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## Working Paper

### **China Returns to Africa: Anatomy of an Expansive Engagement**

*Chris Alden, Dan Large and Ricardo Soares de Oliveira*

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# China Returns to Africa: Anatomy of an Expansive Engagement

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## Introduction<sup>1</sup>

We had a memorable yesterday... We enjoy a splendid today. The flower of Sino-African friendship is blooming with the care and nurturing of the Chinese and African peoples. We will greet a flourishing tomorrow... China, the biggest developing country in the world, is ready to join hands with Africa, the biggest developing continent in the world, to... march into the 21<sup>st</sup> century full of confidence.<sup>2</sup>

China's expanding relations with Africa are the most important dynamic in the foreign relations and politics of the continent since the end of the Cold War. The nature and implications of China's renewed engagement with Africa are only beginning to be appreciated, but it is already clear that this is a process of profound significance. The unprecedented interest among the media, academic quarters, and a range of governments and international organizations that has gathered momentum since 2006 recalls, and has already exceeded, the last comparable episode of attention following Premier Zhou Enlai's African 'political safari' in 1963-64. Rather than revolutionary prospects being 'excellent', as Zhou (in)famously declared in Mogadishu, some regard China's 'new strategic partnership' with Africa as bearing such potential in terms of common prosperity through 'win-win' cooperation, while others see mixed benefits and the potential for threat.

This paper presents a scoping analysis of the main contours of relations, offering an anatomy of key dimensions of an expansive Chinese engagement in the continent that remains dynamic. It begins by contextualising current relations by locating these within a longer history of ties and tracing the emergence of the current engagement after 1989 and the catalyst of China's go global strategy after 2000. It proceeds to identify the key economic and political drivers of China's African engagement, before surveying key economic trends and noting China's aid programme. It concludes by assessing the implications for international politics and the pressure China's own foreign relations principles impose upon its increasingly multifaceted role.

## Background

China's 'Year of Africa' in 2006 saw China-Africa relations attain an unusual prominence. In January the now-traditional New Year's tour of Africa by the Chinese Foreign Minister Li Zhaoxing, who visited Cape Verde, Liberia, Mali, Senegal, Nigeria and Libya, was followed by the release of China's first Africa policy statement and tours by President Hu Jintao (Morocco, Nigeria and Kenya) in April and Premier Wen Jiabao (Egypt, Ghana, Democratic Republic of Congo, Angola, South Africa, Tanzania and Uganda) in June. The wide geographical extent of these tours was reinforced by regional meetings of the Macau Forum and the Conference of Sino-Arab Friendship. However it was the Forum on China-Africa Cooperation on 4-5 November 2006 (FOCAC) that most strikingly showcased China's new 'strategic partnership' with Africa. Beijing was decorated with a selection of images of Africa and a profusion of public banners proclaimed 'Friendship, Peace, Cooperation and Development' (*yoyi, heping, hezuo, fazhan*). As the third ministerial and first heads of state summit, FOCAC was attended by 'leaders of China and 48

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<sup>1</sup> This is an updated and expanded version of the introductory and concluding chapters in Alden, Large and Soares de Oliveira (ed.) (2008). *China Returns to Africa: A rising power and a continent embrace* London: Hurst.

<sup>2</sup> President Jiang Zemin, speech to the Organization of African Unity, Addis Ababa, 13 May 2006. *ChinaAfrica*, 66 (June 1996), p. 24.

African nations'.<sup>3</sup> It amounted to a public declaration of China's arrival in Africa, and sought to impress this upon the African guests and the world at large.

The recent visibility of China-Africa relations has been accompanied by grand pronouncements about the new 'age of the dragon' in Africa. External coverage from various quarters, especially pronounced in certain Western media, at times has suggested that China has suddenly exploded into and is now even in the process of 'conquering Africa'.<sup>4</sup> There have been sweeping calls for Africa to 'Look East' in a new, more optimistic age of economic growth and apparent political opportunity. As one Kenyan newspaper asked: 'With China calling, is it time to say goodbye to [the] US and Europe?'<sup>5</sup> At the same time there have been growing concerns, sometimes articulated through a discourse of 'neo-colonialism', that China's relations with Africa replicate and reinforce established patterns that are unfavourable to African development. Such questions are important and are set to be considered for some time. Rather than 'the age of the dragon descending upon Africa',<sup>6</sup> or indeed a new 'panda menace' looming over the continent,<sup>7</sup> however, Chinese engagement with Africa today represents the continuing development of relations that were revived in a more concerted manner under state direction from Beijing after 1989 and, in turn, have been cultivated by different African governing elites. While China's inward focus on the daunting task of modernization preoccupied its leadership after 1978, Africa found itself downgraded in China's official foreign relations, although it was by no means forgotten. China repositioned itself and reached out to Africa again in a new phase during the 1980s (which began, for example, with Beijing's support for Salim Salim's bid to become UN Secretary General in 1981). Following the repression of the pro-democracy movement in Tiananmen Square in June 1989, Beijing looked to Africa for political support and increasingly as a source of resources and a potential market. The post-colonial Chinese engagement with Africa may have been episodic, as a result of a combination of domestic politics and China's own foreign relations, but there was an underlying continuity of ties.<sup>8</sup>

The historical background to China's longstanding connections with different parts of Africa can only be very generally summarized here (see Snow, 1988; Filesi, 1972; Duyvendak, 1949; Gao, 1984). The example of the Ming Dynasty diplomatic missions seeking trade and recognition on behalf of the Chinese Emperor, as opposed to conquest or occupation—famously Zheng He's seven voyages between 1405 and 1433—continues to be regularly invoked to demonstrate a contrast to European exploration and conquest in Africa. Together with shared colonial experience, it remains an important part of the basis for claims that China is different in the manner in which it relates to Africa. As Philip Snow has documented in *The Star Raft: China's Encounter with Africa*, the historical backdrop is important. It imbues China's approach to its Africa relations, and the use of history is a notable aspect of China's connections with the continent. The third FOCAC, during the 50<sup>th</sup> anniversary year of the establishment of diplomatic relations between the People's Republic of China's (PRC) and Egypt, was underpinned by historical recollection emphasizing the commonalities between China and Africa: cradles of civilization, victims of colonialism, a developing country and developing continent (see, for example, Yuan, 2006).

The PRC's engagement with Africa waxed and waned according to its domestic situation, Cold War politics and its dispute with the Soviet Union (Hevi, 1966; Larkin, 1971; Ogunsanwo, 1974; Yu, 1970; Yu, 1975; Jackson, 1995). Beijing rhetorically championed Third World causes during the different phases of its involvement with Africa, including the revolutionary 'national liberation'

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<sup>3</sup> See [www.focac.org](http://www.focac.org).

<sup>4</sup> Andreas Lorenz and Thilo Thielke, 'China's Conquest of Africa', *Der Spiegel*, 30 May 2007.

<sup>5</sup> Mark Sorbara, *The Nation* (Nairobi), 13 April 2006.

<sup>6</sup> Lorenz and Thielke, 'China's Conquest of Africa'.

<sup>7</sup> Antoine Halff, 'The Panda Menace', *The National Interest*, July 2007.

