China’s influence on the African continent has grown significantly in the past decade. More than 40 African heads of states attended the last China-Africa summit in Beijing in November 2006, a significantly larger attendance than similar meetings between African leaders and the European Union. The Beijing summit—which celebrated 50 years of diplomatic relations between the Asian superpower and African nations—was also a symbol for a geostrategic shift, which is currently taking place on the continent. Numerous African nations, including a number of favorite ‘donor-darlings’ such as South Africa and Ghana, are in the process of diversifying their political and trade relations away from the traditional North-South axis and towards new South-South relationships with emerging Asian economies such as India, Malaysia and China. This process is driven largely by Chinese investment in Africa, estimated at some US $50 billion in 2006 (Fues et al, 2006, p. 1), and also by the promise of significant Chinese loans and other forms of development assistance. Imports of crude oil and other petroleum products account for the lion’s share of Sino-African trade relations, while Chinese companies are exporting consumer goods, such as household items, electronic products and clothing.

China’s new role in Africa has become the focus of much scrutiny both in Africa itself and in Europe and North America. Western journalists and politicians make reference to Beijing’s arms deals with, and strings-free low-interest loans to notorious rulers such as Sudan’s Omar al-Bashir or Zimbabwe’s Robert Mugabe, warning against a new form of ‘Yellow Imperialism’ at the expense of the African people. Economic analysts are cautioning that China’s energy imports from Africa are responsible for the rising petrol prices on the global market, while claiming that the deep pockets and the political backing enjoyed by Beijing’s parastatal oil companies are giving them an edge over their Western competitors. Ultimately, according to this description, Chinese efforts to increase the country’s economic and political footprint in Africa are undermining Western attempts to promote transparency, good governance and the protection of human rights. However, the perception among many policymakers and intellectuals in Africa is notably different. “China knows what it means to be poor, and has evolved a successful wealth creation formula that it is willing to share with African countries,” says former Nigerian Finance Minister Ngozi Okonjo-Iweala (2006). Unlike its Western counterparts, China is willing and able to invest heavily in large-scale infrastructure projects across the continent and Beijing’s preferential loans come without any conditions with regard to political or economic reforms. This policy of mutual non-interference in internal affairs as one of the “Five Principles of Peaceful Coexistence” has been one of the cornerstones of Chinese-African relations since the 1950s. China’s economic boom, which was characterized by domestic growth rates of more than ten percent in the last decade, is seen by many Africans as an alternative model to the policies prescribed by institutions such as the World Bank and IMF. A thinly-veiled attempt to gain access to Africa’s vast natural resources or an honest attempt to form a more equitable South-South partnership, the so-called ‘Beijing Consensus’ is viewed in stark dichotomic terms by most observers. This focus is an attempt for a more balanced analysis of the emerging Sino-African relationship.

Chinese energy needs and the role of African suppliers

China is second only to the United States in its consumption of oil. While the country used to be a net exporter of oil, the stead equally of China’s economic growth has led to a steady increase in the country’s need for imported oil. This has had a significant impact on the global oil market, and has led to increased competition for access to Africa’s energy resources.

The other principles are: mutual respect for territorial integrity and sovereignty, mutual non-aggression, equality and mutual benefit, and peaceful coexistence. The “Principles” date back to the year 1954 and were originally adopted for Chinese-Indian relations (Fues et al. 2006, p. 2).
While most assets held by Chinese companies are fairly minor, the China National Petroleum Corporation (CNPC) has dominated the oil sector in Sudan since the late 1990s when most Western companies left the country as a result of growing public pressure in connection with human rights abuses (ECOS, 2008). In 2006, 81 percent of the 267,000 barrels of oil produced every day by Chinese companies in Africa originated from Sudan with Algeria, Angola and Tunisia accounting for the rest (Downs, 2007, pp. 45-46).

However, this picture is about to change soon when new investments in Nigeria (Akpo field) and Angola (Greater Plutonio fields) will come on-stream. To secure these assets, China has so far invested US $30 billion (Wendell, 2008) in the oil and gas industries on the continent. Despite these considerable gains, the Chinese footprint in the continent’s oil market remains relatively small compared with the more established players with CNPC ranking seventh in terms of production, followed by other more junior Chinese operations such as Sinopec and Sinochem in 2006 (Downs, 2007, p. 44).

