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Africa and China:
A Strategic Partnership?

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Africa and China: A Strategic Partnership?[1]

Increasing numbers of Chinese companies are developing connections in Africa with the aim of increasing trade between China and the African continent. This relationship between China and Africa has not happened unnoticed but the discussion in the West is not well informed. Questions about how to deal with this development and its consequences are being raised. This paper is a first attempt to fill this lacuna and presents an overview of Sino-African relations, China's aid programme to Africa and the state of trade relations, with special emphasis on natural resources and the export market for Chinese products and investments in Africa.

1. Sino-African Relations in the Past

The relationship between China and Africa has evolved noticeably over the last five decades and three separate periods can be distinguished within this timeframe. Initially, relationships were established between China and African nation states as they gained independence. Then came the period when China was given a permanent seat on the UN Security Council in 1971. The final phase covers the post-Maoist period and is characterized by the liberalization and subsequent growth of the Chinese economy.

China's relationship with Africa started to develop in the early 1950s. Before 1955, Africa was of no significant importance to China but from then onwards, China sought international recognition and political allies, hoping to strengthen international alliances against the capitalist West and the revisionist communist Soviet Union.[2]

The Bandung Conference was held in 1955. This meeting of 29 Asian and African states aimed to promote economic and cultural relations between the two continents. The topics that were on the

[1] The information in this working paper was compiled by Judith van de Looy at the African Studies Centre in Leiden and presented at the 'Afrikadag' organized by the Evert Vermeer Stichting at the Haagse Hogeschool in The Hague on 22 April 2006.
[2] Kanza, T.M. (1975) 'Chinese and Soviet Aid to Africa; An African View', in W. Weinstein (ed.), *Chinese and Soviet Aid to Africa*, New York: Praeger Publishers.

agenda included colonialism, imperialism and the hegemonic position of the Western powers. According to Wright,

> The conference enhanced the unity and co-operation of the Asian and African countries, inspired by the people in the colonies to struggle for national liberation and played a significant role in promoting the anti-imperialist and anti-colonial struggle of the Asian and African people.[3]

What all the countries had in common was their shared history and their perception of white dominance by the West. Statements such as 'We all belong to the Third World, we are developing countries'[4] were commonly heard at this time. During the conference, China and the African states adopted the five principles of 'Peaceful Coexistence' that had earlier been formulated by India and China. These covered (1) mutual respect for sovereignty and territorial integrity; (2) mutual non-aggression; (3) non-interference in each other's internal affairs; (4) equality and mutual benefit; and (5) peaceful coexistence.[5]

Following the conference, China supported African countries with economic, technical and military support in an attempt to restrain the dominant western powers and create a new political and international order. African states were at the same time seeking allies to help them win their fight for independence and financial support to fund these struggles. From 1966 to 1969, Chinese attention towards Africa was diverted due to domestic changes and the great proletarian Cultural Revolution. After internal disputes had been settled, China began to establish new relationships on the African continent.[6]

According to Larkin, Sino-African relations in the 1970s had five key characteristics. First, the number of African countries with diplomatic ties gradually increased. In 1967, China had 13 diplomatic missions in Africa and by 1974 this number had increased to 30.

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[3] Wright, R. (1956) 'The Color Curtain', in D.J. Muekalia (2004), 'Africa and China's Strategic Partnership', *African Security Studies*, 13 (1): 5–12.

[4] Larkin, B.D. (1975) 'Chinese Aid in Political Context 1971 – 1975', in Weinstein, *Chinese and Soviet Aid*.

[5] Ibid.

[6] Ibid.

Box 1: The Battle for Africa

The People's Republic of China (PRC) and the Republic of China on Taiwan (ROC) have always competed for political recognition. In 1971, the PRC replaced the ROC on the United Nations Security Council as the 'legitimate China'. From then onwards, the PRC won recognition from many states, leaving the ROC with less international support. In the early 1980s there were only 22 states worldwide that recognized the ROC, and the PRC became a strategic partner for international issues. Alliances were subsequently formed.

With more than 50 states in Africa, there have been opportunities for both the ROC and the PRC to establish alliances. Africa was seen as a battleground when it came to establishing diplomatic relations. With aid programmes and loans, the two governments sought partnerships and thus recognition. From the 1990s onwards, competition increased dramatically.

The foreign policies of African countries have for a long time been driven by the search for aid and substantial financial contributions have often determined the choice made by African governments in this respect. However, relations can easily change. For example Liberia, Senegal and the Central African Republic have switched allegiances al least five times in the past. Currently, there are only six countries that have diplomatic ties with Taiwan: Burkina Faso, Chad, Gambia, Malawi, Sao Tomé and Principe, and Swaziland.

Sources:

Liu, P. (2001) 'Cross-straight Scramble for Africa: A Hidden Agenda in China-Africa Cooperation Forum', *Harvard Asia Quarterly*, V (2): Spring.

'China Winning Resources and Loyalties of Africa', www.yaleglobal.yale.edu/article.print?id=7051 (24 March 2006)

Second, China joined the United Nations Security Council in 1971, taking over Taiwan's seat and many African states welcomed this decision since their political ties with China had increased over the years. According to Moussa Traore:

> The presence of the PRC in the UN as a permanent member of the Security Council (will) contribute notably to the strengthening of the capacity of this organization in maintaining peace and international security. [7]

Thirdly, the Tanzania-Zambia railway was the biggest aid project on the continent in the 1970s and China was in the process of committing itself to more prestigious projects all over Africa. Loyal states were offered federal buildings, stadiums, factories, infrastructure, medical teams and student exchange programmes.[8] Fourthly, China continued to support the nationalist movements that were demanding independence and the end of imperialism. It provided military support for Africa on various occasions, as it saw the need for African nationalist movements to disentangle themselves from the hegemonic West. In fact, the *Peking Review* of 26 January 1973 legitimised armed opposition stating that 'the armed struggle is the only way through which colonialism, apartheid and racial discrimination in Southern Africa and Guinea can be eliminated'.[9] Finally, China stressed the existence of a dichotomy between the world's super powers and their weaker opponents, assisting the latter in their survival.

