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The Dragon on Safari

China's Africa Policy



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THE DRAGON ON SAFARI: CHINA'S AFRICA POLICY

LT COL JS KOHLI

INTRODUCTION

Relations between the People's Republic of China (PRC; China) and Africa have a long history and have seen several changes over the course of time. Two of the critical and most commonly known phases are China's role in Africa during the Cold War and, recently, the perception that China's ventures in Africa are motivated mainly by its quest for energy security.

Viewed objectively, there are few reasons for China to establish close strategic relations with Africa. China and Africa are geographically far apart and share neither language nor culture. Yet, in the 10th century BC the Egyptian city of Alexandria began trading with China. Subsequently, Chinese and Africans came into contact because of Arab and European maritime expeditions occasioned by the slave trade. However, it was only in the later half of the 20th century that China and Africa truly rediscovered each other, essentially at the Bandung Conference on Non-Alignment held in April 1955. Diplomatic ties between China and Africa date back to 1956 and the establishment of Sino-Egyptian relations.

China lent support to various African liberation movements in their struggles for independence. During the Cold War era, Sino-African relations were characterised mainly by a policy of anti-Soviet rhetoric and support for the anti-Portuguese nationalist movements in Angola and Mozambique. However, Sino-African ties waned in the 1980s.

In contrast to the political and military militancy of the 1970s, China's current engagement with Africa should be viewed within the context of globalization in the

aftermath of the Cold War. This new relationship is voluntarily focused on economic and technological cooperation for the sake of development. In fact, the current emphasis of China's Africa policy is based on the classical foundations of what is described as a tripod of historical legitimacies, namely:

- Historical links to liberation movements (historical legitimacy)
- A Third World ideological heritage dating back to the Cold War (ideological legitimacy)
- An evolving partnership based on principles of non-interference and neutrality (political legitimacy)

I CHINA'S NEW AFRICA POLICY

China's 'new' Africa policy¹, adopted by the Chinese government in January 2006, characterizes the guiding principles of the new strategic partnership in the following terms:

- ***Sincerity, friendship and equality***, which means that China adheres to the principles of peaceful coexistence and respects African countries' independent choice of development paths.
- ***Mutual benefit, reciprocity and common prosperity***, which means that China supports African countries' economic development and is committed to cooperation in

¹ Kwesi Aning and Delphine Lecoutre. "China's ventures in Africa." *African Security Review*. 17(1): 40.

various forms, for the benefit of both parties.

- ***Mutual support and close coordination***, which includes a commitment from China to strengthen cooperation with Africa in multilateral systems and to appeal to the international community to pay more attention to questions concerning peace and development in Africa.
- ***Learning from each other and seeking common development***, which refers to strengthened exchange and cooperation in various social fields and support for African countries to enhance capacity building and cooperation to achieve sustainable development.

China's new involvement with Africa receives exceptional attention at international level. Chinese aid, trade and investment in Africa have increased dramatically since the early 1990s. In recent years, China's engagement with Africa has reached a new peak and continues to grow exponentially. Today, China has definitely acquired the status of a new important donor for Africa. Most African representatives highly welcome Chinese engagement and its philosophy: cooperation for mutual benefit, negotiation on equal level, no interference in internal affairs, access to loans for large infrastructure projects with "no strings attached", greenfield investments in the exploitation of untapped raw materials, etc.²

² Gerald Schmitt. 2007. "Africa Regional Consultative Conference." *Economic Section of the Africa Department of German Technical Cooperation, GTZ*.

II CHINA'S EVOLVING APPROACH

China's new strategic partnership with Africa, unveiled at the November 2006 Beijing Summit of the **Forum on China and Africa Cooperation** (FOCAC), marks a historic moment in China-Africa relations. China's highest leadership actively espoused FOCAC's ambitious vision, which was enthusiastically embraced by 43 heads of state and a total of 48 African delegations. Following the summit, senior Chinese officials, including President Hu Jintao and then-Foreign Minister Li Zhaoxing visited 15 different African countries within the first quarter of 2007. Assistant Minister Zhai Jun's visit to Sudan, and the subsequent appointment of Ambassador Liu Guijin as China's special envoy for Darfur, in April and May 2007 respectively, drew considerable press attention.

