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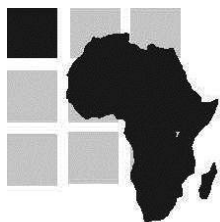
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The Changing Dynamics of China's Engagement in Africa

CHRIS ALDEN¹

ABSTRACT

This article examines the emerging relationship between China and Africa focusing in particular on the drivers for contemporary engagement, the plethora of actors involved and the challenges facing the long term sustainability of close economic and political ties. It asks if the methodologies of engagement, elite led ties coupled to a combination of bilateral relations and multilateral forums are sufficient to build the equitable development partnership which Africans and Chinese speak of.

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INTRODUCTION

'There is always something new out of Africa.' So said Pliny the Elder two thousand years ago when considering Rome's changing fortunes as it sought to manage its ties with the African continent. The spectacle of foreigners intent on pursuing their interests in Africa – be they commercial gains, political stratagems or humanitarian impulses – and discovering that the complexities of the continent thwart their original aims is an old story that is as true today as it was in Roman times. Chinese foreign policy, fixed on an 'omni-directional' approach towards Africa that marries solidarity politics with resource diplomacy, is but the latest external power to encounter challenges to its preconceptions. But what is most compelling about the Chinese case is that its involvement in Africa seems to have produced a significant transformation in the certitudes that have guided its foreign policy for five decades. Africa is, in short, changing how China conceives of its role in the international system and the manner in which it conducts its foreign policy in some very fundamental ways. This fact holds implications for China's role and relationship with the rest of the developing world, if not beyond.

This paper will examine the China's engagement with Africa by looking, first, at the Chinese search for resource security in Africa; secondly, the proliferation of Chinese actors on the continent; and thirdly, the FOCAC process and the future of the relationship.

CHINA AND THE SEARCH FOR RESOURCE SECURITY

China's three decades of unbroken growth, transforming it from an economic backwater to the world's third largest economy, has fuelled an ever-expanding demand for energy and new markets.² The promulgation of the government's 'going out' strategy, whereby ultimately over a hundred restructured state-owned enterprises have been given the legal and administrative means, preferential access to finance, and diplomatic support

² See, for instance, Erica Downs, 'The Energy Security Debate', *China Quarterly*, No. 177, March 2004, pp. 21-41; Ricardo Soares de Oliveira, 'Making Sense of Chinese Oil Investment in Africa' in Chris Alden, Dan Large, Ricardo Soares de Oliveira, eds., *China Returns to Africa: an emerging power and a continent embrace* (London: Hurst 2008), pp. 83-109.

necessary to break into markets outside of China, has been the main policy response to this need. Given the financial resources of what by 2006 had become the world's largest holder of capital with over US\$1 trillion in foreign reserves and applying these to the problem of carving out a position in the energy and strategic minerals markets was, in retrospect, fairly straight forward in a capital-starved African environment.

Concurrently, the willingness of the Chinese government to provide a whole package of inducements alongside any leasing or supply agreements, aimed at elite defined needs ranging from presidential palaces to large-scale infrastructure projects, has proved to be crucial to securing deals in Africa.³ And finally, underlying this approach is a highly publicized provision whereby the Chinese government forswears any interest in the domestic affairs of African governments, in direct contrast to the European Union (EU) or the United States (US), both of whom have selectively applied conditions to their development assistance programmes and even some investments. The success of Chinese resource diplomacy in Africa can be measured in terms of its presence across the continent in most of all the major resource economies there: it has gone from a status of no position in the resource market in 1995 to a standing as a significant player today with oil leases from Angola to Sudan and mining concessions from the Democratic Republic of the Congo (DRC) to South Africa. Its two way trade with Africa, reaching US\$72 billion in 2007 and exceeding US\$106 billion in 2008, is overwhelmingly based on the extraction of oil, strategic minerals and a few raw materials in exchange for manufactured goods.⁴ In little over a decade China went from leading Asian oil exporter to second largest world consumer (2003) and third global importer (2004). This fact per se justifies the reallocation of energy security to the core of Beijing's foreign policy formulation⁵ since, as David Zweig and Bi Jianhai point out, not only is China's continued economic growth dependent on securing resources supply but also its social stability and ultimately the survival of the Chinese Communist Party.

³ For further details on this, see Chris Alden, *China in Africa* (London: Zed 2007), pp. 11-36.

⁴ See Nicholas Pinaud, et al, 'The Rise of China and India: what's in it for Africa?', Paris: OECD 2006.

⁵ For a detailed account on energy security emergence as China's Foreign Policy major driver see: David Zweig and Bi Jianhai, 'China's Global Hunt for Energy', *Foreign Affairs*, Vol. 84 n.5, Sept/Oct 2005.