Unlike the more mature African oil market, the continent’s natural gas reserves remain largely untapped and therefore are an attractive investment opportunity for Chinese companies. Crude oil and gas are usually co-located, but while gas has traditionally been flared in countries such as Angola, Nigeria and Sudan, operators are now in the process of acquiring the necessary technology to use this resource commercially. Between 2002 and 2004, gas represented only about one percent of Africa’s export to China (whereas oil was responsible for about 60 percent) (Broadman, 2007), but the sector is set to grow at a rate of 4.9 percent annually until the year 2030 (Turner, 2007). During the Beijing Summit in November 2006, China gained exploration rights in several African countries. In Nigeria, where 78 percent of the continent’s known gas reserves are located, China is seen as an important partner and Abuja wants a long-term partnership with regard to extraction and the development of infrastructure, with Beijing planning to build a refinery, which would provide badly-needed capacities for the Nigerian market. It has been speculated that China could reduce its dependency on oil in the long-term by manufacturing liquid fuel from coal and gas. The knowledge for this process was developed by South Africa during the Apartheid period and China has shown a great deal of interest in this technology (Seccombe, 2006).
A new scramble for Africa’s minerals?

Industrial mining in Africa—like the oil and gas sector described above—has traditionally been dominated by foreign companies, with their initial investments often dating back to Colonial times. In countries where the mining industries were nationalized, such as the Democratic Republic of the Congo (DRC) and Zambia, decades of neglect and the sinking market prices for many raw materials, have had a negative impact on production, with the output of the mines often well below the levels immediately following the start of decolonization. However, during the past decade the tide has turned and the prices for certain raw materials have risen sharply. This development is driven to some extent by the needs of the economies of the Far East. Alongside with companies from Australia, Canada, the United States and South Africa, Chinese operators have started to invest heavily in the African minerals sector, often replacing more established European operators or bankrupt parastatals. As the world’s leading consumer of metals such as copper, zinc and lead, China has entered the scramble for these resources.

The Belinga Iron Ore project in Gabon is an impressive example for the scale of Chinese investment in this sector. With more than 500 million tons of proven reserves, Belinga has an enormous economic potential, but the high capital cost of accessing the land-locked deposit has meant that no international investor had been forthcoming. In 2007, a Chinese-led consortium signed a deal with the government to develop both the mines and the necessary transport infrastructure. Valued at about three billion US dollars, the investment, which equals the country’s annual budget, foresees the construction of a 560 kilometers-long railroad linking the mine to the Atlantic coast, the building of a deep-water port at Santa Clara and two hydroelectric power stations. When the project is completed in 2010, all iron ore from Belinga will be exported to Chinese steel mills. Gabonese government officials applaud the Chinese investors. “When the Chinese come, they can provide financing, without a lot of strings or moralizing,” says one government advisor (Lawson, 2007). It is precisely this willingness to make significant capital investment, which has given Chinese companies the edge over a competing consortium consisting of the Brazilian mining company CVRD and French nickel firm Eramet. The grateful government of Gabon has reportedly offered the Chinese company a tax holiday of 25 years.

The Democratic Republic of the Congo (DRC) is another recipient of significant Chinese investment. Large deals struck between the government in Kinshasa and Chinese companies, backed by government loans issued by Beijing, amount to US $12 billion, almost ten times the DRC’s annual budget in 2007. They will partially be repaid through the export of resources such as copper, cobalt and other minerals. The abundance of natural wealth in the DRC has largely remained untapped for the past decades as economic mismanagement and prolonged warfare has turned international investors away from the country. Fearing a new outbreak of instability and the massive corruption of the country’s administration, many Western companies remain reluctant to return to the DRC. Meanwhile Chinese companies have longer-term plans and are willing to make large investments in infrastructure projects, no doubt assisted by cheap loans made available by state-owned lenders in Beijing. As part of the package, China is offering, over a period of a mere 36 months, to lay 3,200 kilometers of new railroad tracks and a similar number of roads, construct 32 hospitals and 145 health care centers, as well as 2 universities and 5,000 government housing units (Vandaele, 2008). Development on this scale has been unknown in the DRC and many critics remain unconvinced that China will succeed where other powers have failed2, but there can be little doubt about the grand ambitions of China’s new strategy vis-à-vis the African continent.