Starting in 1978, the post-Maoist era was characterized by new investments in the economic sector in order to modernize China. The country's foreign policy was therefore mainly focused on economic modernization and increased trade relations. According to China, a peaceful environment was necessary to develop a stable economy. Stability became the major theme in China's policy towards Africa. A few decades earlier, China had held the super powers responsible for the then instability on the continent and supported African states in their struggle against imperialism. However, China depended heavily on the West for technical support and commercial links. China acted as a facilitator in the North-South dialogue but it nevertheless supported Zimbabwe, South Africa and Namibia in

[7] Ibid.
[8] Snow, P. (1988) *The Star Raft: China's Encounter with Africa*, London: Weidenfeld & Nicolson.
[9] Larkin, 'Chinese Aid'.

their struggles against imperialism but only indirectly because of its policy of non-interference.[10]

During the Cold War, tensions between Moscow and Washington grew. China remained independent and focused on other countries instead. In December 1982, the Chinese Premier Zhao Ziyang visited eleven African countries and promoted the 'Four Principles' of Chinese cooperation with Africa: equality and mutual benefit; an emphasis on practical results; diversity in form; and economic development.[11]

These guiding principles marked a new era in Sino-African relations. China no longer wanted to assist Africa unconditionally and in order to develop economically, it could not assist Africa with costly aid programmes. Moreover, it did not see itself as a spokesman for the Third World anymore. In the *Beijing Review* it was stated that 'Third World countries… should have no leader/follower relations among them… Any country which attempts to pose as a leader and control others will be spurned'. In fact, during the 1980s, Africa became less important for China as it sought international recognition from Washington and Moscow and intensified Chinese contact with both countries to promote economic development. African states were no longer supported by China in their struggle against dictators or assisted in times of need because China lacked the financial resources to do so.[12]

In 1989, the events in Tiananmen Square shocked the western world, which questioned the operations of the Chinese government. Third World countries were silent and relations were less affected by the trouble in Beijing. As a result of these events however, China was forced to focus on old relationships, giving African states a new priority. From then onwards, South-South cooperation was embraced. When official Chinese visits were made to Africa, the main theme was non-interference in each other's affairs. According to one official, 'respect for each other's affairs and non-interference should be the basis of the emerging new international order', which referred indirectly to the position that the West takes regarding human rights.[13]

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[10] Taylor, I. (2001) 'China's Relations with Sub-Saharan Africa in the Post-Maoist Era, 1978 – 1999', in F. Columbus (ed.) *Politics and Economics of Africa, Volume I*, New York: Nova Science Publishers, Inc.

[11] Ibid.

[12] *Beijing Review*, 27 December 1983, in Taylor, 'China's Relations with Sub-Saharan Africa'.

[13] Taylor, 'China's Relations with Sub-Saharan Africa'.

The dichotomy between the West and Africa and China, often stressed when establishing relations, continues to this day. State leaders are still addressing their position towards the west. During a speech in China in 2001, President Mbeki announced that:

> The world and all of us are defined by the divide between rich and poor, the haves and the have-nots, the developed and the underdeveloped… It constitutes the difference between the countries of the North and those of the South… Together with China, we are commonly defined by our situation as belonging to the South.[14]

To further cement the relationship between China and Africa, the China-Africa Cooperation Forum was established in 2000.

2. China's Aid Agreements

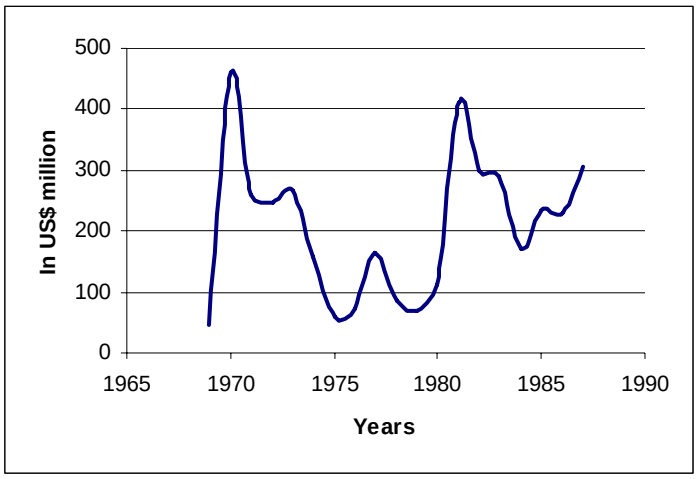
China's relations with Africa have been characterized by aid agreements. In the struggle for independence in Africa, China was willing to assist the new nation states with prestigious projects, emphasizing that it had given all it could in terms of financial and technical resources.[15] China's strategy was simple: it was trying to cultivate as many allies as it could and maintain old friendships. As mentioned in the previous section, the ROC was also assisting African countries and competition between it and the PRC emerged.

Today, relations between China and Africa are more pragmatic. Trade and mutual benefits are central in current partnerships. However, China still supports a number of African countries with direct aid. Three major themes can be distinguished: building projects; Chinese medical teams; and scholarships for Africans to study in China.

[14] Speech by Mr Thabo Mbeki at Tsinghua University, Beijing, China, 11 December 2001.