THE CHANGING DYNAMICS OF CHINA'S ENGAGEMENT IN AFRICA

Despite being among the major oil producers (4,8% share of world's production)⁶ and being second only to the US in refinery capacity and output (8,5% and 8,7% respectively),⁷ China is only able to provide for less than half of its domestic oil needs.⁸ In a broader perspective China accounted for 9,3% of world's oil consumption in 2007 (still lagging far behind from world's major oil consumer, the US, 24%) and 10,2% of total oil imports (third position after US's 33,9% share and Japan's 12,5% share).⁹ China's oil consumption has doubled in the last decade and according to OPEC China's oil demand will show the world's fastest growth rate in the coming decades, doubling again by 2030 when it is expected to consume over 15 mn b/d.¹⁰ China alone is at present responsible for 30% of global oil demand growth.¹¹

Although China became a net oil importer in 1993 it was not until the new century that energy security became central to the political debate. Although other energy sources (such as coal, natural gas, nuclear energy, hydropower, and alternative fuels) are inherent to this debate, oil is the utmost Chinese concern since it represents its largest external reliance. As Erica Downs points out, if the question in the 1990s was whether Beijing would have the financial means to secure the necessary oil supply, in the 2000s the issue became if there would be enough oil available in the international market to supply China.¹² Furthermore, concerns on the growing instability in the Middle East pushed for a diversification strategy which because of the inherent complementarities swiftly placed Africa high in Beijing's new suppliers' list. Uneasiness over this topic among the political elite continued to grow in recent years as illustrated by the creation of the Energy Leading Group in 2005

⁶ China occupies the 5th position as producer after Saudi Arabia and the Russian Federation (both with 12,6%), USA (8%) and Iran (5,4%). Data according to BP, *Review of World Energy 2008*, available online: <http://www.bp.com/productlanding.do?categoryId=6929&contentId=7044622>, p. 9

⁷ US refinery capacity and output share are 20% of total, over twice of China's share. Data according to BP, *Review of World Energy 2008*, p. 18

⁸ According to BP, in 2007 China produced 3,7 mn b/d and consumed 8,2 mn b/d. In BP, Op. Cit., pp. 9 and 11

⁹ Idem, p. 11

¹⁰ OPEC, *World Oil Outlook 2008*, p.46.

<http://www.opec.org/library/world%20oil%20outlook/WorldOilOutlook08.htm>.

¹¹ Idem, p. 47

¹² Erica Downs, *China*, Energy Security Series, The Brookings Foreign Policy Studies, December 2006, p.15

(coordination body headed by premier Wen Jiabao), the publication of a *White Paper on Energy* ('China's Energy Conditions and Policies')¹³ in December 2007 and the *White Paper on Diplomacy* (July 2008) which first chapter is on 'The issue of energy security during the period of high oil prices'.¹⁴

In addition to oil and in order to sustain its economic growth, China also became externally dependent on other sectors of extracting industry, further justifying its growing economic interaction with the African continent in the new century. Over the past decade China surpassed the US to become the world leading consumer of most base metals. Chinese demand has been growing at a rate over 10% a year since 1990 having even intensified in recent years¹⁵ and being the major driver behind the soaring prices of metals in the international market. China is the world's largest consumer and producer of aluminium, iron ore, lead and zinc and holds significant shares in all other minerals supply and demand markets.

Finally, food security itself is becoming an area of great concern for China. The years of rapid economic development have, for the first time in decades, exposed China to vagaries of supply and market constraints in agricultural commodities. In terms of overall agricultural imports, China leads the region with its import share of 44% of the world's soybeans, 35% of the world's cotton, 20% of the world's palm oil and 2.5% of the world's rice, with Japanese, Indian and South Korean demand trailing in its wake. Consumption patterns in China (and to an extent in India) have changed dramatically since the gradualist introduction of market capitalism and Chinese total caloric intake (2,258 calories of which 423 is meat in 2003) has risen to levels equivalent to the US (2736 calories of which 446 is meat in 2003). And while rising domestic demand would have been expected to open up opportunities for expanding local agriculture by Chinese farmers, China's physical constraints – despite its geographic size, it has

¹³ Available online at: <http://www.china.org.cn/english/environment/236955.htm>

¹⁴ Russell Hsiao, 'Energy security the centrepiece of China's foreign policy', *China Brief*, vol. 8, issue 16 (August 1, 2008), in: www.jamestown.org/terrorism/news/article.php?articleid=2374346 (accessed November 6, 2008)

¹⁵ Damien Brett and Magnus Ericsson, 'Chinese Expansion to create new global mining companies', *Commodities Now*, Oct. 2006, p. 22, accessed online http://www.rmg.se/RMG2005/pages/attachments/COMMODITIES_NOW_2006_Oct_Chinese_Expansion_to_Create_New_Global_Mining_Companies.pdf

only 7% of the world's arable land – and the fact that rapid industrialization and accompanying urbanisation over the last few decades has removed tens of thousands of hectares of fertile land from production.

