulated by urbanisation (a ten million population increase since 1990<sup>3</sup>), commodities (gold, coffee, tea, cashew nuts and cotton) exports to Asian and Western countries and manufactured products—mainly cement and fertilizers to neighbouring countries. However, these fast moving activities have been characterised by their weak linkages with the rest of the economy and a low employment generation.

Recently, the discovery of large offshore natural gas reserves has provided an additional impetus to the economy. Even though final decisions on their commercial viability will be made by 2016 and liquefied natural gas (LNG) exports would eventually begin six years later, in other words not before 2022, these discoveries have led to capital goods imports, as well as large spending in housing, operations and support

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<sup>1</sup> Thandika M. 2011. Running while other walk. Inaugural Lecture Chair of African Development. London: LSE, 19 October.

<sup>2</sup> "*With the exception of the 1970s throughout which all data sources agree that the Tanzanian economy was growing quickly there is a significant disagreement between the sources. Indeed whether one finds that Tanzanian experienced stagnation or rapid growth following independence depends entirely on the data source one is referring. It is open to speculation whether the 1980s were a period of modest growth, stagnation or outright regression*" (Morten, 2013, paragraph 1402 Kindle version). In late 2014, the Tanzanian National Bureau of Statistics Tanzania published a significant (32 per cent) upward revision of its GDP.

<sup>3</sup> Dar es Salaam could be the second most rapidly expanding city in the world, with secondary cities such as Arusha and Mwanza growing fast.

services warranted by likely future revenues<sup>4</sup>. These shifts resulted in severe imbalances as the current account reached 14 per cent of GDP (2013) and the “*Big Results Now*”<sup>5</sup> initiative pushed the budget deficit to 6.8 per cent of GDP. Taking place one year ahead of the presidential election, this macro-economic deterioration led the government to request an International Monetary Fund (IMF) Policy Instrument loan<sup>6</sup> in July 2014. Among the downside risks, there is a sharper than expected economic slowdown in China which has undermined key infrastructure investments and future growth.

This paper’s objective is to assess the current state of Tanzanian-Chinese relations in both revisiting its historical background since the 1960s and the major features of this relationship. The question that we wish to address is: How close is the Tanzanian-Chinese partnership today? The “all-weather friendship” dynamic appears to remain the most common characterisation on both sides, however, this bi-lateral relationship does not have the importance, nor exclusiveness it enjoyed in the heydays of socialism. There is some irony here because, as will be observed, bi-lateral trade and Chinese economic presence in Tanzania are much bigger than in the 1970s; moreover, political solidarities and military co-operation have remained relatively strong. However, today China’s economic and diplomatic influence on Tanzania is far from being overwhelming. Also, in other areas such as education and culture, China competes with larger group of countries’ activism and soft power. In other words, as elsewhere in Africa and in the world, that Tanzania’s relations with China have been directly affected by growing Sino-American and Sino-Western geo-strategic, economic and ideological competition. As a result, although both in Dar es Salaam and Beijing this relationship has continued to be presented as “special”, it has lost the structural role it had until the late 1970s in shaping Sino-African relations. This evolution makes today’s Tanzania-China relations less different from other Africa-China relations and less “special” that China’s relations with Ethiopia, Sudan or Zimbabwe.

In order to better comprehend today’s Tanzania-China partnership, we will first give a brief overview of this relationship’s history, particularly since its revival from around 2005. Then, we will analyse the key facets of these two countries’ current partnership: the CCM-Chinese Communist Party (CCP) party-to-party relations, the foreign policy convergences between both countries and their limits, and their strong military cooperation. In the third section, we will present Tanzania-China economic relations, not only their bilateral trade but also Chinese investments in Tanzania and their contribution to turning the latter into a manufacturing hub, before looking at the financial dimension of the partnership. In the final shorter sections, we will provide an update on Tanzania-China educational and cultural cooperation, Chinese medical missions in Tanzania and the Chinese community that has settled down in the country.

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<sup>4</sup> Thus, in 2013, in the context of an abundance of liquidity in the international markets, Tanzania was able to tap the bond market with a US\$ 600 million floating issuance characterised by rather high borrowing costs (a spread of 600 base points).

<sup>5</sup> Launched by president Kikwete in February 2013, this initiative is aimed at adopting the so-called Malaysian model of development in order to ease the transition of Tanzania from a low a middle income economy by 2025. It focuses on six priority areas: energy and natural gas, agriculture, water, education, transports, mobilisation of resources. Available at: <http://www.pmoralg.go.tz/quick-menu/brn/>

<sup>6</sup> A Policy Support Instrument (PSI) is designed for low-income countries that may not need balance of payments financial support but seek to maintain a close policy dialogue with the IMF. Once approved by the IMF, the PSI signals to donors, multilateral development banks, and markets, the strength of a member's policies.

## 2. EVOLUTION OF POLITICAL RELATIONS SINCE THE 1960s

### 2.1 FROM SOCIALISM TO REFORM: THE RISE AND DECLINE OF A “SPECIAL” RELATIONSHIP (1964-2005)

In the 1960s, Tanzania-China relations developed in the context of socialism and anti-Western sentiment (Shinn and Eisenman, 2012: 259-260). Chinese Prime Minister Zhou Enlai's famous 1965 trip to Africa, particularly to Tanzania, saw the occasion of the signing of a friendship treaty between both countries. Moreover, this period marked the beginning of a close military co-operation; also the construction of more than 100 factories in the following ten years, including well known developments such as the Tanzania-China Friendship Textile Mill (Urafiki), the largest fully integrated textile mill in East Africa when it was completed, (Lee, 2009: 649). Led by Julius Nyerere, the architect of Tanzanian socialism, Tanzania became the largest beneficiary of Chinese aid in Africa (Ping, 1999). It was early as 1965 that China proposed to build the TAZARA, the railways that would ten years later link the Zambian copper belt to the port of Dar es Salaam. Conversely, in 1971, having never had any official relation with Taiwan, Tanzania was one of the sponsoring countries of the resolution supporting “the restoration of all China's legitimate rights in the United Nations (UN)”. These ideological and political solidarities contributed to multiplying exchanges of official visits. For example, Nyerere visited China five times as president (1964-1985) and another eight times after he stepped down in 1985 in his capacity as chairman of the South Commission (he died in 1999). Having remained as head of the CCM until 1990, Nyerere was also instrumental in the establishment of party to party relations between the CCM and the Chinese Communist Party (CCP) (Chau, 2014).

Although Nyerere considered China as a “source of inspiration for countries which want to construct socialist societies” (Shinn and Eisenman, 2012: 261), contrary to Mao Zedong whom he met several times, Nyerere introduced market reforms and major structural adjustments in the 1980s. While both countries moved out of economic socialism simultaneously, the crucial transition directly weakened their bi-lateral partnership. Exchanges of high level visits, trade and co-operation projects slowed down. As an example, Ali Hassan Mwinyi, Nyerere's successor and president from 1985-1995, made only two trips to China (in 1987 and 1992), while Prime Minister Zhao Ziyang, in 1983, and Vice-Premier Zhu Rongji, in 1995, were the only top Chinese leaders to visit Tanzania during that period. These visits devoted much time to the rehabilitation of the ill-managed TAZARA (Monson 2013; Ong 2003). Though President Mwinyi declared that “Tanzania (would) pursue a friendly policy towards China”<sup>7</sup>, Mwinyi played a key role in the introduction of market forces into the economy and plurality into the political system. A former vice-president of Tanzania and president of Zanzibar, Mwinyi initiated the reform of the constitution that allowed the introduction of a multiparty system. This reform was endorsed by the national assembly in 1992. At the end of Mwinyi's second term, restrictions on opposition parties were fully removed and in the 1995 presidential elections, three candidates ran against Benjamin Mkapa, the CCM candidate, who won with 62 per cent of the ballots largely because of the privileges and the resources accumulated by the ruling party.

In his ten year presidency, Mkapa visited China only twice, the first time in 1998 and the second time on the occasion of the first Forum on China Africa Co-operation (FOCAC) ministerial meeting held in Beijing in 2000. On Chinese official websites, Mkapa is regarded as having “spoken highly of China's assistance and appreciated China's independent foreign policy of peace and its experience on the reform

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<sup>7</sup> *China.org.cn*, 28 November 2011.

and opening-up policy”<sup>8</sup>. In 2000, Mkapa referred to Tanzania’s relationship with China as “very special”, adding “we are certain that China is the ideal country to emulate and co-operate with”<sup>9</sup>. However, the relationship suffered from a painful adaptation to the new economic environment of both countries. For instance, after Zhu Rongji’s visit in 1995, China convinced its Tanzanian counterpart to restructure the Tanzania-China Friendship Textile Mill in order to make it profitable: the Chinese government invested US\$ 1.7 million, became the majority stakeholder, changed the operation rules, recruiting a large number of casual workers and cutting the benefits enjoyed by its “permanent workers”. This reform provoked strikes in 2002 and 2005 and, in spite of the Tanzanian government’s support of the new management, affected bi-lateral relations (Lee, 2009: 650-660). Consequently, although in the second part of the 1990s China had already relaunched its African policy, only Prime Minister Li Peng visited Tanzania in 1997 while President Jiang Zemin never visited. In order to regain the ground and the influence lost on the continent after the beginning of the reforms in 1979, Jiang Zemin made a number of visits to Africa, including to neighbouring Kenya in 1996 and South Africa in 2000. In 2000, as indicated, Jiang organised the first FOCAC meeting in Beijing, which played a key role in redynamising China’s Africa policy (Beijing Declaration, 2000).

Another reason for the cooling relationship between the two states was the August 1998 bombing of the US Embassy in Dar es Salaam (and Nairobi). After this traumatic incident, Tanzania moved closer to the US and Western countries to the detriment of China (Kamata, 2014: 94). US-Tanzania co-operation broadened to include areas such as anti-terrorism and law enforcement. President Mkapa visited the US in September 1999, stimulating trade and economic co-operation between both countries. His successor, Jakaya Mrisho Kikwete, also visited the US and met with President Bush in 2006. Moreover, at the global level, the liberalisation of the Tanzanian economy spurred Western investments and presence (including tourism which increased from 500,000 to 1 million arrivals between 2000 and 2013)<sup>10</sup>. As a result, there was a loosening of Tanzania’s traditional links with the Soviet Union (and Russia after 1991) and China.