China's expansive engagement has raised hopes across Africa that China will turn its attention to long-neglected areas such as infrastructure and that its strategic approach will raise Africa's global status, intensify political and market competition, create promising new choices in external partnerships, strengthen African capacities to combat malaria and HIV/AIDS and promote economic growth. It also raises nettlesome policy issues and complex implementation challenges that China will increasingly confront in the future.³

Today, China's Africa policy is carried out on a higher plane and is more complex, multidimensional, ambitious and ultimately, entails greater risks. The China-Africa summit in Beijing in November 2006 featured an effusive exchange between African and Chinese

³ Bates Gill, Chin-hao Huang and J. Stephen Morrison. 2007. "Assessing China's Growing Influence in Africa." *China Security*. 3(3).

leadership. China's rising economic engagement is tied to conspicuously strategic goals, centered on access to energy and other scarce high-value commodities. On the diplomatic front, Beijing has shown a new determination to complete the process of eliminating bilateral ties between Taiwan and a dwindling number of African capitals, and to use its accelerating entry into Africa to consolidate global allegiances and Beijing's putative leadership of the developing world. Beijing has also taken on a more active role in the security sphere. China's contributions of soldiers and police to UN peacekeeping operations, concentrated in Africa, have increased ten-fold since 2001. As of May 2007, China has provided over 1,800 troops, military observers and civilian police toward current UN peacekeeping operations. Three-fourths of current Chinese peacekeeping forces are supporting UN missions in Africa (primarily Liberia, Sudan and the Democratic Republic of the Congo)⁴

Beijing's proactive engagement with Africa is based on several key factors that underlie the new Chinese approach. Chinese officials portray themselves as seeking only friendly and respectful political linkages with Africa, based on a legacy of over 50 years of solidarity and development assistance. In Beijing's view China's historical experience and development model resonate powerfully with African counterparts, and create a comparative advantage vis-à-vis the West. China emerged from colonial encroachment, internal chaos and economic destitution to achieve spectacular economic growth and infrastructure development. In the past two

⁴ For a specific breakdown of Chinese contribution to the various U.N. peacekeeping missions see http://www.un.org/Depts/dpko/dpko/contributors/2007/may07_1.pdf.

decades, its achievements have lifted over 200 million Chinese citizens out of poverty. In the meantime, China can claim that it has achieved political stability and increasing international clout. Such a national narrative, some have asserted, has a powerful resonance in Africa.

Most importantly, Beijing's approach to Africa fits squarely within China's global foreign policy, including important initiatives in Southeast Asia, Central Asia, Latin America and the Middle East. Africa is seen as integral to Beijing's strategic ambition to advance a "new security concept" that can ensure China's peaceful rise as a global power and strengthen relations with key neighbors and regions. Through its overarching global approach, China's leadership seeks to sustain internal development and political stability at home, legitimize the historic benefits of China's rise within the international community, and achieve its long-term goal of a multi-polar, equitable and "democratic" international system. In the words of Chinese Ministry of Foreign Affairs spokesman Liu Jianchao, today, "China needs Africa."⁵ It needs Africa for resources to fuel China's development goals, for markets to sustain its growing economy and for political alliances to support its aspirations to be a global influence.⁶

III AID FOR OIL STRATEGY

China's return to Africa in the 21st century is characterised not only by a need for economic resources but, more crucially, by

⁵ Gill, B., Huang, C. and J. S. Morrison. "China's Expanding Role in Africa: Implications for the United States" p. 5; also see Swann, C. and McQuillen, "China to Surpass World Bank as Top Lender to Africa (Update 2)," *Bloomberg*, Nov. 3, 2006, <http://www.bloomberg.com/apps/news?>

⁶ Ibid.