The result has been a steady rise in food imports which, in combination with Chinese (and Indian) energy needs, has pushed up food prices world-wide. For China in particular, the fear that inflation and dwindling supplies could contribute to periodic waves of domestic unrest that had begun to gather force was underscored in a report issued by the State Council on food security in 2005, the first year China became a major importer of food since the CCP took over. Following up on this, the National Development Reform Committee produced a 20 year Food Security Strategy whose preliminary findings were released in November 2008, setting out the parameters of food security for the country as being met first and foremost through the maintenance of 125 million hectares of arable land and 95% self-sufficiency in grains.¹⁶ One outcome of this rising concern was that the government initiated a search for external supplies aimed at offsetting these expected shortfalls, echoing to some extent the drive to seek out energy and strategic minerals that began in the early 1990s.

THE AFRICAN RESOURCE BOUNTY

The Chinese search for resource security has, therefore, become a major focus of its foreign policy and in that regard Africa has assumed a critical role in achieving that objective. The African continent possesses a generous endowment in natural resources, namely hydrocarbons, minerals and timber, which remain mostly untapped due to decades of political instability, poor infrastructure and lack of investment. However, Chinese foray into this sector had to take into account the prevailing dominance of established interests, primarily from the United States, France and Great Britain, all of which produced a pattern of investment that replicated colonial era divisions refracted through the politics of the Cold War.

¹⁶ Cited by James Kelley, International Institute for Environment and Development, in testimony before the European Union Committee, House of Lords, 30 April 2009, 7th Report of Session 2009-10, Volume II: evidence, pg. 94.

With the end of the bipolar conflict, economic interests rapidly pushed to the forefront and the geographic spheres of influence which had shaped energy investment gave way to direct competition between, for instance, French and American interests in West Africa.¹⁷ Other major powers were attracted to the region, namely Germany and Japan, but their interests never challenged the established American and French companies. Among the most prominent newcomers are Asian states (China, India, Malaysia and Singapore) and Middle Eastern countries (Israel, Saudi Arabia, and Kuwait). This scenario sets the ground for growing competition for economic and political influence over the continent in the coming decades, which is particularly astounding if we think that less than a decade ago the African continent was dormant and suffering from a decline in interest of its Western donors, exhausted by decades of unsuccessful development cooperation.

In regional terms Africa possesses the third largest oil reserves, an estimated 9,5% of global known deposits in 2007, behind the Middle East (61%) and North America (11,6%) and ahead of South and Central America (8,5%). Noteworthy is the fact that Africa boasts the fastest growth rate in oil reserves, having doubled in the past two decades.¹⁸ In sub-regional terms, North Africa and Sub-Saharan Africa account each for half of the continent's known reserves. Libya (35%), Nigeria (31%), Algeria (10%), and Angola (8%) possess the largest reserves. As for production, Africa comes fourth with a share of 12,5% of world total but the ranking changes a bit with Nigeria as the main African oil producer (25%), followed by Algeria (21%), Libya (20%) and Angola (18%).¹⁹ In recent years Northern African countries production is showing signs of stabilisation while SSA countries have been expanding their share. For instances, Angola has registered the fastest growth rate in production during the past decade, having even overtaken Nigeria as SSA major oil producer in mid 2008 Angola.²⁰

¹⁷ For a detailed analysis see: Peter J. Schraeder, 'Cold War to Cold Peace: explaining US-French competition in francophone Africa', *Political Science Quarterly*, vol. 115, No. 3, Autumn 2000, pp. 395-419.

¹⁸ BP, *Review of World Energy 2008*, p. 6

¹⁹ Data adapted from BP, *Review of World Energy 2008*, available online: p. 8

²⁰ Although Angola's production has been increasing exponentially, this situation is partly due to increasing unrest in Nigerian southern oil fields.