[15] Thompson, D. (2005) 'China's Soft Power in Africa: From the Beijing Consensus to Health Diplomacy', www.asiamedia.ucla.edu/article.asp (24 March 2006)

Figure 1: Chinese aid granted to Sub-Saharan Africa 1969 – 1987



Source: Bartke (1992) in Taylor (2001)

China has assisted Africa with numerous projects, the largest of which was the construction of the 1800-km Tanzania-Zambia railway which cost over US$450 million. China has also constructed roads, wells and telecommunication facilities in Africa, with political allies being granted large projects to mark their independence such as airports, stadiums, palaces, government buildings and factories.

Table 1: Major types of aid projects by China in Africa

Infrastructure projects	railways, roads, telecommunications facilities
Buildings	stadiums, palaces, government offices, schools
Factories	cotton or textiles, timber, oil, cigarettes
Agriculture	farming, tobacco, tea, sugar production

Besides the construction of buildings and infrastructure, China supports Africa with medical teams too. China has a long history in health diplomacy in Africa, with the first medical team having started in Algeria in 1964. From then onwards, some 15,000 doctors and health workers have been sent to more than 47 African countries. Approximately 180 million patients have been treated by Chinese

doctors over the years. Nowadays, Chinese medical assistance is declining for domestic reasons because fewer Chinese doctors are willing to leave their own country to work overseas for two years. Statistics do not highlight this trend however as in 2003 there were still 860 medical personnel working in 35 teams in 34 different countries. African states keep supporting the medical teams, covering their expenses and presenting national awards. Most importantly perhaps is the fact that these Chinese medical teams are building sustainable relations with the African population based on expertise and trust.

China's other aid programme in Africa is in the area of human resources. One of the agreements made at the China-Africa Cooperation Forum related to an increase in human resources. China established a fund that is jointly used by several Chinese ministries, such as those of foreign affairs, commerce, education, and science and technology, and together they are responsible for the training and education of Africans. In 2003, 6000 people were trained and 1500 students visited China on educational exchange programmes. By providing these scholarships, China has contributed significantly to the development of human resources in Africa. In addition, scholarship programmes like these encourage bonds between Chinese and African institutions and students.[16]

China's support for Africans through the construction of buildings or infrastructure, by giving medical assistance or through the development of human resources is a strategy aimed at creating a long-term relationship based on mutual respect, understanding and friendship. According to Thompson, (2005), the relationship between China and Africa must be seen in a broader perspective.

> China's influence and sound relationship in Africa are the result of many years of investment in building relations through aid, trade, and cultural and technical exchange – not just the by-product of China's recently booming economy and soaring demand for African raw materials.[17]

China's aid to Africa was never unconditional. Over the years, Beijing restructured its aid policy and imposed more restrictions. Interest-free government loans became discount loans offered through Chinese banks and aid grants were replaced by joint

[16] Ibid.
[17] Ibid.

ventures and other forms of cooperation. By the late 1990s, China had established 480 joint ventures in 47 countries in Africa.[18]

[18] Shelton, G. (2001) 'China and Africa: Building an Economic Partnership', *South African Journal of International Affairs*, 8 (2): Winter.

Table 2: Chinese assistance, by country

Angola	debt relief, US$2 billion loan
Benin	stadium, government office building, conference centre, hospital
Burkina Faso**	-
Burundi	textile mill, hydroelectric power station, highway
Cameroon	conference building, hydroelectric power station, hospitals
Cape Verde	government office building, conference hall
Chad**	-
Central African Republic	agricultural technological station, radio station, training centre, clinics
Congo (Brazzaville)	stadium, hydroelectric power station, broadcasting station, hospital, factory
Democratic Republic of Congo (DRC)	stadium, trade centre, people's palace, factories
Comoros	government office building, water supply project, people's palace
Djibouti	stadium, government office building, people's palace, housing project
Eritrea	humanitarian assistance, hospital
Equatorial Guinea	hydroelectric power station, radio station, highways
Ethiopia	highway, veterinary centre, power station, water supply project
Gabon	healthcare centre, primary school, assembly building
Gambia**	stadium, hostel, health centres
Ghana	national theatre, irrigation project, vocational training centre, hospital
Guinea	people's palace, hydroelectric power station, cinema, presidential palace
Guinea Bissau	housing project, power-generating equipment, technical cooperation
Ivory Coast	theatre, water conservation project
Lesotho	vegetable planting, convention centre, industrial park
Liberia	sugar mill, rice project, sports stadium, hospital renovation, office building
Malawi**	-
Mali	stadium, conference building, textile mill, sugar refinery, leather-processing factory, pharmacy
Mauritius	stadium, bridges, airport terminal building
Mozambique	textile mill, passenger cargo vessel, water supply project, shoe factory, parliament building, housing project
Namibia	water supply project, civil housing project
Niger	stadium, water supply project, textile mills, housing project
Nigeria	railway upgrade
Rwanda	highway, cement factory, veterinary school
Sao Tome & Principe**	-
Senegal	stadium, water conservation project

Seychelles	swimming pool, housing projects, schools
Sierra Leone	road bridges, stadium, sugar complex, office building, hydroelectric power station, civil housing
Somalia	medical teams, medicines, disaster-relief materials
South Africa*	-
Sudan*	-
Swaziland**	-
Tanzania	Tanzania-Zambia railway, textile mill, rice project, sugar factory, coal mine
Togo	conference building, sugar refinery, stadium, hospital, irrigation project
Uganda	stadium, rice projects, factories,
Zambia	Tanzania-Zambia railway, roads, factories, textile mill, water supply project
Zimbabwe	stadium, hospitals, dams, factories,

* The amount of total aid is unknown

** These countries have diplomatic ties with Taiwan.

Source: http://www.fmprc.gov.cn/eng/wjb/zzjg/fzs/default.htm (20 March 2006)

3. China-Africa Cooperation Forum

China and Africa have set up various trade agreements in the past. The first initiative was taken as early as 1955 at the Bandung Conference. This agreement however, was merely political and while establishing diplomatic ties with African countries, economic and cultural agreements were signed by both parties. In 2000, the first large-scale conference on Sino-African trade was held in Beijing.