## **2.2 THE REVIVAL OF THE RELATIONSHIP ON A NEW BASIS AFTER 2005**

Announcing the end of the above-mentioned transition period, former Foreign Minister Kikwete’s election as Tanzania’s president in 2005, and Prime Minister Wen Jiabao’s visit the following year, reactivated the relationship on a new basis. Since then both governments have continued to claim their adherence to “socialism” and to praise their “all-weather friendship” (*quantianbou youyi*), Wen congratulated Kikwete for the “peaceful democratic election” held in October 2005<sup>11</sup>. However, it was clear that the Tanzania-China relationship was becoming much more pragmatic and business-oriented. Moving away from keeping afloat the older projects launched in the 1960s and 1970s, Beijing decided to rapidly increase and diversify its economic presence in this country, in an attempt to catch up with Tanzania’s other (and new) partners.

During Wen’s visit, five agreements were signed: diplomatic, health, agriculture, transport and telecoms, including projects such as the Chinese construction of a malaria prevention and treatment centre and the

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<sup>8</sup> *Ibid.*

<sup>9</sup> *People’s Daily*, 8 October 2000 (in English).

<sup>10</sup> Tanzania Tourism Sector Survey, March 2013. *The 2013 International Visitors’ Exit Survey Report*, Dar es Salaam, National Bureau of Statistics. Available at:

[http://www.nbs.go.tz/nbs/takwimu/trade/International%20Visitors' Exit Survey Report 2013.pdf](http://www.nbs.go.tz/nbs/takwimu/trade/International%20Visitors'ExitSurveyReport2013.pdf)

In 2013, only 17,000 Chinese tourists arrived in Tanzania as opposed to 70,400 British, 69,700 Americans and 27,000 Indians.

<sup>11</sup> *Xinbua*, 23 June 2006. The 2000 presidential election was marred by violence, intimidations and accusations of vote rigging; Mkapa was re-elected with a higher score (72 per cent) but the results were contested. Comparatively, the 2005 election was smoother although violence and disruptions took place as well, particularly in Zanzibar.



provision of a loan to rehabilitate the passenger cars of the TAZARA railway<sup>12</sup>. Since 2005, high level visits have intensified. President Kikwete travelled to China three times: in 2006, on the occasion of the third FOCAC; in 2008 and in October 2014 to celebrate the 50<sup>th</sup> anniversary of the establishment of diplomatic relations between the two countries. Chinese President Hu Jintao and his successor Xi Jinping made important visits to Tanzania, in 2009 and 2013 respectively.

The forms of China's co-operation with Tanzania have remained partly identical: when in Dar es Salaam, Hu inaugurated a US\$ 56 million sports complex largely funded by China. He also launched new initiatives like signing a US\$ 17.5 million agreement to finance investments in agriculture and another to send Chinese volunteers to Tanzania, a project that can be compared to the US Peace Corps (Shinn and Eisenman, 2012: 263). Since the 2006 FOCAC meeting, China's co-operation with Tanzania has largely focused on agriculture<sup>13</sup>. Beijing has further encouraged its entrepreneurs to trade with or invest in Tanzania: for example, in 2008, an unprecedented China-Africa business forum comprising 300 delegates was held in Dar es Salaam.

Chinese Minister of Commerce Chen Deming's visit to Tanzania in 2010 also confirmed China's intention to deepen its co-operation with the country. Chen signed four agreements, including a US\$ 180 million optic fibre deal and another one related to the construction of Zanzibar airport's second terminal worth US\$ 70 million. Similarly, in March 2013, Xi Jinping's visit signalled the go-ahead for the Chinese financing of a US\$ 10 billion port construction in Bagamoyo, due for completion in 2017 (the whole project will not be completed before 2025 for domestic political and financial reasons)<sup>14</sup>. On a visit to China in October 2014, Kikwete signed nine agreements related in particular to agriculture, the creation of industrial parks and finance. Moreover, in February 2014, both countries signed a bi-lateral Air Service agreement aimed at establishing direct flights between them and their airline companies and setting up a joint venture to strengthen regional aviation co-operation<sup>15</sup>.

As a result, it is fair to say that Kikwete has been satisfied with Tanzania's co-operation with China. In 2007, he went as far as to declare, in a clear reference to this country's "no strings attached policy", that it was easier to do business with China than the West because, "China does not ask many questions like the West do" (Kamata, 2014: 94). While this feeling may be shared by a number of African leaders, does this remark genuinely encapsulate the nature of Tanzania-China relations?

This partnership has remained very close and specific at a number of levels: party-to-party relations, foreign policy, defence co-operation and to some extent business. After his election in October 2015, the newly elected Tanzanian President, John Magufuli, declared to Zhang Ping, Vice-Chairman of China's National People's Congress, who represented Xi Jinping at his inauguration: "we should strengthen our bi-lateral relation with a view to helping Tanzania to achieve its development goal and enable me to fulfil my promise of improving the life standards of Tanzanians"<sup>16</sup>. A month later, Magufuli decided not to participate in the FOCAC in Johannesburg but to send his deputy, Vice-President Samia Suluhu Hassan,

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<sup>12</sup> Cablegate: Tanzania: Update on Trade and Cooperation with China, 9 March, 2007. Available at: <http://www.scoop.co.nz/stories/WL0703/S00592.htm>

<sup>13</sup> For instance, in December 2015 Cao Jiachang, the deputy director general of the department of West Asian and African Affairs in China's Ministry of Commerce, announced that Kenya, Ethiopia and Tanzania would benefit the most from the new Chinese economic policy that focuses on industrialisation and agriculture modernisation in the next two to three years. *The Citizen*, 23 December 2015. Available at: <http://allafrica.com/stories/201512231161.html>

<sup>14</sup> *Reuters*, 16 October 2015. Available at <http://af.reuters.com/article/kenyaNews/idAFI8N12G3FZ20151016>

<sup>15</sup> From China to Tanzania, travellers need to fly through Nairobi, Addis Ababa or Dubai. Available at: <http://www.eturonews.com/42807/tanzania-and-china-sign-new-bi-lateral-air-services-agreement>

<sup>16</sup> *The Citizen*, 7 November 2015. Available at: <http://www.thecitizen.co.tz/News/JPM-appeals-for-more-China-support/-/1840406/2946088/-/fygyat/-/index.html>



and a much smaller delegation (six members) than usual<sup>17</sup>. He preferred to take part in the Commonwealth summit held in Malta a week earlier and the Paris COP21 Conference on Climate. This symbolic choice tends to signal that in spite of the revival of Sino-Tanzanian relations since 2005, Tanzania's economic and political reforms have moved closer to countries that see China as a trade competitor, if not always a strategic rival. Magufuli also relies heavily on his foreign minister, Augustine Mahiga, Tanzania's former representative in the UN, and also his predecessor Kikwete, high African Union (AU) representative for Libya, who represented him at the AU Summit in Addis Ababa in January 2016. Magufuli's new diplomacy has attracted criticism but highlights his new priorities: economic integration particularly in the East Africa Community and domestic affairs (Minde, 2016).

### **3. TODAY'S TANZANIA-CHINA POLITICAL AND SECURITY PARTNERSHIP AND ITS LIMITS**

#### **3.1 CONTESTED PARTY TO PARTY RELATIONS**

Today, the CCM has kept strong ties with the CCP. Both parties regularly exchange high level visits and experiences, China's "success story" remains, at least on paper, a major source of inspiration for the CCM and Tanzania's reforms. For instance, in March 2013, a CCM delegation headed by Abdulrahman Kinana, secretary general of the Party, made a ten-day trip to China where they met Liu Yunshan, member of the Standing Committee of the CCP Politburo in charge of ideology and attended a seminar on China's political and economic reforms<sup>18</sup>. Here it should be noted that China has not tried to set up formal relations with Tanzania's other political groupings, not even the ones represented in the *Bunge* (National Assembly) such as the CHAMEDA (Party for Democracy and Progress) or the Civil United Front (Interview 6). The CCP may for example feel uncomfortable with the CHAMEDA, a party of centre-right (and anti-corruption) orientation that has also kept close relations with the US (its representative took part in the US Democrats' Convention), the EU or India (Interview 7). However, at the same time, Tanzanian opposition parties are not all critical of China; CHAMEDA is<sup>19</sup>; but, most of them also support a strong, and sometimes a stronger, "more aggressive" engagement with China (Interview 7).

On the Tanzanian side, the CCM-CCP relationship has remained a useful channel to reach out to China's top leaders and perpetuate a feeling of coziness with China's political elite. China is also taken as an example by the CCM to legitimise the current economic reforms in the name of "socialism" and its necessary adaptation to globalisation. On the Chinese side, this party-to-party relation is perceived as a useful tool to better penetrate and influence Tanzania's ruling elite and export China's development model, even if Chinese officials often argue that there is not such a model and each country should follow its own path.

In any case, CCM-CCP exchanges and co-operation seems to be more pro-actively promoted by China than by Tanzania, even if the CCM is far from being indifferent to its relationship with the CCP. For example, on 25 June 2014, when Chinese Vice-President Li Yuanchao met Philip Mangula, Vice-Chairman of CCM in Dar es Salaam, Li "raised a three point proposal to develop the two parties' relations. He called on the two parties to maintain a high level of communication and deepen mutual political trust, to expand cadres exchanges and intensify communication on governance experience and to

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<sup>17</sup> The new Tanzanian president has decided to dramatically cut expenses on official travels. *The Citizen*, 6 December 2015. Available at: <http://allafrica.com/stories/201512090299.html>

<sup>18</sup> *China Daily*, 22 March 2013.

<sup>19</sup> "China is morally bankrupted: all they need is oil and minerals." Available at: <http://chademadiaspora.blogspot.hk/2013/03/china-is-morally-bankruptall-they-need.html>

work together to hold multilateral activities to boost Chinese-African relations”<sup>20</sup>. Likewise, on 4 July 2014, both leaders met again at the University of Dar es Salaam and “discussed how socialism can survive the modern era”. Tanzanian academics taking part in this forum presented papers on the topic. Philip Mangula reiterated that Tanzania was a socialist nation drawing lessons from China, which he described as “a leading socialist country in the world”<sup>21</sup>.