THE CHANGING DYNAMICS OF CHINA'S ENGAGEMENT IN AFRICA

Africa's endowment in non fuel minerals further complements the attractiveness of this picture in which South Africa appears as a prize since it sits on one of the world's richest mineral beds. Among other minerals, South Africa is leading producer of platinum (80% of total production and 90% of world reserves) and manganese (holds over $\frac{3}{4}$ of world's reserve base) and second world gold mine producer (overtaken by Australia in 2007). Moreover, South Africa is a major coal producer and has developed the world's leading technology in converting coal to synfuels, introducing new possibilities for the coal-rich Chinese state. Recognition of this has factored into the joint venture between two Chinese firms and the South African parastatal, Sasol. By way of contrast, despite decades of neglect and internecine conflict, the DRC's fabled mineral wealth is notoriously unexploited. Even so, the DRC is the leading cobalt mine producer (36%) possessing half of world's known reserves and also number one diamond producer (1/3 of total). Together with South Africa and Botswana they account for over half of global diamond mining output and 60% of known deposits.²¹ Among other African countries that possess significant reserves of minerals which attracted Chinese interest are Gabon (manganese), Zambia (copper and iron ore), Zimbabwe (platinum) and Angola (diamonds, copper and iron ore).

Finally, African agriculture and forestry resources remain underdeveloped. According to the FAO, only 14 percent of Africa's total 184 million hectares of available land is under cultivation, with 93 percent of that dependent upon rainfall and fertiliser usage is low.²² African agriculture, which continues to serve as a mainstay of employment in most African countries, suffers from low productivity, chronic under-investment and difficulties in accessing potential foreign export markets. To be sure, the environmental constraints on agriculture in much of the continent are considerable, though viewed from a Chinese perspective, these sort of impediments are familiar ones. Private Chinese farmers have already set up farms in Uganda, South Africa and Zambia

²¹ All figures are for 2007 and are based on data in: USGS, *Mineral Commodity Summaries 2008*, US Department of Interior, US Geological Survey, 2008

²² Jacques Diouf, Director General of Food and Agriculture Organisation, 19 June 2008, www.allafrica.com.

(23 in the latter)²³ while larger agricultural firms are in negotiations with African governments to lease larger tracts of land for production. In terms of forestry, hundreds of thousands of square kilometres of virgin timber abound in parts of tropical Africa and have inspired China's small and medium sized companies to set up logging – both legal and illegal – operations across the continent.

Building on these economic complementarities a new chapter has opened in bilateral relations which major feature is the dramatic surge in trade. Indeed recent flows illustrate the vast complementarities that uphold this thriving relationship. Between 1995 and 2000 commercial exchanges more than doubled from US\$4 billion to \$10 billion, having quadrupled in the following five years (US\$ 42 bn in 2005) and the figure surpassed US\$106 bn in 2008²⁴ - a year before the 2010 target established by Hu Jintao during the FOCAC III summit in Beijing in 2006. This reality comes as one of the most dazzling features of the relationship. Even if in relative terms it represents only a meagre 3% of China's overall foreign trade, it shows the highest growth rate among all regions. While Africa's share in Chinese exports grew from 1,7% in 1996 to 2,7% in 2006 the share in imports expanded from 1% to 3,6% in the same decade,²⁵ revealing the nature of exchanges.

At the same time, the onset of the world's worst economic crisis since the Great Depression has challenged the new-found certainties of Chinese engagement in Africa. Some are already seeing the withdrawal of dozens Chinese firms from the mining sector and Beijing's push to re-open negotiations on the purported US\$9bn investment package in the Democratic Republic of Congo (DRC) as a sign that the high water mark of China-Africa economic ties has been reached. This proposed loan itself had been the subject of intense criticism by Western donors and the IMF, who were able to pressure Kinshasa and Beijing

²³ Alexandra Spieldoch and Sophia Murphy, 'Agricultural Land Acquisitions: implications for food security and poverty alleviation', in Michael Kugelman and Susan Levenstein, eds., *Land Grab? The Race for the World's Farmland* (Washington, DC: Woodrow Wilson Centre 2009), p. 42.

²⁴ Figures according to data of the Chinese Ministry of Commerce available at <http://english.mofcom.gov.cn/article/statistic/ie/200802/20080205371690.html> and WTO Data in: http://www.wto.org/english/res_e/statis_e/its2006_e/appendix_e/a14.xls

²⁵ World Trade Data, *China Africa's top 20*, 2007.

to get it revised downward to US\$6bn in February 2009.²⁶ This pessimistic interpretation is, however, misplaced: China's involvement in Africa remains a priority, albeit one which is subject to changing international and domestic economic circumstances as well as the emergence of a reconsideration of risk in selective African environments.

