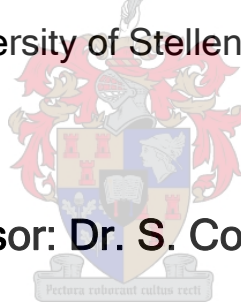


China in Africa: Friend or Foe?
China's contemporary political and economic relations
with Africa

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Assignment presented in partial fulfilment of the requirements for
the degree of Master of Philosophy (Political Management) at the
University of Stellenbosch

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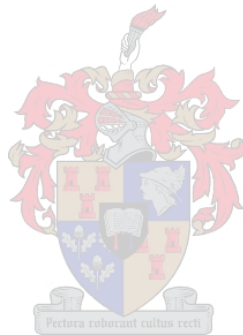
December 2006

Declaration:

I, the undersigned, hereby declare that the work contained in this assignment is my own original work and that I have not previously, in its entirety or in part, submitted it at any university for a degree.

Signature.....

Date.....



Abstract

Since the end of the Cold War, China has displayed a reinvigorated interest in the African continent. There are differing viewpoints as to whether China's increasing involvement in Africa is beneficial to the African continent, or whether there are negative consequences. This assignment attempts to answer this question by exploring the nature of China's political, economic, and aid relationships with the African continent, by highlighting examples from four countries: South Africa, Zimbabwe, Uganda and Sudan.

China's interests in Africa are motivated primarily by economics and diplomacy. In other words, Africa is important to China as a vast source of resources to feed its growing manufacturing base, as well as a source of energy security. In addition, China sees Africa as an important destination for its affordable manufactured goods. China's interests in Africa, however, are not only confined to economics, but extend to diplomacy as well. China is attempting to position itself as an important power in the international system and, in so doing, promote its own views and policies within international multilateral organisations. Africa plays an important role in this regard, particularly in institutions with 'one-country, one vote' arrangements. Thus, China attempts to court African governments in order to secure access to Africa's vast resources, as well as to garner support for its policies in the international arena.

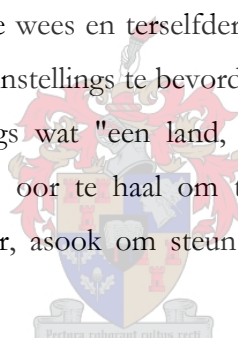
After an in-depth examination of the evidence, it is concluded that China's engagement with Africa is based on strategic political and economic considerations and fits within a Realist explanatory framework. It is therefore contended that China's presence on the African continent presents both opportunities as well as threats, although African governments need to be pro-active in order to exploit the potential opportunities.

Furthermore, it is concluded that the negative consequences of China's involvement in Africa are not only attributable to China's behaviour in Africa, but some of the blame should also be shifted to corrupt African governments and elites who operate within a framework of neo-patrimonial politics which exacerbates corruption and mal-governance on the continent. Such behaviour stalls efforts emanating from 'responsible' African leaders to promote good governance and democracy on the continent, for example through institutions such as the New Partnership for Africa's Development (Nepad) and the African Union (AU).

Opsomming

Sedert die einde van die Koue Oorlog toon Sjina versterkte belangstelling in die Afrika-vasteland. Daar is verskillende standpunte oor Sjina se toenemende rol in Afrika: of dit voordelig is vir die vasteland en of daar negatiewe gevolge is. Hierdie werkstuk poog om hierdie vraag te beantwoord deur die aard van Sjina se politieke, ekonomiese, en buitelandse hulpverlening verhoudinge met Afrika te ondersoek aan die hand van voorbeelde uit vier Afrika-lande: Suid-Afrika, Zimbabwe, Uganda en Sudan.

Sjina se belange in Afrika word hoofsaaklik deur ekonomiese en diplomatieke oorwegings gedryf. Met ander woorde, Afrika is belangrik vir Sjina as 'n bron van natuurlike hulpbronne om sy groeiende vervaardigingssektor te voorsien, asook as 'n bron van energie-sekuriteit. Boonop sien Sjina Afrika as 'n belangrike bestemming vir sy bekostigbare vervaardigde produkte. Sjina se belange in Afrika is egter nie beperk tot die ekonomie nie, maar sluit ook diplomatieke verhoudinge in. Sjina poog om 'n belangrike mag in die internasionale stelsel te wees en terselfdertyd om sy eie standpunte en beleid binne internasionale multilaterale instellings te bevorder. Afrika speel 'n belangrike rol in hierdie poging, veral in instellings wat "een land, een stem" stelsels gebruik. Sjina probeer dus om Afrika-regerings oor te haal om toegang tot Afrika se omvangryke natuurlike hulpbronne te verseker, asook om steun vir sy beleid in die internasionale arena te werf.



'n Deeglike ondersoek van die literatuur bring aan die lig dat Sjina se verbintenis met Afrika op strategiese politieke en ekonomiese oorwegings gebaseer is en binne 'n Realisme verklarende raamwerk pas. Dit word dus aan die hand gedoen dat Sjina se teenwoordigheid in Afrika beide geleenthede en bedreigings daarstel, alhoewel Afrika-regerings pro-aktief sal moet optree om die potensiële geleenthede te ontgin.

'n Verdere gevolgtrekking is dat die negatiewe gevolge van Sjina se betrokkenheid in Afrika nie net aan Sjina se optrede in Afrika toe te skryf is nie. Korrupte Afrika-regerings en elites wat binne 'n raamwerk van neo-patrimoniale politiek optree en wat korrupsie en swak regering vererger, is ook verantwoordelik. Sulke optrede stuit pogings van "verantwoordelike" Afrika-leiers om demokrasie en goeie regering in Afrika te bevorder, byvoorbeeld deur instellings soos die Afrika-Unie (AU) en NEPAD.

Acknowledgments

I would like to acknowledge the following people, without whom the completion of this assignment would not have been possible:

- First and foremost my supervisor, Dr. Scarlett Cornelissen. Her comments and suggestions provided invaluable guidance throughout the process of writing this thesis, and her constructive critique helped me to challenge myself. In addition, I would like to thank her for her constant encouragement and motivation, which I found truly inspiring.
- I would also like to thank Dr. Ian Taylor for his valuable insights and comments regarding the topic of my thesis.
- Thirdly, I would like to acknowledge the support of my classmates and friends, especially Cindy-Lee Steenekamp and Mirjam van Vliet: there is nothing like being in the same boat!
- And last, but not least, thank you to my family for their encouragement, support and absolute faith in my abilities, and especially my sister, Annelie, for her unfailing support and genuine interest in my work.

China in Africa: Friend or Foe?

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Chapter 1

Introduction

1.1 Problem Statement and Research Questions

Since the end of the Cold War China has displayed a reinvigorated interest in the African continent. China has positioned itself as Africa's leading developmental partner, based on bolstered trade and investment with and within the continent, as well as a number of aid and development programmes in Africa. China's foreign policy towards Africa is based on a rhetoric of mutual cooperation, mutual benefit and partnership. The use of such rhetoric implies a positive-sum relationship between China and Africa, where both parties gain from increased interaction (Tull, 2006: 466).

According to the scholarly literature on China-Africa relations, the main forces behind China's interests in Africa are economics and diplomacy (e.g. Taylor, 2004a). China has three main areas of strategic economic interests in Africa: firstly, the potential of Africa as a market for China's manufactured goods; secondly, Africa as a source of energy (oil); and thirdly, Africa as a resource pool for raw materials to meet the demands of China's growing economy (Shelton, 2001 and Alden, 2005). In terms of diplomacy, China sees Africa as a potential ally in the international arena and in global multilateral forums (van der Wath, 2004: 75). It is considered that the support of African governments in this regard may contribute towards bolstering China's soft power abroad (Giry, 2004: 22).