<sup>8</sup> As one title, capturing part of the high interest generated by the latest phase of relations, asserted: 'China in Africa: They're Back!' George Moose, *Africa Policy Journal*, 2 (2006).

struggles of the 1960s and ‘self reliant development’ of the 1970s. China sought to use its relations with Africa to enhance its position vis-à-vis the US and Taiwan, as it previously had done vis-à-vis the Soviet Union (Van Ness, 1998: 151). The PRC’s involvement in Africa took different forms—including support for liberation struggles and aid programmes—but its foremost motivation was not based on resource needs. As Larkin observed in 1971: ‘For the most part strategic minerals do not figure prominently in China’s quest for economic relations with Africa.’ (Larkin, 1971: 93) Rather, it was driven, by the combination of a desire to pursue prestigious aid work and geopolitical exigencies, including strategic competition with Taiwan before and after Beijing’s successful entry into the UN with the support of African votes in October 1971 (See Yu, 1963; Yu and Longenecker, 1994). More limited Chinese engagement in Africa during the 1980s reflected China’s changed internal development and modernization priorities under Deng Xiaoping, as did the reorientation of Chinese aid in Africa during the 1980s when its political philanthropy developed into more commercially oriented involvement. China’s aid programme in Africa may have been scaled back in the 1980s, but commerce continued. Chinese business ventures or infrastructure projects may not have proceeded on a comparable scale to today but were active in a number of contexts. Zhao Ziyang’s tour of eleven African countries in late 1982 and early 1983, designed to repeat Zhou Enlai’s ground-breaking tour, sought to reinvigorate relations and assert shared Third World identity (See Bräutigam, 1998; Yu, 1988).

Facing international isolation after the Tiananmen Square crackdown, China reinvigorated its political interest in Africa and embarked once again on proactive Africa diplomacy. This was catalyzed by President Jiang Zemin’s tour of Egypt, Kenya, Ethiopia, Mali, Namibia and Zimbabwe and his address to the Organization of African Unity in May 1996. In calling for the rejuvenation of ‘traditional projects aided by China’, increased political cooperation and expanded economic ties, Jiang offered an optimistic vision of flourishing relations. Even then, however, with a trade volume of \$3.5-4 billion, China’s share of Africa’s trade was comparatively small. The Chinese government was keen to address its trade surplus with Africa: ‘China only exports but imports little’ from African countries.<sup>9</sup> At this stage, recognition that ‘Africa is a market with great potential’ was accompanied by increased government and enterprise interest in economic engagement, the entry of Exim Bank and establishment of Investment, Exploitation and Trade Centres in Egypt, Gabon, Cameroon, Côte d’Ivoire, Guinea and Mali which were intended to combine investment, resource extraction and trade functions. The impressive thickening of ties that has been evident since 2000 has thus followed on from the 1990s, but through a more concerted drive to expand China’s engagement in Africa (see Taylor, 2006a).

#### *China’s African engagement: policy and drivers*

Current relations are developing in a markedly different context from previous periods of Chinese involvement in Africa. China’s engagement today is occurring under new circumstances in which a more developed China operates under conditions of growing interdependence and plays an increasingly important role in the global economy. The ideological disagreements of the Cold War have been superseded by economic competition and political differences, as China participates in the global economy and pursues better trade terms rather than an alternative socialist vision. Beijing’s engagement appears to be predicated upon a longer-term timeframe and driven by economic diplomacy rather than the ambitious ideology of the past. The key factors propelling Chinese engagement in Africa can be summarized as a combination of domestic Chinese dynamics, desire to expand into new markets and international political factors (See Alden, 2007; Tull, 2006).

The Forum for China-Africa Co-operation is the main state-level mechanism of formal cooperation in China-Africa relations. FOCAC is a distinctively bilateral arrangement in China’s relations with

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<sup>9</sup> ‘Economic and trade relations between China and African countries in 1996’, *Almanac of China’s Foreign Economic Relations and Trade 1997/1998*, p. 430.

the current 49 African countries recognising Beijing. Its three meetings to date (Beijing in October 2000; Addis Ababa in December 2003, and Beijing in 2006) combined bilateral meetings at which aid and business deals are discussed, with parallel business meetings facilitating exchanges and deals between African and Chinese businesses, and reaffirmation of the importance and healthy state of relations. The FOCAC is the main but not the only forum.<sup>10</sup> It matters as a meeting venue to mark progress, publicly sign deals or outline future relations but it does not have a developed institutional apparatus with any autonomous role in China's African policy. Nor does it appear to have a significant role in directing relations beyond a formal public coordination and presentation one.<sup>11</sup> Its relevance should be situated within those sections of the Chinese government directing African policy, most importantly the CCP Central Committee's Leading Group on Foreign Affairs (headed by Hu Jintao) which formulates external policy. The Department of African Affairs (DAA) within the Ministry of Foreign Affairs implements top Chinese leaders policies, including through the FOCAC (which has a Chinese 'Follow-up Committee' made up of more than twenty state agencies, headed by the Secretary General of the DAA). With the other important ministry, the Ministry of Commerce, the departments of West Asian and African Affairs, and Aid to Foreign Countries, are particularly important in formulating China's Africa policy. Feeding into these is a network of research organizations and academics, often directly advising leaders.<sup>12</sup>

The overarching driver has been the Chinese government's strategic pursuit of resources and attempts to ensure raw material supplies for growing energy needs within China, in part reflecting the country's position as a centre of global manufacturing. Most significant Chinese activity and investment in Africa is related to this demand, rooted in domestic economic and political changes in China and the changing profile of resource needs accompanying its economic development and role in the global economy. 'An unprecedented need for resources is now driving China's foreign policy.' (Zweig and Jianhui, 2005: 25; Taylor, 2006b) China's post-1978 determined focus on economic development contributed to an annual growth rate of over 9%. From the 1990s, however, it became necessary to acquire overseas supplies, including energy.<sup>13</sup> China's energy diplomacy has become a notable foreign policy issue under President Hu Jintao, who has led expanded diplomacy not merely in Africa but around the world, including the Middle East and Latin America. The Chinese government's diplomacy with oil states is aimed to a considerable extent at enhancing its energy security (Downs, 2004).

A further factor is Africa's status as an arena for Chinese companies to develop and a market with strong commercial potential for Chinese business. The Chinese government, businesses, and entrepreneurs have regarded (or, for many businesses, been financially encouraged to regard) Africa as a continent of economic potential populated by consumers. Explicitly rejecting 'Afro-pessimism', to date they appear to have not been overly encumbered by investment constraints or concern about political instability that have affected other investors. Central government support for Chinese state owned enterprises (SOEs) has been important in directing FDI in Africa, as opposed to other regions, though proportionally speaking, Africa has received a comparatively minor share of China's total overseas FDI; in 2006, Africa took 4% of China's total FDI (as compared to Europe's 3%, Latin America's 26% and Asia's 64%).<sup>14</sup> The recent rise in FDI since 2006 and related expansion of business activity is a striking trend nonetheless. Africa is a market but also a testing ground for Chinese companies in China's 'going out' policy to gain experience as well as

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<sup>10</sup> There is also the Macau-based Economic Forum for Co-operation between China and the Community of Portuguese-speaking Countries, and the Sino-Arab Friendship conference established at the end of November 2006 in Khartoum.

<sup>11</sup> See <http://www.focac.org/eng/>

<sup>12</sup> These include the Chinese Academy of Social Science's Institute for West Asian and African Studies, and government think tanks such as China Institute of Contemporary Relations. A number of established Chinese official NGOs such as the Chinese Association for International Understanding or the China Society for Afro-Asian Development and Exchange are also involved.

<sup>13</sup> Martyn Davies has also argued that a longer-term (25-year) strategy of seeking to extract the Chinese economy from international commodity networks may operate too. Chatham House 14 December 2006 (on record).