While governments and civil society in Gabon and the DRC are welcoming the Chinese investors, Zambia’s copper belt provides a more sobering example of Chinese-African economic relations. According to the Chinese embassy in Lusaka, more than US $300 million have been invested in the Zambian economy and 160 Chinese-owned enterprises employ more than 10,000 workers. The copper

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2 The argument has been made that even if Chinese assistance finance the construction of buildings, roads and railways; maintenance and human resources (for schools and hospitals) will need to be financed through the Congolese state budget, which raises doubts over the long-term sustainability of the program.
industry, straddling the border of the Congolese province of Katanga, has been the main focus of the investors. Here, Chinese employers are frequently accused of using casual labor, which involves lower pay and no social security, to replace unionized workers. Unsafe labor practices are also frequently mentioned by activists, often citing the example of the Chinese-owned BGRIMM explosives factory where a detonation killed 50 workers in April 2005. While a government investigation has cleared the Chinese owners of direct responsibility for the blast, local leaders remain unconvinced and anti-Chinese sentiments are running high. With miners’ monthly salaries often ranging between US $65 and US $83, local politicians have started to exploit this issue. During the 2006 presidential elections, opposition candidate Michael Sata made Chinese investment in Zambia a campaign issue, saying “they [the Chinese] treat our people ill and that is unacceptable. We are not going to condone exploitative investors” (Chimangeni, 2006). While Sata’s presidential bid was ultimately not successful, his strong results in the copper belt indicate that his campaign hit a nerve with many Zambians.

Trade and aid: China’s paradigm for Africa

In the Western media, Chinese-African relations are usually portrayed exclusively in terms of natural resources. However, while oil, gas and mineral resources are certainly the dominant pillar of the current trade, Chinese involvement extends beyond the realm of extractive industries. Around 900 Chinese companies, many of them small and medium-sized, are active on the African continent (Fitzgerald, 2007). Most of them operate in sectors such as construction, heavy and light industries, import/export and retail. Chinese companies operate trawlers and a fish factory in Liberia, build hotels and beach resorts in Sierra Leone and South Africa is preparing for a significant rise in visiting tourists from mainland China. Between 750,000 and 800,000 Chinese citizens live in Africa, often working for Chinese companies. The use of a predominantly Chinese workforce in large-scale construction projects, such as pipelines and railways, is one of the defining features of the Chinese presence abroad. In stark contrast to Western companies, the ratio of Chinese to local workers is often as high as 70:30 (Rocha, 2006, p. 33). While this may be the result of the lower cost or higher efficiency of the Chinese workers rather than a conscious attempt to discriminate against the local population, this practice does not address widespread unemployment. Chinese workers usually stay in separate compounds and have little or no contact to the local population during their stay, which also creates resentment among the locals.

Outside of the area of the extractive industries, the rising influence of China is felt most clearly in the market for manufactured goods. While African consumers (along with consumers elsewhere) are benefiting from the lower prices of Chinese-made goods, African manufacturers find it hard to compete with their Asian counterparts. This trend is visible, for example, in clothing and textile production. With African consumption of textiles already hard hit by the boom of second-hand clothing exported from industrialized countries to the continent, African producers are suffering from a decline in textile exports to markets such as North America and the European Union following changes in the Multi-Fiber Agreement (MFA) in 2004, which previously had granted preferential access to key markets to African manufacturers. Countries such as Lesotho, Madagascar, South Africa, Swaziland and Kenya experienced a decline of textile exports of almost 17 percent in 2005, after the quota system had been removed (Kaplinsky, 2006, p. 18). Lesotho has been particularly hard-hit, the clothing industries in this small, land-locked country accounted for 50 percent of GDP and 99 percent of merchandise exports in 2004. In the aftermath of the changes to the MFA, almost one-third of the country’s workforce in the clothing sector lost their job (some 15,000 people in total), while neighboring Swaziland shed a staggering 18,000 jobs (or 56 percent) during the same period. With few other opportunities in the formal economy for women, who made up the vast majority of the workers in the textile industry, the impact of these job losses on small countries should not the underestimated.