NEW MARKETS AND DIPLOMACY

Though resource security impulses are at the forefront of the contemporary push into Africa with China's energy SOEs taking the lead, the desire to take advantage of commercial opportunities by expanding trade into African markets has also played an important role. In part, the policy of using Chinese finance to support Chinese construction firms building infrastructure in Africa represents a concerted strategy of risk mitigation and, concurrently, provides incentives for domestic firms to 'go out' and seek opportunities abroad. Indeed, survey data suggests that once established in the African market, Chinese firms 'anticipated that they will secure further contracts.'²⁷ The over-supply of infrastructure firms and labour within China itself provides an additional rationale for this expansion into new markets. The appeal for African governments of this approach, despite the concerns around the use of Chinese labour voiced in some circles, was these were 'turnkey' operations that placed few demands on the African recipients and produced in short order a relatively inexpensive and functioning road, railroad, bridge or dam.²⁸

Another driver is the need by Chinese manufacturing firms to find new outlets for their products, especially those at the low end of the consumer market (which were losing favour domestically and held little appeal in the more sophisticated Western markets), contributed to a surge in two-way trade.²⁹ Chinese migrants opened up wholesale and retail shops across the continent,

²⁶ Cited in Antoine Roger Lokongo, 'Sino-DRC contracts to thwart the return of Western patronage', Pambazuka News 11 March 2009, Issue 423, www.pambazuka.org.

²⁷ Martyn Davies and Lucy Corkin, 'China's Entry into Africa's Construction Sector: the case of Angola', in Garth le Pere, ed., *China in Africa: mercantilist predator or partner in development?* (Midrand: SALLA/IGD 2007), p. 246.

²⁸ Henry Fletcher, 'Development Aid for Infrastructure Investment in Africa: Malian relations with China, the European Commission and the World Bank', SALLA Occasional Paper 58, China in Africa Project, March 2010, p. 7.

²⁹ Harry Broadman, *Africa's Silk Road* (Washington DC: World Bank 2007).

bringing low cost goods to the African consumer and contributing to a boom in the purchase of items such as bicycles, radios and watches that were once out of reach of ordinary Africans.³⁰

And, the more traditional concerns around diplomacy featured as well in the Chinese contemporary movement into Africa. These included the longstanding diplomatic recognition competition with Taiwan, which had been able to retain or win recognition from a number of African states over the years.³¹ Beijing's drive to isolate the rebel province internationally meant that it actively sought to provide inducements for African governments to reconsider their links with Taipei. And, finally as pressure on China to play a more activist role on the global stage increased, the need to seek out partnerships with like-minded states became an imperative. Africa's position as a friendly environment for Beijing was underscored by its unwillingness to join in the Western sanctions campaign that followed in the wake of Tiananmen Square and its support for China in international forum as varied as the International Olympic Committee (where African votes helped secure Beijing's hosting of the 2008 Olympics) and the UN's Human Rights Commission. Sharing a common view on sovereignty and human rights – though one that was arguably in the process of changing through the African Union and the emergence of R2P – enabled China to work in tandem on many issues with the largest regional voting bloc in the UN.³²

COMRADES, CAPITALISTS AND CARPETBAGGERS

Capturing the diversity of China's engagement in Africa is necessary to achieve any understanding of the complex and sometimes contrary reactions that its presence inspires across Africa. Ranging from global parastatals cum corporate champions like CNOOC to thousands of 'mom and pop' retail shops, the Chinese have made inroads in the economic life of ordinary Africans in an

³⁰ See, for instance, Romain Dittigen, 'From Isolation to Integration? A study of Chinese retailers in Dakar', SAIIA Occasional Paper 57, China in Africa Project, March 2010; Yoon Park, 'Chinese Migration in Africa', SAIIA Occasional Paper 24, China in Africa Project, SAIIA, January 2009; Gregor Dobler, 'Solidarity, Xenophobia and the Regulation of Chinese Businesses in Namibia', in Chris Alden, Dan Large, Ricardo Soares de Oliveira, eds., *China Returns to Africa: an emerging power and a continent embrace* (London: Hurst 2008).

³¹ Gary Rawnsley, *Taiwan's Informal Diplomacy and Propaganda* (Basingstoke: Macmillan 2000).

³² Cited in Chris Alden, *China in Africa* (London: Zed 2007), p. 16.

extraordinary short period of time. Moreover, the rapidity with which these Chinese actors adapt to changing circumstances in Africa – in some part a product of the fast pace of change in China itself – continually challenges assumptions about their standing in Africa.