<sup>14</sup> Chinese Ministry of Commerce, *China's Outward FDI Report 2006*.

establish and expand business ventures in the continent and into the global arena. While most business and related political activity occurs at the state level, including SOEs, a further trend of increasing private entrepreneurial activity is evident in numerous locations, including, notably many countries not deemed to have strategic importance in the way that the small number of resource-rich countries such as Angola or Nigeria are.<sup>15</sup>

Finally, there are political factors operating as part of what is styled 'win-win cooperation'. Since helping China gain admission to the UN, African states have supported China (including in the years following 1989) in different multilateral settings. China in turn styles itself as leader of the global South and champion of a progressive 'new international political and economic order featuring justice, rationality, equality and mutual benefit' and 'safeguarding legitimate rights and interests of developing countries.' (*China's African Policy*, January 2006, Part IV (5).) Efforts to work with and speak for Africa as part of the global South are intertwined in China's emerging role in international affairs. It has highlighted its development efforts in Africa, with attendant claims to international status. Two additional political dynamics in China's wider foreign policy are also at work in the African context. The first is China's strategic competition with Japan as manifested in Africa. This is seen particularly in the underlying objective of opposing Japan's UN Security Council aspirations, in which African state votes would play a role. Beijing's ability to marshal African support against Tokyo's aims was seen at the Asian African Summit in April 2005, where Chinese lobbying blocked an endorsement of a Japanese seat. However, the second area is more prominent, even if it is receding in importance for Beijing compared to the past. The One China principle, the fundamental exception to China's 'no-strings attached' policy,<sup>16</sup> has seen the Chinese government use African support in its cross-Straits campaign.<sup>17</sup> Inviting Taiwan-recognizing African states to attend FOCAC 3 as observers demonstrated a new approach to winning over the remaining recalcitrant states. The Chinese government's aim to deny space to Taiwan in Africa is succeeding, though the subject remains a sensitive issue for Beijing and the possibility that African states can play the Taiwan card to exert leverage vis-à-vis Beijing remains. Taiwan's political prospects in the continent are nonetheless bleak and rest on a dwindling number of small, strategically insignificant states. Four out of a worldwide total of 23 states that recognize Taiwan are in Africa: Burkina Faso, The Gambia, São Tomé and Príncipe, and Swaziland. Malawi cut ties with Taipei in January 2008 but the loss of Chad in August 2006 was a particular setback for Taiwan as, in contrast to Taiwan's other African allies, it represented strong potential in terms of resources. Like the profile of mainland China's trade with Africa when set against its wider trade patterns as a whole, Taiwan's economic relations with Africa, facilitated by the Africa Taiwan Economic Forum, constitute a proportionally small amount of its foreign trade.<sup>18</sup>

Taiwan, nonetheless, continues to promote its role in Africa. The first Taiwan-Africa Heads of State Summit was held in Taipei on 9 September 2007. It saw Taiwanese President Chen Shui-bian joined by King Mswati II of Swaziland, President Blaise Compaoré of Burkina Faso, President Fradique de Menezes of São Tomé and Príncipe, President Bingu wa Mutharika of Malawi, and

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<sup>15</sup> This is assisted by such bodies as the China-Africa Business Council, established in 2004 to support China's private sector investment in Cameroon, Ghana, Mozambique, Nigeria, South Africa and Tanzania.

<sup>16</sup> Zambian opposition leader Michael Sata discovered this to dramatic effect after calling Taiwan a 'sovereign state' during the presidential elections of September 2006. This prompted China's Ambassador to Zambia to denounce his interference in China's sovereignty in an episode that, rather than being taken simply as a transgression of China's non-interference framework, might be better regarded as anchored in China's 'internal' politics.

<sup>17</sup> This was seen, for example, when China's African allies rallied behind its Anti-Secession Law in March 2005. Formal support for the One China policy is routinely expressed in official exchanges.

<sup>18</sup> Overall trade with Taiwan's African allies amounted to just over \$56 million in 2006, with Swaziland the highest-ranking state (trade running at US\$30.2 million or 0.007% of total trade. According to data from the Taiwanese Bureau of Foreign Trade, it conducted the most business in 2006 with Angola, which ranked as Taiwan's highest trade partner in the continent with a volume of US\$2.15 billion (0.46% of total trade, or 27th position) behind South Africa with trade volume of US\$2.06 billion or 0.44%, in 28<sup>th</sup> place). January 2006-January 2007, using data from the Taiwanese Bureau of Foreign Trade.

Vice-President Isatou Njie-Saidy of The Gambia. The Taipei Declaration affirmed the ‘great historical significance’ of this ‘new chapter in the history of Taiwan-Africa diplomatic relations’.<sup>19</sup> Five core areas were singled out as priorities: information and communications technologies, economic development; medical assistance, the environment; peace and security. Like FOCAC, the summit produced an Action Plan and established a Follow-up Committee for its implementation. Shortly afterwards, an assortment of politicians, academics and NGO representatives gathered for the 2007 Taiwan-Africa Progressive Partnership Forum. If development was the prominent public theme of the Summit, Taiwan’s aspiration to join the UN was its key subtext. Taiwan’s Foreign Affairs Minister, James Chih-fang Huang, had toured Taiwan’s five African allies (plus Chad) in July 2007 to carry the torch for Taiwan’s annual attempt to join the UN. Beijing-supporting African governments have spoken out against the bid. One section of the Summit Declaration got to the heart of Taiwan’s diplomatic objectives in Africa. It affirmed that ‘Taiwan’s African allies support Taiwan’s legitimate right to join the United Nations and its specialized agencies’. They duly backed Taiwan’s attempt to join the UN, but on 21 September 2007 the UN General Assembly’s General Committee decided not to place the issue of membership on the UN’s agenda, thus thwarting Taipei’s fifteenth consecutive bid.<sup>20</sup>

### *Anatomy of current relations*

The present phase of China’s Africa engagement continues but departs from its past involvement in terms of its scope, scale and importance. Many commentators thought that the PRC’s presence in Africa in the 1960s would endure and effect political change, while during the 1990s some went as far as to dismiss China’s importance in the continent altogether (see Segal, 1992). However, the context of relations has altered in important ways. China’s position in the world has shifted away from self-reliance and into an interdependent phase, as signalled and deepened by China’s accession to the World Trade Organization in 2001 (see Johnson and Ross, 2006). The nature of China’s state-backed thrust into Africa appears to be predicated upon a medium-long term involvement in which China’s diplomatic presence throughout Africa serves commercial objectives.<sup>21</sup> Furthermore, while primarily anchored in state-related forms, the growing diversity of engagement by a range of Chinese actors ensures that the objectives of state and new private actors are no longer necessarily coterminous as they once might have been.

### *Trade*

Trade between Africa and China began to accelerate in 2000 when official two-way China-Africa trade stood at US\$10.5 billion. This rose to US\$29.5 billion in 2004, nearly US\$40 billion in 2005, US\$55.5 billion in 2006 and US\$73 billion in 2007. The November 2006 FOCAC summit set a target for trade to reach US\$100 billion by 2010. With 2007’s total trade having been reached by August 2008, however, this looked set to be broken two years early: total trade for 2008 projected at some US\$117 billion, a 73% increase on 2006.<sup>22</sup> If realised, this will make China the clear second largest single trade partner with Africa after the US. China’s share of African exports rose from 1.3% in 1995 to 9.3% in 2004, and was accompanied by ‘significant redirection’ and decline of African exports to OECD countries between 1995 and 2004 (Goldstein et al, 2006: 45). In the context of China’s overall economic relations, however, the continent remains a comparatively small trade partner for China in the larger scheme of Chinese trade: Africa accounted for 2.6% of the total volume of China’s foreign trade in 2004 (MOFCOM, 2005: 126). Overall trade in 2005

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<sup>19</sup> First Taiwan-Africa Heads of State Summit Taipei Declaration, Taipei, 9 September 2007.

<sup>20</sup> AP, ‘China thanks Africans for defeating Taiwan’s bid to join UN’, 28 September 2007.

<sup>21</sup> China’s already considerable diplomatic presence in Africa, and its stress on having diplomatic representation in as many states as possible, is a contrast to Britain, among others; Britain is scaling back and regionalizing diplomatic representation, something the Chinese consider surprising. This reflects the fundamental statist orientation of the Chinese engagement with Africa.