the financial and political muscle to play the game dramatically and competitively. Basically, China's entry into Africa is characterised by 'an aid-for-oil strategy' that has resulted in increasing supplies of oil from African countries in return for comprehensive and exploitative trade deals.⁷ Sino-African trade grew by 700 per cent during the 1990s, and the 2000 China-Africa Forum in Beijing set off a new era of trade cooperation and investment that is producing notable results. From 2002 to 2003, trade between China and Africa doubled to US\$18.5 billion, and then nearly doubled again in the first ten months of 2005, jumping 39 per cent to US\$32.17 billion. Most of the growth was due to increased Chinese imports of oil from Sudan and other African nations. China's foreign direct investment in Africa represented US\$900 million of the continent's US\$15 billion total in 2004. China is now the continent's third most-important trading partner, behind the United States and France, and ahead of Britain.

China's money flowing into Africa is a clear and significant sign of its determination to **meet words with deeds** on the continent. A symbolic signal in this regard is the fact that in 2007, with over US\$9 billion worth of investment, it dwarfed the World Bank's money flow into Africa, and the Bank, unable to inject more than US\$2.5 billion into the continent, is now, bowl in hand, persuading Beijing to partner with it in financing African projects - so far to no avail.

When one takes into account the huge foreign reserves, now estimated at US\$1.5 trillion, that China has built as a result of an effective export strategy and the establishment of a sovereign fund - China

Investment Corporation - endowed with US\$200 billion, one can easily expect China to become the most dominant player in a continent that needs financial resources - which China is ready to provide without conditions.

China's oil policy in Africa is also criticized for the pricing and risk management of state-owned oil corporations, which have the potential to play a part in crowding out Western companies. Chinese state-owned enterprises in the commodities and energy sector, unhampered by short-term profit expectations, can take greater risks than others and live with a distorted cost structure because of the subsidies they receive. Looking at the global ownership structure of oil and gas reserves, however, the criticism is admissible to only a limited extent. 80-85 per cent of global oil reserves and 60 per cent of the world's reserves of natural gas are in the possession of state-owned or para-state enterprises, whose policies are likewise determined not solely by economic factors but also by political considerations and influence from national political bodies.⁸

With more than 800,000 Chinese currently living, working and running businesses in Africa, over 800 small and medium businesses involved in manufacturing and bidding for construction of ports, railways, hospitals, administrative buildings and other facilities, usually at a very competitive price, and using comparatively advantageous cheaper labour and other factors of production, it is no surprise that many Western actors with interests in Africa are taking notice of China in Africa - and becoming increasingly uncomfortable. Not only do China's

⁷ Pan, E. 2006. "China, Africa, and Oil." 12 January. <http://www.cfr.org/publication/9557>.

⁸ Umbach, Frank (2007): "China's Energy and Raw Material Diplomacy and the Implications for the EU-China-Relations." *China aktuell*. 1. pp. 39-56.

strengths justify this uneasiness, but the fact that China has come up with an economic and political development model that seems to have produced tangible results in terms of poverty alleviation and national control of assets, makes the country more appealing to most African countries.⁹

IV TRADE, INVESTMENT AND AID

There are three main components to China's economic engagement in Africa that are not always distinguished: trade, investment and aid. First, Chinese trade with Africa increased from US\$11 billion to US\$40 billion between 2000 and 2005, becoming Africa's third largest trading partner¹⁰. Most of the increase comes from oil imports from Sudan, where China's companies have been active since 1995, and Angola, where they made major energy investments in 2003-4. It is, however, important to consider these figures together with Africa's increased trade with Europe and North America. This has also grown, though less slowly, and continues to constitute the main destination for the majority of Africa's exports. An important difference is that the increase in Chinese trade with Africa is driven by "complementarities" between the two economies, whereas increased trade with North America and Europe has resulted from preferential trade arrangements, such as the African Growth and Opportunity Act (AGOA).

⁹ Adama Gaye. "China In Africa." *New African*. Mar 2008. <http://www.billionet.com>.