There are differing arguments regarding the implications of China's presence in Africa for the continent. Some view China's involvement as an opportunity for Africa's growth and development. For example, increased trade with China can be beneficial for the economies of African countries, particularly in industries where African countries have a strategic advantage (such as South Africa in mining) (Van der Wath, 2004 and Draper, 2006). Chinese investments have also been seen as beneficial to African economies, particularly when they are coupled with the transfer of skills and technology to Africans (Alden, 2005a: 6).

However, there are those that view China's economic involvement in the African continent as a threat. Trade between China and African countries is largely unbalanced, with the scales

tipped in favour of China (Taylor, 2004a). Furthermore, the flux of Chinese manufactured goods into African markets has resulted in the crippling and sometimes closure of local retailers and manufacturers (Draper, 2006). This, in turn, has a negative effect on the labour market, exacerbating unemployment (Draper, 2006).

Furthermore, a number of scholars have directed criticism against China for its sometimes questionable manner of engagement in Africa. China's policy of non-interference and respect for domestic sovereignty means that China takes a non-political stance in its engagement with Africa (Taylor, 2005).

It has been argued that China is not concerned with neo-liberal principles of democracy, good governance and human rights, and therefore attaches no such conditionalities to its relations with African governments (e.g. Giry, 2004 and Taylor, 2004a). This has resulted in China doing business with dubious and questionable despotic regimes on the continent (Taylor, 2005: 6). As a consequence, China has been criticised for its part in fuelling conflicts through arms exports to volatile regions, and for ignoring human rights abuses, thereby facilitating instability on the continent (Taylor, 2004a: 98-99).

These criticisms highlight China's ambivalent role in the international system. Scholars debate the extent to which China is a status-quo power (i.e. one that accepts and adheres to the prevailing international rules and norms) or whether it is a revisionist state (i.e. one that aims to adapt the prevailing international regime) (see Johnston, 2003). Some scholars argue that China propagates its image as a great power and claims the rights and entitlements afforded therewith, yet refuses to carry out the duties and responsibilities that are concomitant with great power status (e.g. Kim, 1997).

Thus, China's ambivalent role is exemplified on the one hand by its emergence as a more active player in the global arena (characterised by its increased participation in international institutions, its acceptance of international rules and norms and its obligations to share responsibility for global issues, such as international security threats), and on the other hand by its lack of a demonstrated commitment to these obligations (for example China's limited financial contributions to the UN system, limited involvement in the crisis in Iraq,

withholding of information during the SARS outbreak, and consistent violations of human rights) (see Kim, 1997 & Medeiros & Fravel, 2003).

Given the various different viewpoints on China's involvement with Africa, the focus of this study is therefore on the nature and implications of China's political, economic and aid relations with the continent since 1990, with the intent of examining whether China's activities and presence in the continent are mutually beneficial or whether they have negative consequences for Africa.

More specifically, the study will highlight China's relations and activities in Africa by making use of examples from two different regions in Africa: in East Africa, specifically Sudan and Uganda; and in Southern Africa, specifically South Africa and Zimbabwe. Southern Africa and East Africa were chosen because China has been increasing its involvement in these regions, and China's behaviour in both regions is in some ways comparable to its behaviour in the other African regions (West Africa, Central Africa and North Africa). The specific countries have been chosen based on three broad rationalisations:

Firstly, in the cases of China's engagement with Sudan, Zimbabwe, and to an extent Uganda, they represent manifestations of the above mentioned dilemma of how to reconcile China's international obligations and responsibilities with its national (particularly economic) interests. Since China is attempting to posture itself as an important power in the international system, there is international pressure on China to assume a particular role with regard to international peace, security and human rights. There is an inherent tension between these expectations, and the nature of China's engagement with these countries.

In Sudan, this tension is evident in China's willingness to engage with the Sudanese government, despite international condemnation of this government's widespread human rights abuses against the Southern Sudanese population. Similarly, the Mugabe regime in Zimbabwe has been widely criticised by international actors for its human rights abuses and slide to tyranny, yet China continues to engage with that regime, despite international expectations that China ought to take a stance against the regime. In the same vein, Museveni's regime in Uganda has been increasingly criticised by Western governments,

particularly since Museveni won a third presidential term in the February 2006 elections. Once upheld as a model for 'African democracy', the Ugandan government now endures criticism from Western governments for suppressing political opposition, and for human rights abuses. As a result, Museveni's government is increasingly turning towards its Eastern allies, particularly China, as a means to avoid international isolation.

In the case of Zimbabwe, a second broad rationalisation is that China has a long history of involvement with Zimbabwe. Mugabe's Zanu Party's relations with the Chinese Communist Party (CPC) extend back to Zimbabwe's struggle for independence, during which time Beijing supported Mugabe's campaign for independence. Mugabe's electoral victory in 1980 cemented China's close ties with Zimbabwe (Eisenman, 2005). In this light, China's contemporary relations with Zimbabwe can be seen as an extension of their history of mutual support.

The third rationalisation is that the chosen countries are important in terms of geo-strategic considerations. Firstly, the countries are economically significant to China as vast sources of minerals and energy. South Africa and Zimbabwe are richly endowed with minerals, including platinum, iron ore and ferrochrome; minerals which China requires to feed its vast manufacturing industry. Sudan is strategically important to China as a source of energy security. Consequently, China's relations with Sudan are almost primarily based on oil, with China now being Sudan's primary oil producer, exporter, and importer (Shichor, 2005: 9). Uganda's strategic importance to China has recently been elevated as result of the discovery of a viable oilfield in Lake Albert.

These countries also have strategic political significance for China, particularly in terms of securing support in the multilateral arena, where "Beijing believes this strategic relationship...will enable it to secure its interests in the WTO and other multilateral venues at relatively low cost over the long term (Alden, 2005a: 143). In light of the current debate about traditional versus emerging middle powers¹ (see Jordaan, 2003), South Africa is particularly significant to China as a 'strategic partner': South Africa's emerging 'middle power' status has earned it considerable diplomatic clout in the international arena. China

¹ "Middle powers are states that are neither great nor small in terms of international power, capacity and influence, and demonstrate a propensity to promote cohesion and stability in the world system" (Jordaan, 2003: 165)

therefore has a vested interest in maintaining friendly relations with South Africa, because it is seen as a diplomatic ally within the developing world that can align with China on issues that impact on China's core national interests. Although South Africa has economic significance to China, particularly since it has the most developed economy in Africa, its political importance to China may override any economic interests.

Based on the above rationalisations, it is posited that the nature of China's involvement with the above-mentioned African countries will provide illuminating insights into China's relations with the rest of the continent. This study, therefore, will attempt to provide answers to some pertinent research questions:

In terms of political involvement, research questions include:

- What is China's general orientation towards international norms such as human rights, and how does this manifest itself in China's relations with Africa?
- What is the nature of China's diplomatic relations with each of the four countries?
- How does the nature of China's relations with African countries impact on their relations in the global arena?

In terms of economic relations, research questions include:

- What is the nature of China's investment in and trade with each of the four countries, relative to the rest of the continent?
- From the African perspective, what are the economic implications of Chinese investments in and trade with the four case countries?

In terms of China's aid to Africa:

- What is the nature of China's aid and assistance programmes to Africa?
- What are the costs and benefits of Chinese aid programmes for each of the case countries?
- How is Chinese aid to Africa different from the aid received from other aid donors, such as those in Europe and North America?

1.2 Theoretical Framework

The scope of this study is grounded in the fields of both International Relations (IR) and Global Political Economy (GPE). The theoretical framework therefore draws from theories emanating from both traditions. The dominant theories in International Relations are Marxism, Liberalism, and Realism; and in GPE the most prominent theories are Critical Theory (e.g. Marxism), Liberalism and Economic Nationalism. These theories are useful for explaining states' behaviour in the international system.

In both GPE and IR, Critical Theorists such as Marxists focus on the structure of the international system, particularly the structure of production (Nel, 1999: 66). From this perspective, market relations are by nature exploitative, and the structure of global capitalism is essentially contradictory since it perpetuates global inequality (O'Brien & Williams, 2004: 23-24). Although it may be possible to understand China's involvement in Africa from a critical perspective, especially since the economic relationship is unequal and some may even view it as exploitative, it poses some analytical difficulties, particularly because China is also part of the 'Global South' (comprising mostly Asia, Latin America and Africa), and sometimes even espouses the same kind of critical rhetoric against the 'Global North'. In this sense, then, Critical Theory is not the most applicable tool to utilise in this study.