<sup>22</sup> ‘Champions of commerce’, *Africa-Asia Confidential* October 2008, p. 1.

bore a deficit for China of some US\$2.95 billion which, in practice, meant an operating deficit with a small number of resource-producing states (including Angola, Sudan, Republic of Congo, and Equatorial Guinea). The profile of China's imports from Africa reflects the unequally distributed geography of Africa's resources. China has become a major market for key African raw and soft commodity producers: Angola, Nigeria, Sudan, Zambia, and the two Congos. Overall, five oil- and mineral-exporting countries account for 85% of Africa's exports to China (Broadman, 2007: 12). Oil is the most significant export, making up almost 100% of Angolan exports to China, with timber also important.<sup>23</sup> Growing African exports to China correlate narrowly with the growth of its major commodity exports (oil, metals/ minerals, agricultural products, woods, cotton) to China. A leading illustration of the impact of Chinese competition is the case of African textile industry (See Morris, 2000). The Multifibre Agreement (MFA) quota systems and investment from Asia contributed to the development of the clothing industry in Southern Africa, including Lesotho and Swaziland, in the 1990s. When quota limits on Chinese exporters under the MFA were lifted in January 2005, the impact of this was considerable for African clothing and textile exporters benefiting from the US African Growth and Opportunity Act (AGOA). Overall African clothing exports under AGOA declined by 17% in 2005. Lesotho's and Madagascar's exports fell by 14%. The main casualty was South Africa, with a 45% decrease in exports. The impact on employment in 2004-5 was tangible: employment in the clothing sector in Lesotho declined by 28.9%, 6,000 textile workers lost jobs in Lesotho in January 2005 alone; in Swaziland employment in this industry fell by 56.2%, and in South Africa by 12.2% (Kaplinsky et al, 2006: 18-19). Despite the notable impact in these Southern African cases, and their particular characteristics involving mobile Chinese businesses, in the broader scheme of factors contributing to de-industrialisation associated with trade liberalization from the 1980s, the importance of AGOA should be appropriately contextualised and not overplayed.

China-Africa trade relations should be considered in world context and the differential impacts within Africa appreciated, as Kaplinsky has underlined (op cit). China has significantly contributed to keeping annual world economic growth above the 4% threshold deemed 'critical for improving the terms of trade for primary commodity producers' (Goldstein et al, 2006: 18-19). China is a key world net importer of commodities. Low US interest rates, assisted by Asian countries' recycling of their considerable foreign exchange reserves into US securities, stimulated raw commodity prices and benefited commodity exporters in Africa. The expansion of China's manufactured exports may have helped to reduce world prices for manufactured goods, but this translated into pressure on major African clothing exporters (Kenya, Lesotho, Madagascar, Mauritius, South Africa and Swaziland), which have been impacted to differential extents (with Mauritius, for example, not being as badly affected and itself offering a case-study in Chinese diasporic trade networks connected to that country's manufacturing sector). Africa is benefiting in mixed ways from a worldwide growth cycle driven by China and reinforced by India. Real GDP in Africa grew at an annual rate of 4.2% between 2001 and 2004 (compared with 3.3% between 1997 and 2000). Sub-Saharan Africa's real GDP growth rate reached an eight-year high at 5.4% in 2004, with rising commodity prices played a critical role in the increase. Despite its overwhelming importance for Africa itself, Chinese FDI in Africa remains a comparatively small proportion of its overall outward FDI (some 3-5%) and is itself in practice concentrated (Mauritius, for example, receiving a large share).<sup>24</sup> However, statistics vary. UNCTAD reported that the level of China's FDI reached US\$1.6 billion by 2005.<sup>25</sup> The Chinese National Bureau of Statistics reported direct investment in Africa as

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<sup>23</sup> Combined with crude oil, these accounting for 97.1% of Gabon's and 84 % of Cameroon's exports to China.

<sup>24</sup> Sudan was the most important recipient of official Chinese FDI in Africa until the end of 2005. It ranked as the 9<sup>th</sup> largest recipient (US\$352 million) of China's total outward FDI by 2005. In 2004 it ranked 4<sup>th</sup> as a destination of China's overseas FDI with US\$146.7 million, which represented a 46% share of China's FDI to Africa. Sudan took 22% of accumulated net Chinese FDI to Africa by the end of 2005 (though it dropped to 8th with \$91.13 million - around 0.6% of China's FDI total - in 2005 itself). *China Statistical Yearbook 2006*, p. 759

<sup>25</sup> See UNCTAD, *Asian Foreign Direct Investment in Africa: Towards a New Era of Cooperation among Developing Countries* (New York and Geneva: UNCTAD, 2007).



US\$392 million in 2005 but other statistics show significantly higher levels; Chinese FDI is estimated at over US\$900 million in 2004 out of a total FDI in Africa of US\$15 billion. One report, noting that China's direct investment in Africa for the years 2000-2006 was US\$6.6 billion according to China's Ministry of Commerce, suggests that 'official statistics may not fully capture the true magnitude of direct investment by Chinese entities in African countries.' (Wang, 2007)

Not all investment is supported directly by the Chinese central government: there is an emerging dynamic of regional investment directed from lower levels of Chinese government, including the provincial level,<sup>26</sup> as well as private entrepreneurial investment. The dominance of major resource providers in China's imports from Africa is reflected in Chinese investment patterns concentrated on resource-producing states. Chinese FDI to Africa appears predominantly resource oriented. In 2004 China became the world's second largest importer of oil after the US, and it sources some 30% of oil imports from Africa. Angola is China's biggest supplier of oil in Africa, currently providing some 500,000 barrels per day, or 15%, of China's imports. Chinese national oil companies are pivotal drivers of overseas oil investment. Natural resource rich countries continue to be main destinations, with 50-80% of Chinese FDI in Africa in natural-resource exploitation and resource rich countries (Angola, Sudan, Chad, Equatorial Guinea, Nigeria, South Africa). However, concurrent with this concentration of investment and commercial activity in larger, resource rich economies, there are processes seeing Chinese business 'rolling out across the continent relatively evenly, positioning themselves in countries such as Sierra Leone with comparatively virginal markets and less rigid government control that presumably permit them to realize higher profits.' (CCS, 2006: 40) Investment relations have gained momentum and increasingly are subject to bilateral regulation. As well as state diplomacy, Chinese Trade Centres assist Chinese investment by providing information to both local and Chinese businesses considering investing or trading, and a degree of logistical support with business start-ups. Chinese Economic and Commercial Counsellors attached to Chinese embassies also provide information. Investment is thus set to increase exponentially. China's African Development Fund, announced during the third FOCAC, was launched in June 2007 with US\$1 billion of a projected US\$5 billion fund to encourage and support Chinese business operating in Africa. The project is ambitious and aims to 'self-development': 'to achieve an increase in employment, to reduce imports, to increase exports, and to improve the international payments imbalances of some countries.'<sup>27</sup> In this scheme, the China Development Bank will in practice oversee government equity support for Chinese corporations for commercial activities in Africa as a major part of China's 'economic cooperation'. Progress of the CDF, as of late 2008, however has been mixed, and characterised by slow disbursement in part due to lack of capacity by the Fund's administrators to process applications. It has already invested over US\$900 million on a range of projects, including a glass factory in Ethiopia (valued at US\$15 million) or the Shenzhen Energy Group's US\$500 million cycle plant investment in Ghana.

The established pattern of trade—China mostly importing African natural resources and exporting manufactured goods in return—shows little sign of being changed to any significant extent. While African business is stepping up operations in China, if from a very low starting point, continuing concern that China is replicating more established patterns of Africa's unfavourable relations with external partners has continued to be articulated and is recognized as a challenge by the Chinese government. The basic question facing Africa's trade with China (as indeed with the EU, for example) is what can be exported to China beyond resources? While Beijing seeks credit for expanding its zero-tariff policy, in practice this is of largely symbolic value. In 2004, African exports corresponded to just 72 of 190 zero tariffs lines (Broadman, 2007: 170). Nor do these

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<sup>26</sup> In certain cases, these revive older connections. For instance Hefei, the capital of Anhui Province in eastern China, became a sister-city of Freetown in 1984, and the Anhui Foreign Economic Construction Corporation was operating in Sierra Leone in 2006.