These meetings and statements tend to underscore that both parties are trying to keep alive a fledgling relationship that has lost most of its substance. Besides, the CCM-CCP special relationship has been questioned, both by opposition parties and even some members of the Tanzanian government. For example, in September 2013, the presence of the Chinese ambassador Lu Youqing at a CCM political rally chaired by secretary general Abdulrahman Kinana in Kshapu, Shinyanga region, triggered a statement from the Tanzanian Ministry of Foreign Affairs and International Co-operation arguing that the Chinese ambassador had crossed the line and breached article 41(1) of the Vienna Convention of 1961, which requires that foreign diplomats keep off the domestic affairs of their host countries, political events included. Opposition party CHADEMA threatened to write a protest letter to the Tanzanian and Chinese governments as well as the UN if no action was taken against the diplomat. Similar incidents involving Chinese diplomats occurred previously in 2010 and 2012<sup>22</sup>. Reported in the local press, this incident shows that, because of Tanzania’s democratic environment, the CCM-CCP relationship is more contested today. Cadres exchanges and seminars will contribute to keeping both parties interacting and China influencing Tanzania’s ruling party elite. However, this relationship is more rooted in the past than in the future of the two countries’ relations.

### **3.2 WEAKENING FOREIGN POLICY AND GEO-STRATEGIC CONVERGENCES**

Today, the foreign policy and geo-strategic convergences between Tanzania and China have been weakening. While we can trace back the origins of this loosening partnership to the end of the Cold War, China’s rise and its growing competition with the US, including in Africa, has persuaded Tanzanian leaders, particularly since Kikwete, to rebalance their country’s foreign policy orientations.

It is clear that China is still today one of Tanzania’s key diplomatic partners. Also, China still considers Tanzania as one of its main diplomatic partners and geostrategic hubs in East Africa (Interview 3) as Alden and Alves indicate: “Tanzania is a strategically important partner for China given its location as an Indian Ocean gateway to mineral-rich southern Africa” (Alden and Alves, 2008: 51).

Nevertheless, as early as the end of the Cold War period, Tanzania gradually moved away from its anti-Western leanings, establishing a better balance among its main partners, the US, EU, China and India. Today, some members of the Tanzanian government still want to move more decisively eastward, not only towards China but also India, Japan and South Korea (Interview 3). Simultaneously, there have been repeated calls among the Tanzanian elite to co-operate more with the BRICS (Brazil, Russia, India, China and South Africa)<sup>23</sup>. Nevertheless, after Kikwete’s election in 2005, Tanzania started to actively strengthen its relations with the West, and particularly the US (Interview 5). At the same time, Kikwete decided to develop military co-operation with Germany and the US, moving partly away from Tanzania’s traditional arms suppliers such as China and more importantly Russia.

<sup>20</sup> Xinhua, 24 June 2014. Available at: <http://za.china-embassy.org/eng/znil/t1168704.htm>

<sup>21</sup> *The Citizen*, 25 June 2014. Available at: <http://tz.china-embassy.org/eng/ddbd/t1171663.htm>

<sup>22</sup> *The Citizen*, 17 September 2013. Available at: <http://www.thecitizen.co.tz/News/China-envoy-at-CCM-rally-irks-Chadema/-/1840392/1995274/-/item/0/-/ans27bz/-/index.html>

*The Citizen*, 18 September 2013. Available at: <http://www.thecitizen.co.tz/News/China-envoy-at-CCM-rally-irks-Chadema/-/1840392/1995274/-/item/0/-/ans27bz/-/index.html>

<sup>23</sup> Mkapa, B. 2014. Unscrambling Africa in the New Millennium. Speech given at Zhejiang Normal University. Available at: <http://bridgingthegreatwall.wordpress.com/2014/09/23/ask-not-what-the-foreign-nations-are-doing-for-africa/>

Conversely, the US has also established a stronger presence in Tanzania. Kikwete was the first African leader to meet with newly-elected President Obama in Washington DC in 2009. Obama actually pursued and consolidated a closer co-operation initiated by the Bush administration which, among other things, had set up in 2004 a large Millennium Challenge Corporation (MCC) grant, which has doubled US aid but also linked it to progress in political and economic freedom, rule of law as well as governance. Since 2006, Tanzania has benefited from this grant, signing in 2008 with the MCC a six-year and US\$ 698 million “compact” aimed at modernising its transport, energy and water sectors<sup>24</sup>. Since 2014, the MCC has developed other projects related for instance to improving public power utilities<sup>25</sup>.

In the same period, China’s Africa policy has expanded and diversified, reducing to some extent Tanzania’s privileged position. In Chinese leaders’ eyes, Kenya has emerged as a more important political and trade partner because of the weight of its economy, its higher standard of living and its regional influence (several significant regional organisations are based in Nairobi) (Shinn and Eisenman, 2012: 266-269; Onjala 2014). For example, it is not a coincidence that in 2006 Beijing decided to establish the African desk of its radio and television stations in Nairobi and to broadcast in English, Swahili and Chinese from there (Interview 10).

It is likely that China’s proposed development of ports (as in Bagamoyo) and supporting hinterland infrastructure on the East coast of Africa serves greater geo-strategic interests within Africa and the Indian Ocean. And since late 2013, these interests have been “repackaged” by Beijing in Xi Jinping’s “One Belt One Road” initiative, and particularly its “Maritime Silk Road” facet. Can we, however, consider these new ports as part of a “string of pearls” in which each pearl as “a nexus of Chinese geopolitical influence or military presence” (Pehrson, 2006: 3)? Is the economic and political rivalry between India and China as the twenty-first-century equivalent of the “great game”, whose contending sphere of influence includes the littoral states of the eastern Indian Ocean (Scott 2008: 2)?

As Anthony indicates:

“The broader market economic system in which China and Africa engage today entails that Chinese unfettered access to projects is complicated by the interests of multiple stakeholders. The Chinese presence has been exaggerated at the expense of other actors and thus, in any future conflict, it cannot be assumed that China will be able to mobilise this infrastructure in its interests. This has implications for the broader analysis of China’s growing presence in the Indian Ocean” (Anthony, 2013: 134).

In other words, in a multi-polar world and in view of the distance between the eastern coasts of the Indian Ocean and China (or even Burma where a pipeline from Kyaukphyu port to Yunnan’s Kunming was completed in 2013), it is doubtful that the People’s Liberation Army (PLA) would acquire in a foreseeable future the capacity to “orchestrate ocean surveillance and the long-range sea lines of communication (SLOC) defence missions necessary to safeguard its interests in the region” (Erickson, 2008: 670).

More pragmatically and in a shorter future, Bagamoyo and other infrastructure projects built by China in Tanzania will contribute both to decongesting the existing ports in the region (particularly Mombasa and Dar es Salaam) and getting an easier access to the raw materials that Beijing wishes to import (natural gas) from and the markets it hopes to reach in Eastern Africa, particularly in the Great Lake region.

The decision announced by China in November 2015 to open a dual use logistical base operated by the PLA Navy in Djibouti, a much more secure and strategically better located place where France, the US

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<sup>24</sup> Available at: <https://www.mcc.gov/where-we-work/program/tanzania-compact>

<sup>25</sup> Available at: <https://www.mcc.gov/where-we-work/country/tanzania>

and Japan already have military facilities, confirms also the overly economic and trade dimension of the Bagamoyo project<sup>26</sup>. Moreover, if in the longer run, Bagamoyo and other Tanzanian ports are used as supply or logistical bases for PLA navy ships cruising in the region, will this role be different from the ports (as Djibouti or Salalah) where the PLA ships involved in the anti-piracy operations in the Gulf of Aden make regular calls?

More generally, the Tanzania-China political and diplomatic relations lack depth and engagement. As indicated in a Tanzanian action plan in 2009, “interaction generally appears to be extremely formal” (quoted by Shinn and Eisenman, 2012: 263). China is a useful partner and alternative to Western aid and investments. As Former Tanzanian President Benjamin Mkapa declared in China in 2014:

“China’s relations with the Western countries in the African market should be competitive... China should not be seen as collaborating with them [Western countries] to stifle Africa’s efforts to lift its people from poverty and disease”<sup>27</sup>.

In other words, as for other African countries, it is in Tanzania’s interest that the West and China (or other emerging economies) continue to compete and probably avoid co-ordinating their aid programmes<sup>28</sup>. Likewise, it is also in its interest to keep a diplomatic and geostrategic balance between the two groups of nations. As Shinn and Eisenman indicated, the Tanzanian government “understands the potential risk in a monopoly position for Chinese contractors and unfavourable deals tied to Chinese assistance” (2012: 263). However, this potential risk looks more and more remote today, even if Tanzania-China military co-operation has intensified since 2000.

### **3.3 AN ENHANCED MILITARY CO-OPERATION**

Rooted in the history of their bi-lateral relations, military co-operation between Tanzania and China has intensified in the 2000s and particularly since 2010. In the last decade, Tanzania has been one of China’s major clients in terms of arms sales to Africa (US\$ 399 million from 2000 to 2015 and 13 per cent of China’s total arms sales to Africa), behind Algeria (US\$ 438 million) and Egypt (US\$ 424 million), and its first in Sub-Sahara Africa (SIPRI, 2015). Chinese arms sales to Tanzania have increased in the last few years (US\$ 352 million in 2009-2015, 17 per cent). Moreover, Beijing is involved in ambitious military infrastructure and communication projects. However, Tanzania has started looking for military co-operation with other countries, such as the US or Germany which have contributed to reducing China’s influence on the Tanzania People’s Defence Forces (TPDF) (Kalu and Kieh, 2014).

Military co-operation between Dar es Salaam and Beijing goes back to the creation of Tanzania in 1964, and even to the eve of Tanganyika’s independence in 1961. In the 1965 Sino-Tanzanian Friendship Treaty, there was a (secret) clause related to military co-operation (Yu, 1970: 62-66). The same year, Tanzania put an end to its military co-operation with Canada and turned to China which became its main arms provider (tanks, gunboats and Mig-17 fighters) and helped it to build a naval base in Dar es Salaam and an air base in Ngerengere, outside of the capital city. Tanzania then became a logistical base for China’s support to rebel or independence movements in Mozambique, Burundi, Rwanda, Congo (Kamata, 2014: 91).

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<sup>26</sup> *The New York Times*, 27 November 2015.

<sup>27</sup> Mkapa, B. 2014. Unscrambling Africa in the New Millennium. Speech given at Zhejiang Normal University Available at: <http://bridgingthegreatwall.wordpress.com/2014/09/23/ask-not-what-the-foreign-nations-are-doing-for-africa/>

<sup>28</sup> Actually, there is not much co-ordination between China and other donors; one of the few exceptions was the joint study visit and report by DAC and Chinese experts on Tanzania Agricultural developments and the role of co-operation partners (in the Morogoro region) (China-DAC study Group created in 2009, 2011).