Liberalism, in both GPE and IR, views the international system as essentially cooperative, as a result of interdependence (Nel, 1999: 60). Thus, Liberals view the international system as governable through the emergence of regimes, manifested in international regulatory organisations, such as the United Nations. From a Liberal perspective, pluralities of actors play equally important roles in the international system, and outcomes in international affairs are not only determined by power relations between states, but other factors also play a role (Nel, 1999: 60). In IR, Liberalism emphasises morality in international affairs as a way to ensure cooperation and prevent anarchy (Nel, 1999: 61). Within GPE, Liberals view individuals, rather than states, as key economic actors, and firms are seen as important for the creation of wealth (O'Brien & Williams, 2004: 19). From this perspective, the role of the state in the market is minimal, since state interference is seen as a distortion of the natural market mechanism, resulting in economic failure (O'Brien & Williams, 2004: 19).

Liberalism, however, is not particularly useful for explaining China's involvement in Africa. For example, although China has become more integrated into the global market, and thus more interdependent, it has not necessarily led to cooperation. As will be shown, China has repeatedly utilised its position on the UN Security Council to its own advantage, and has not cooperated on issues such as human rights. Furthermore, Liberalism predicts that state intervention leads to market failure. However, this contention does not hold true in the Chinese case, where almost all of China's economic relations are governed by the state, including its economic involvement in Africa. Contrary to Liberal contentions, this has not led to economic failure; rather, China's economy has been growing steadily over the last decade, and its economic power has strengthened considerably. Thus, China's behaviour in the international system and relations with Africa do not easily fit into the Liberal analytical framework.

It will be shown, however, that China's involvement in Africa can be well explained from a Realist perspective in International Relations, since it is the theory that most aptly explains China's political stance towards Africa and from the perspective of Political Economy, the theory of Economic Nationalism is most applicable for the explanation and understanding of the political economy of China's involvement in Africa.

According to the great proponent of Political Realism, Hans Morgenthau, the main aim of states within the international system is the pursuit of their national interests "defined in terms of power" (Morgenthau, 1973: 5). Thus, due to the structure of the international system, states are inherently self-interested entities, with the main aim of building power so as to gain and maintain an advantage in terms of the balance of power.

It was Morgenthau's contention that the national interest is defined within the "political and cultural context" of foreign policy formulation (Morgenthau, 1973: 9). It follows, therefore, that the definition of power and how it is used depend on the current political and cultural milieu (Morgenthau, 1973: 9). In this sense, China's foreign policy and external behaviour "are seen as responsive to the changing dynamics of the international environment" (Zhao, 1996: 12). For example, the concept of 'energy security' is fast gaining prominence as a strategic objective for powerful states. In this context, those states whose behaviour can be

explained in terms of Realism (such as China) will prioritise “securing trade routes and assuring relations with export countries conducive to continuing energy trade” (Heller, 2003: 355).

Furthermore, Realism contends that in order to be politically successful (read: powerful), states cannot afford to concern themselves with questions of morality, and therefore no action should be taken in the name of moralistic principles (Morgenthau, 1973: 10). For Realists, the most important foreign policy objective is the survival of the state in the international system (Zhao, 1996: 9). Therefore states act rationally towards the achievement of this goal, and do not allow issues of morality to impede its attainment.

Realism asserts that states are the most important actors in the international system. However, the significance of the role of non-state actors in the international system is not lost on Realists: for example, states are likely to take advantage of the platform afforded by international organisations in order to augment their international standing, as well as exploit any opportunities to benefit economically through organisational channels (Heller, 2003: 355). In the case of China, it has been argued that China’s recent vigorous participation in international trade and the international system is not the result of a desire to become more politically and economically *integrated*, but rather the desire to become diplomatically and economically *stronger* (Roy, 1998: 229).

Realism is, therefore, a useful tool for explaining and analysing China’s foreign policy behaviour. For example, the Realist notions of self-interest and moral scepticism help one to understand why China’s foreign policies have been described as “generally self-serving and often ruthless” (Roy, 1998: 229). However, it is not sufficient to view China’s involvement in Africa only through the lens of Realism. China’s Africa policy challenges some of Realism’s main assumptions, such as for example the rigid contention that states always place military security above economic security (Roy, 1998: 235). For this reason, it is also necessary to view China’s involvement in Africa from the perspective of Economic Nationalism.

There are some fundamental similarities between Realist assumptions and those of Economic Nationalism. In fact, some scholars have suggested that Economic Nationalism is

in effect the economic variation of Political Realism (e.g. Helleiner, 2002: 309 and O'Brien & Williams, 2004: 17). Economic Nationalism is thus suitably partnered with Political Realism in this theoretical framework.

Like Realism, Economic Nationalism propounds the primacy of the role of the state in the global system (O'Brien & Williams, 2004: 14). Economic Nationalists argue that the state's role has not diminished as a result of globalisation, because the process of globalisation is actually driven and shaped by states, and furthermore because national economies are the most important actors in international economic processes (Pickel, 2003: 113). A further similarity with Realism is that Economic Nationalism is also preoccupied with power. The most central concern of Economic Nationalism is that of bolstering national power (Nakano, 2004a: 222). National power implies a combination of political and economic power: when economic power is maximised, so is political power, and vice versa (Nakano, 2004a: 222). Thus, Economic Nationalists recognise that there is a profound connection between wealth and power (O'Brien & Williams, 2004: 15).

For Economic Nationalists, the well-being of the nation is of central importance for the augmentation of power (Nakano, 2004a: 222). In order for a state's economy to develop and modernise, the state needs to mobilise the nation through state policies (monetary, trade, legal, education etc.), and in so doing, create a national market (Nakano, 2004a: 219). The state's role in economic development ultimately contributes towards the formation of a national identity, because "economic development forms and enforces the idea and sentiment of the nation, which increases the political power of the state" (Nakano, 2004a: 222). Thus, the relationship between the economy and the nation is an important issue for Economic Nationalism (Nakano, 2004b: 33).

Economic Nationalism has often been associated with Mercantilism and protectionism. However, Economic Nationalism is distinctly separate from those approaches (Helleiner, 2002: 310). Where the Mercantilist's goal is autarky, the Economic Nationalist's goals are national unity, autonomy and the maximisation of national power (Nakano, 2004a: 212). Where Mercantilists advocate protectionism, Economic Nationalists will advocate free trade if it bolsters national power (Nakano, 2004a: 224).

Even the foremost proponents of Economic Nationalism, Alexander Hamilton and Friedrich List, were in favour of the principle of free trade (Harlen, 1999: 734). The approach is pragmatic: implement the policy that best augments national power. Thus, List advocated protectionism and government intervention in the economy only in particular circumstances, such as “if a nation capable of industrializing had not yet done so” (Harlen, 1999: 741). Economic Nationalists argue that liberal economic policies in the *international* economy do not necessitate liberal policies in the *national* economy – rather, state intervention is a prerequisite for successful participation in the international economy (Nakano, 2004a: 224).

For Economic Nationalists, the economic policies of states are usually designed in such a way as to strengthen national unity (Nakano, 2004a: 222). Typical Economic Nationalist policies include: industrial policy, Keynesian policy, and currency manipulation (Nakano, 2004a: 226).

Economic Nationalism is well suited to the study of China’s foreign relations; China has a long history of nationalism, and its foreign policy orientation remains distinctly nationalist. Chinese nationalism was spurred on particularly by Western hostility towards China, and Western rule over some parts of China since the Opium Wars in the 19th century (Zhu, 2001: 4). It is in this historical context that Chinese rulers promoted nationalism as a means to oppose external hostility and assert their independence (Zhu, 2001: 4; Chen Zhimin, 2005: 36). Nationalism was the key factor driving Chinese foreign policy for most of the 20th century (Chen Zhimin, 2005: 36).