<sup>27</sup> Africa Investment Club, "Mr. Chi Jianxin, CEO of China-Africa development fund analyses Fund Policy", *Africa Investment* (Beijing: Africa Investment Club, 2008), p. 47.

translate to a significant amount: in 2006 China imported some US\$350 million of goods under the zero-tariff policy, including US\$180 million worth of sesame.<sup>28</sup>

Chinese companies have become the most confident investors in Africa (See Alden and Davies, 2006). This is especially the case in South Africa, but other important destinations include Tanzania, Ghana and Senegal. The diversity of Chinese companies is considerable, ranging from major multi-billion dollar SOEs to small and medium sized enterprises or businesses run by individuals. The majority of Chinese companies in the initial phase of market entry have been SOEs but there are an increasing number of private Chinese companies. The major state-backed Chinese investors do not appear to have substantially integrated into African business communities yet, in contrast to entrepreneurial networks such as those in Mauritius with more embedded positions built up over time. China opened its first Economic and Trade Cooperation Zone in Zambia in February 2007. With it, and the others that were down to follow (up to five were pledged in November 2006; this figure may be increased), the successful model employed in China is being transplanted into Africa.

A substantial amount of commercially oriented Chinese financial activity has been devoted to infrastructure projects.<sup>29</sup> Chinese companies have in a relatively short time attained a strong position, in part through a reputation for low costs and fast delivery and, with the notable exception of South African business, lack of competition (though competition between Chinese companies – or Chinese-on-Chinese competition - is a factor). Frequently financed by soft loans, state-linked Chinese companies run successful infrastructure construction projects across Africa. China's Roads and Bridges Corporation, for example, is active in various contexts such as Angola where it is rehabilitating 1,200 km of roads between Luanda and Uige. Chinese actors are also involved in dam projects.<sup>30</sup> Chinese FDI in services, particularly telecommunications, is also increasing across Africa. Huawei Technologies has expanded communications business to 39 Sub-Saharan African countries. Tourism is another area of expanding cooperation; 26 African countries are now officially approved destinations for Chinese tourists.<sup>31</sup> An important dynamic facilitating investment is the role of state-backed Chinese banks. The Export-Import Bank of China (or Exim) has rapidly become the world's largest export credit agency with 'significant and expanding operations in Africa' (Moss and Rose, 2006). Exim Bank operates in a manner that differs from the export credit rules prevailing in OECD economies. As a state-backed bank, it has been funding projects often linked to broader political aims.<sup>32</sup> A number of new African borrower countries with Exim Bank, such as Ghana (with a projected US\$1.2 billion worth of new loans including an upgrade of the Bui dam), were granted debt relief under the HIPC initiative. Chinese companies, however, draw on a range of funding, not just that directly connected to the Chinese government. Exim Bank and other Chinese banks have emerged as bilateral competitors for the established IFIs, though they also represent potential in the way of collaboration. This dynamic at first provoked concerned reactions in a phase of adjustment to rising Chinese financial strength; the President of the European Investment Bank, for example, noting strong competition from Chinese banks in Africa, commented that 'they do not bother with social and human rights conditions', adding that

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<sup>28</sup> 'MOC official answers questions on granting zero-tariff to least-developed African countries', 20 August 2007 from the MOFCOM website.

<sup>29</sup> There is often a thickening of ties on the back of investments or new projects. For example, the China Southern Airlines air link between Nigeria and Beijing through Dubai will facilitate travelling by some 100,000 Chinese workers and engineers who are in Nigeria for railway construction.

<sup>30</sup> Such as Ethiopia's hydroelectric dam and power plant on the Tekeze River, Sudan's controversial Meroe (Hamdab) dam, the Mphanda Nkuwa Dam in Mozambique, the Gangelas Dam in Angola, the Adjarala Dam between Togo and Benin, and the Imboulou Dam in Congo Brazzaville.

<sup>31</sup> With the addition of Algeria, Cape Verde, Cameroon, Gabon, Rwanda, Mali, Mozambique, Benin and Nigeria. Action plan of the Beijing Summit of the Forum on China-Africa Co-operation. 5 November 2006.

<sup>32</sup> The former Nigerian President Obasanjo called for the establishment of an 'Africa-China Bank', a new regional institution, to promote investments between China and African countries. 'Nigeria Proposes Africa-China Bank', *Nigeria First* (Abuja), 7 November 2006.

'We should continue to have conditionality, but we need to think about it.'<sup>33</sup> The announcement by the President of the African Development Bank, Donald Kaberuka, at its May 2007 meeting held in Shanghai, that Exim Bank had agreed to finance projects worth US\$20 billion over the next three years, would mean that it will be the single biggest financing agency over that period.<sup>34</sup> Clearly, while at first provoking concern, the trend has been toward collaboration, seen notably when the World Bank agreed to collaborate with China in Africa in December 2007 and from which a number of projects have been mooted.

### *Aid and Development*

The history of Chinese foreign aid in Africa is such as to arguably render China a 're-emerging' actor, or, given the rather different circumstances of China's current role, as an emerging aid actor in new conditions. The salient characteristic of Chinese aid is clearly that it is not as explicitly intrusive or prescriptive as Western practice. This is particularly the case when it comes to the absence of explicit and public political conditionality - 'no [political] strings attached' - with the important and sole exception of the One China principle but the prevailing, indeed normative, absence of prescriptive engagement on governance clearly contrasts with prevailing Western approaches. When it comes to economic policy and relations, however, the indications are, as might be expected, that strings are attached as a normal part of trade or bilateral business engagement. An important distinguishing feature of Chinese aid and development assistance is offered on the basis of stated 'equality and mutual benefit' in a spirit of partnership geared toward common benefit. This contrast with standard Western donor practice marks a basic and fundamental difference in approach that remains politically consequential. 'The Chinese do not see themselves primarily as "donors," preferring the language of "cooperation" and "partnership."' (Brautigam, 2007) If China's official rhetoric is compared to that of partnership recently developed by OECD-DAC donors and expressed in the Paris Declaration of 2005, for example, then China's discourse is not as different as it might seem at the official level. However, what is striking about China's discourse of development partnership is that it has proved to be notably resilient in being constant over time as opposed to the chameleon pattern of shifting Western development discourse. Furthermore, it begins from a different standing point in upholding political equality as the basis of relations rather than a hierarchical relation of recent development relations. China has thus far not issued a white paper on its overseas aid or the principles governing it today. Historical precedents thus continue to guide and inform the official discourse on aid, embedded within the general principles governing China's foreign policy (including, most importantly, the Five Principles of Peaceful Coexistence from 1954 and the Eight Principles on Foreign Aid announced by Zhou Enlai in 1964).

Traditional altruistic aid is no longer at the forefront of China's African engagement, though the effects of Chinese aid to Africa remain visible in terms of high-profile infrastructure. Officially the Chinese government focuses on agricultural development, infrastructure, human resources training, and medical and health cooperation. Details of the quantity, concentration and terms and conditions of zero-interest or concessional loans, grants, technical assistance are however elusive, but such forms of aid appear to be bound up with infrastructure projects.<sup>35</sup> China's aid programme is estimated to be in the region of US\$500-800 million per year with a target of some US\$1 billion for 2009 (see Oya, 2008). China provides most of its aid in Africa through two main instruments: '*complete plant projects* (turn-key projects that involve construction or repair of buildings, infrastructure, or facilities of some kind) and *technical cooperation projects* that involve training and assistance.' (Brautigam op cit) Chinese aid has been a source of controversy fuelled by and within a reactive Western media to a meaningful extent but has also been articulated by a growing

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<sup>33</sup> 'Chinese loans to Africa dangerous' - EU Bank', *AFP*, 29 November 2006.