Although in the mid-1970s, taking advantage of the Sino-Soviet conflict and growing competition in Africa (as well as Moscow's then more attractive offers), Tanzania started to import more weapons from the Soviet Union. China's military assistance has continued until today, picking up again after the end of the Cold War and the collapse of the Soviet Union (SIPRI, 2015). This co-operation has always had three main well-known forms, shared by many African countries: exchange of visits, personnel training and arms supplies.

While TPDF commanders or high officials' visits to China has been quite regular since 1964, it was only in 1974 that the first PLA delegation, headed by a deputy chief of staff, travelled to Tanzania. Chi Haotian was the first Chinese Minister of Defence to visit this country in 1994 and Cao Gangchuan the second in 2005<sup>29</sup>. Since then, visits of exchange have intensified. For example, in May 2010, Chen Bingde, PLA chief of the General Staff, meeting with Tanzanian Minister of Defence Hussein Ali Mwinyi at the headquarters of the People's Defence Forces in Dar es Salaam, praised "brotherhood friendship" between both militaries and both countries<sup>30</sup>.

In the early 2000s, the PLA Navy ships started to visit Tanzania. It sent its first naval fleet formation to Africa in 2000, calling at Dar es Salaam. China's participation in the anti-piracy operations in the Gulf of Aden has contributed to increasing the frequency of these visits. In March-April 2011, two missile frigates, the Zhoushan and the Xuzhou, of the PLA Navy Seventh Escort Task Force, commanded by rear admiral Zhang Huachen, also deputy commander of the East China Sea Fleet of the PLAN, took advantage of their port call in Dar es Salaam to conduct military diplomacy activities, such as donations of materials to schools and training of Tanzanian military<sup>31</sup>. This was preceded a few months earlier by the visit of the PLA's main Hospital ship, the Peace Ark (*Heping zhi zhou*), which offered free medical consultation to a few hundred Tanzanian patients<sup>32</sup>. These visits have triggered some anxieties among Western nations, particularly the US that understands them as part of a Chinese willingness to establish military bases in warm sea ports (Interview 5). However, what the PLA Navy is wishing to secure in the foreseeable future are port calls, resupply and "rest and relaxation" (R&R) facilities for its personnel, services that Djibouti more than Dar es Salam or tomorrow Bagamoyo can better provide.

Training has also intensified, particularly since 1997, when exchanges of military delegations started to increase again. As of 1978, 1,000 Tanzanian military personnel have been trained in China (Shinn and Eisenman, 2012: 259-260). Today, however, Beijing claims that the same number of Tanzanian officers receives training in China every year (Interview 6).

In the 1990s China's armament supplies to Tanzania mainly constituted light weapons or donations. Since the early 2000s, the TPDF have started (again) to buy heavier equipment, such as transport aircrafts (two Yun-8F 200) in 2002 and Armoured Personnel Carriers in 2005. This trend has accelerated since then, including 30 tanks 59G in 2007, 14 fighter aircrafts F-7MG in 2008 and 6 training/combat fighters K-8 (Karakorum) in 2010 (SIPRI, 2015). Also, in April 2015, President Kikwete commissioned two navy ships built by China's Poly Technologies; their mission is to enhance the fight against illegal fishing and piracy<sup>33</sup>.

China has also been involved in the construction of military infrastructures such as the National Defence College built by a Chinese company, financed by both governments and handed over to the TPDF in January 2011 (Kamata, 2014: 96). And in 2015, it funded two projects aimed at improving the Ngerengere

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<sup>29</sup>Available at: <http://www.china.org.cn/english/features/wenjiabaoafrica/171391.htm>

<sup>30</sup> *Xinhua*, 31 May 2010.

<sup>31</sup> *PLA Daily*, 28 March 2011, *Xinhua*, 2 April 2011.

<sup>32</sup> *Xinhua*, 24 October 2010.

<sup>33</sup> News Ghana, 29 April 2015. Available at: <http://www.spyghana.com/tanzanian-president-commissions-2-new-navy-ships/>



Air Force base in order to equip it with the capacity to receive large passenger planes whenever there is an emergency at the Julius Nyerere International Airport in Dar es Salaam<sup>34</sup>.

More importantly, later in 2011, China accepted to finance with a concessional loan of US\$ 64 million from the Export-Import (Exim) Bank the establishment of an Independent Secured Mobile Network Project under the Ministry of Defence and National Service. This project aims to lower communication costs and link all defence forces with modern and secured communication network as well as allowing sharing of information<sup>35</sup>. Beijing's direct involvement in the establishment of secured communication in the TPDF has been the cause of multiple speculations in the Western diplomatic community based in Dar es Salaam (Interviews 4 and 5). It is worth noting that the Chinese Embassy in Tanzania does not have a defence attaché: again, informed sources claim that, the PLA being directly represented by unknown number of officers in the TPDF, there is not such a need (Interviews 4, 5 and 6).

Since the early 2000s, Tanzania has tried to diversify its arms suppliers, getting weapons or military equipment from Ukraine and Western countries such as the UK, Germany, Italy (IVECO transport vehicles, helicopters), the US (patrol boats) and for light weapons, South Africa. Some of the equipment is donated. However, volumes have remained small according to UN data<sup>36</sup>. The TPDF have in addition maintained a small co-operation with Cuba and North Korea (Interview 5). The American government has also been involved in military personnel training. The US is willing to give Tanzania a role in Africom, organising joint exercises with East African countries and training Tanzanian soldiers for UN Peace-Keeping Operations or anti-piracy and anti-terrorism missions (Interview 8).

Some observers argue today that for its defence also, Tanzania has moved closer to the US than China. Nevertheless, Beijing has remained Tanzania's top weapons suppliers—92 per cent of its imports in value between 2000 and 2015 and over 99 per cent between 2009 and 2015 (SIPRI, 2015)—and has clearly intensified its military co-operation with Dar es Salaam, creating an obvious tension with Tanzania's foreign policy and geo-strategic priorities since the early 2000s. But China's cheaper armament and more generous military co-operation is likely to perpetuate with mismatch in the foreseeable future.

## **4. ECONOMIC RELATIONS: CHINA AS A BIG PLAYER AMONG SEVERAL**

### **4.1 BILATERAL TRADE: A NORTH-SOUTH PATTERN**

When China and Tanzania began their economic relations in the early 1960s, Tanzania, with a population of 11 million, was an agriculture-based economy with a per capita income - in purchased power parity - was twice as large as China. Thus, political considerations were not the only motivations for China's entry in Africa. While China's manufacturing production was 5 times larger than sub-Saharan Africa according to UN Industrial Development Organisation (UNIDO) statistics in 1965, its manufacturing product exports were one third of sub-Saharan Africa's. Thus, Chinese traders were eager to compensate their trade deficit with industrialised countries by running a trade surplus with developing countries where they exported industrial products<sup>37</sup>.

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<sup>34</sup> *Tanzania Daily News*, 22 October 2015. Available at: <http://allafrica.com/stories/201510220376.html>

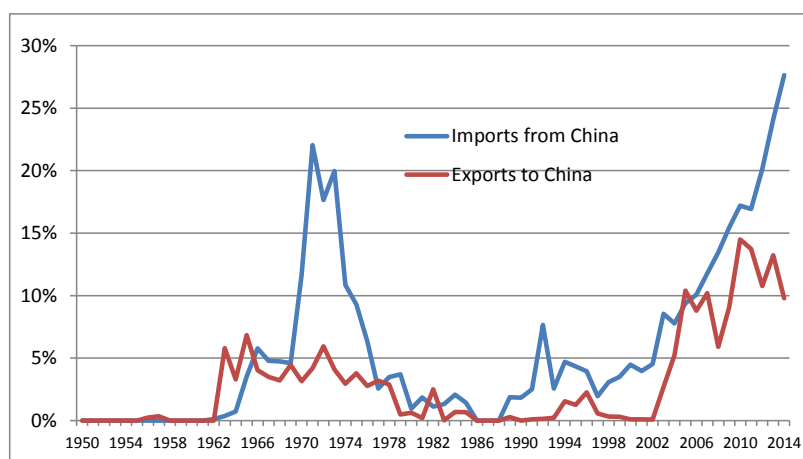
<sup>35</sup> *Daily News*, 22 November 2011.

<sup>36</sup> US\$ 1.5-1.6 million of arms and ammunitions each year in 2012-2014, most them bought from the US (US\$ 1 million) and far behind the Czech Republic, Italy, South Africa and the United Kingdom (UK). Available at: <http://comtrade.un.org/data/>

<sup>37</sup> Between 1967 and 1970, 6 per cent of Chinese manufactured exports went to Africa (according to Chelem Cepii database) – twice as much as in 2012.



**Figure 1. Tanzania trade with the PRC (share of imports and exports) from 1950 to 2014**



Source: data.imf.org

By 1957, China had established trade relations with Nigeria, Ghana, Ethiopia and Tanganyika (Ogunsanwo, 1974: 37) and pressed Dar es Salaam for the creation of an economic mission (Chau, 2014) to manage its aid linked activities. During his “African Safari”, Zhou Enlai praised Chinese road building expertise and in 1964, China organised a construction exhibition in Algiers, Accra and Dar es Salaam. China seized the opportunity created by the Western rebuttal of Zambian demand for a railway link between Kōpi Mōshi, in the Copper Belt, and Dar es Salaam to propose to finance the TAZARA railway—similar in size to the Soviet-built Aswan Dam in Egypt<sup>38</sup>, as well as projects in agriculture, mining, social services, infrastructure and several industrial ventures (Song, 2015). China invested at a time when Western and Japanese firms exported to, rather than invested in, Tanzania, which had adopted the Foreign Investment Act in 1963 (Wangwe et al., 2014)<sup>39</sup>. At that time, the local content of Chinese aid projects was financed through the proceeds of Chinese goods sold on credit to state-owned enterprises (SOEs) and Tanzania was China’s most favoured partner (Shi and Hoebink, 2013). According to Wilson (1965), Tanzania enjoyed a trade surplus with China during the early sixties which disappeared during the construction of the TAZARA onwards. Between 1972 and 1974, the Chinese share of Tanzanian imports surged to over 20 per cent according to IMF direction of trade statistics (Figure 1) and it rapidly diminished to 5 per cent at the end of the 1970s.

As Tanzania’s growth slowed down in the 1980s, its trade with China went into a low tide. Since 2000, even though the bi-lateral trade has grown forty-fold<sup>40</sup>, China remains the third largest exporter to Tanzania after India and Switzerland and China’s share of Tanzanian exports is only 7 per cent<sup>41</sup>.