Since 1949, the Chinese government has actively promoted ‘state nationalism’ (building a *Chinese* nation as opposed to *ethnic* nationalisms) (Zhu, 2001: 4). Nationalism still dominates China’s foreign policy orientation. Adjustments in Chinese foreign policy are usually context-specific adaptations that serve to achieve the fundamental goal of Chinese nationalism: “to seek and preserve China’s national independence” (Zhu, 2001: 2).

The main priorities of Chinese nationalism are: economic development, national unity and independence, and international prestige (Chen Zhimin, 2005: 52). Of the three, economic

development is seen as the most important priority; the one that encompasses all other national aims (Chen Zhimin, 2005: 52; Zhu, 2001: 5).

It is thus within the framework of these theoretical perspectives that China's involvement in Africa will be analysed and understood.

1.3 Research Methodology

1.3.1 Operationalisation

The purpose of this section is to clarify what is meant by the following key phrases:

- *'China'*: refers to the government, land or people of the People's Republic of China, as relevant in context.
- *'China's involvement in Africa'*: refers to the activities, presence, and undertakings of the Chinese government in, with, or in relation to Africa. This includes Chinese companies and corporations, since these are still either partially or totally state-owned or state-controlled.
- *'Political Relations'*: refers specifically to human rights issues; diplomatic interactions between China and Africa; and international cooperation between China and Africa.
- *'Economic Relations'*: refers specifically to trade between China and African countries; Chinese investments in Africa; and Chinese aid to Africa.



1.3.2 Nature of the Research

The nature of this study is primarily *descriptive* in the sense that it provides a detailed account of China's political and economic involvement in Africa within a particular time period (1990 – 2006). It is, however, also *exploratory* because the study attempts to explore the *nature* of China's political and economic relations with Africa; it thus attempts to also address the “what” question by espousing the investigative stance so characteristic of exploratory research (Neumann, 2003: 30). The research is also partly *explanatory* because it attempts to explain China's activities in Africa – in other words, the study attempts to answer *why* China engages with Africa as vigorously as it does, and why it undertakes the kinds of activities that it does in Africa. It thus, as with most explanatory research, “looks for causes and reasons” (Neumann, 2003: 31). The research for this study is hence primarily *descriptive*; however, it also contains elements of *exploration* as well as *explanation*.

1.3.3 Data Collection

In terms of data collection, the study takes a predominantly *qualitative* approach. It primarily makes use of academic literature in the form of books and journals. Further data emanates from publications from institutions such as the South African Institute of International Affairs; the Jamestown Foundation; and the Centre for Chinese Studies. In addition, media publications, such as print newspaper articles or internet articles, are also utilised. The facts, opinions, and arguments presented in the literature are drawn together to form a coherent argument regarding the nature of China's political and economic involvement in Africa.

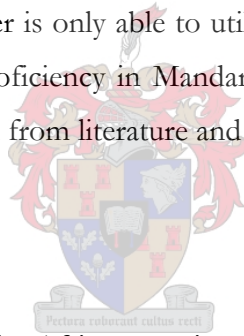
The research methodology, however, also employs some *quantitative* data collection. This is in the form of existing statistics, which are utilised particularly in chapter 3. These statistics are sourced primarily from previous research concerning China's economic engagement with Africa, but also from government and institutional publications. The statistics describe, for example: percentages of imports and exports; investment figures; and aid contributions. Although every effort is made to ensure reliability and validity by extensive cross-checking of facts and statistics, it was not possible to make use of primary statistics and economic data due to the researcher's lack of expertise and background in this field. Thus, rather than attempt to interpret this data and run the risk of misinterpretation, the researcher has relied on secondary sources for interpretation and explanation of quantitative statistical data.

1.3.4 Delimitations and Limitations

The main delimitations of this study refer to firstly, the scope of the study, and secondly, the timeframe of the study. In terms of scope, the study focuses only on China's *political, economic* and *aid* involvement in Africa. In so doing, it attempts to provide an *overview* of the situation, resulting therefore in the potential to be greater in breadth than in depth. In addition, the scope of the study is such that it focuses only on two regions (eastern and southern Africa), encompassing only four particular countries. The rationalisations for focusing on these four countries were provided above. Broadly, they are: the countries are representative of China's dilemma of how to reconcile its international obligations and responsibilities with its national interests; there is a long history of Chinese involvement in the countries, especially Zimbabwe; and the countries are geo-strategically important to China.

Secondly, in terms of timeframe, the study looks at only the period from 1990 until the present year, i.e. 2006. This timeframe has been chosen because of the changed nature of the international system following the collapse of communism in Eastern Europe and the termination of the Cold War. Specifically, since the Tiananmen Square incident in 1989, China's relations with the USA weakened considerably, thus motivating China to turn its attentions elsewhere, such as towards Africa. Hence, there are certain motives that have informed China's Africa policy during this period. Thus, although acknowledged, the different nature of China's relations with Africa prior to 1990 will not feature in this study.

There are two main limitations in this study: firstly, the qualitative nature of the study; and secondly, language constraints. The nature of a qualitative study is inherently such that interpretation of data is required, since the researcher is instrumental in the research process. There is thus the potential for biased interpretation and normative analysis or value judgements. Secondly, the researcher is only able to utilise English-language sources of data for this study, since she has no proficiency in Mandarin. Thus, any extra data or valuable insights that could have been gained from literature and data published in Mandarin have not been included in this study.



1.4 Literature Review

China's strengthened presence on the African continent since the end of the Cold War has precipitated a growing academic literature on China-Africa relations. There is general agreement regarding arguments about China's motivations for its engagement with Africa; however, those regarding the political and economic implications for Africa are more varied. The basic arguments will be presented here.

1.4.1 Driving forces of China's involvement in Africa

Taylor (2005: 4) argues that China-Africa relations are primarily economic and trade-related. This contention is supported by much of the scholarly literature on the topic: Mooney (2005) argues that the demands of China's rapidly growing economy are the driving forces behind China's involvement in Africa; similarly, Shelton (2001) contends that China's relations with Africa are predominantly based on economic interaction; and Cornelissen & Taylor (2000: 615) argue that China's policy towards Africa is centred on increased economic

interaction with a view to incorporating Africa into the global economy. It has been further argued that for China, politics and ideology are of little importance regarding its Africa policy (Cornelissen & Taylor, 2000: 628; Shelton, 2001: 118; van der Wath, 2004: 72).

According to the literature, China's economic interests in Africa are based primarily on one or all of the following three strategic areas: firstly, China's growing demand for energy (oil); secondly, Africa's raw materials and natural resources; and thirdly, Africa's potential as a market for China's manufactured products.

Van der Wath (2004: 75) has argued that raw materials and market potential are both "crucial considerations" for China; in the same vein, Muekalia (2004: 11) contends that China's engagement with Africa forms part of its strategy for procuring energy and markets for its goods. Similarly, Shelton (2001: 119) emphasises the significance of Africa as a source of new markets for China's goods, but particularly places emphasis on access to Africa's raw materials as the most important consideration (Shelton, 2001: 119). Alden (2005a: 6) agrees that the procurement of energy resources is at the centre of China's invigorated relations with Africa.

There is general consensus amongst scholars that the other driving force behind China's engagement with Africa is diplomatic support, particularly regarding China's position in world politics and especially in multilateral forums such as the United Nations (Taylor, 2004: 83; van der Wath, 2004: 75; Muekalia, 2004: 11; *et al*). According to Cornelissen & Taylor (2000: 616), China's policies appeal largely to African elites as a means to develop "support constituencies" that can be relied upon at multilateral forums. As Giry (2004: 22) puts it, "China is trying to buy the hearts and minds of African leaders" as part of its broader strategy to acquire allies in developing countries so as to augment its soft power internationally. Thus, as Alden (2005b: 138) has shown, most of China's activity in Africa has been about economics and diplomacy, and the main targets have been the governments and elites of Africa.