China’s growing importance in trade relations with Africa has been mirrored by the increasing political role of Beijing on the continent. As noted before, diplomatic relations between African nations and the People’s Republic date back to the 1950s and 1960s. During the Cold War, the Communist rulers supported liberation movements across the continent and engaged in some high-profile development activities, such as the construction of the famous railroad between Zambia’s copper belt and the port of Dar-es-Salaam in Tanzania. Built as an alternative to the existing rail link via Rhodesia (present-day Zimbabwe) and South Africa, the 1,860 kilometers of Uhuru Railway show both the expertise of Chinese engineers and the ideological foundation of Chinese aid policies vis-à-vis allied African nations during this period. Following the ‘Cultural Revolution’ and the subsequent political reforms during the 1980s, China largely withdrew from the continent. Today, the renewed interest in African affairs is driven by economic and geo-strategic interests rather than by the desire to export a specific political philosophy. As a matter of fact, the growing interest in the Chinese development model among African elites seems to have caught Chinese authorities by surprise and even the popular term ‘Beijing
Consensus’ was coined by an American journalist. While Beijing’s approach to cooperation with African nations is very pragmatic, it is by no means un-political. It has been noted that the resurgence of China’s interest in Africa has coincided not only with the country’s economic boom, but also with the fierce condemnation of Beijing by Western powers following the 1989 events in Tiananmen Square. Following the political isolation of the regime during that period, China has actively been courting new allies among the developing nations, a strategy which has led to some diplomatic successes in the United Nations.

The approach of the current leadership in Beijing is characterized by a surprising degree of coherence. Unlike their counterparts in the West, Chinese foreign policy is largely ideology-free and does not suffer from the same degree of bureaucratic infighting between economic, development and military interests. As a result, it is sometimes difficult to distinguish between these policies, which are set to be mutually reinforcing. Beijing’s ‘One China’ policy is a case in point and shows that Chinese agenda vis-à-vis Africa is not limited exclusively to resource extraction. However, access to preferential (‘soft’) loans and debt relief is often tied to the commitment of the borrower to purchase goods and services from Chinese companies, while many infrastructure projects also directly serve the needs of (Chinese-owned) extractive industries. While Chinese development assistance has also provided training to some 16,000 African professionals and is heavily involved in the construction of hospitals, schools and universities, the links between Beijing’s own economic agenda and its policies as a donor are more obvious than in the case of most Western nations. Unlike most other significant donors, the Chinese government has only played a peripheral role in multilateral cooperation. Even though Beijing has signed the “Paris Declaration on Aid Effectiveness”, it has so far preferred bilateral channels to international fora when it comes to the coordination of development assistance.

Apart from the extractive industries, China’s role as supplier of arms to ‘rogue’ states in Africa has come under most scrutiny. The odyssey of the Chinese freighter “An Yue Jiang” off the African coast in April 2008, which was carrying a cargo of 77 tons of assault rifle ammunition, mortars and grenades provides an illustrative example. Destined for the government in Zimbabwe, port workers in Durban (South Africa) refused to offload the vessel amidst public outrage that Beijing was arming a political regime widely believed to have manipulated recent parliamentary and presidential elections (Dugger and Barboza, 2008). Following European and US arms embargos, Robert Mugabe’s government has turned towards China as a weapons supplier. In 2005, Beijing agreed to sell six combat/trainer aircraft in a deal valued at US $120 million, while a further 12 fighter jets and 100 military vehicles were reportedly delivered in the same year. China also exported a radio-jamming device which can be used to block broadcasts of independent stations from outside of Zimbabwe (Curtis and Hickson, 2006, p. 38). Another high-profile case of Chinese arms exports to Africa involves the Sudanese government. Starting with the sale of helicopters and fighter aircraft in the mid-1990s, the export of military equipment to Khartoum has grown in line with the rising importance of Sudanese oil for the Chinese economy. The range of military hardware includes anti-personnel and anti-tank mines, T-59 tanks, 122mm towed howitzers, assault rifles, machine guns and anti-aircraft guns, as well as ammunition. According to Sudanese government sources, China has also provided the expertise for the development of an indigenous Sudanese arms industry, but so far no verifiable record of domestic production exists (Large, 2007). While Beijing’s arms exports, like all Chinese-African trade relations, are characterized by a blatant disregard for human rights, the Asian country is by no means the most important arms supplier to the continent. Only seven percent of Chinese arms exports go to Africa (with Asia and the Middle East being the most important markets) and in terms of global sales China ranks tenth for the period 1998–2007, with the United States, Russia and Germany being the top suppliers. Even in Sudan, without doubt a country of key strategic importance for Beijing, 87 percent of all arms imports came from Russia, with China accounting for only eight percent between 2003 and 2007 (SIPRI, 2008).

And the policy implications are?