<sup>38</sup> The TAZARA is the largest infrastructure project ever built by China in Africa. Although its construction was a technical prowess, its running has been an economic failure as the Chinese did not achieve their goal of training and supervising enough African technicians to take over the management after their departure. It continued to rely on Chinese assistance and experts. Since 2014, the railway is no longer international as passenger trains do not cross the Zambian - Tanzanian border.

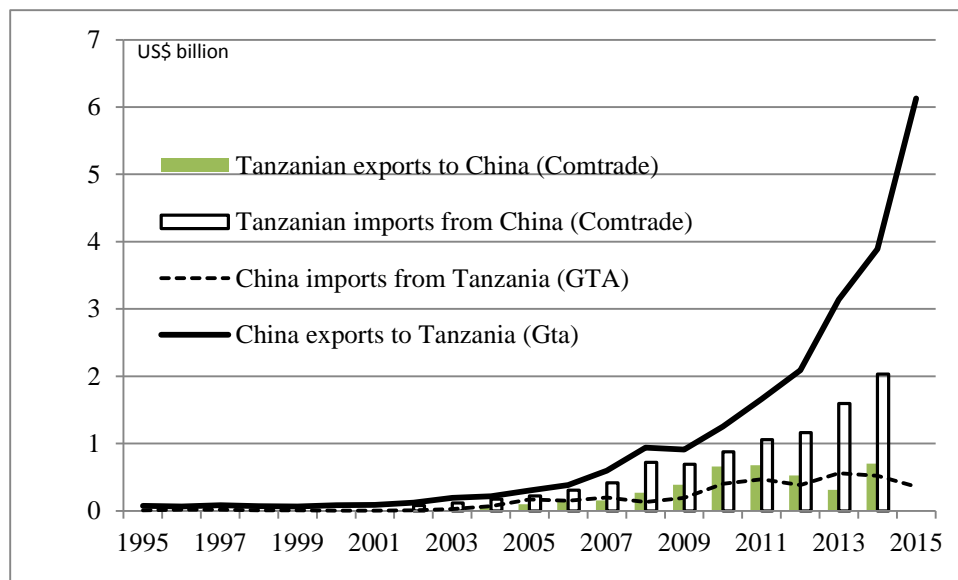
<sup>39</sup> “African countries wooing foreign investment are losing their initial euphoria and beginning to learn several hard lessons that have little to do with politics. Foreign investors are primarily interested in selling goods, including capital equipment, or in obtaining raw materials (..) When talking trade with African countries, foreign missions and businessmen may drop carrot hints about investment”, “Blacker than it looks”, *The Economist*, 18 sept 1965. In contrast Tanzania-China Friendship Textile Corporate Ltd was one of the largest textile mills in East Africa, with more than 2,000 workers. It ran into major difficulties in the 1990s because of the economic downturn and Chinese import competition.

<sup>40</sup> According to Global Trade Atlas statistics, China-Tanzania trade increased from US\$ 0.09 billion in 2000 to US\$ 3.8 billion in 2014 (6 month annualized).

<sup>41</sup> Since some Chinese goods transit through Dubai and South Africa, Chinese market share (12 per cent) is probably higher.

According to Global Trade Atlas (GTA) statistics - different from Comtrade's - while China's exports to Tanzania kept increasing rapidly in 2015 (Figure 2), Chinese imports from this country decreased as China's growth slackened and price of commodities fell. Like most non-oil African countries, Tanzania runs a structural trade deficit with China, its second largest after India, which represents 4 per cent of the Tanzanian GDP.

**Figure 2. China-Tanzania trade in US billions**



Sources: [www.gtis.com/gta](http://www.gtis.com/gta) ; [www.trademap.org/tradestat/Country\\_SelProductCountry\\_TS.aspx](http://www.trademap.org/tradestat/Country_SelProductCountry_TS.aspx)

China-Tanzania trade structure has a typical North-South pattern as China exports manufactured goods and imports natural resources. According to the UNIDO competitiveness report (2012), this bias increased in the 2000s as the share of Tanzanian manufactured exports diminished. However, this cannot lead to the conclusion that the “primarisation” (domination of primary sector products) of Tanzanian exports to China, as in the same period of time their total value has strongly increased.

A four digit disaggregation of Tanzanian exports show that their primary nature increased between 2002 (average 2001-2003) and 2013 (average 2012-2014): among the 10 largest items - which account for 91 per cent of Tanzanian exports to China - the share of manufactured and processed goods decreased from 12 per cent to nil, while that of metal products increased to 50 per cent.

**Table 1. Tanzanian exports to China (10 largest items)**

	av 2001-2003		av 2012-2014
Cotton, not carded or combed	45%	Oil seeds	28%
Wood in the rough	20%	Precious metal ores and concentrates	35%
Sisal & other tex fibres	12%	Copper ores and concentrates	19%
Fuel wood; wood in chips	4%	Fixed vegetable fats & oils	3%
Fish fillets and pieces	3%	Jute & other textile	2%
Carboy, bottle & other container	2%	Wood sawn/chipped	1%
Cashew nuts & coconuts	2%	Waste, parings and scrap	1%
Wood sawn/chipped	1%	Leather of bovine/equine	1%
Plastic packing goods	1%	Coconut, abaca, ramie fibers	0%
Precious & semi-precious	1%	Other furniture and parts	0%

Source: [www.trademap.org/tradestat/Country\\_SelProductCountry\\_TS.aspx](http://www.trademap.org/tradestat/Country_SelProductCountry_TS.aspx)

The structure of Tanzanian imports from China is less concentrated. However, they are dominant in the Tanzanian market. A comparison of the 10 largest items shows that equipment and durable goods have gained ground at the expense of consumer goods and semi processed products. Chinese market share is over 50 per cent for several items: over two third of imported motorcycles and 80 per cent of imported pipes are Chinese (Table 2).

As elsewhere in Africa, textile firms, including the Friendship Textile Corp., suffered from Chinese imports competition which increased four-fold to represent 45 per cent of Tanzanian textile and leather imports (Rutaiwa and Mkwawa, 2011): Chinese competition has probably contributed to the slowing down of textile production in which indices fell from 271 in 2006 to 186 in 2011 (index 100 in 1985)<sup>42</sup>. According to the revised National accounts statistics published in November 2014, the share of manufacturing value added in GDP (7 per cent) has hardly changed since 2002.

<sup>42</sup> While Tanzania is eligible to the African Growth and Opportunity Act (AGOA), its industry has hardly used this facility, and it has not suffered from Chinese competition on the US market when world textile trade was liberalised.

**Table 2. Structure of 10 largest Tanzanian imports from China (2002 and 2013)**

	2002		2013		
	Import from China	Chinese Import market share	Import from China	Chinese Import market share	
<u>All products</u>	<u>100%</u>	<u>4,70%</u>	<u>All products</u>	<u>100%</u>	<u>13%</u>
Knitted netting	6%	74%	Tubes, pipes	14%	92%
New pneumatic tires	6%	23%	New pneumatic tires	5%	49%
Hand tools for agriculture	6%	94%	Motorcycles, side-cars	4%	67%
Trunks,suit-cases,handbags	4%	75%	Bars & rods of iron	4%	65%
Parts of motorcycles	4%	36%	Trailers & semi-trailers;	3%	55%
Footwear	3%	64%	Glazed ceram flags	3%	81%
Bicycles	3%	72%	Tractors	3%	22%
Automatic data processing	2%	7%	Electric for telephony,	2%	24%
Carboxyamid-compound	2%	71%	Trucks, motor vehicles	2%	12%
Twine, cordage	2%	59%	Fertilizers,	2%	28%
<u>Sub-total</u>	<u>39%</u>		<u>Sub-total</u>	<u>41%</u>	

Source: [www.trademap.org/tradestat/Country\\_SelProductCountry\\_TS.aspx](http://www.trademap.org/tradestat/Country_SelProductCountry_TS.aspx)

## 4.2 INVESTMENTS: FROM LOW TO HIGH PROFILE

After Tanganyika's independence, European companies, as well as East African entrepreneurs of Indian origin, dominated the industrial landscape in textile, tobacco and durable goods assembly as well as cement and tyres. While the Foreign Investment Act (1963) failed to attract investors, the Arusha Declaration (1967) signified the end to low level direct regulatory control and the reliance on foreign investors (Wangwe et al., 2014). Foreign ownership of production was limited to rather unsuccessful joint ventures with SOEs.

Foreign Direct Investment (FDI) in Tanzania picked up in the 2000s and has averaged US\$ 1.8 billion per year since 2010; moreover, according to UNCTAD (2015), its stock, US\$ 17 billion in 2014 - three times that of Kenya - is the largest in East Africa. Tanzanian Investment Centre (TIC) data<sup>43</sup> show that South Africa, the UK and Canada account for 70 per cent of inflows. In 2013, Singapore was the largest investor, as its sovereign wealth fund (Temasek) bought a 20 per cent share (for US\$ 1.3 billion) in Tanzania's gas fields (UNCTAD, 2014: 19)<sup>44</sup>.

While according to TIC, Chinese presence is rather modest, Chinese data suggest that China may rank among the largest investors in 2014:

- According to TIC, China is a minor investor in Tanzania as inflows averaged US\$ 5 million per year between 2005 and 2010 and the Chinese presence was made of 140 enterprises and a cumulative investment of US\$ 200 million.

<sup>43</sup> While all companies, local and foreign, must be registered at the Business Registration and Licensing Agency (BRELA), companies registered in the TIC roster are those which hold Certificate of Incentives.

<sup>44</sup> In 2012, Barrick Gold, the world's biggest gold producer with four mines in Tanzania, considered selling its 74 per cent stake in its Tanzanian operation to China National Gold and the Zijin Mining Group – both state owned. Talks ended, unsuccessful, six month later, "African Barrick Gold's China talks end", *Financial Times*, 8 January 2013.

- According to Beijing's Ministry of Commerce (Mofcom) data, with investment rising from US\$ 700 million in 2011 to US\$ 2.1 billion in 2013, China could be the largest foreign investor. An alternative source is provided by the China global tracker database<sup>45</sup> which documents Chinese equity financed projects over US\$ 100 million. This source lists only two Chinese projects: a US\$ 150 million by the Yuemei Group<sup>46</sup> which boasts that it will transform the Tanzania-China Friendship Textile Co Ltd into the largest textile firm in Africa; and a US\$ 2.4 billion project by Sichuan Hongda, a subsidiary of Hanlong, a group of dubious reputation<sup>47</sup> which was awarded the exploitation of a thermal coal mine and iron mines in the Ruhuhu Valley near Lake Malawi, in addition to building a 600 MW power plant. The mines are expected to produce up to 3 million tons a year each. As required by the law, the State National Development Corporation must at least own a 20 per cent stake, a share that may increase to 49 per cent. These mining projects have been contemplated for many years: their deposits were surveyed in the 1950s and by China in the early 1970s<sup>48</sup> and, as the TAZARA was being built, the Tanzanian State Mining Company pushed for the construction of railway lines joining these sites to the TAZARA line<sup>49</sup>.