There are differing arguments and opinions regarding the implications of China's involvement in Africa for the continent. For some, China's involvement provides

opportunities, while others see it as a threat. There are also those that argue that China's engagement with Africa is at times dubious and undermines principles of good governance and human rights.

1.4.2 Implications for Africa: *The Good, the Bad, and the Ugly*

The Good

China's economic involvement in Africa has been viewed by many as a great opportunity for Africa's growth and development. It has been argued that Southern Africa and South Africa in particular, can benefit from increased trade with China: Van der Wath (2004) has identified that there are particular industries where South Africa has a strategic advantage, such as in mining, tourism, raw materials and certain niche technologies. Draper (2006) identifies the export of food products to China as potentially beneficial to Southern Africa, especially since it may encourage Chinese investment as a means to procure food supplies. According to Draper (2006), a further potential niche industry for South African exports to China is that of services, since the services sector is not as well developed as other domestic industries in China. Furthermore, Draper (2006) has argued that as long as China's economy continues to grow at current rates, mineral exports from Africa will continue to increase, as will Chinese investments in the continent.

Chinese investments in Africa have too been viewed by analysts as opportunities for Africa. For example, Shinn & Eisenman (2005: 8), in their study of China's involvement in the Horn of Africa, concluded that "China's economic assistance and investment contribute to the betterment of the Horn of Africa". On a more micro-level, Alden (2005b: 143) has found that there are examples of African entrepreneurs in small and medium businesses who have benefited from Chinese investments, particularly through "the growth of informal and formal linkage with Chinese...business networks outside of government sponsorship".

Alden (2005a:6) has further argued that Chinese investments in Africa are much needed, particularly in the face of declining investment from Western countries, and should therefore be welcomed. Accordingly, there is great opportunity for Africa to benefit from these investments, especially if the terms of investment involve the transfer of skills and technology to Africans (Alden, 2005a: 6). For example, Muekalia (2004: 10) has found that

Chinese technologies in the field of agriculture will undoubtedly “increase productivity in Africa, reduce hunger and create jobs”.

Thus, some analysts see China’s involvement in Africa as beneficial to both sides. Van der Wath (2004: 73) describes relations between China and Africa as “constructive, stable, friendly and co-operative”, and Shelton (2001: 119) predicts that, due to Beijing’s “understanding of Africa’s ongoing struggle for economic growth, social stability and peace”, China may eventually “be a true partner in Africa’s hoped-for 21st century economic renaissance”.

The Bad

There are, however, scholars who are not quite as optimistic about China’s presence in Africa, and argue that it should be seen more as a threat than an opportunity. Analysts point out that trade between China and African countries is highly unbalanced (except for oil exports to China) in favour of Chinese exporters, which has the effect of debilitating and even shutting down local manufacturers and traders (Taylor, 2004a: 94; Wilson III, 2005; Draper, 2006; Alden, 2005a:7). Thus, not only do Chinese imports threaten local manufacturers, but also the labour market, since the shutting down of local retailers and manufacturers results in thousands of job losses as well (Draper, 2006; Alden, 2005a:7).

There are even cases where Chinese investments have posed a threat to domestic industries, such as in the case of the Horn of Africa where Chinese firms “have been known to submit bids below cost in an effort to break into the market and are aggressive to the point of alienating domestic competitors” (Shinn & Eisenman, 2005: 7). Unemployment is further exacerbated by the use of imported Chinese labour for Chinese-funded infrastructural projects, as well as for several manufacturing projects in Africa (Alden, 2005a: 7).

Mills & Shelton (2003: 37) predict that, despite South African President Thabo Mbeki’s hopes, China is unlikely to promote development in Africa through more direct involvement in the New Partnership for Africa’s Development (Nepad)² because of China’s own

² Nepad is essentially “a pledge by African leaders, based on a common vision and a firm and shared conviction that they have a pressing duty to eradicate poverty and to place their countries, both individually

domestic need to alleviate poverty in rural areas. Furthermore, they forecast that, in South Africa's case, future investments will be discouraging, increasing trade will become more challenging (because of the competitive nature of the Chinese economy), and China's need to address domestic poverty concerns means that overall assistance in Africa's development will be negligible (Mills & Shelton, 2003: 37-38).

On a policy level, it has been argued that China's involvement in Africa is largely self-serving and that its policy rhetoric is contradictory, as is illustrated by China's sudden "re-identification with the South" after a honeymoon period of relations with the Northern countries in the 1980s (Cornelissen & Taylor, 2000: 619).

And The Ugly

A number of scholars have levelled criticism against China for the sometimes dubious and shady way in which it conducts its affairs in Africa. The principal tenets of China's foreign policy towards Africa are non-interference in the affairs of another state, and respect for state sovereignty. As a result, China does not attach any political conditionalities or the like to its engagement with Africa (Taylor, 2005: 5-6). According to Wilson III (2005: 11) and others (e.g. Giry, 2004: 22), principles such as democracy, transparency and human rights do not feature in China's Africa policy. As Taylor (2005: 6 and 2004a: 94) has pointed out, this policy stance allows China to engage with the more despotic and undemocratic regimes in Africa.

This lack of political requirements for China's engagement with Africa appeals to African elites, who are often the primary beneficiaries, while there is little to gain for the ordinary populations and democratic societies in Africa (Shinn & Eisenman, 2005: 8; Alden, 2005a: 7; Taylor, 2004a: 99). Alden (2005b: 145) argues that these African governments are happy to do business with China, since it provides them with a new source of regime security.

Taylor (2004a: 98) interprets China's "non-political" posturing as providing a way to procure oil and profits without being hindered by political principles. Giry (2004: 22-23) points out that, since *most* Western companies are unwilling or unable to do business with questionable

and collectively, on a path of sustainable growth and development, and at the same time to participate actively in the world economy and body politic" (Pahad, 2002: 2)

regimes, China is able to conduct its economic activities in Africa amidst little or no competition from other foreign firms. Although Western companies have been known to operate in undemocratic regimes (e.g. Chevron in Angola), most are held accountable for their actions by civil society, at home and abroad. In fact, Taylor (2004a: 99) has gone so far as to state that Beijing has contributed towards creating a discourse in Africa that “effectively legitimizes human rights abuses and undemocratic practices” in pursuit of profits and resources.

Consequently, it has been argued, China appears indifferent to whether or not its activities fuel or perpetuate political instability and conflict in Africa (Taylor, 2004a: 98-99). Giry (2004: 23) argues that the continuation of unconditional Chinese investments in Africa may very well do just that. Thus, as Wilson III (2005) has suggested, China pursues its resource and economic interests in Africa regardless of human rights abuses.

China’s involvement in the Sudan has oft been cited as a case in point (e.g. Giry, 2004: 23 and Taylor, 2004a: 95). Taylor (2004a: 95-96) argues that China has played a role in perpetuating and even financing the civil war in Sudan through its policy of exporting weapons to that country, and as a result of its investments in Sudanese oilfields. According to Taylor (2004a: 95-96), the hard currency created by these investments has been used by the Sudanese government to fund its violent campaign against non-Muslims. Other than Sudan, Shinn & Eisenman (2005: 8) have highlighted China’s promotion of military cooperation and arms sales to Ethiopia, Eritrea and Djibouti as well. Thus, as Draper (2006) has pointed out, China’s “thirst for oil trumps humanitarian considerations”.

1.4.3 China: Friend or Foe?

It is thus evident that there are contending perspectives and arguments with regards to the implications for Africa of China’s involvement on the continent. There are few comprehensive empirical studies that explore these implications, both negative and positive, within a political economic framework. In addition, it is evident that much of the literature is already outdated, or becoming outdated. Furthermore, although there is a large body of literature on general China-Africa relations, there is a need for more studies that focus on particular countries and regions. This study attempts to fill these gaps. It is envisioned that

such a study will better contextualise China's engagement with and activities within Africa and contribute towards understanding China's intentions in Africa, thereby enhancing the ability to analyse the costs and benefits for regions in Africa.