At the sharp end of China's engagement in Africa are a host of State Owned Enterprises (SOEs) which have sought to gain access to resources and markets formerly dominated by Western and South African firms. Using a package of high-profile diplomatic and substantive financial incentives, these SOEs have been able to secure leases for oil in Angola, Sudan and Nigeria as well as deals gaining access to strategic minerals in countries such as Gabon, Democratic Republic of Congo (DRC) and Zimbabwe. For developmentally-minded African leaders, the attractiveness of Chinese support for infrastructure development, an area neglected by traditional Western donors in recent decades, is rooted in the visible and immediate impact provisions for transportation and communication has on enhancing the economic potential in their respective countries as well as improving livelihoods within affected communities. These 'resources for infrastructure' deals, often involving billions of dollars worth of low concessional loans by China ExIm Bank, have been carried out for the most part by Chinese construction firms whose use of contracted labourers and even basic supplies has been criticised in some African circles.

Moreover, the overall competitiveness of Chinese firms has meant that, once exposed to the African environment, they have been able to capture a growing portion of the open tenders for infrastructure projects. According to one study, Chinese construction firms have succeeded in recent years in winning 30% of the combine value of infrastructure contracts tendered by the African Development Bank and World Bank.³³ This trend is evident in the conduct of Chinese infrastructure and engineering firms operating in Africa as early as 1988 where in countries like Liberia where, for example, the China State Construction Engineering Corporation was able to stay on and win contracts from the Liberian government to renovate the local hospital.³⁴ And, as their contracts are

³³ Vincent Foster, William Butterfield, Chuen Chen and Nataliya Pushka, *Building Bridges: China's growing role as infrastructure financier in Africa* (Washington, DC 2007), pp. 5-6.

³⁴ Deborah Brautigam, *Chinese Aid and African Development: exporting the green revolution* (Basingstoke: Macmillan 1998), p. 214.

completed, some Chinese labourers have stayed on in Africa to seek out employment opportunities or open up small businesses.

Indeed, while Chinese SOEs captivate the attention of the international media, there is an equivalent drive by small and medium enterprises into the continent which is as prevalent and arguably making as much of an impact than the aspiring multinationals. Many of the medium-sized companies are drawn from the ranks of rehabilitated SOE sector, which has been undergoing a painful structuring process that has cut it back from 300,000 to 150,000 firms over the last decade.³⁵ In some cases, these businesses were motivated by a desire on the part of a relatively large Chinese company to establish foreign subsidiaries so as to guarantee access to Western markets should protectionism take root.³⁶ For many smaller businesses, the motivation, as noted above, is to make use of China's competitive advantage relative to the African companies where they possess relatively advanced technologies and cost-effective production that gives them a competitive edge over locals and foreign firms.³⁷ This market-seeking impulse is borne out in surveys conducted of 80 Chinese SMEs working in Africa which ranked gaining access to the continent's markets as their top rationale.³⁸

At the same time, the poor conduct of some Chinese firms operating in Africa has threatened to tarnish the overall reputation of China. For instance, the willingness to ignore basic health and safety regulations, local labour laws and even environmental standards within the industry by a number of Chinese mining companies based in Katanga province, DRC, has brought down a rain of criticism.³⁹ The fact that the collapse in commodity prices in late 2008 caused

³⁵ CSIS/IIIE, *China: the Balance Sheet* (Washington, DC: Center for Strategic and International Studies/Institute for International Economics 2006), pp. 23-24. At a cost of 25 million unemployed, this sector having formerly employed 80% of all of Chinese workers.

³⁶ Ensuk Hong and Laixiang Sun, 'Dynamics of Internationalisation and Outward Investment: Chinese corporations' strategies', *The China Quarterly*, 187 2006, p. 624.

³⁷ Ensuk Hong and Laixiang Sun, 'Dynamics of Internationalisation and Outward Investment: Chinese corporations' strategies', *The China Quarterly*, 187 2006, p. 625.

³⁸ Gu, Jing, 'China's Private Enterprises in Africa and the Implications for African Development', *European Journal of Development Research*, 21:4, pp. 570-585.

³⁹ 'China Lets Child Workers Die Digging in Congo Mines for Copper', Bloomberg.com, accessed 23/7/08.

many of these companies to pull out of the DRC only highlights their opportunistic and exploitative character.

Finally, growing trend of Chinese migration in parts of Africa has not passed unnoticed in communities unaccustomed to hosting foreigners from beyond the continent. Much of the Chinese immigration has been undocumented, leading to wild speculation as to the numbers of Chinese settling in the continent, a situation further compounded by the African tendency to identify all non-Indian Asians as being 'Chinese'. Within the continent's leading migration destination, the Chinese community has surged from 80,000 in the 1980s to an estimated 350,000 in 2006, though overall migration to Africa is declared by Beijing to be only 750,000 (with other estimates higher).⁴⁰

Concurrently, the evident lack of financial means and weak skill base of many of the migrants has raised concerns amongst educated Africans and small business owners alike. The proliferation of Chinese retail shops in urban and rural communities, bringing access to low-cost consumer goods in African markets for the first time, nonetheless is driving Africans out of the retail trade and in so doing, spurring resentment in these circles.