¹⁰ UNCTAD/UNDP. 2007. *Asian Foreign Direct Investment in Africa: Towards a New Era of Cooperation among Developing Nations*. New York. p. 56.

Second, Chinese investment in Africa is increasing, but still represents a small fraction of China's total Foreign Direct Investment (FDI) stock. The stock of Chinese FDI in Africa in 2005 was US\$1.6 billion, which represented only 3 per cent of China's total FDI. Most Chinese investment was directed to Asia (53 per cent) and Latin America (37 per cent). The period 2003-2005 saw massive increases of Chinese FDI outflows to all parts of the world, not just to Africa¹¹.

Third, Chinese aid is now set to increase dramatically as well, and it is here that we can expect to see the most profound challenges to Africa's relationship with the rest of the world. China has had aid programs in Africa since the 1960s, but with the exception of the rail line between Tanzania and Zambia and a number of stadiums around the continent, the impact left by Chinese aid was not great. The value of Chinese aid in Africa is set to overtake World Bank assistance in 2007 with US\$8.1 billion on offer compared with only US\$2.3 billion from the Bank¹².

The Chinese "aid" now on offer is intimately tied to its commercial expansion and often comes in the form of credits from the Chinese Export-Import Bank. The Beijing Summit also announced a token expansion of more purely humanitarian aid programs, such as the dispatching of 300 "young volunteers" to Africa and the pledge of establishing 100 rural schools in the continent before 2009. Beijing sees aid-giving as a way of generating positive sentiment toward China, and seems unaware of the consequences it can have on governance and economic performance, particularly when channeled through weak and undemocratic national governments.

¹¹ Ibid.

¹² Bloomberg.com, November 3, 2006.

To the extent that Western donors have begun to learn some of the lessons from the poor performance of their previous aid programs, increased Chinese aid-giving could be a setback for sound economic policy-making and democratic accountability in Africa.

V CHINA'S CONSTRUCTIVE ROLE IN DARFUR

With regard to the crisis in Darfur, China has officially supported the regime in Khartoum, offered diplomatic support, provided weaponry and insulated Khartoum from economic pressure and human rights accountability. At the UNSC, its strategy has been to dilute the language of resolutions and frequently abstain from voting¹³. Despite its final abstention, a shift in Beijing's approach was signaled during the debate on UNSC Resolution 1706. China's vote signaled to Khartoum that the capital would not have to face urgent or forceful implementation of Resolution 1706 and that diplomatic protection and support would be extended to Sudan's intransigent refusal to abide by international law¹⁴. For the first time, China publicly encouraged Khartoum to allow UN peacekeepers into Darfur and called for a 'comprehensive political solution' to the crisis. China has since publicly cast itself as playing a '**constructive role**' in Darfur. Consequently, in May 2007, Liu Guijin was appointed special representative for

¹³ Arms, Oil, and Darfur. "The evolution of relations between China and Sudan." *Sudan Issue Brief*, Small Arms Survey, 7 July. www.smallarmssurvey.org-Sudan.

¹⁴ "China, Darfur, and the Olympics: tarnishing the torch?" June. www.dreamfordarfur.org.

African affairs with a brief to facilitate a political solution to the crisis in Darfur.¹⁵

VI CHINA'S STRENGTH LIES IN AFRICA'S WEAKNESS

Africa has much that China needs: energy sources, raw materials, markets, vast and under-utilized arable land to help feed its billions, UN general-assembly votes. China's sourcing of some of these benefits in the last five years has already benefited Africa tremendously. "China alone was responsible for 40per cent of the global increase in the price of oil demand between 2000 and 2004." Chinese (and Indian) demands have driven the prices of commodities and other raw materials upwards after years of stagnation. As a result, "Sub-Saharan Africa's real GDP increased by an average of 4.4per cent in 2001-04, compared with 2.6per cent in the previous three years. Africa's economy grew by 5.5per cent in 2005 and is expected to do even better in the following years."¹⁶

Africa needs the prices for the goods it sells to continue to increase; with the kinds of goods it has - raw and unprocessed - this usually only happens in a tight market. But that market shouldn't be so tight that customers begin to explore and invest in possible alternatives. Africans should also be wary of selling out their non-renewable raw materials too cheaply - or too quickly, even if the price is right. One day they will need those same materials to drive their own industrialization. So, African countries need to effectively manage their raw materials much more effectively,

¹⁵ Kwesi Aning and Delphine Lecoutre. "China's ventures in Africa," *African Security Review* 17(1). pg 44.