As the price of iron ore has collapsed and the slowdown of Chinese economy has raised doubts regarding the future of Chinese steel consumption, which could be less important than previously thought (Chaponnière 2013), this project looks very uncertain. Nevertheless, it seems that construction of the Mchuchuma coal mine and the Liganga iron ore mine projects could start in 2016<sup>50</sup>. If this is the case, the huge capital intensive project will enhance Tanzania's primary specialisation, even more so since, so far, the hope created in 2006 by the FOCAC proposal to establish Special Economic Zones (SEZs) in this country has failed to materialise<sup>51</sup>.

### 4.3 USING TANZANIA AS A MANUFACTURING HUB?

Chinese SEZs were intended to promote industrialisation in Africa, and to encourage export oriented labour intensive investment as it is the case in Ethiopia where China invested in foot wear and garments. Nominal labour costs in Tanzania are two to three times lower than in China<sup>52</sup> and with Chinese wage increases and the yuan appreciation, this gap will probably deepen: Tanzanian labour costs are close to Indonesia or Vietnam, two countries which attract investors from either China or other Asian countries. However, lower productivity outweighs the labour cost advantage: a comparison of the physical productivity (units per man) in three labour intensive industries, by a World Bank study (2011), concluded that Tanzanian unit costs are near those of Vietnam for T-shirts, and higher than China and Vietnam for three other products (leather loafers, wooden chairs and crown corks). One should add the logistical costs which are much higher in Tanzania. More recently, a survey of Chinese firms concluded that the lack of a qualified labour force was the main constraint for labour intensive investment in Tanzania (Kweka and Lu, 2013). While Chinese enterprises may be reluctant to invest in Tanzania to export, they will more probably invest to enter the local market where Chinese goods compete with Indian goods. Thus, as Bajaj

<sup>45</sup> Consulted at <http://www.heritage.org/research/projects/china-global-investment-tracker-interactive-map>, August 20 2014. As these projects necessitate some years to be implemented, they may be considered as "leading indicators" which underestimate the number of investments as the majority of Chinese firms are small and medium sized (UNCTAD 2014).

<sup>46</sup> This group which has 16 companies in Africa, plans to invest about US\$ 500 million in the construction of an industrial and trade park in Tanzania.

<sup>47</sup> Liu Han former chief of the Hanlong Group has been charged with 15 crimes including the murders of nine people, assault, blackmail, operating casinos and organizing a mafia-style gang. Sichuan Hongda, launched an unsuccessful bid for an Australian iron ore company (Sundance Resources) in 2011.

<sup>48</sup> Nordiska Afrikainstitut, 1980, *Bibliography of the Mineral Resources of Tanzania*.

<sup>49</sup> Steve Curry. 1978. Prices, exchange rates, and the hotel sector in Tanzania, 1967-77. Economic Research Bureau, University of Dar es Salaam, p43 p.; Kasuka S. Mutukwa. 1977. Politics of the Tanzania-Zambia rail project: a study of Tanzania-China-Zambia relations. University Press of America.

<sup>50</sup> According to the *Guardian*, 25 December 2015.

<sup>51</sup> According to the American Enterprise Institute, Chinese cumulated investments amounted to US\$ 8.48 billion in 2016. However, this source includes all investments, including in the infrastructure sector and refers to contractual investments rather than actual investment, Available at: <https://www.aei.org/china-global-investment-tracker/>

<sup>52</sup> The average cost of unskilled labour is in the range of US\$ 100-200 per month in Tanzania, compared to US\$ 400 - 500.

invested to assemble motorcycles in Tanzania, Guangzhou Fekon has announced plans to set up a motorcycle plant<sup>53</sup>.

#### 4.4 BUILDING INFRASTRUCTURE

China's main involvement in Tanzania concerns infrastructure. In 2013, as the government had just published its plan to develop the ports of Dar es Salaam, Mtwara and Tanga, the China Merchant Group (CMG) proposed to build a large port—25 times the size of Dar es Salaam—in Bagamoyo able to handle 20 million containers a year (as opposed to Dar es Salaam's 800,000), an export processing zone and a new city (Balile, 2013; Anthony, 2013: 136). The agreement for this US\$ 10 billion project was signed during Xi Jinping's visit in March 2013. Work started in 2014. When completed, Bagamoyo may eventually become the largest port on the east coast of Africa. Building Bagamoyo harbour will increase Tanzanian attractiveness as Dar es Salaam is a major bottleneck. In early 2016, some reports indicated a suspension of the Bagamoyo project and a renewed priority for improving the ports of Dar es Salaam and Mtwara, which is located close to the newly found natural gas fields. The Bagamoyo project has been obviously slowed down due to criticism of Tanzania's political opposition and the need to compensate local people who had been forced to move. However, the Bagamoyo project has not been halted, let alone abandoned and has gained recent momentum after the government of Tanzania, China and Oman (which is also funding this project) signed a memorandum of understanding in October 2015<sup>54</sup>.

In October 2014, Tanzania announced the signing of investment deals with China worth more than US\$ 1.7 billion, including plans to build a “satellite city” to ease congestion in Dar es Salaam and US\$ 85 million in grants and zero-interest loans from China for unspecified projects. According to figures from the China Business Network, China's total direct investment in Tanzania soared from US\$ 700 million in 2011 to US\$ 2.1 billion in 2012, with investments focused on railways, ports, buildings, road construction, gas pipelines and wind power farms<sup>55</sup>.

In an interview<sup>56</sup>, the Chinese ambassador said out of 10,000 km of tarmac road built in Tanzania, Chinese contractors built 6,000 km at the cost of US\$ 600,000 per km as opposed to US\$ 1 million charged by European companies. As elsewhere in Africa, Chinese contractors have overtaken local and Western companies in winning major contracts.

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<sup>53</sup> Chinese Motorcycle Company Plans New Plant in Tanzania, *TanzaniaInvest.com*, 28 December 2013, Available at: <http://www.tanzaniainvest.com/industry/chinese-motorcycle-company-plan-new-plant-in-tanzania>

<sup>54</sup> *The East African*, 8 January 2016. Available at: <http://allafrica.com/stories/201601081282.html>

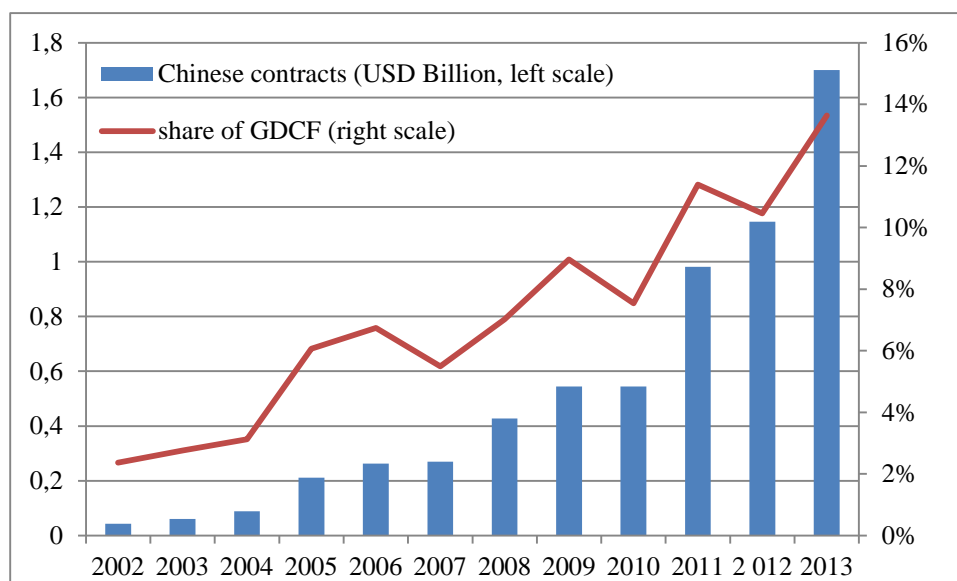
*The Citizen*, January 9 2016. Available at: <http://allafrica.com/stories/201601090047.html>

<sup>55</sup> Available at: <http://www.out-law.com/en/articles/2015/october/tanzanias-president-commissions-chinese-backed-natural-gas-pipeline->

<sup>56</sup> Quoted in “How the Chinese win lucrative deals”, *The Citizen*, 14 August 2014.



**Figure 3. Tanzania: Chinese contracts in billion US\$ and as a share of Gross Domestic Capital Formation (GDCF)**



Sources: Mofcom & Chelem CEPPII database<sup>57</sup>

According to Mofcom data, the amount of international contracts won by Chinese companies in Tanzania rose from US\$ 0.3 billion in 2003 to US\$ 1.7 billion in 2013. They represent a significant percentage (12 per cent in 2013) of Tanzanian gross domestic investment (see Figure 3). The announcement in June 2015 of the conclusion of a rail contract between the Tanzanian Transport Ministry and China Railway Materials (CRM) amounting US\$ 9 billion and aimed at linking Dar es Salaam to the country's western border and particularly the Kigoma SEZ (2,600 km), will potentially strengthen China's position in the infrastructure sector and in this SEZ<sup>58</sup>. Among the advantage enjoyed by Chinese contractors there is their availability to offer a "package" which includes financing.

