

“CHINA’S ROLE IN AFRICA”

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Overview of the history of China's involvement in Africa: some examples

However: how to measure its impact in Africa?

- The number of Chinese people living and working in Africa
- The goods and services rendered to African countries
- The role of Chinese foreign direct investment in Africa
- Other flows between China and Africa: loans, development assistance, trade finance, etc.
- The impact on urban management?

The number of Chinese people living and working in Africa

- No data for the total number of Chinese people in Africa
- For individual countries figures are sometimes mentioned
- Zambia counted 20,000 Chinese in 2006 to be compared with 300 in 1992
- 200 Chinese enterprises, in two special zones
- In South Africa there are about 200,000 legal and illegal Chinese and four in parliament!

What does it imply?

- If this would be representative figures the total figure for Africa (for 53 countries) would be more than one million Chinese, who have settled there recently
- This does not seem very likely! 750,000
- However, they also set up marketing channels in the interior of the country to sell their cheap products

The goods and services rendered to African countries

- China and India's south-south commerce with Africa is about far more than natural resources
- Chinese trade with Africa has risen more than tenfold in a decade to US\$ 55 billion
- Tanzania finds it difficult to compete in a global context, while their markets are flooded with cheap Chinese products
- Trade between China and Africa has increased fourfold in the first five years of this century

The role of Chinese foreign direct investment in Africa

- This is the topic of a separate research project
- Countries woo Chinese investors & joint ventures with Chinese companies although they are mainly interested in selling their products and buying raw material the promise to invest
- It is not so clear why China would invest in Tanzania other than for raw materials. Not play the role that Japan has played for many East Asian tigers, where they promoted industrial development by subcontracting to local firms
- Planned Chinese investments in Egypt are 2.5 billion US\$ with the promise to increase trade from 2 to 5 billion US\$ per year

Other flows between China & Africa: loans, development assistance, trade finance, etc.

- Chinese loans to Africa in recent years to be around US\$ 10 billion per year.
- Focus: building energy infrastructure
- China announced in the General Assembly of the UN that it would mobilise an additional 10 billion \$ loans in 3 years
- Beijing would be Africa's biggest donor by 2010
- The Forum on China-Africa Cooperation resulted in a three year action plan: doubling China's aid, cancelled 1 billion euro of African debt and will cancel another 1 billion

China & Africa: loans, development assistance, trade finance, etc. 2

- China has set up a 5 billion US\$ development fund for Africa
- It promised to reduce tariffs on selected African imports
- The Africa aid package will be tied to Chinese projects
- It promised to train 15.000 Africans
- Western interests say generous aid programs, low-interest loans and other gifts undermine their efforts to foster good governance in Africa
- Donor-constructed notion of accountability threatened

Three pillars of China's presence in Africa:

- 1. Assure supply of raw materials**
- 2. Create a market for Chinese products**
- 3. Provide an alternative to the Western development model and gain diplomatic support. Three questions:**
 - What is new?**
 - What provides opportunities**
 - What is threatening?**

What is new? One notes:

- Hard working Chinese labour in Africa
- Cheap industrial products like shoes & garments
- Another example of successful development experiences elsewhere
- A source of finance for a number of developing countries. However, is easy finance undermining good governance or does it help to create the necessary infrastructure?
- A debate whether China is the latest in a line of exploiters of Africa's rich natural resources, or does China's engagement enable African countries "to free themselves from the tyranny of the neo-liberal policies"?

What provides opportunities?

- Trade finance, loans on soft terms and buying industrial products at a low price provide opportunities
- China provides development assistance and gives the example of what hard working and strict discipline can achieve
- Chinese are in favour of market and private sector and show how a country can benefit from globalisation
- Rising prices for raw material is helpful for most African countries and the increased prices have stimulated growth rates of a number of African countries
- The Chinese contributed and contribute to the development of a good infrastructure in many African countries. This may be one of the preconditions for successful economic development

What is threatening?

- Chinese labour replaces local labour and the Chinese companies compete with local & European suppliers
- China provides support to and sometimes gives legitimation to regimes not supported by the west
- The country puts no conditions to its loans while many African countries have just overcome the debt crisis
- European Investment Bank complains losing out to Chinese banks and that Chinese apply lower ethical and environmental standards & lower credit standards
- Will African countries be able to compete with China?
- Hu presented Chinese approach as an alternative: not democracy, but stable leadership would be important: an excuse to African leaders to seek re-election
- Not all lending institutions are under Beijing's control. "provincial Chinese governments are active in Africa and basically just want to grab the minerals and go"

Research questions and hypotheses of FDI project

Research questions:

- What is the current presence of China in Africa?
- Which countries, sector and activities are affected?
- What is role of FDI & other instruments like aid?
- What is the impact of China's involvement in Africa?