Based on the review of the scholarly literature, the following propositions can be made at this stage:

- China's orientation towards African states is based on an evaluation of the African country's potential with regard to natural resources and raw materials, the provision of a market for China's exports, and/or usefulness as a political ally in the international arena
- China takes a strategic position on the African continent with regards to human rights and democracy.
- China's relations with Africa are based primarily on elite interactions

1.5 Outline of chapters

Chapter 1 has introduced the study by articulating the problem statement and research questions that are to be investigated. The main focus of the study is to explore the nature and implications of China's political and economic relations with Africa, and whether the relationship is mutually beneficial, or if there are negative consequences for Africa. It has shown that there are contending perspectives regarding China's role in Africa and the implications thereof. In terms of a theoretical framework, Political Realism and Economic Nationalism provide useful tools with which China's relations with Africa can be analysed.

Chapter 2 provides a background and contextualisation for China's involvement with Africa. It describes China's shift in foreign policy since the start of its modernisation period in 1978, thus providing an overview of China's general foreign policy orientation. The chapter then goes on to provide a historical background of China's relations with Africa, and ends by describing the contemporary context of China-Africa relations.

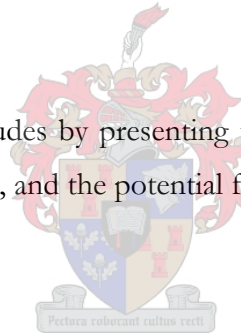
Chapter 3 describes China's economic relations with Africa by focusing on trade and investment patterns. It begins by describing the general profile of China-Africa trade and then focuses particularly on China's trade with South Africa because South Africa is China's

largest trading partner in Africa. The chapter then describes the nature of China's investment in the case countries.

Chapter 4 explores the political relations between China and Africa, and their implications for Africa. It explores diplomatic relations by focusing on the nature of China's diplomacy in Africa, and political interaction under the auspices of the Forum on China-Africa Cooperation (FOCAC). It then goes on to examine China and Africa's cooperation in the global arena, particularly at the United Nations. Finally, the chapter explores normative issues relating to human rights, governance and transparency.

Chapter 5, the penultimate chapter, examines the nature of China's aid programmes in Africa, by focusing on financial assistance; human resources development, education cooperation and health diplomacy; as well as China's role in African peacekeeping and humanitarian aid.

Chapter 6, the final chapter, concludes by presenting the overall findings of the study, the prospects for China-Africa relations, and the potential for further research on the topic.



Chapter 2

Background and Contextualisation

2.1 Overview

This chapter will provide a background against which the current political and economic relations between China and Africa can be contextualised. It will begin by providing an overview of China's contemporary foreign policy orientation, including the general principles upon which China formulates its policies towards other states.

Thereafter, a brief historical overview of China-Africa relations will be provided. This encompasses examining China's policy rhetoric when dealing with Africa, as well as the nature of China's relations with Africa since their first official contact at the Bandung Conference in Indonesia in 1955.

The chapter concludes with a brief section on the context of the contemporary relationship between China and Africa, which appears to be based mainly on economics and diplomacy.

2.2 China's Contemporary Foreign Policy Orientation

2.2.1 China opens its doors

After the death of Mao Zedong and the rise of Deng Xiaoping as China's new leader in 1978, Beijing's foreign policy underwent a major shift. Deng introduced China's programme of modernisation, which he termed the "Four Modernisations". This was essentially a programme aimed at economic development, targeting particularly the four strategic areas of agriculture, industry, science and technology, and national defence (Yung-lo Lin, 1989: 83).

Deng accepted that in order for China to develop economically, it would be necessary to open up the economy to external trade and investment, hence the introduction of the "Open Door Policy". This encompassed not only participation in the international economy, but also becoming involved in international economic institutions such as the World Bank and the International Monetary Fund, which China joined in 1980 (Kornberg & Faust, 2005: 67).

Part of Deng's policy included the creation of 'special economic zones', which were designated areas in which joint ventures with foreign companies were allowed to take place (Kornberg & Faust, 2005: 34). Thus, rather than continue Mao's policy of isolation, Deng pursued a policy that engaged more actively with the international economic regime in order to achieve the primary national goal of economic development. The previous national goal of fighting imperialism thus effectively was pushed to the background (Mills & Shelton, 2003: 30).

This national reprioritisation necessitated a gradual shift in China's foreign policy strategy "from confrontation to co-operation, from revolution to economic development, and from isolation to international engagement" (Muekalia, 2004: 7). China therefore began to establish amicable economic relations with industrialised countries, including the United States, Europe and Japan, with the aim of increasing international trade and investment (Taylor, 1998: 443). China's relations with foreign states were no longer based on ideology or systems of governance; instead they were now grounded in economic cooperation (Muekalia, 2004: 7).

This policy prioritisation is consistent with the assumptions of Economic Nationalism. It is evident that China articulated its national goal as economic development, and set to work mobilising all aspects of the economy, society and policy in order to achieve the ultimate national goal of economic development.

2.2.2 Independence and Peace

China's new foreign policy of 'independence and peace' was articulated in a report to the Twelfth National Congress of the Communist Party of China (CPC) in September 1982 (Cheng & Wankun, 2002: 241). It was declared that China maintains a foreign policy of independence, whereby China will never align itself with a single power or group of powers, and neither will it succumb to any pressure from a great power (Yung-lo Lin, 1989:79). Other aspects of China's foreign policy formulation included: an opposition to hegemony, defence of sovereignty, and Third World support (Cheng & Wankun, 2002: 240).

China's current foreign policy orientation, now termed "China's Independent Foreign Policy of Peace", fundamentally propagates the same goals and objectives as the one articulated in 1982 (PRC, 2003). The most prominent goals of this policy are "to preserve China's independence, sovereignty and territorial integrity, create a favorable international environment for China's reform and opening up and modernization construction, maintain world peace and propel common development" (PRC, 2003).

China's strategy for achieving these goals includes: a refusal to give in to external pressure regarding any international issue; an unwavering respect for sovereignty and autonomy in domestic affairs; observing the Five Principles of Peaceful Coexistence; developing friendly relations with all states based on equality and mutual benefit; and active participation in multilateral institutions (PRC, 2003).

Adherence to the 'Five Principles of Peaceful Coexistence' is China's 'recipe' for the creation and maintenance of peace amongst states. They are also the principles upon which China believes relations between states should be governed (Kornberg & Faust, 2005: 211). These five principles are:

1. Mutual respect for sovereignty and territorial integrity
2. Non-aggression
3. Non-interference in the domestic affairs of another state
4. Equality and mutual benefit
5. Peaceful coexistence

Another important aspect of China's international relations is the 'One China Policy'. The Chinese government has stated that "there is only one China in the world" and it "will never tolerate any country scheming to create "two Chinas" or "one China, one Taiwan"" (PRC, 1999: 110). The only explicit condition that China places on its relations with other states refers to this policy. The Chinese government has declared that "any country seeking to establish diplomatic relations with China must show its readiness to sever all diplomatic relations with the Taiwan authorities and recognize the government of the PRC as the sole legal government of China" (PRC, 1999: 110). The desire to 'reunify' with Taiwan is indicative of China's goal of promoting national unity, which is consistent with the

Economic Nationalist contention that one of the main aims of states is to achieve national unity.

Furthermore, it has been argued that China's foreign policy includes an important strategic component, based mostly on geopolitical factors (Cheng & Wankun, 2002: 236). Typical of Realist state behaviour, China's desire and potential to become an important world power play an important role in the strategic formulation of China's foreign policy (Cheng & Wankun, 2002: 236). Not only is this true of China's general foreign policy, but also of China's foreign policy towards Africa. Beijing views the African continent from a strategic perspective, and focuses particularly on key regions that are or have the potential to be strategically important to China (Snow, 1995: 290-291).