According to China, the purpose of the Sino-African Forum was 'the construction of an international political and economic order and [to] explore new Sino-African cooperation'. Over 40 African states with 80 foreign ministers and ministers in charge of international economic cooperation were present. In addition, 17 international and regional organizations, NGOs and entrepreneurs were also in attendance to discuss South-South cooperation, the North-South dialogue, debt relief, and Chinese economic cooperation with African states.[19] The conference produced two key documents, namely, the Beijing Declaration and the Programme for China-Africa Co-operation in Economics and Social Development. The latter described Chinese investments in Africa, financial cooperation between China and the African Development Bank Group (ADB),

[19] www.china.org/english/features/China-Africa/82047.htm (5 April 2006)

debt relief and cancellation, agricultural cooperation, natural resources and energy, education and multilateral cooperation.[20]

In 2003, the second China-Africa Cooperation Forum was held in Addis Ababa when Prime Minister Wen Jiabao declared that foreign assistance and investment 'comes with the deepest sincerity and without any political conditionalities'. During the meetings in 2000, South Africa raised the issue of debt relief, which China opposed. However three years later it announced debt relief for African countries to a total of US$1.27 billion and granted aid packages to several states. By making this gesture towards African states, China put itself on equal terms with the West regarding operations in Africa.[21]

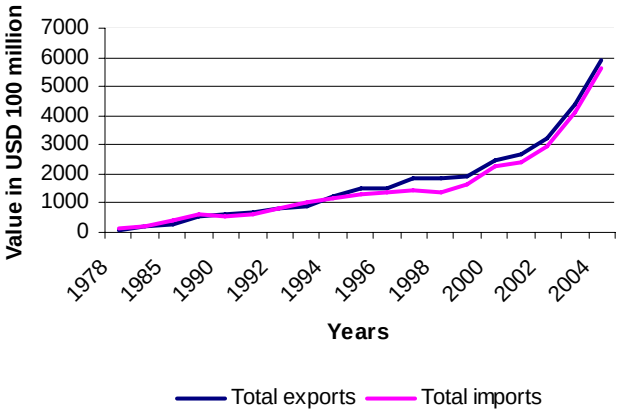
4. Sino-African Trade

The previous sections have described China's relations with Africa during the twentieth century regarding politics, aid and trade agreements. China was geo-politically motivated in its support of Africa, as it was a way of opposing the super powers and western hegemony. China also shared a common identity with Africa, being a Third World country itself. However, in the 1990s this approach towards Africa became more pragmatic. This section offers insight into the state of China's current relations with Africa, which are primarily based on trade.

The country's post-Maoist era is characterized by economic expansion. The figure below shows the total value of China's exports and imports between 1978 and 2004. It can be seen that from 1994 onwards growth has increased and now exceeds US$100 billion.

[20] Muekalia, D.J. (2004) 'Africa and China's Strategic Partnership', *African Security Studies*, 13 (1): 5–12.
[21] Alden, C. (2005) 'China in Africa', *Survival*, 47 (3): 147–64.

Figure 2: China's total imports and exports, 1978 – 2004



Source: *China Statistical Yearbook 2005*, National Bureau of Statistics of China

Trade between China and Africa has quadrupled since 2000 when trade between Africa and China totalled around US$10 billion. Just five years later it had increased to US$28 billion. Table 3 shows the development of Sino-African trade between 1999 and 2003. China is now Africa's third largest commercial partner after the United States and France, and the second largest exporter to Africa after France. Remarkably, Britain – as a former colonial power – has been left far behind by China.[22]

Table 3: Sino-African trade, 1999 - 2003 (in US$ million)

1999	2000	2001	2002	2003
6459.3	10563.5	10755.7	12346.9	18487.1

Source: *China Statistical Yearbook 2005*, National Bureau of Statistics of China

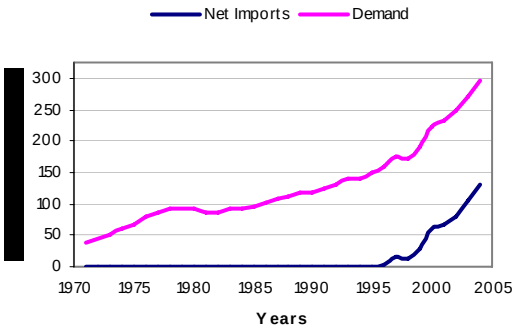
[22] Smith, B. (2006) 'Western Concern at China's Growing Involvement in Africa', www.asiantribune.com/show_article.php?id=3102 (10 April 2006)

The economic relationship between Africa and China can be divided into three sections: China's drive for resources such as oil, minerals, and food; new export markets for its products; and new investment opportunities for Chinese companies. Exports from Africa to China are primarily commodities and oil, while African imports from China consist of manufactured goods such as industrial products, electrical equipment and machinery, textiles and household utensils.

Natural Resources

China currently has the fastest growing economy in the world, with an annual growth rate of around 8%. But such rapid economic development in the post-Maoist era has required a steady and growing supply of oil. A major change came about in 1993, when China became an energy importer instead of a net exporter. China's demand for oil has been so rapid that in 2004 the country became the world's second largest oil importer after the US. The growing demand is due to not only an expanding economy but also to a generally wealthier society with its increased demand for consumer goods such as cars and fridges. It is estimated that the Chinese demand for oil will increase by 156% between the years 2001 and 2025.