¹⁶ Firoze Manji & Stephen Marks, "African Perspectives on China in Africa."

attempting to provide the sort of price stability which enables medium- to long-term planning for both producers and consumers.¹⁷

African states are weak. Their economies are mostly basic, either extractive or agriculturally based, with very little value added before export. There is very little manufacturing base, or power, transport and communications infrastructure. The health sector is lacking, along with managerial and skilled-worker capacity. Leadership is exceptionally poor, and sometimes corrupt. For these reasons, the continent has suffered for years in its trade relations with the wider world. Beyond its commodities, it simply does not produce, at the right price, anything that the world wants.¹⁸ Minimizing these weaknesses means that Africa needs to be using windfall money from high commodity prices to invest in infrastructural works, alongside health and education. Investment is particularly needed in skills, management, entrepreneurial and leadership training. Even if Africa got all it desired by way of investment tomorrow, it would not have the capacity to manage the funds.

VII CHINA AND THE AFRICAN UNION

Africans seriously need to consider negotiating on a pan-African basis with China on the main outcomes it seeks. China does not have a holistic programme of engagement with the AU, but follows a bilateral approach in dealing with individual African countries. China is astute in its African diplomacy in that it knows perfectly well what it can get from each African state. Consequently, it adopts

an individualized approach towards each country instead of a one-size-fits-all approach to the whole of Africa. China has different levels of engagement with different countries on the continent; with some countries it has no relations at all. Whether China engages with an African country depends on the internal dynamics and economic strength of the potential partner. This poses the question as to “*what drives China’s choices in seeking African relationships?*”

The traditional model of Sino-African trade is one in which Africa exported energy and raw materials (minerals, precious stones, timber, cotton, fish products) and imported consumer goods, machine tools and textiles. Oil ranks first among Chinese imports, accounting for 60 per cent of total imports. Imports from Africa now represent 25 per cent of all China’s oil imports, and this percentage is on the increase. Sixty per cent of Sudan’s oil yield and 25 per cent of that of Angola are exported to China. China also has an interest in the raw materials and minerals needed to sustain its growth, including copper, nickel, iron, bauxite and uranium. In 2008, 20 per cent of Africa’s mineral ores were exported to China. The cost regimes adhered to by Chinese companies, and the fact that Beijing prefers ‘empty’ areas, in which the safety of neither investment, nor personnel is guaranteed, facilitates the Chinese offensive considerably. China takes the kinds of risk that would be inconceivable for any major Western company. China also benefits from not imposing conditions and not requiring that the rules of transparency and good governance be observed, in contrast with Western investment programmes.¹⁹

¹⁷ Onyekachi Wambu, “Africa's Chinese Challenge.” <http://www.opendemocracy.net>.

¹⁸ Ibid.

¹⁹ China’s African strategy. *Politique Etrangère*, www.diplomatie.gouv.fr/IMG/pdf/0805.

The Chinese are not just about everywhere, they are in most places Western nations are not. The Chinese diaspora run everything from grocery stores and building material shops to restaurants and corner stores in even the most remote provincial towns throughout Africa. Beijing has zeroed in on pariah states like Sudan where Western firms are either barred by sanctions or constrained from doing business because of concerns over human rights, repressive policies, labour standards and security issues. Chinese construction firms have been contracted to rebuild Nigeria's railroads, pave Rwanda's and Ethiopia's main roads, build Ethiopia's Tekeze Dam and Sudan's oil pipeline network, and reconstruct the continent's electricity grids and telecommunications networks. For the time being, individual African leaders are still in the driving seat: striking deals and encouraging Chinese investment which, in some cases, enriches them and their cliques. But this does not address the broader agenda of reducing unemployment and poverty.