In short, during the last decade and a half, the Chinese presence in Africa has been marked by diversity in composition and depth, defying the easy stereotypes that have accompanied many portrayals in the Western and even African media. This spectrum of Chinese actors has been further matched by changing approaches to Africa at the highest levels by authorities in Beijing and, more prosaically, by individual migration strategies. Africa's resources may be the instigator of Chinese interests but it is clear that China's ties with the continent are increasingly set to be anchored by an expanding cast of characters and changing relationships.

CHARTING THE FUTURE OF CHINESE-AFRICAN RELATIONS

An enduring image of the last Forum for China-Africa Co-operation (FOCAC) ministerial held in Sharm El Sheik in November 2009 was the Chinese premier, Wen Jiabao, responding to the accusations of neo-colonialism by Western journalists. His visible frustration at these persistent efforts to cast

⁴⁰ Yoon Park, 'Chinese Migration in Africa', Occasional Paper No. 24, China in Africa Project, SALLA, Braamfontein, January 2009, p. 3.

Chinese activities in Africa in a negative light captured the growing consternation felt by Chinese from all walks of life at these challenges to their aims and actions on the continent. For as the Premier said, 'China is not the largest importer of Africa's oil...(w)hy should China be singled out for criticism?'

Bolstering Wen Jiabao's public declaration of Chinese good intentions is a raft of new initiatives that form the basis of the fourth ministerial meeting between Chinese and African officials. Wrapped in the now familiar diplomatic language of 'win-win' and 'mutual benefit' – a lexicon which through constant use is tending more to obscure rather than to illuminate – the FOCAC provides scaffolding upon which the next stage of the relationship is to be realised. These include a US\$10 billion package of concessional loans, commitments to raise African agricultural productivity, to reduce or eliminate tariff barriers for Africa's poorest countries, build hospitals and schools, new or expanded training programmes to address human development, provisions for 100 clean energy projects and greater support for peace and security.

What is striking about the contents of the FOCAC declaration is the degree to which these initiatives reflect a growing and deliberately constructed convergence between African development needs and Chinese economic interests. For instance, in agriculture – a sector long recognised to be an area where Africa's potential comparative advantages have remained under-invested and under-utilised (and one in which the Chinese have provided technical assistance since the 1960s) – the Chinese propose to introduce new techniques, seed varieties and training programmes which are derived from their own experience of raising productivity amongst their farmers.⁴¹ To facilitate this process, the Chinese government is rolling out an additional ten agricultural training centres across the continent in countries like Mozambique, Zimbabwe and Senegal. Coupled to this are additional financial means – the aforementioned US\$10 billion as well as existing sources like the China Africa Development Fund – aimed at providing financial support for commercial enterprises. Raising Africa's agricultural productivity will not only dramatically enhance the livelihoods of rural communities in Africa through improvements in

⁴¹ For an overview of Chinese technical assistance in agricultural sector in Africa, see Deborah Brautigam, *Chinese Aid and African Development – Exporting Green Revolution* (Basingstoke: Palgrave 1998).

income generation and employment, but it can address a growing problem of food security in China itself.

Another example is the targeting of Africa's small and medium enterprises for development and growth through a special US\$1 billion special fund. Moreover, signalling that they understand that a focus on the supply side is not enough to make real development gains, Beijing has agreed to scrap tariffs on 95% of all products from Africa's less developed countries. This decision to open up China's market to African commerce has the potential to, when linked with the support for African business, set off a virtuous chain of development. This redirecting of African capabilities towards the accessing the Chinese market could lay the foundation for a more balanced, long term trading relationship than has been the case so far. At the same time, it bears mentioning that it could end up like the US African Growth and Opportunity Act (AGOA), which gave preferential access to the American market in sectors like clothing that contributed to a surge not so much in African but rather Asian based investment. Africans will nevertheless have to be nimble investors to make the most out of what seems to be genuinely liberal terms on offer. Indeed, they may even find that they are competing with the growing Chinese communities within their midst who proven entrepreneurial acumen and understanding of the Chinese domestic market has fuelled China's own economic transformation.