<sup>34</sup> *Africa Confidential*, 'Year of the Pig - the New Scramble for Africa', 48, 11 (2007), pp. 6-7.

<sup>35</sup> China's pledge to double its 2006 assistance to Africa by 2009, for example, was hard to gauge in the absence of adequate baseline data about current levels of assistance.

number of African trade unions and civil society activists. Some is rapidly disbursed according to political opportunity; in other cases it is bound to China's larger investments in resources. Aid is used in symbolic gestures assisting economic involvement. 'Prestige' projects are often linked to improving relations with states (constructing stadiums in Mali and Djibouti, or the houses of parliament in Mozambique and Gabon). Some of these such projects are politically important though not of a nature that would be readily financed by 'traditional' donors, a dynamic underlining the fact that China has been willing and able to fill notable gaps left by the more established donors in Africa. The first of 10 anti-malaria centres due to be built in 2007—and a total of 30 pledged by 2009—opened in Liberia in February as part of a broader health sector training and cooperation programme. FOCAC 3 also pledged to expand Chinese support for scholarships for African students studying in China, education and agricultural aid, including Chinese technical assistance.<sup>36</sup> Aid is one area in which China looks set to expand not merely to enhance its interests but also to further claims to leadership and demonstrate constructive contribution to human development beyond narrowly extractive or profit-oriented activities. In recent years China has supported humanitarian aid, conflict resolution and peacekeeping in Africa as part of an apparent emerging and increasingly prominent role as humanitarian donor and development force.<sup>37</sup> Chinese humanitarian assistance is standardly provided in kind. Aid can also finance vehicles (such as patrol boats provided to Sierra Leone and to Mauritius), equipment or material goods in general, and even on uncommon occasions direct budgetary support.

Debt relief has been a prominent area of Chinese aid and political relations. China has committed itself to cancelling some US\$1.27 billion worth of debt from 31 African countries. Promises of further debt relief were made at the third FOCAC, followed by a number of other gestures early in 2007.<sup>38</sup> Media and culture are additional sectors of expanding cooperation. There are currently Confucius Institutes in Rwanda (at the Kigali Institute of Education), Zimbabwe, Madagascar and Egypt, two in Kenya and South Africa and three in Nigeria. China's new small volunteer programme started in 2006 with a government pledge to send 300 'youth volunteers' to Africa.<sup>39</sup>

China's positive impact on development in Africa has come to assume a more prominent position. While continuing to address poverty in China, China has also long expressed its commitment to poverty reduction in Africa.<sup>40</sup> Recent moves in this area include the establishment of the International Poverty Reduction Center in Beijing in 2005 by China's State Council's Leading Group Office for Poverty Alleviation and Development, the Ministry of Commerce and UNDP.<sup>41</sup> It hosted an international conference with experts from Africa, Asia and Latin America in May 2006.

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<sup>36</sup> The most recent FOCAC pledged that China would: 'Over the next three years, train 15,000 African professionals; send 100 senior agricultural experts to Africa; set up 10 special agricultural technology demonstration centers in Africa; build 100 rural schools in Africa; and increase the number of Chinese government scholarships to African students from the current 2,000 per year to 4,000 per year by 2009.' Around 1,100 students from 46 African countries were studying in China in 2006. An Egyptian-Chinese University was planned for Egypt

<sup>37</sup> The total number of Chinese military personnel and civilian police sent on peacekeeping missions in stood at over 1,800 in early 2007, with pledges of continent participation in peacekeeping missions and assistance to 'African regional organizations'. Some three quarters were supporting UN operations in Africa, mainly Liberia, Democratic Republic of Congo and Sudan. In November 2006, the World Food Programme welcomed China's first donation of US \$1.75 million since it graduated from being a recipient of food aid at the end of 2005.

<sup>38</sup> Chad receiving US\$32 million in debt relief, Equatorial Guinea US\$75 million and Sudan some \$80 million.

<sup>39</sup> In November 2006, 10 of a projected 50 Chinese professional volunteers were working the Ethiopian News Agency, Ethiopian Television, Press Agency and various sections under the Ministry of Information 'Chinese Volunteers Begin Free Service', *The Ethiopian Herald* (Addis Ababa), 10 November 2006.

<sup>40</sup> One recent example of experience sharing was a conference in 'Supporting Africa's Development: Sharing Experience to Reduce Poverty' in September 2004 held in Beijing. *Xinhua*, 24 September 2004.

<sup>41</sup> It 'aims to facilitate the sharing of knowledge between China and other developing and transition economies as well as international development institutions on poverty reduction policies and strategies experience.' UNDP, 'UNDP and Government to Set Up International Poverty Reduction Centre in China', 27 May 2005.

Liu Jian, director of China's State Council Leading Group Office of Poverty Alleviation and Development, commented: 'We will contribute our experience to advancing global efforts on poverty reduction, and will draw on the expertise and methodologies from other countries to promote China's domestic agenda.'<sup>42</sup>

There is no intentionally rival 'Beijing Consensus'; indeed, Beijing has attempted to manage fears about China's expanding power in the world, especially with regard to Washington.<sup>43</sup> In its presentation of a 'different' approach to development attractive to many African governments, however, Beijing clearly wishes to emphasise that it represents a positive alternative. China advances claims to legitimate development activity in Africa through a combination of common positions and differences - a 'development in Africa approach with Chinese characteristics'. Like many governments, China may question the categories of democracy or human rights but has adopted these terms for its own purposes. While not rejecting these outright, it has its own interpretations.<sup>44</sup> The 2006 Africa Strategy cites the importance of the Millennium Development Goals (MDGs), which China has not just adhered to but been a strong international supporter of. While development is becoming more central to China's justification of its engagement with Africa, China also likes to remind Western actors of their primary development obligations in Africa. The FOCAC declaration in November 2006, for example, called on 'the international community' to increase development assistance, open markets, act on debt relief and 'help Africa realize the UN Millennium Development Goals.'<sup>45</sup> One area of policy and politics set to remain important is very much the issue of the ways, means and extent to which aspects of China's own developmental experience could be transferred productively over the long-term as regards the complex challenges of development in the African continent.

The current moment features pressure on China to reform the principles and conduct of its aid and other economic investments in Africa, as well as new cooperation between China, the World Bank and other donors such as Britain's Department for International Development. This flags up the transition phase China is undergoing in Africa and elsewhere in terms of its aid programmes and its dilemmas of negotiating attempts to socialise it into the prevailing OECD norms of aid and development. China signed the Paris Declaration on aid effectiveness and recently affirmed a desire to 'continue to promote the effectiveness of principles contained in the Paris Declaration.'<sup>46</sup> Its signature was that of a recipient, rather than a donor with the result that it has not actively championed these principles in its own aid policies; when compared with other OECD donors, few of which faithfully apply in spirit and letter Paris Declaration commitments in aid practices beyond rhetorical adherence, however, China's position vis-à-vis this standard is less exceptional than knee-jerk reactions by critics have projected. Signing without substantive participation would be consistent with China's behaviour in other multilateral arenas. Certain Paris Declaration provisions, including untied aid, run counter to Chinese practice. Others, including donor 'harmonization' and 'complementarity', clash with China's unwillingness to dilute its distinctiveness by accommodating itself in multilateral development frameworks. China would not be able to strike deals as quickly or effectively if it adopted lengthy rigorous procedures of impact assessment beyond economic viability and political usefulness

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<sup>42</sup> Press Release, 'Poverty Reduction Strategy in the New Millennium: Emerging Issues, Experiences and Lessons Experts Convene International Conference on Poverty Reduction', 19 May 2006.