VIII COMPARISON WITH INDO-AFRICAN PARTNERSHIP

Beijing's mercantile, profit-driven style of functioning - flooding African markets with cheap Chinese goods and bringing in their own labour for projects in Africa that do not generate local employment - has already created resentment and backlash from a section of the African leadership and the African people. Two years ago, South African President Thabo Mbeki warned African countries against falling into the trap of China's "neo-colonial" relationship with Africa.

India, in contrast, has focused on value addition of resources and the creation of local jobs for the African people. Also, there is a fundamental difference in the nature of the engagement as China's

approach is state-driven while the private sector leads India's forays into Africa. Clearly, there is a huge gap between the level of India's engagement in Africa with that of China. India's trade with Africa is estimated to be around US\$30 billion which is half of that of China's US\$56 billion in the continent. China has also struck lucrative energy and infrastructure deals in oil-rich countries like Sudan, Angola, Mozambique, Nigeria and Chad. Compared to that, India has a lot of catching up to do in Africa's hydrocarbons sector.

India chose to take refuge in clichés of non-aligned movement and Afro-Asian solidarity in the post-colonial cold war world that created a gap between words and action on the ground. Where the Chinese were quick to provide hundreds of millions of dollars of aid to win energy and infrastructure deals, India harped on dated slogans that were out of sync with the aspirations curve in African countries. Also, the visits by Indian leaders to African countries were few and far between. But now that India has embarked on course correction, its Africa diplomacy is set for a big surge. India's blend of enhanced developmental package, technology transfers, human resource development and infrastructure development could prove to be its winning card in the continent in the long run.

That India is headed on a winning journey in Africa, although it may take a few more years to make it clear, was evident from the praise showered by African leaders on India's development-centric approach and their admiration for India as a rising economic and knowledge power. Mbeki lauded India for its help in the reconstruction of African countries and stressed on increased cooperation between the two sides in the area of the UN reforms. Alpha Oumar Konare, chairman of the African Union Commission, said India-Africa partnership will help African

countries to achieve their millennium development goals. Democratic Republic of Congo President Joseph Kabila stressed that the partnership will help Africa gain "a great deal from India's experience in poverty reduction, development, micro-credit and the development of the middle class.

IX CONCLUSION

If the string of enthusiastic remarks from African leaders are anything to go by, the summit has succeeded in not only laying out a firm blueprint for forging a more contemporary partnership between India and Africa but also differentiating India's long-term win-win formula in Africa. But India needs to back up this winning template with some concrete steps on the ground: more high-level visits by Indian leaders to African countries, opening of more missions in regions where it is underrepresented and sustained proactive diplomacy to encourage private sector to spur its investment in the continent. In the end, it takes two to tango. The 21st century, as Manmohan Singh said, will be the century of Asia and Africa, one in which the people of the two continents will work together to purge the world of its asymmetries and promote a more equitable world.

China has big plans for Africa and in the recent past has been offering massive soft loans and grants. Is this sustainable amidst the current financial crisis? Will these loans harm Africa? There is an upward spiral in mineral and oil-rich countries like Angola because of China's demands, yet there is an imbalance in the trade which involves exploitation of natural resources like oil and gas at 62per cent and other minerals at 13per cent. But Africans governments must also share the profits widely by improving the infrastructure. China is among the top three exporters of arms to Africa and in 2008 was forced,

after worldwide pressure, to recall its "Ship of shame" a term coined for the ship that had exported massive weapons to Zimbabwe after the botched presidential elections.

Remarkable policy change has been noted from China in the case of Darfur. However, more is required. Economic development needs to go hand in hand with democracy, accountability and human rights. Democracy and participation in societal values is required in Africa for prosperity.²⁰

²⁰ Henning Melber. *What about China in Africa? - A debate revisited.*
http://www.africanpath.com/p_blogEntry.cfm?blogEntryID=6932.