Hypotheses for this research

- There exists a coherent strategy behind China's involvement in Africa, which makes it effective
- Authoritarian regimes implement strategies easier
- The effects are partially positive, partially negative, depending on the sector and activity
- FDI plays a minor, but strategic role, in the overall relations with Africa
- It makes Third world cities larger

Introduction Sudan

Sudan is often called the most controversial case in the wave of Chinese engagements with Africa

In particular the developments in the Southern and in the Darfur region and the pressure on China in 2008 before the Olympics and until the Sichuan earthquake are important to understand China's role in Africa

Ambition is not to give a complete overview of Chinese presence in Sudan, but we would also like to understand the why and the impact of the Chinese involvement in this country

Overview of the chapter

- First a short review of the history of the cooperation between China and Sudan will be given
- Then an overview of the recent economic relations will be provided before discussing some of the real issues like the developments in Southern Sudan and the Darfur region. To what extent have China's arm deliveries contributed to the crisis in Sudan? Has China's diplomacy helped to find a solution?
- We will also study to what extent China did not use conditions when providing aid and while investing in Sudan. Also the issue whether China is an alternative for the western development model will be taken up by looking at the actual behaviour and its trade policies with respect to Sudan
- Finally, we want to find out to what extent China's policy is different from the policies of the EU or the US with respect to assuring trade advantages to Africa and assuring their oil supply, partially from Africa

The case of Sudan: **Conclusions**

- The involvement of China in Sudan shows of all cases discussed in this book most clearly the real intentions of China's activities in Africa. Here it can be seen what 'unconditional aid' and 'refraining from intervening in local politics' really mean.
- The impact of the Chinese presence in a country depends on the type of activities and the number of Chinese involved. The analysis of Sudan in this and of Zambia in the previous chapter showed the importance of raw materials (oil in Sudan and copper in Zambia) and shows the political consequences of intensive relations. The case of Sudan even threatened the Olympic Games in 2008 and China's commercial interests in Sudan, while in the case of Zambia political interference of the Chinese was not appreciated

Conclusions 2

- The Chinese are not clear that they have selected Sudan for investment purposes because of its oil, just like they opted for Angola and Nigeria because of Chinese strategic interests. However, just like Europe and the US the country wants to assure its supply of oil and does not bother about human rights violations, or poor governance in these countries. In 2007 and 2008 a lot of critique was voiced with respect to China's intervention in Sudan. The wave of critique that was becoming even stronger in 2008 implies China has to make an effort to show its power in Sudan. Also the troubles in Zimbabwe, where Mugabe is supported by the Chinese, and because of the demonstrations in Tibet and China's violent reaction to these events, China became less popular in a number of countries. However, after the Sichuan earthquake in May 2008 all critique has stopped because the world was now supposed to show its solidarity with the Chinese people
- China continues to be seen as an influential ally of Sudan, who could influence its policies (Financial Times, 23-2-2008). The Chinese consider that China's ties with Sudan have been 'unnecessarily politicised', which they consider: "unfair and irrational" (Financial Times, 19-6-2007). One can conclude that China showed its real face, when investing in Sudan without imposing any conditions and that it does not stick to its own principles of not intervening in local policies and of not imposing conditions on the assistance provided. An argument often heard why China is not willing to bring up the human rights or allow pressure on local authorities is that it does not want interference in China's internal affairs and certainly not a discussion about its own human rights record

Conclusions 3 Similarities with European and American policies with respect to Africa, China's policies are different in 3 respects

- The EU as well as the US and China will try to build up good relations with oil supplying countries, but the actual negotiations in the case of the US and EU are happening through private oil companies.
- These western companies usually have to go through a process of competitive bidding, which allows the country to select the best offer. Such an opportunity was not given to Sudan when the Chinese state-owned enterprises started to play a role in Sudan after the departure of the American companies.
- Finally, western companies can be held accountable. They usually have critical shareholders and face governments and NGOs in their home country, whether they like it or not (see also chapter 8).

Conclusion of the conclusions

- I would argue that as far as Sudan is concerned China is different from other donors
- In fact Chaponiere followed the same line of argument concerning Chinese development aid in chapter 3 and Kragelund and Van Dijk concerning investments in chapter 4. Both underline why Chinese aid and investments are different
- The Chinese seem to pursue their own interests, but try to sell it as a win-win situation, if not as pure development aid

Conclusions

- China has a highly political past in Africa
- Mainly in Africa for acquiring raw materials and to sell their products
- China promotes role of market and private sector and shows developing country can benefit from globalisation
- Gets political support emphasizing China is also Third World
- May create divide between countries with West or China
- Does have effect on your cities!

Conclusions 1

- China has several, sometimes conflicting objectives
- There is a difference in perception between Western and Chinese researchers on key issues
- At least four different levels of presence or involvement can be distinguished
- The Chinese actors change and play different roles over time
- The European Union (EU) and the United States (US) still compare favourable to China in Africa

Conclusions 2

- China benefited from globalisation and now other countries should also benefit from, for example the opportunities provided by higher food prices
- Chinese model is not an alternative for Africa
- China's presence in Africa implies opportunities and threats for Africa
- There is a need for responsible production
- Lessons can be learned from Chinese economic success and from a decade of increased Chinese presence in Africa

The Chinese approach would be characterized by:

1. Less attention for democracy and more for 'stability'
2. Promoting an authoritarian type of leadership
3. Providing an alternative for the Washington consensus by emphasizing important role for the state in the economy
4. China claims that aid comes with no strings attached
5. Although China insists on no interference in other countries' domestic affairs, it invaded other countries for example India & Vietnam