<sup>43</sup> As seen in debates about how to characterize its growth as a 'peaceful rise' or 'peaceful development'.

<sup>44</sup> China has signed the International Covenant on Civil and Political Rights (1998), the International Covenant on Economic and Social Rights (2001), ratified the Convention against Torture, CEDAW and the Convention on the Rights of the Child.

<sup>45</sup> Declaration of the Beijing Summit of the Forum on China-Africa Cooperation, 5 November 2006.

<sup>46</sup> Joint Statement of the Ninth EU-China Summit, Helsinki 9 September 2006, 9 September 2006.

## *China Africa's relations in international politics*

Looking at the broader canvas of international politics, China's developing relations with Africa have implications on a number of fronts. In the first instance, China's growing political clout in Africa is based on its surging economic presence across the continent, something that derives from the profound transformation of the Chinese domestic economic environment since 1978 (See, amongst others, Kitissou ed., 2007; Sautman and Yan, 2007). This enormously powerful economy in turn poses opportunities and challenges for Africa's own development prospects as well as the continent's economic ties and political orientation towards its traditional partners in the West. And, finally, the emergence of China as a leading actor in Africa is compelling precisely because it is the most prominent expression of emerging international trends that put China at the centre of contemporary global politics.

For China itself, as the renewed engagement with Africa flows directly from the three decades of rapid development, the relationship holds implications for the course and conduct of China's transformation from socialist bastion to a fully market capitalist economy. At the sharp end of China's presence in Africa are its state-owned enterprises involved in resource extraction and infrastructure development. They are products of the CCP's decision to transform moribund state institutions into state-directed multinational firms able to compete against the best of the established international corporations. This 'going out' policy, formally launched in 2001, is supported by Beijing's astute 'no conditions' diplomacy as well as billions of dollars in foreign reserves, which have allowed companies like PetroChina, ZTC or Jiangsu International to gain a foothold in markets in a short period. As they establish their presence in Africa, their practices—derived from experience at home, where social and environmental legislation has been weak to non-existent—increasingly determine the shape of relations with Africa. Complicating matters is the decentralization of economic policies, which has reduced the central government's ability to influence the actions of private Chinese entrepreneurs (Gill and Reilly, 2007). With African resources becoming ever more important to the health of the Chinese economy, Beijing's domestic policy of delivering greater prosperity at home, on the back of sometimes painful economic reforms, without relinquishing significant political control is arguably in danger of becoming hostage to the fortunes of its international forays in places like Africa. Surely this is what is being seen in the diplomatic controversy over Chinese support for the pariah regime in Sudan. While China-Africa relations are an important factor in Beijing's own domestic calculations, the burgeoning ties with China hold tremendous implications for Africa. Africa's development needs, as outlined in a host of initiatives such as the New Partnership for African Development (NEPAD), require an infusion of substantial foreign investment aimed at improving its physical infrastructure, the opening of new markets and better prices for its products, and an expansion of human capital, all of which would contribute to a sustained growth cycle that would allow the continent to meet its development aims for the next decade. China's engagement with Africa provides for many of these very conditions and that is why, irrespective of the concerns being voiced in some circles in Africa (see below), Chinese involvement is widely considered to be a positive-sum game (see, for example, le Pere and Shelton, 2007). For instance, diversifying sources of foreign investment, an explicit policy pursued by the oil producers like Angola and Nigeria, has contributed to opportunities to extract better terms from donors and lenders alike. At the same time, it should be noted that China's rapid insertion into Africa has benefited directly from the previous decades of neo-liberal restructuring of African economies, including the removal of barriers to investment and the privatization of state-owned assets. Moreover, their investment outreach commenced at roughly the same time as the West began to reduce its exposure to Africa (as illustrated, most notoriously, by the French-directed devaluation of the CFA Franc in 1994 and the Western shift to pursuing investment opportunities in, ironically, China) (See, for example, Manji and Marks, 2007). In this context, China's rapid gains on the continent, far from being a sudden 'scramble for Africa', could be more accurately described as pushing on an open door, one which in any case the West had left ajar as it scrambled eastward.

The Chinese impact on governance in Africa, which has exercised Western and African minds alike, is arguably the most contentious component of its engagement. By actively courting ‘pariah regimes’ like those of Sudan and Zimbabwe, Beijing has not only irritated the West—which at least initially was not seen to be a particularly worrisome outcome by Chinese officialdom—but found itself at odds with an emerging consensus on the necessity of good governance within Africa itself. The voices arguing for improvements in accountability, transparency and democracy were not just civil society activists but some of the top leaders of the continent, like Nigeria’s former President Olusegun Obasanjo and South Africa’s former President Thabo Mbeki, and their concerns were reflected in the reformulation of the African Union and the NEPAD initiative. This unexpected development put China in an invidious position, opening it to criticism from African sources of its single-minded pursuit of profit over the needs and concerns of ordinary Africans. The paradoxical result of this has been seen in the case of Sudan, with a seemingly gradual shift away from its categorical support for non-intervention in domestic affairs to one in which it supports the African Union position (and with that the West) on the necessity of a peacekeeping operation in Darfur.<sup>47</sup>

The fast pace and changing dynamics of Chinese foreign policy towards the continent is a noteworthy feature of its engagement. China’s Africa policy changed in three discernable ways after the Beijing Summit of 2006. It moved beyond its primary focus on resource acquisition into areas like financial services and an expansion of activity related to agriculture. It attempted to build islands of Chinese investment in the form of Economic Cooperation Zones in selected African countries; and it modified its conventional investment packages to include greater emphasis on social and community outreach. The bold foray into financial services—with the US\$5.4 billion purchase of 20% of South Africa’s Standard Bank (its largest bank and the one with the most exposure in Africa) in November 2007 by the Industrial and Commercial Bank of China and, less than a week later, the announcement of a partnership between the China Development Bank and Nigeria’s United Bank of Africa—signalled the deepening of its economic engagement. Building on its past history as a provider of technical assistance in this sector, Chinese sponsored agricultural centres are springing up across Africa and, when combined with an expanding Chinese role in financing, training and commercial farming, seem to presage a more substantive involvement.<sup>48</sup> Debates around the uncertain status of the structure of the Economic Cooperation Zones, stalled their development in other regions. The now conventional approach of Chinese FDI in resource rich countries was adjusted, as seen in the over US\$5 billion package for the DRC announced in September 2007 which included US\$3 billion for infrastructure rehabilitation and US\$2 billion to develop mines in Katanga, Ituri and the Kivus, while 31 hospitals and two universities are to be built. A new ‘social clause’ has come into Chinese investment in Africa.

Finally, China’s deepening presence in Africa holds wider implications for the international system. It has challenged Western pre-eminence in a region that had long served as Europe’s ‘*chasse gardée*’ and, for the United States, as an increasingly important source of its energy needs. Moreover, China’s ability to command colossal financial resources, from revenues arising from its arrival as the premier global manufacturer and a leading trading nation, in the service of its foreign policy interests gives it an easy position that Western states can only envy. Just as America’s shift from debtor to creditor nation after 1919 is marked by historians as a turning point in the distribution of power in the international system, so too China’s status as a top international creditor is a signal that power is moving East. The shock induced by Africa’s dwindling interest in borrowing from the World Bank and European Investment Bank, which initially caused both institutions to decry Chinese lending practices as well as questioning their own relevance, is

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<sup>47</sup> See ‘Arms, Oil, and Darfur: The Evolution of Relations between China and Sudan’, *Sudan Issue Brief* (Geneva: Small Arms Survey, 2007).

<sup>48</sup> ‘Chinese team to discuss agricultural centre’, Agência de Informação de Moçambique, 7 November 2007.