Figure 3: Oil demand and net imports, 1971 – 2004



Source: IEA, *Oil Information 2005*

Like the US, China is seeking new countries and different suppliers to fulfil its oil requirements in order to diversify its sources and achieve energy security. In Africa, where new reservoirs have recently been found, China has a every possible chance of success when it comes to exploiting new sources. To gain and retain control of these sources, it is allocating considerable military, politico-diplomatic and economic resources.[23]

Africa owns around 8% of the world's oil reserves and 11% of world oil production. It is estimated that production in Africa is rising 6% annually. By 2007, it will reach seven million barrels a day and by 2010 this figure is estimated to be eight million. New deep-water oil discoveries have been made in the Gulf of Guinea, more specifically in Nigeria, Angola and Equatorial Guinea. Even though Africa is notorious for its political and economical challenges, international oil companies are continuing to invest in the continent. This is because Africa is economically attractive for foreign investors as good conditions are offered by African leaders and most of the oil is being found offshore which has advantageous for the loading of tankers and provides a degree of stability in oil production levels. African oil is also of high quality.

A quarter of China's oil imports come from Africa: from Algeria, Angola, Chad, Sudan, Nigeria, Gabon and Equatorial Guinea. The thirst for oil is becoming so important that even the 'One China Principle' is being disregarded since Chad has diplomatic relations with Taiwan. A new pipeline from Chad to Cameroon opened in 2003 so that oil from Chad can be transported directly to a major port. Even though this trade in natural resources has a positive effect on the trade balance, it has some disadvantages as well. The production of oil merely requires capital investment and labourers are not required in large numbers. And in countries where oil is abundant, governments tend to focus on the wealth-generating oil sector and to neglect other sectors. Corruption is a frequent problem. Malaquias takes an extreme position when he claims that:

[23] Alden, 'China in Africa'.

> All citizens become potential thieves with catastrophic consequences for stability – political, social, economic and legal – as the bases for interpersonal interaction are irremediably broken. Problematically, instead of fostering development, resource-wealth has been an important factor in the political instability, military conflict, social dislocation, and economic degradation that have characterized much of post-colonial Africa.[24]

Countries are seeking to diversify their energy resources to meet their growing needs for energy. As the need for energy becomes even greater in the future, the scenario described above can be expected to become more common. The international community has already accused China of unethical practices in Africa. The boxes below describe the cases of Sudan and Angola and their relationship with China.[25]

[24] Malaquias, A. (2005) 'Thirsty Powers, the United States, China and Africa's Energy Resources', Paper for 3rd FLAD-IPRI international conference on 'Portugal, the US and Southern Africa'.
[25] Ibid.

Box 2: China in Sudan

Sudan's total oil reserves are currently estimated at five billion barrels. The country produces about 500,000 barrels a day and this figure is likely to increase to 750,000 b/d in 2006. According to the WTO, oil exports to China accounted for 64% of Sudan's total oil exports in 2004.

China's first oil imports from Sudan were in 1995. China's National Petroleum Corporation began oil exploration there and has expanded steadily. In 1997, the US imposed economic and trade sanctions on Sudan and China then moved in to fill the gap that western countries had left. Currently, China National Petroleum is the largest shareholder and essentially controls the Sudanese energy sector as it is the main investor in Sudanese oil production. China covered the cost of most of the US$15 billion 932-mile pipeline to Port Sudan where it is building a tanker terminal. In 2005, approximately 10,000 Chinese workers were employed in Sudan.

Both China and Sudan benefit from this relationship. China has been able to diversify its oil resources and become less dependent on other oil-producing countries while Sudan has found a reliable economic partner that does not question its domestic political situation. China has offered a financial lifeline to the Sudanese government.

In addition, China's position on the UN Security Council has meant that Sudan has avoided serious sanctions by the West. The UN Security Council passed Resolution 1556 that demanded that the Sudanese government disarm the Janjaweed and bring to justice those leaders who had incited and carried out human-rights abuses. The Security Council threatened to consider further sanctions if the government failed to comply. China, as a permanent member threatened to use its veto power and urged the West to 'cool down'. As mentioned earlier, China has assisted Sudan financially and militarily even though it was aware of the widespread ethnic cleansing taking place in Darfur. Human Rights Watch has for this reason accused China of cooperating in the genocide in Darfur since 2003.

In conclusion, good relations between the two governments have resulted in China being the main stakeholder in the oil business in Sudan. To procure oil for its expanding economy, China has supported the Sudanese government both financially and politically and ignored any related ethical issues. In other words, energy security overrides other concerns.

Sources:

Malaquias, A. (2005) 'Thirsty Powers, the United States, China and Africa's Energy Resources'. Paper for 3rd FLAD-IPRI international

conference on 'Portugal, the US and Southern Africa'.
WTO (2006) 'Share of China in Selected Economies' Merchandise Exports and Imports, 2000 and 2004',
http://www.wto.org/english/res_e/statis_e/its2005_e/chp_0_e/ch1.xls (27 March 2006)
Walta Information Centre (2006) 'Africa: China's Great Leap into the Continent',
www.waltainfo.com/Analysis/2006/Mar/11022.htm (28 March 2006)
HRW (2005) 'The United Nations and Darfur',
https://www.hrw.org/wr2k5/darfur/3.htm (13 April 2006)

Box 3: China in Angola

Angola is currently recovering from a thirty-year civil war and donors from western countries are assisting in the much-needed reconstruction of institutions and the economy.