While most analysts agree that China’s influence in the developing world—and also in Africa—is set to grow in the upcoming years, the policy community is divided on how to react to what is widely perceived as a new geopolitical challenge. Human rights activists in North America and Europe criticize Beijing’s willingness to trade with unsavory regimes from Khartoum to Harare. Economists and Western enterprises are concerned about China’s grabbing for Africa’s energy resources, citing unfair trade practices and rising global prices. Last but not least, representatives of fair trade and labor groups are keeping a critical eye on social and environmental standards in Chinese factories abroad.

3 The term denotes China’s foreign policy approach to Africa as well as other developing regions, and refers to the “Washington Consensus” backed by the World Bank and the IMF, which the Beijing government rejects. The “Beijing Consensus” was coined by American journalist Joshua Cooper Ramo in 2004 and is not used in China (Mawdsley, 2007).
expressing doubts about the investment’s alleged impact on poverty alleviation.

Many Africans, however, admire the speed and efficiency of Chinese project implementation and see the country’s economic boom as an alternative development model to the policies prescribed by international financial institutions and Western donors. This is well illustrated by a remark made by Sahr Johnny, the ambassador of Sierra Leone in Beijing, who stated, “If a G8 country had wanted to rebuild the stadium [in Freetown], for example, we’d still be holding meetings! The Chinese just come and do it. They don’t start to hold meetings about environmental impact assessment, human rights, bad governance and good governance. I’m not saying that’s right, I’m just saying Chinese investment is succeeding because they don’t set high benchmarks” (Hilsum, 2006, p. 7). Frustrated by complex donor policies and the high overhead costs of multilateral development projects, many African governments appreciated the alternative presented by the Chinese government in an increasingly multipolar world.

However, a sober analysis of China’s role in Africa indicates that Beijing is actually operating much like other, more established, powers such as the United States, Great Britain or France have behaved in the past. The historic track record of Western governments in propping up dictatorships, clandestine arms transfers and the promotion of trade interests through financial aid is every bit as bad as Beijing’s current controversial policies, a point often overlooked outside of the continent. The overall impact of Chinese investment is mixed, with African consumers benefiting from cheaper goods and lower inflation, while at the same time jobs are being lost in industries unable to compete. But then again, the same has to be said about trade between Africa and trade blocks such as North America or the European Union, where agricultural subsidies and high tariffs for certain products continue to hurt African producers.

Chinese investment on the continent is opportunistic, in the sense that companies look for niche markets regardless of the political environment, often taking up investment opportunities ignored or even relinquished (in the case of oil exploration rights) by others. In doing so, Chinese companies are often willing to take greater financial risks than their Western competitors. While it is true that Beijing is backing the expansion into Africa through soft loans and export credits, this policy is not inherently different from the behavior of other governments. Despite the prominence of regulatory frameworks such as the ‘Extractive Industries Transparency Initiative’ (EITI), governments and companies from Europe and North America are quite willing to ignore bad governance and human rights abuses in places such as Angola, Chad, Equatorial-Guinea and Nigeria if oil exploration rights are at stake. It would be hypocrisy to expect China (and other, less-often mentioned actors such as India and Malaysia) to adhere to higher standards than their competitors.

Policymakers and civil society both in the North and in the South should not give carte blanche to Beijing. But the West needs to realize that for the foreseeable future, engagement with China on African affairs can not be on the basis of supposedly universal values such as democracy, transparency or human rights. Realistically, this leaves two approaches for the initiation of a dialogue with the ruling elite in Beijing. One leads through the country’s international reputation, in particular in fora such as the...
United Nation’s General Assembly, but also in the Western media. High-profile criticism of China’s role in Sudan has already led to subtle policy shifts, such as the appointment of a special envoy on Darfur and increased Chinese support for the peacekeeping efforts of the United Nations and the African Union. While some might call this window-dressing, it shows that the political leadership is sensitive to changes in global public opinion. The other strategy would be through constructive engagement of Chinese elites. Experience from other sectors (such as the discourse on environmental protection) shows that Chinese elites are more willing to consider the West’s position, if the long-term benefits for Chinese companies are clear. Governments, non-governmental organizations and private businesses have decades of experience with regard to the political and environmental risks inherent to resource extraction in developing countries. The Niger Delta provides an illustrative example of how failed government and company policies can lead to a situation where the oil company’s social license to operate (as well as the security of production facilities and staff) is at risk. Chinese government and corporate decision-makers would be well advised to study these examples, both in their own interest and in the interest of the local population affected by their decisions.

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ECOS. See: European Coalition on Oil in Sudan.