Cutting through the lofty conference rhetoric, it seems that many features of past Chinese practices remain intact at the same time that there are indications of alterations and innovations of prevailing approaches. Infrastructure continues to be seen as a crucial dimension in Chinese involvement in African development. The emphasis seems to be retained on project-based assistance, most if not all of which will be presumably be provided by Chinese firms and funded out of these expanded financial sources. Building more classrooms and health clinics will continue to be supplemented by an expansion of technical training programmes aimed at improving skills amongst Africans. Recognition that Chinese firms have not always conducted themselves well brought with it a renewed call for them to better integrate corporate social responsibility into their local business practices in Africa. A desire to improve aid efficiency and link Chinese action to meeting the Millennium Development Goals sounds remarkably like traditional donor concerns and reflects African input.

Even a new focus on conditionalities has crept into the conference discussions, with a deliberate intonation of China's commitment to avoiding 'political conditionalities' leaving it apparent that there are economic or financial conditions which either could or do operate. This latter distinction is not a surprising position for China to take, especially to ensure the maintenance and security of its widening range of investments across the continent.

What was left out of FOCAC is perhaps as significant as the content that made it to the final declaration. For instance, a few months ago there circulated the idea in Beijing that China would itself draw upon its vast two billion dollars in financial reserves and sponsor a 'Marshall Plan for Africa'. This notion, if it was ever taken seriously in policy making circles, surely fell victim to the twin pressures of the impact of the global financial crisis on China's export-led economy and the accompanying domestic stimulus package. While much of the media attention was focused on what happened within the halls of the FOCAC ministerial and the press conferences, the FOCAC Business Forum met on the fringes of the event. Missing, however, was the once mooted inclusion of a parallel Chinese-African Civil Society Forum process (now taking place in Nairobi under Fahamu auspices).

Moreover, the diversity of Chinese actors in Africa – contrary to the presumptions of the notion of 'China-Africa' as two unitary entities – poses a dilemma in structuring and managing the relationship.

Once shaped and led at the top by Beijing's political elites at the top in conjunction with their African counterparts, the steady diffusion of economic power to semi-autonomous State Owned Enterprises, provincial authorities and a sometime rapacious profit-seeking private sector has introduced diversity of interests and practice that are as often at odds with Chinese foreign policy aims as they are contiguous to them. The actions of murky investment houses like the China International Fund and the state-owned national oil company, Sonangol – a joint venture effectively marrying Hong Kong based finance to Angolan political ambitions which has sought to secure a huge stake in the illegal military regime in Guinea – raises troubling questions about the aspects of the long term impact of China's role on the continent.

Operating on the margins of respectability, these sort of organizations can damage the positive intentions on display at FOCAC IV in their unwavering

pursuit of profit and willful disdain for African sensibilities (as was the case in Guinea). In the Western context, the role of guardian of the underlying values which inform national foreign policies is partially played by a vibrant and active civil society operating both in the West and in Africa. Unabashedly critical of the state and private capital – and undoubtedly the bane of authoritarian and, at times, democratic governments alike – these sometimes self-appointed ‘voices of the people’ nonetheless serve a tremendously important function in re-asserting the moral purpose of foreign policy actions. In Africa, China has seemingly exported many features of its domestic setting (such as opaque business and financial practices) and this includes a weak civil society whose boundaries of action are circumscribed to varying degrees by the state. Whether the current situation, which places the burden of responsibility solely on the party leadership and bureaucracy to anticipate, manage and ameliorate the conduct of a plethora of Chinese actors in Africa, is sufficient remains to be seen.

CONCLUSION

Befitting an international event of a seismic nature, the rise of China as one of Africa's leading external partners is certainly changing the character of its international politics. But it is not as much Africa that is being changed, but rather China which is belatedly discovering the unexpected effects that these new ties are having on its own foreign policy. With its energy security increasingly dependent on the mercurial politics of regime survival in Africa, and on the broader international stage, its reputation hostage to the fortunes of dictators, China is faced with a complex set of foreign policy choices on a continent.

At the same time, change and adaptability remain the hallmarks of China-Africa relations and, to the credit of the Chinese government whose willingness to revisit and revise specific initiatives in light of experience on the ground, give the relationship – and FOCAC in particular – a dynamism lacking in many other trans-regional initiatives. While bargaining with China, as most African diplomats and businessmen will testify, is not easy as the Chinese are acutely aware of their interests, nonetheless African governments are increasingly asserting their own positions and insisting on recognisable gains for any concessions made. China's willingness to maintain its focus on building a long

term economic relationship with the continent, despite the adverse global economic climate, makes such negotiations all the more important for Africa. But coming to terms with the diversity of Chinese actors and their narrower, and often self-serving, interests are a challenge to ensuring that this carefully constructed relationship stays on course.