Thus, the countries are either strategically important in the economic sense in that they provide valuable resource pools for China: for example, oil-rich Sudan is of strategic importance to China as a source of energy security; or they can be politically important, such as for example South Africa, a country which China sees as potentially important as a developing world ally within multilateral institutions.

2.3 China-Africa Relations in Historical Perspective

2.3.1 China's policy rhetoric: A common identity

The PRC has postured itself as an avid supporter and advocate of the developing world, expressing its solidarity by embracing its developing country status. In particular with regard to Africa, China has attempted to espouse a relationship based on a common identity and historical experience. It has been argued that China justified its initial involvement in Africa in the 1960s on the basis of this 'similarity' (Snow, 1995: 285). The first point of commonality, according to China, is that China and Africa "belong to the same club", be it the Third World or the South; and secondly, that China and Africa are united against common opponents, usually encompassed by the 'West' or the 'North' (Snow, 1995: 285-286).

China's official policy towards Africa is based on a rhetoric of sincerity, equality and mutual benefit, solidarity and common development, with an emphasis on sovereignty and non-

interference (PRC, 2006). This policy rhetoric, together with Beijing's practical assistance to Africa (particularly in the 1960s and 1970s) has appealed to African leaders (Snow, 1995: 289).

However, not all African leaders have adopted China's stance on the similarity between their countries and China (Snow, 1995: 289). For example, China has in the past espoused a discourse of China and Africa facing common opponents, which Africa has not always been willing to accept (Snow, 1995: 289). This was particularly evident during the Cold War when China attempted to garner Africa's backing in its ideological rivalry with the Soviet Union. By and large, however, communist ideology has never played a significant role in China's relations with Africa: according to Snow (1995: 302), "their gospel has been nationalism, not Communism".

Other than Africa's strategic importance, the continent has at times been politically important to China too. For example, China largely owes its seat at the UN Security Council to the large number of votes it gained from African countries. Furthermore, following the Tiananmen Square incident in 1989, the West politically shunned China, yet Africa's response was less vocal. The muted response from African leaders with regard to the Tiananmen Square massacre can be attributed to three main points: firstly, self-interested African elites felt threatened by democratisation and were thus keen to support China's anti-democratic behaviour; secondly, they supported China's actions out of third world solidarity and a shared resentment of 'neo-imperialist' interference; and thirdly, their support was based on the realisation that outright criticism would result in a halt in developmental aid and assistance from China (Taylor, 2004a: 85).

It is against this background of China's policy orientation towards Africa that the historical relations between the two regions can be understood.

2.3.2 The ties that bind

The first official encounter between China and African countries was at the Bandung Conference in Indonesia in April 1955. The Bandung Conference was aimed at promoting Afro-Asian solidarity, based on the notion that the political and economic challenges of

African and Asian states were similar, and could provide a basis for cooperation between the two regions (Shelton, 2001: 111-112). Chinese Premier Zhou Enlai made use of the Bandung platform to promote the 'Five Principles of Peaceful Coexistence' as the framework within which relations with African states could be established (Yung-lo Lin, 1989: 80).

During the Cold War, China's role in the international system was determined largely by its relationship to nations seeking non-alignment (Kornberg & Faust, 2005: 16). China therefore began to actively promote itself as a leader amongst this group of nations.

In 1964 Premier Zhou Enlai toured 10 African countries, after which he articulated the five principles for China's Africa policy (Shelton, 2001: 112). These principles espoused support for: anti-imperialist struggles; African non-alignment; African unity; peaceful settlement of Africa's disputes; and sovereign independence for all African countries (Shelton, 2001: 112).

The process of decolonisation in Africa provided China with an opportunity to play a role in Africa by supporting African liberation and independence (Roy, 1998: 26). China therefore began to provide economic, technical and military support to African countries and liberation movements in order to promote revolution on the continent, and also to create an international front against the superpowers (Muekalia, 2004: 6). By supporting decolonisation, China's main goal was to deprive the capitalist colonial powers of their colonies that were so vital to maintaining their flourishing economies (Roy, 1998: 25). Consequently, almost all of the different liberation movements in Africa benefited at some point from China's support in terms of arms, finances, food, medical supplies, or military training (Snow, 1995: 286).

The rulers of the newly independent African states were encouraged by what they saw in China: a non-Western country that was self-sufficient and steadily developing, independent of assistance and aid from the West (Snow, 1995: 308). Furthermore, the existence of China gave the new African states the opportunity to assert themselves as independent and sovereign states by developing relations with a non-Western country that offered an example of a political and economic model that was different from the one espoused by the West (Snow, 1995: 308).

During the 1970s, China's policy towards Africa was determined by the prevailing bipolar international system and superpower politics. China's activities in Africa at the time were driven largely by its aim of fighting against superpower hegemony (Taylor, 1997: 8). In so doing, China was attempting to increase its own relative power in the international system. Africa played an important role in this regard and China intensively began to foster amicable relations with the continent through an extensive aid policy.

The Soviet Union, however, was also aggressively attempting to gain influence and support in Africa through the provision of economic aid and military assistance, resulting in a rivalry between the PRC and the Soviet Union for influence in Africa (Yung-lo Lin, 1989: 80). Between 1970 and 1977, Peking offered double the amount of aid to African countries as the Soviet Union, and provided aid to twenty-nine African countries, while Moscow aided twenty-two (Yung-lo Lin, 1989: 82). During this time, China spent in the region of US\$2 billion in economic credits and grants to Africa (Yung-lo Lin, 1989: 82). Peking also embarked on an aggressive diplomatic offensive in Africa, thereby expanding its influence across most of the continent (Yung-lo Lin, 1989: 82). It was during this time that China committed itself to one of its most ambitious projects in Africa: building the TANZAM Railway, which cost Peking more than US\$450 million (Yung-lo Lin, 1989: 82).

In terms of global politics, the 1970s were important for China as it gained a seat on the United Nations Security Council in 1971. China's membership to the UN Security Council can partly be seen as a result of China's efforts at gaining support from Africa; the African bloc at the UN comprised a sizeable number of votes supporting China's seat. China's membership of the Security Council somewhat changed its position within the Third World in the sense that China now had considerable influence with regard to decision-making within the international body. In effect, China's membership on the Security Council gave Third World countries a voice; however, it also meant that China's power and leverage within the Third World increased considerably, because in order to make their views known, these states first had to gain China's support (and approval) (Kornberg & Faust, 2005: 16).

The 1970s saw the intensive development of friendly and seemingly mutually beneficial relations between China and African states. Africa was the locus for the expression of China's struggle against superpower hegemony, and the situation in Africa provided China with an opportunity to increase its power and leverage within the Third World. However, by the late 1970s Beijing drastically curbed its aid contributions to Africa, indicating a waning interest in the continent (Yung-lo Lin, 1989: 87).

2.3.3 Africa's importance declines

The introduction of Deng's modernisation programme with its goal of economic development in 1978 resulted in a shift in China's foreign policy objectives, and hence China's policy towards Africa. Rather than support anti-imperialism and promote anti-hegemonism, China's foreign policy orientation became aimed towards fostering domestic economic development (Shelton, 2001: 112-113). Economic development required foreign investment and technology and increased trade that would benefit China's economy (Taylor, 2004a: 83). Africa could provide none of these. As a result, China began to forge relations with the developed countries such as within Europe, the United States and Japan, effectively sidelining Africa.

It was evident to Beijing that economic development required a stable international environment (Taylor, 1998: 443). Thus, the promotion of peace and stability became an important aspect of China's foreign policy (Taylor, 1998: 443). In its pursuit of international stability, Beijing continued to support African unity, and it continued to oppose Soviet involvement in the continent as this was seen as obstructive to stability (Taylor, 1997: 1). In addition, China began to promote peaceful solutions to conflicts in Africa, such as that of the liberation struggle in Zimbabwe (Taylor, 1997: 2).