China is also present in Angola, assisting in infrastructure reconstruction. China's offered Angola a 'soft' loan of US$2 billion with no political strings attached in March 2004. The terms of the loan specify its repayment within 17 years at an interest rate of 1.5%. The money has been earmarked for reconstruction and development projects such as railways, electricity and administrative buildings. However, the terms of the agreement are advantageous for China as 70% of the construction projects are to be assigned to Chinese companies. Domestic contractors can be awarded only 30% of the projects covered by the loan, a fact that is causing consternation among Angolan businessmen. The loan is not going to create opportunities for Angolans, which are vital for the livelihoods of the local people. A second important term of the agreement is that China can import 10,000 barrels of oil a day from Angola. Angola currently exports 25% of its oil to China.

The loan, which was initially intended for the reconstruction of the country, is being used for other purposes as well. According to Global Witness, some of the money has been used for government propaganda in the 2006 elections. Global Witness has declared that part of the problem lies in the country's unwillingness to be more transparent about its oil revenues. It prefers to sign commercial loans backed by oil than cheaper loans from large international institutions such as the World Bank and the IMF that demand reforms and transparency. China's loan therefore is undermining the international pressure being put on the government to invest in the development of Angola.

Sources:

Malaquias, A. (2005) 'Thirsty Powers, the United States, China and Africa's Energy Resources'. Paper for 3rd FLAD-IPRI international conference on 'Portugal, the US and Southern Africa'.

Servant (2005) 'China's Trade Safari in Africa'. www.mondediplo.com/2005/05/chinafrica (30 March 2006)

Global Witness (2005) 'Western Banks to Give Huge New Loan to Angola in Further Blow to Transparency'. www.publishwhatyoupay.org/english/pdf/releases/gw_angola_230905.pdf (14 April 2006)

Another natural resource that China needs to import from Africa to support is own economic growth is timber. Until recently, the demand for timber was met by domestic lodgers. However in 1998, the Yangtze River overflowed resulting in 2,500 deaths and billions of dollars of damage. Following these floods, the Chinese government banned logging in large parts of China and has begun to protect its healthy forests and replant woodlands that had already been cleared for agriculture. These measures were taken to prevent further large-scale disasters, such as the 1998 floods. Internal pressure has forced China to import timber from other countries and imports of industrial wood have more than tripled since 1993. China is now importing considerable amounts of wood from the forests of Cameroon, Congo, Equatorial Guinea, Gabon and Liberia. In Cameroon, the exports from illegal logging amount to 50% of total exports of wood, and in Congo, Equatorial Guinea and Liberia the figure has risen to 90%. The types of wood that are being exported are not declared in national trade statistics, which makes it impossible to determine the actual imports of different kinds of timber.[26] According to the Chinese Ministry of Foreign Affairs, the main exporting countries are Nigeria, the Central Africa Republic, Equatorial Guinea and Gabon.

China is the world's leading exporter of textiles and clothing. In spite of its own domestic production, China still needs to import cotton, which it does from the US. However, the share of the African countries that export cotton – Burkina Faso, Benin, Mali, Guinea, Nigeria, Togo and the Central African Republic – has increased since the mid 1990s.[27]

China not only imports oil and minerals from Africa, it also needs access to more agricultural land. With its increasing population and rapid industrialization, farmland in China has become scarce and in the future the country will have to rely on food imports to feed its own population.[28] China is currently investing in agriculture, fisheries and related secondary production in Africa and has already signed contracts with Sierra Leone, Gabon and Namibia to allow Chinese fishermen to fish in their coastal waters. In addition, they have leased agricultural land in Zambia, Tanzania and Zimbabwe.[29]

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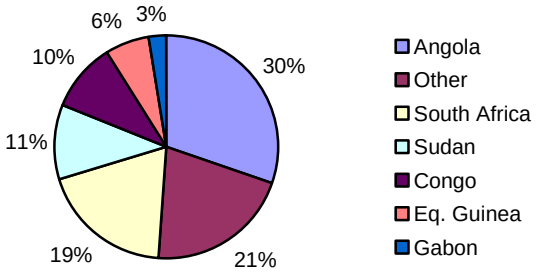
[26] Butler, T. (2005) 'Timber Hungry China Moves into Africa', http://news.mongabay.com/2005/0420x-tina_butler.html (18 April 2006)
[27] www.cottonchina.org/english/news/en_news_show.php (17 April 2006)
[28] Muekalia, D.J. (2004) 'Africa and China's Strategic Partnership', *African Security Studies*, 13 (1): 5–12.
[29] Chinese Government (2002),

To conclude, certain African countries – mainly Sudan and Angola with their oil exports – are the prime exporters of African natural resources and commodities to China. Congo, Equatorial Guinea and Gabon export timber as well as oil, and exports from South Africa to China comprise mainly of manufactured goods.

Figure 4: African exports to China, by country



Source: *China Statistical Yearbook 2005*, National Bureau of Statistics of China

Imports

Africa does not only export natural resources and commodities to China. Many goods are also being imported from China. Even though the African market is relatively small for consumer goods – Africa's population totals approximately 800 million – China has been able to find a ready market for its cheap, low-quality consumer products and it is trying aggressively to take control of the African market. According to one Chinese trade analyst, 'Chinese products are well-suited to the African market. At the moment, China is in a position to manufacture basic products at very low prices and of satisfactory quality.'[30]

Many products are produced in state-owned factories in China and sold through a growing informal network of trading posts across urban and rural Africa. The number of Chinese traders in Africa has increased since the 1960s when Chinese traders settled in Africa on a large scale. In 1949, there were about 27,000 Chinese people in Africa and this number had grown to 130,000 by1999. Most