Discussions are being held in Senegal and South Africa, while Chinese farmers are establishing themselves in Zambia and Zimbabwe.

seemingly another indicator of the West's putative marginalization on the continent.<sup>49</sup> It follows that the likes of the World Bank or the European Commission seek to develop partnerships with China on aspects of their respective African engagement, the latter through an as yet awkward attempt at trilateral cooperation process which has yet to proceed far. China's capturing of markets through the unbeatable combination of aggressive diplomacy, financial largesse and low costs, coupled with African aptitude in playing one suitor off of the other, only fuels this sense of impending relegation in Western capitals. Faced with this new challenge to their established international standing, the leading industrial countries sought to respond through a strategy of heightened public criticism and grudging collusion with China. China in turn, belatedly recognizing the dangers posed by an aroused Western perception of threat to established interests, sought to counter this discourse of fear with its own declaration that China's rise to prominence would be peaceful. In this context, Robert Zoellick, the former US Assistant Secretary of the Treasury and currently President of the World Bank, has called on China to assume a role as 'responsible stakeholder' in the international system commensurate with its economic importance. Africa, again, is held to be a litmus test for Beijing's commitment to a largely Western-inspired agenda on governance and accountability.

### **Conclusion: Between Chinese 'exceptionalism' and Western convergence in Africa**

The consolidation of China's newly attained position in Africa presents challenges that are at once the ordinary stuff of preserving these interests but also, and more profoundly, negotiating and reassessing its position within the international system. The Chinese government's distinctive mode of conducting its relations with the continent, which might be broadly labeled Chinese 'exceptionalism', is founded in an historically-informed framework and reinforced by official contemporary rhetoric emphasising equality, mutual benefit, sovereignty and non-interference. It is given expression and codified in the language, framing and actual conduct of official state relations and is informed by a discourse of difference and similitude: China as a power that is categorically different than all previous external powers engaged in Africa and that this difference is based fundamentally on its seminal experience as a developing country. As such Chinese exceptionalism is a modality of engagement that will ensure 'mutual benefit' and 'win-win' outcomes at continental and bilateral levels: it will structure relations such that they may remain asymmetrical in economic content but equal in terms of recognition of economic gains and political standing (mutual respect and political equality). Chinese diplomacy has operated on a different basis from the more overtly hierarchical power relations of established external powers. It has been mostly successful to date, even to the point where external reactions have problematically suggested that China is somehow immune to the prevailing forces of political and economic gravity in Africa.

There is a striking diversity of emerging Chinese activities and interests ranging from Southern Africa to former Lusophone Africa, east Africa or the Horn, and across strategically important cases like South Africa, Angola or Sudan to less prominent but nonetheless revealing cases such as Tanzania, Namibia or Cape Verde. Investment protection amidst burgeoning economic activities has become more important to the Chinese government and companies. In places the expansion and consolidation of Chinese interests appears to entail a logic of deepening political involvement. China's approach has been more than sufficient to confer legitimacy and enable flourishing relations with many African states. However, this has been subject to increasing strain by the growing complexity of ties. One consequence of China's sheer visibility and the fanfare accompanying its ascendancy in Africa is that Beijing faces the challenge of managing the high expectations it has generated and continuing to deliver in Africa, while continuing to achieve development in China. In responding to grievances concerning business practices, environmental impact, increased security threats and demands for protection by Chinese nationals in Africa, the

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<sup>49</sup> 'China treads on Western toes in Africa', *Financial Times*, 12 January 2007.



central Chinese government is attempting to direct a diverse array of Chinese actors, over which its ability to exercise control appears to be not as great as widely assumed (Gill and Reilly, 2007).

Current relations amount to an emergent phase marked by an evolving set of issues. Greater involvement has already brought unanticipated challenges as different Chinese interests have been exposed to the vagaries of politics in different parts of Africa. Chinese actors are becoming more established in Africa through experience and the progressive deepening of links. This process whereby a range of Chinese interests become a more normal part of Africa's socio-economic and political life is one likely to erode the popular reputation for exceptionalism China has enjoyed from below. Nonetheless, with China's newly prominent role in Africa rejuvenating debate about development against a backdrop of future geopolitical uncertainty, the importance of maximizing African benefits beyond elites remains a pertinent concern. At the same time as bringing positive dimensions and holding undoubted potential, China's re-engagement also renews enduring questions of power, the constraints on development and Africa's unfavourable, structurally subordinated position in the world economy.

The claim that China's ties with Africa are distinct and substantively different from those of the West is thus more significant than it first appears because it connects with the core of China's identity and nature of its relations with the continent. China today presents mixed images to Africa: it remains a developing country that has also achieved impressive development, and one whose very success is transforming its economy through reform and opening has entailed a process whereby its relations with the rest of the world trajectories China's uncertain status. Today many African states consider linking their economic and political direction to a Chinese future precisely because of its demonstrable accomplishments and the presumed economic path that it is proceeding along. However, the Chinese government's insistence on its exceptional condition – that it will remain a benevolent partner for Africa in a 'win-win' strategic partnership despite the unavoidable hard facts about the nature of its deepening commodity-based trading relationship – places a significant burden on China's foreign policy to ensure that it is conducted in a manner that retains this moral high ground against the backdrop of its evolving commercial and other attendant interests on the continent. Will Beijing be drawn to replicate Western practices, perhaps under the impact of disciplinary constraints (See Clapham, 2008), or will it endeavour to retain its 'friendship between most unequal equals'<sup>50</sup> with African states irrespective of the cost? In this, how far will Western efforts aimed at socializing China as a 'responsible' power in Africa proceed and in what ways will China influence currently prevailing standards? More than any other process, the incremental revision or even the abandonment of exceptionalism will signal the desire to converge with other foreign actors in Africa and, concurrently, the end of the last vestige of Mao's ideological project.

This paper has addressed the changing engagement of that constellation of actors grouped under the general heading 'China' in the very diverse continent of Africa. However, it should also be recognised that the expanding Chinese presence and role in the continent is at the forefront of a broader Asian involvement that has implications for Africa's politics and established relations with external powers. Focus on China in Africa has tended to upstage the involvement of other notable actors, namely India, which held its own Africa summit in New Delhi in April 2008, and Japan, whose fourth meeting of the Tokyo International Conference on Trade and Development was held in Yokoyama in May 2008, together with the continuing engagement of the more 'traditional' external powers under more competitive political and economic circumstances. Nonetheless, China remains by far the most important rising force in Africa and its return to a position of significance in African affairs looks set to have a sustained impact on the continent. If FOCAC III was an opportunity to celebrate the achievements in Chinese-African relations, and chart the way forward,

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<sup>50</sup> As Nyerere once described China-Tanzania relations. Quoted in George T. Yu, *China and Tanzania: A Study in Cooperative Interaction* (Berkeley: Center for Chinese Studies, University of California, 1970), p. 97.

then FOCAC IV, scheduled for Egypt in November 2009, promises to be a contrast to festivities on offer in Beijing in November 2006. The emphasis is to be on fulfilling aims set out at the Beijing summit in 2006, a position which suggests that the emerging contours of relations that are becoming normalised. Whether the Chinese engagement redefines many of the traditional shibboleths of African international relations, as the rhetoric of 'win-win' partnerships suggests, remains to be seen. In any case, as the proving ground for a new activist China, Africa provides an important insight into the conduct of a resurgent China in regions and markets such as Central Asia, Latin America and the Middle East. The 21st century is indeed being made in Africa.

*Chris Alden, Senior Lecturer in International Relations at the London School of Economics*

*Dan Large, Research Director of the Africa Asia Centre at the School of Oriental and African Studies (SOAS)*

*Ricardo Soares de Oliveira, Lecturer in Comparative Politics (African Politics) at Oxford University*

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