#### **4.5 FINANCE: CHINA AS A FREE RIDER?**

In November 2006, a former World Bank vice-president accused China of following a "free rider" strategy by lending to African countries that had been granted debt relief through the Heavily Indebted Poor Countries (HIPC) initiative<sup>59</sup>. By offering new credit which increases African debt, Chinese involvement could provoke a new debt crisis. In the case of Tanzania, the HIPC initiative reduced external debt from 160 per cent of GDP in 1995 to 29 per cent in 2006. In 2012, this ratio rose to 36 per cent as external debt has increased by US\$ 7 billion since 2000. According to Tanzania Ministry of Finance bulletin, disbursement of Chinese loans increased from US\$ 299 million in 2010, to US\$ 743 million in 2012 and US\$ 1.4 billion in 2015: cumulative disbursement reached over US\$ 4 billion (2010-2015) while during the same period total disbursement by official lender stood at US\$ 8.3 billion (Figure

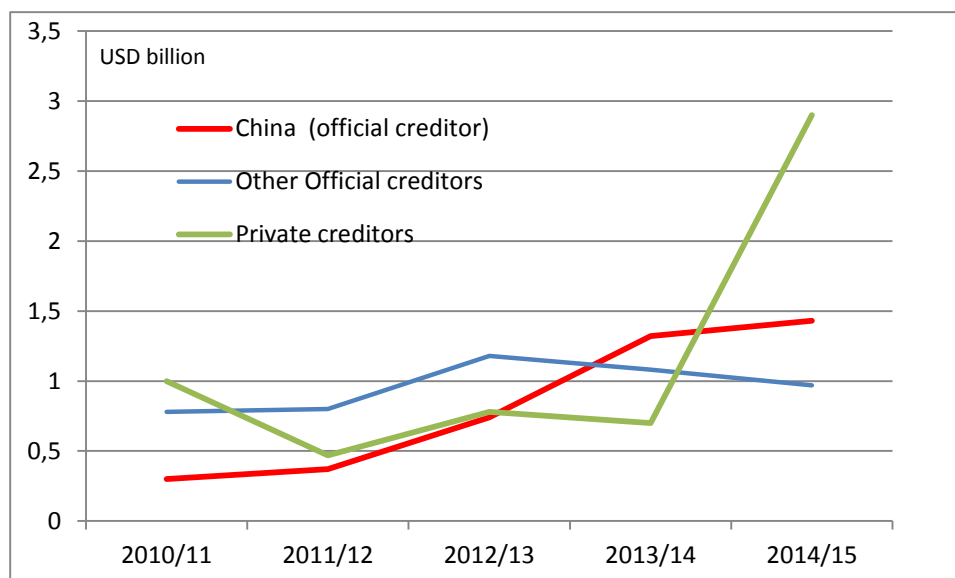
<sup>57</sup> Chelem: Comptes Harmonisés sur les Echanges et l'Economie Mondiale (International Trade Flows, Balances of Payments and World Revenues), [http://www.cepii.fr/cepii/en/bdd\\_modele/presentation.asp?id=17](http://www.cepii.fr/cepii/en/bdd_modele/presentation.asp?id=17); CEPPII: Centre d'études prospectives et d'informations internationales. Available at <http://www.cepii.fr/CEPII/en/welcome.asp>

<sup>58</sup> *Global Construction Review*, 4 June 2015. Available at: <http://www.globalconstructionreview.com/markets/chinese-firms-wi8n-9bn-tanzanian-rail-sch6eme/>

<sup>59</sup> *Financial Times*, 1 November 2006.

4). In addition to China Exim Bank, Beijing's major official lender<sup>60</sup>, private lenders, China's ZTE has made a US\$ 300 million loan for financing telecom projects in Tanzania.

**Figure 4. Public sector external debt, disbursement by lender**



Source: Tanzania's Ministry of Finance, Public sector debt bulletin no15

Outstanding Tanzanian external debt increased from US\$ 7.8 billion (2010) to US\$ 19 billion by September 2015. Thus, China's share of this increase is significant (around one third) and its share of outstanding external debt should be around 20 per cent, knowing that there are lingering doubts on Tanzania's external debt data and discrepancies between sources (Chauvin 2012). The significant rise in debt service payments from 3 per cent to 8 per cent of total public expenditure cannot be explained by China's "free rider attitude": Chinese loans are considered as semi-concessional by the Tanzanian Ministry of Finance as their conditions are rather favourable: Libor plus 200 bps interest rate, a 5 year average grace period and a maturity of 25 years.

Since the early 2000s, Tanzania's economic relations with China have expanded but its dependence upon the world's second economy has been reduced. Trade relations have increased dramatically and become more asymmetrical. However, China is not Tanzania's major trade partner. Beijing is involved in a growing number of infrastructure projects but it is not among Tanzania's top foreign investors, even if the statistics may underestimate the amount of Chinese FDI. In addition, China is somewhat distracted in trying to keeping afloat some of the most symbolic projects launched in the socialist era, such as the TAZARA<sup>61</sup>. China did contribute to increasing Tanzania's external debt but in less proportion than in the

<sup>60</sup> Between 2010 and 2015, China Exim bank provided loans to finance various projects, ranging from building a convention centre to a government information system. The Exim Bank accompanied the entry of Huawei into the Tanzanian market with a US\$ 100 million loan in 2010. In 2012, the Chinese government signed loan agreements amounting to US\$ 573.3 million of which US\$ 245 million was for the construction of a 535 km gas pipeline which had been turned down by other countries. In 2012-13 it provided a US\$ 920 million loan contracted to build the new gas pipeline between Mtwara and Dar es Salaam which will bring low-cost natural gas from shallow water offshore reserves to the Dar es Salaam area. In 2014, the Exim Bank has provided US\$ 136 million in loan to set up part of a wind power project (50 MW).

<sup>61</sup> In October 2015, China's Ambassador to Zambia, Yang Youming said that "the three governments China, Tanzania and Zambia are still discussing together on how best to bring the railway line to life and make it run profitably, although it may take some time to arrive at lasting solutions to the challenges facing the railway." *Daily News*, 14 October 2015. Available at: <http://www.dailynews.co.tz/index.php/business/43171-china-partners-still-keen-to-revive-tazara>; a month later, China lent Zambia and Tanzania US\$ 22.4 million to buy locomotives and

case for other East African countries, notably Ethiopia. Overall, China has gained influence in Tanzania through trade in goods and services (construction), and Chinese investment will probably increase. However, it is only one big player among several, and far from being the major one.

## 5. EDUCATION AND CULTURAL EXCHANGES: A LATE AND STILL MODEST DEVELOPMENT

Since 1964, education and cultural exchanges between Tanzania and China have been steady but symbolic. More attention has been given by Beijing in this area of co-operation since the late 2000s, illustrating its intention to more actively promote what it calls its “soft power”. These exchanges have, however, remained a secondary feature of this bi-lateral relationship.

It has been reported that between 1961 and 2008, 600 Tanzanian students studied in China, including 70 in 2008 (Jansson, 2009: 2). In 2011 alone, according to the Chinese Embassy in Dar es Salaam, there were altogether some 2,000 Tanzanians studying subjects as different as language, technology or medicine, although this latter specialisation has attracted less Tanzanians in the last few years because Tanzanian students have had increasing opportunities to study medicine in the West or elsewhere in Africa (Interview 6).

Mandarin is taught at the University of Dar es Salaam but there is still much less interest in studying Chinese in Tanzania than studying Swahili among China’s Africa experts or diplomats. In early 2012, only one Confucius Institute class was operating in Zanzibar (Interview 6). Since then two Confucius Institutes (CIs) have opened, one at the University of Dodoma, in the center of the country in April 2013, and another one at the University of Dar es Salaam in October 2013 in collaboration with Zhejiang Normal University, an institution which includes on its Jinhua campus China’s major Africa research centre. In June 2014, this latter CI invited delegates of the then 30 existing African CIs to a large-scale conference organised on the occasion of the 50<sup>th</sup> anniversary of the establishment of diplomatic relations between Tanzania and China. Focusing on China and Africa’s traditional values, the conference was co-officiated by visiting Chinese Vice-President Li Yuanchao and his counterpart, Dr. Mohamed Gharib Bilal<sup>62</sup>.

In order to expand Chinese language teaching in Tanzania, in 2015 China sent 12 language teachers to six secondary schools in the Dar es Salaam, Morogoro and Dodoma regions<sup>63</sup> but the problem remains that very few Tanzanians can teach Chinese.

China has also been more active in the media. Since the early 2010s, China Radio International has a technical team in Zanzibar preparing programmes in Swahili and Chinese. Also, in October 2011, Tanzania National Broadcast signed an agreement with China and has since then shown Chinese programmes, particularly Chinese soap opera, translated in Swahili (as *Xingfu meibao shidai* or “Happy Beautiful Era”). In terms of news coverage and influence, *Xinhua* remains much behind Associated Press, Agence France-Presse or Reuters (Interview 1).

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rolling stock for a railway that carries copper to Tanzania's Indian Ocean port of Dar es Salaam. The funds are an interest-free loan from the Chinese government to Tanzania and Zambia to support TAZARA. In 2014, the TAZARA trains maximum speed was 40 km/h. *Reuters*, 10 November 2015. Available at: <http://af.reuters.com/article/topNews/idAFKCN0SZ1LW20151110>. *Railway Gazette*, 11 November 2015. Available at: <http://www.railwaygazette.com/news/traction-rolling-stock/single-view/view/tazara-takes-delivery-of-locos-and-coaches.html>

<sup>62</sup> *The Citizen*, 24 June 2014. Available at: <http://www.thecitizen.co.tz/News/University-of-Dar-hosts-major-Confucius-meet/-/1840392/2359628/-/kd5u7fz/-/index.html>

<sup>63</sup> *Daily News*, 4 January 2016. Available at: <http://dailynews.co.tz/index.php/home-news/45695-six-secondary-schools-selected-for-chinese-language-pilot-project>

## **6. MEDICAL MISSIONS: THE LIMITED VIRTUES OF CHINESE TRADITIONAL MEDICINE**

Medical missions have always been an important window of China's diplomatic activism in Africa (Li, 2011). Tanzania, being an early, close and socialist partner, these missions have been particularly numerous and have steadily put a strong emphasis on Chinese traditional medicine (CTM). The first Chinese medical teams arrived in Tanzania from Shandong Province in 1968. Until 2008, around 1,000 Chinese medical personnel served in the country (Jansson, 2009: 2).

Under Nyerere, Tanzania's official interest in China's self-reliance and "barefoot doctors" (medics with a nurse level sent to the countryside under Mao) stimulated bi-lateral co-operation. But it remained complicated to draw a clear distinction between the promotion of traditional medicine and what is called in Tanzanian "witchcraft" (Langwick, 2010: 17). In any event, China played a key role in the establishment of the Institute of Traditional Medicine at Muhimbili in 1976. Since then, every few years, a new group of Chinese doctors and pharmacists has rotated through the Muhimbili University Centre for Health Services, the primary teaching hospital in Tanzania. In 1987, Nyerere, although already retired as president, went as far as inviting doctors of Chinese medicine to Tanzania to study the possible usefulness of Tanzanian medicines for people living with AIDS (Langwick, 2010: 21).