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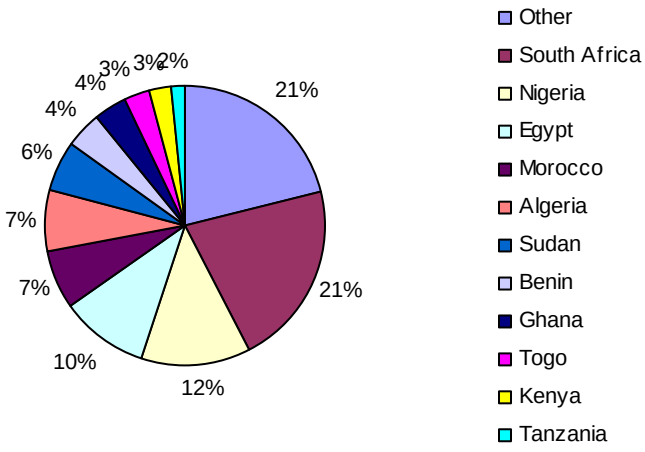
www.fmprc.gov.cn/eng/wjb/zzjg/fzs/default.htm (20 March 2006)

[30] Alden, 'China in Africa'.

of these traders settled in Mauritius, Madagascar and South Africa[31] but, according to observers, the number of Chinese in West Africa is increasing as well. These African traders import Chinese goods that are attractively priced for the African market where purchasing power is limited. African businessmen increase their profit margins by cutting out intermediaries. This is the case in almost all African countries and the African market is being flooded with cheap Chinese products.[32]

Africa is a new and interesting market with excellent conditions for the Chinese with its many potential customers for cheap Chinese products. The imported goods are mostly household utensils, mechanical and electric products, textiles and clothes. China is focusing its exports on countries with large populations, for example, South Africa, Nigeria, Egypt, Morocco and Algeria. These five countries, with their relatively high purchasing power by African standards, together account for 58% of African imports from China.

Figure 5: African imports from China, by country



Source: *China Statistical Yearbook 2005*, National Bureau of Statistics of China

[31] Emara, N.M. (n.d.) 'Afro-Chinese Relations in the New Millennium', http://www.sis.gov.eg/En/Publications/349/350/352/363/374.htm (31 March 2006)

[32] www.africa-business.com/features/chinese_goods.html (26 March 2006)

One of the main commodities that China exports to Africa is textiles, a sector in which it is able to compete with Africa due to its low labour costs. In fact, Chinese textile exports are undermining local African production and concern about this is growing. China has increased its textile and clothing exports even further since its accession to the WTO in 2001. Table 4 shows the rapid increase in China's share of the market since becoming a member of the WTO. [33]

Table 4: China's share of total imports, in selected countries

	Textiles (%)		Clothing (%)	
	1995	2002	1995	2002
Australia	19.3	35.2	54.3	70.4
Japan	41.1	66.5	59.1	77.5
South Africa	**5.9**	**18.5**	**29**	**56.3**
Switzerland	3.9	5.2	8.8	9.3

Source: WTO (2004) 'The Global Textile and Clothing Industry Post the Agreement on Textiles and Clothing'

Recently, the share of Chinese textiles in the South African market increased even further and 86% of South Africa's clothing imports currently come from China.

Not only has the domestic market been affected by the sudden rise of China. Exports of African textiles have also been hit. The growth of Chinese exports to the US is negatively affecting the previously promising growth that African exports were enjoying in this field. This negative impact on African exports comes from the ending of the Multi-Fibre Agreement (MFA), which had allowed countries like the US to place quotas on clothing and textile imports from certain countries. The MFA lasted for 30 years from 1974 until 2004 and was designed to set quotas on the levels of imports of textiles and clothing from 'developing' to 'developed' countries, essentially safeguarding industries in the industrialized countries and controlling the level of market access for imports from developing countries. In 2000, the US and 48 African states drew up the African Growth and Opportunity Act, (AGOA), which gave African states full access to the American market and resulted in

[33] WTO (2004) 'The Global Textile and Clothing Industry Post the Agreement on Textiles and Clothing',
www.wto.org/english/res_e/booksp_e/discussion_papers5_e.pdf
(31 March 2006)

textiles becoming a major growth opportunity. Southern Africa in particular began to focus on its textile industry. However once the MFA ended on 1 January 2005, the export of Chinese textiles to the US began to flourish and African exporters could not compete. More than ten clothing factories in Lesotho closed in 2005, and South African exports to the US dropped from US$26 million in the first quarter of 2004 to US$12 million in 2005. [34]

China's involvement in the African textile sector is not new and the country has always been pragmatic about international trade. In 1999, Chinese investors set up factories in Lesotho and Swaziland to take advantage of the AGOA agreement and have duty-free access to American markets. In this way, China could avoid US and EU quotas on Chinese textiles. When the MFA ended, China simply closed the factories, leaving thousands of people unemployed. Production in China itself was cheaper and therefore more profitable.

[34] Princeton N. Lyman (2005) 'China's Rising Role in Africa', www.cfr.org/publication/8436/chinas_role_in_africa.htm (18 April 2006)

Box 4: Chinese Arms in Africa

Arms have always been among the Chinese commodities exported to Africa. During the struggle for independence, China exported arms to fight western imperialism and, later, China supported African states with weapons during the Cold War. An ideology for a new world order lay at the root of these exchanges. And China is still exporting arms to certain countries although the ideology behind these exports has become more less idealistic.

Selling arms to some African leaders improves bilateral relationships and can enhance Chinese access to oil and natural resources. China does not demonstrate much concern for human rights, which is something they consider a western concept. Some experts say that China is now selling military equipment worldwide and views Africa as a potential market for the sale of military hardware. The involvement of China in African politics also becomes clear when one looks at the military exchanges between China and African states. Over the years Chinese defence ministers have paid numerous visits to their African colleagues and vice versa.

According to the Congressional Research Service, China's arms sales to Africa between 1996 and 2003 made up 10% of all arms transfers to Africa. During the Ethiopian–Eritrean war in 1998, it delivered arms to both sides for a total of more than US$1 billion. China sold the Sudanese government weapons and helicopters that were used in Darfur to terrorize the local people.

In 2000, Zimbabwe delivered eight tons of Zimbabwean ivory in exchange for a shipment of small arms. And in 2004, China sold the Zimbabwean army 12 fighter jets and 100 trucks in a deal worth more than US$200 million. The shift of allegiances by President Mugabe is understandable: having been rejected by the West, he designed a new 'Look East' policy. Nowadays, nearly all Zimbabwe's trade is with China, which is investing in minerals, roads and agriculture.

Sources**:**

Servant (2005) 'China's Trade Safari in Africa', www.mondediplo.com/2005/05/chinafrica (30 March 2006)

Chinese Government (2002) www.fmprc.gov.cn/eng/wjb/zzjg/fzs/default.htm (20 March 2006)

Pan (2006) 'China, Africa and Oil', www.cfr.org/publication/9557 (18 April 2006)

Chinese Investments

A third characteristic of trade relations between Africa and China is investment by Chinese companies in Africa. By 2004, nearly 700 Chinese companies were operating in 49 African countries. Chinese state companies invest mainly in oil, mines, fishing, woods and precious metals and infrastructure and also in sectors that the West has neglected because they are less profitable. For example, China has reopened the Zambian copper mines and is looking for oil fields off the coast of Gabon. In 2004, Chinese investments in Africa accounted for more than US$900 million. This is around 6% of total investments of US$16 billion in Africa.[35]

Not surprisingly, China is investing in countries where it is getting its natural resources from. In 2004, oil-exporting countries such as Algeria, Libya, Nigeria and Sudan accounted for 54% of total Chinese investments. Zambia is also an important trade partner and China recently reopened the Chambezi Mining Company. Other countries that received a relatively large share of Chinese trade were Ethiopia and Botswana.[36] According to the Chinese, Botswana has a politically stable environment and enjoys amicable relations with its neighbouring countries. Moreover, its products enjoy free access to the whole Southern African market. All these factors are in fact positive reasons why increasing numbers of Chinese businesses and investments – ranging from construction, textiles, services and wholesale and retail industries – are coming to Botswana.[37]

Not all Chinese investment in Africa is viewed positively by the international community. First, Chinese (construction) firms have lower costs and can consequently outbid their western competitors, winning contracts for projects. International observers fear that the Chinese way of doing business – paying bribes and attaching no conditions – undermines local efforts to increase transparency and good governance. And the IMF and the World Bank are unable to then put as much pressure on countries because they are supported by China. Finally, Chinese companies are bringing their own labourers to work in Africa. In areas where unemployment is already high, the effects of migrant Chinese labour will be felt over time. For example in Angola, some domestic suppliers and retailers have had to close down because they could not compete with the Chinese. In other parts of Africa resentment against the Chinese is also being

[35] Marks, S. (2006) 'China in Africa – the New Imperialism?', http://www.pambazuka.org/en/category/features/32432 (28 March 2006)
[36] Source: *China Statistical Yearbook 2005*, National Bureau of Statistics of China.
[37] http://bw.china-embassy.org/eng/dszc/Info/P020050928144852194783.pdf (18 April 2006)

felt.[38] Though each of these critiques is legitimate in its own right, the selectivity with which they are put forward sometimes raises questions about the sincerity of the commentator.

5. Conclusion

Relations between Africa and China have increased over the years. Before 1990, the relationship was characterized by a shared struggle against western hegemony, with China assisting Africa in three ways. They supported nationalist movements with arms to fight colonization; large construction projects were initiated such as the Tazara Railway, and China sent medical teams to Africa and provided scholarships for African students to study in China.

In the 1990s, the relationship between China and Africa gradually changed. The approach became more pragmatic and economic development was clearly China's priority. With an annual growth rate of 7%, the Chinese economy expanded enormously, and accessing natural resources became a priority. China had to broaden its horizons. Africa, with all its seemingly unlimited natural resources, was an ideal partner. In addition, the African continent as a whole was a potential market for China's low-value manufactured commodities.

Exports from Africa to China are based on natural resources: oil is the most important resource. About 25% of Chinese oil imports are from Africa, with its major sources being in Sudan, Angola, Nigeria and Chad. Other important resources are cotton and timber, the latter often being exported illegally to China. Furthermore, China is investing in the agricultural sector because the land available for agriculture in China is decreasing as its population increases. African imports from China are primarily low-value commodities to countries with large populations, for example, South Africa, Nigeria, Algeria and Egypt. Current trade relations between China and Africa involve a high degree of investment by Chinese companies in Africa with construction projects in infrastructure development, buildings and factories.

[38] Alden, 'China in Africa'.

Sino-African trade and aid relations have implications for Africa. One advantage is the increased room for manoeuvre for African states now that they are no longer totally dependent on the West. In addition, increasing oil production has boosted the revenue of African states. On the other hand, the Chinese way of doing business does not take into account human rights, the environment or good governance, though this is also not uncommon among western countries when dealing with Africa. The Chinese government states very clearly that the import of oil is its top priority. Exports of textiles and household utensils from China dominate the African market and, as a consequence, African factories have had to close and people have lost their main source of income.

In conclusion, Sino-African trade has many implications for Africa. The continent as a whole is currently China's third biggest trading partner, after the United States and France. Statistics show, on the other hand, that Africa is less important for China. In spite of increased oil exports from Africa, the continent's total trade with China amounts to only 2% of its international trade. China is fast becoming a dominant player in Africa.