Tanzania's interest in CTM has remained strong. In 2002, Tanzania passed a new Traditional and Alternative Medicines Bill. However, relations between Tanzanian medical personnel and Chinese teams have remained uneasy because of cultural barriers and the local perception of Chinese doctors and nurses' aloofness. More importantly, traditional medicine is increasingly seen as a secondary treatment, including for AIDS patients (Langwick, 2010: 30-36).

China is very much aware of the difficulties and limits of CTM co-operation and has in parallel enhanced its aid projects in Western medicine. For example, in June 2011, the 24<sup>th</sup> dispatch of 21 Chinese medical workers from Jiangsu arrived in Zanzibar, 12 of them started to work at the Mnazi Mmoja Hospital, the rest went to Pemba island's Abdulla Mzee Hospital. Mnazi Mmoja Hospital, the largest hospital of Zanzibar, includes a ophthalmological centre sponsored by China and an AIDS centre sponsored by the US (Wang, 2011).

## **7. CHINESE COMMUNITY IN TANZANIA: A SOURCE OF TENSION AFFECTING CHINA'S IMAGE?**

As elsewhere in Africa, the size of the Chinese community in Tanzania is hard to estimate. It is estimated between 22,000 (Kamata, 2014: 101) and 30,000 (Interview 1). The Chinese Embassy gives 20,000 as a figure but admits that the community is much bigger in reality (Interview 6). It mainly consists of individual migrants or contractual workers who have stayed behind and settled down after the end of their contract.

Although, compared to other African countries such as Angola (more than 400,000 according to the local diplomatic community)<sup>64</sup>the number of newly settled Chinese is not high, some of them have engaged in business activities that directly compete with local traders, creating tensions. The best-known case was in early 2010 with a rapidly increasing number of small Chinese traders in the Kariakoo Market in Dar es Salaam. Strong complaints from local traders forced the Tanzanian government to react. Initially, a junior minister for commerce intervened and threatened to crackdown on Chinese illegal immigrants; but eventually, in late 2011, the Chinese traders were not evicted but only forced to register; the situation has

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<sup>64</sup> Interview, Luanda, July 2014.

not much changed since then and some have argued that actually the Chinese presence there has kept growing (Interview 7). It should be also indicated that some Chinese traders owning shops in the Kariakoo Market are not physically present there and employ Tanzanian shopkeepers, contributing to somewhat alleviating the tension created by the emergence of Chinese traders in the retail business (Interview 9).

A much more serious issue has been the involvement of some Chinese nationals in illegal ivory and rhino horn trade. In October 2015, a specialised wildlife trafficking unit under Tanzania's National and Transnational Serious Crimes Investigation Unit (NTSCIU) finally arrested and charged Ms. Yang Fenglan (aka Ivory Queen), 66, with trafficking 706 elephant tusks between 2000 and 2004. Other reports indicate that she has been trafficking ivory since at least 2006, with the help of a very large network of poachers<sup>65</sup>. A well-known member of the Chinese community who first went to Tanzania in 1975 as a translator for the TAZARA project after having studied Swahili in China for four years, Ms. Yang settled down there in 1997 and developed a very successful business in restaurants and horticultural farming. It took more than one year to track her after the arrest of some of her Tanzanian accomplices. As Vice President and Secretary-General of Tanzania China-Africa Business Council and owning the biggest Chinese restaurant in Dar es Salaam, Yang had strong connections among Chinese companies as well as in the Tanzanian government, which contributed to keeping her protected for many years<sup>66</sup>. A few months later, in January 2016, four Chinese men were sentenced to 20 years in prison for smuggling 11 rhino horns<sup>67</sup>.

The above-mentioned incidents have inevitably damaged Chinese image. This image is mainly built upon both China's cheap export products, its more affordable but often rapidly deteriorating infrastructure projects but also its recent increase of direct investments in the country's economy. Tanzanians have "mixed feelings" toward China and the Chinese people (Sigalla, 2014); they praise the price or criticise the bad quality (or the counterfeited nature) of Chinese products they buy, depending on their political leanings (Kamata, 2014: 96-101). They praise China's no-strings attached approach and role in infrastructure projects funded by generous concessional loans.

Since the early 2010s, one possible virtuous circle has been the increasing cost for Tanzania-based Chinese companies in using Chinese expatriate workers in mostly infrastructure but also manufacturing projects in which they are involved. This trend has been accelerated by the skills that Tanzanian workers can acquire in on-the-job training, particularly in machine operation (Burke and Corkin, 2006). For instance, Zhu Jinfeng, the owner and manager of T-Better Motorcycle, a company that assembles motorbikes in Dar es Salaam's suburb, has gradually replaced his Chinese workers with Tanzanians, sending the former back home. However, in other areas, especially when Chinese companies need to meet strict deadlines, local workers' training is not a priority (Interview 2).

The nature of the Chinese community has been perceived by some Tanzanians as easing integration: more often than others and particularly Western foreigners, Chinese migrants learn Swahili, live in the same districts as Tanzanians and are inclined to set up joint ventures with local business people. Working relations can be tough, perceptions about payment and retribution can vary, creating on occasional disputes. Chinese business people's pragmatism and commercial aggressiveness is sometimes not well received, but on the whole, supported by a government rhetoric that has always been very "pro-Beijing", Tanzanian's perception of Chinese people and China has remained positive (Sigalla, 2014: 65-76).

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<sup>65</sup> *Live Leak*, 8 October 2015. Available at: [http://www.liveleak.com/view?i=769\\_1444433001](http://www.liveleak.com/view?i=769_1444433001)

*Daily Nation*, 11 October 2015. Available at: <http://www.nation.co.ke/news/Chinese-Ivory-queen-arrested-charged-Tanzania/-/1056/2908560/-/bxj0la/-/index.html>

<sup>66</sup> *Ibid.*

<sup>67</sup> *Standard Digital*, 18 December 2015. Available at: <http://www.standardmedia.co.ke/article/2000185683/tanzania-jails-4-chinese-for-20-years-for-smuggling-rhino-horns>

Moreover, when disputes break out between Chinese companies and the Tanzanian government or contractors, the Chinese Embassy more often than not steps in, helping to negotiate a compromise. Chinese diplomats have also been instrumental in denouncing “unscrupulous Chinese manufacturers” and “substandard good imports” (Kamata, 2014: 98)<sup>68</sup>. The close relationship in Tanzania (and particularly in Dar es Salaam) between most Chinese public and private businesses and the Embassy has eased these interventions (Interview 6).

Yet, these efforts have not been able to fully alleviate the tensions that the growing Chinese community and its dynamism have secreted. More generally, as elsewhere, new Chinese migrants have complicated the Tanzania-China relations, convincing more Tanzanian politicians to better balance their country’s external relations.

## 8. CONCLUSION

There is no doubt that the Tanzania-China partnership has remained politically strong. The frequency of visits since 2005, the special connection between the CCM and the CCP, the density of the bi-lateral military co-operation and the increase of goods and people flows between both countries illustrate the unusual closeness and longevity of this relationship. Nevertheless, the old socialist “friendship” and solidarity between Dar es Salaam and Beijing have not really helped to adapt this partnership to the new neo-liberal international environment or even played a meaningful role in the development of economic and trade relations between both capitals in the last ten years or so (Interview 7). If we take the example of the TAZARA or the Urafiki Textile Mill, this old friendship has been more of a liability than an asset. Logically, China’s rise should contribute to increasing its influence in Tanzania, and to some extent it has. However, at the same time China’s rise has also fed Tanzanian elites’ growing criticism of the “one-way” nature of the China-Tanzania relationship (Biketeye, 2013) or what we would call its “structural asymmetry” and more importantly its North-South features. It has also convinced Dar es Salaam to rebalance its foreign relations in favour of other partners, particularly the US and the EU. In that respect Tanzania-China relationship is not as special as both governments claim and can be compared to other changing Africa-China relations (Cabestan, 2015).

When China first developed co-operation with Tanzania, it was eager to contribute to Tanzania industrialisation because this was both socialist countries’ perceived priority and objective. However, since the 2000s, China has intensified its economic relations with Tanzania in a much more pragmatic and self-interested manner and the consequences for Tanzania have been ambivalent. On the negative side, Chinese demand is reinforcing Tanzania’s specialisation in natural resources. While on the positive side, Chinese companies’ entry into the infrastructure sector is lowering the cost of investment and their financing may contribute to Tanzanian industrialisation. This second trend, however, has remained insignificant as China’s investments in the manufacturing sector are still way behind other countries. Moreover, the slowdown of China’s economy is now contributing to reducing Tanzania’s external revenues and increasing its outstanding debt.

Mineral exports provide foreign exchange and fiscal revenue but hardly any jobs, especially for frustrated youth in urban areas. Additionally, Chinese and Asian competitors represent a major obstacle to the diversification of the Tanzanian economy towards labour intensive industries and this is a major issue in a country where close to 40 of school graduates are unemployed and which need to create 720,000 jobs a year.

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<sup>68</sup> “Tanzania and China: Highs and Lows”, Interview with China’s Ambassador to Tanzania, Lu Youqing, *China Daily, Africa Weekly*, 25 July 2014: 9. IPP Media, 13 October 2015. Available at: <http://www.ippmedia.com/?l=85220>



China's economic influence in Tanzania is too large and asymmetrical to be ignored, but not strong enough to have a significant positive impact on its development. As a result, since the mid-2000s, Dar es Salaam has tried to diversify its partnerships and balance Beijing's role in developing stronger relations with other countries, both of the North and the South, in the West and in Asia. This evolution has also included a significant political and security dimension as the US and the EU have been eager, particularly since the late 1990s, to develop a stronger partnership in these areas with Tanzania. Dar es Salaam's gradual diplomatic adjustment in favour of the West, therefore, can be understood as a dependent variable of the growing Sino-US economic and geo-strategic competition in Africa.

It is clear that Tanzania will continue to cultivate China both politically and economically as well as in terms of military co-operation, welcoming its highly competitive large-scale projects and, when need be, play it against its other partners (and vice-versa). However, Tanzania's new foreign policy orientation has led to a relative decline of China's political and economic influence in Tanzania and to the emergence of stronger political and security links with the West and particularly the US.

In other words, the Tanzania-China relations contributes to nuancing the assessments about the growing Chinese footprint in Africa and underscores the diversity of actors active on the continent. However, in a multipolar world, this conclusion should not be surprising, including for China, which has been a strong promoter of this new world order.

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