Africa's undeveloped economies and lack of integration into the world market were not conducive to serving China's policy objectives, which drastically decreased Africa's importance to China (Taylor, 1998: 443). Since engagement with Africa was not seen to be in China's interests, trade between the two regions declined considerably during this period (Taylor, 1998: 444). Furthermore, the 1980s saw a radical decline in China's aid programmes

for Africa, thereby demonstrating that Africa was low on China's foreign policy priority list (Yung-lo Lin, 1989: 83).

It was evident, therefore, that China's Africa policy during the late 1970s and the 1980s was based on pragmatism rather than on ideology or political radicalism (Yung-lo Lin, 1989: 79). Since economic considerations dominated Beijing's foreign policy formulation, Africa's political significance was almost completely disregarded (Taylor, 1998: 445).

Despite the goals of China's economic modernisation programme, Beijing still continued to affirm its commitment to Third World aspirations (Taylor, 1997: 4). China attempted to demonstrate this commitment in Africa through 'obligatory' diplomatic gestures, such as sending diplomatic delegations to African countries in order to preserve friendly relations (Taylor, 1997: 4). For example, Chinese Premier Zhao Ziyang embarked on an African tour at the end of December 1982, visiting eleven African countries. During this tour, Zhao advocated the "Four Principles" upon which China-Africa cooperation was to be predicated. Essentially, however, these "Four Principles" merely indicated China's reluctance to provide unconditional assistance or embark on elaborate aid projects (Taylor, 1997: 6). Beijing, however, was intent on maintaining friendly ties with Africa through the provision of low-level aid projects and limited capital grants (Taylor, 1997: 9).

China's disinterest in Africa during the late 1970s and most of the 1980s clearly demonstrated the self-interested nature of China's foreign policy: the previous rhetoric of Third World solidarity, unity, and struggle bolstered China's leverage amongst this bloc against the superpowers during the 1970s. This rhetoric was quickly dropped in favour of a policy promoting international stability and economic integration during the 1980s in order to serve China's modernisation goals.

Africa's importance to China, however, would once again rise following the Tiananmen Square incident in June 1989.

2.3.4 Post- Tiananmen Relations

In June 1989 pro-democracy supporters who were peacefully demonstrating on Beijing's Tiananmen Square were brutally silenced by soldiers deployed by the CPC leadership (Roy, 1998: 34). The Tiananmen crackdown resulted in significant consequences for China's foreign relations.

The CCP government was unprepared for the extent of criticism that was levelled against China from the Western governments and media (Taylor, 2004a: 84). The CCP government's reaction to the Tiananmen demonstration severely damaged Beijing's relationship with Western governments (Taylor, 1997: 10). Africa, however, responded a lot more moderately (see above). The lack of criticism coming from Africa was a silent indication of Africa's support, or indifference.

Once again, China turned to embrace its 'friends' in Africa. This necessitated a shift in China's foreign policy orientation; anti-imperialism and anti-hegemonism once again became China's rallying cry (Taylor, 1997: 10). External criticism of China's human rights practices became an important consideration in China's foreign policy formulation (Taylor, 2004a: 84-85). As a result, China re-asserted the principles of sovereignty and non-interference as the basis for its foreign relations (Cornelissen & Taylor, 2000: 618). The developing South (including Africa) played an important role in this formulation, as China once again appealed to their 'common identity' (Cornelissen & Taylor, 2000: 618).

Politically, it became imperative for China to uphold its place in the international system; this aim became one of the primary motivations for China's re-engagement with Africa, particularly southern Africa, where China found much support for its Tiananmen crackdown (Taylor, 1997: 12). The significance of Africa as a potential political support base was underscored by the fact that the number of African dignitaries visiting China following June 1989 was second only to those coming from Asia (Taylor, 1997: 11).

Economically too, China began to view Africa as important to its policy of 'opening up' (Taylor, 1997: 13). China re-affirmed its commitment to Africa's development, and tentatively pledged to nurture economic ties with Africa, including increasing trade links

(Taylor, 1997: 13). The subsequent surge in Chinese firms investing in Africa, as well as immigration of Chinese entrepreneurs to the continent, laid testament to this invigorated economic relationship (Taylor, 2004a: 83).

2.4 The Context of Contemporary China-Africa Relations

According to Taylor (2004a: 83) contemporary relations between China and Africa should be viewed against the background of three phenomena: firstly the effect of the Tiananmen Square incident on China's international relations; secondly, the growth in Chinese trade during the 1990s; and thirdly, China's recognition of the potential of African states as a support base in the United Nations.

Not only does Africa provide extensive new markets for Chinese goods, natural resources and energy, but Africa also serves as a strategically significant ally and support base in the international arena. China has managed to amass and maintain this support base in Africa through rhetoric of solidarity with Africa (Cornelissen & Taylor, 2000: 617). Thus, by posturing itself as an ally of the developing world and a beneficial economic partner for Africa, China has been able to increase its soft power and leverage in the international system (Giry, 2004: 19-22 and Muekalia, 2004: 10).



For Africa, doing business with China is much less demanding than with the United States and Europe because it does not involve the same strict political conditionalities such as transparency and good governance (Giry, 2004: 22). The only condition is that trading partners do not maintain official diplomatic ties with Taiwan (Giry, 2004: 22).

Mills and Shelton (2003: 31) have observed several basic characteristics that inform China's contemporary relations with Africa. These are: alternate diplomatic visits by government representatives aimed at nurturing personal ties and furthering cooperation; garnering support from African states against domination from the West, particularly the USA; advocating trade instead of aid; and creating trade centres in certain African countries aimed at aiding Chinese firms in Africa and identifying potential business opportunities (Mills & Shelton, 2003: 31).

China's contemporary involvement in Africa is thus driven by diplomacy and economics, and plays a role in China's attainment of its ultimate goal: to assert itself as a "great power" in the international system (Taylor, 2004a: 83).

2.5 Chapter Summary

This chapter has attempted to provide a background against which China's involvement and relations with Africa can be contextualised. It begins by describing the shift in China's foreign policy since 1978 that was a result of a change in China's domestic policy of modernisation under Deng Xiaoping. This shift in foreign policy saw China engaging economically with the outside world, and beginning to integrate into the international economic regime by joining the World Bank and the International Monetary Fund.

China currently pursues an "independent foreign policy of peace", not much different from the Foreign Policy articulated at the Twelfth National Congress of the CPC in September 1982. According to this policy, China conducts its foreign relations in accordance with the principles of sovereignty and territorial integrity, which are crucial for the preservation of autonomy and independence. The only real political condition that China places on its relations with other states is that they must adhere to the "One China Policy" of not officially or diplomatically recognising the authority of Taiwan.


In its dealings with Africa, China acts in accordance with its general foreign policy principles. Its relationship with Africa, however, is based on an appeal to a 'common identity' as developing countries that share a similar historical experience, and face mutual opponents.

The brief historical overview of China's relations with Africa shows that Africa has at times been strategically important to China, both economically and politically. Between 1955 and 1978 China developed extensive relations with African liberation movements and newly independent states. China provided much technical, military and financial support to independence movements, and later embarked on an impressive aid programme for the new African states. This was largely in order to assert its leadership influence amongst the 'non-aligned' group of nations, gain leverage in terms of its ideological rivalry with the Soviet Union, and increase China's importance within the international system.

During the 1980s, China's domestic modernisation programme required that China develop amicable relations with developed states in order to attract investment and trade that was necessary to build China's economy. As a result, Africa was pushed to the bottom of China's foreign policy prioritisation. The 1980s saw a retraction in Chinese aid to Africa, and a stagnation in trade relations. However, China did attempt to maintain friendly relations with the African continent through diplomatic gestures and low-level aid projects.

Following the Tiananmen Square incident in June 1989, China fell into disfavour with the West. As a result, Africa once again featured in China's foreign policy. Support from Africa was rallied through the re-assertion of their 'common identity' and the pursuit of economic cooperation.

Contemporary China-Africa relations are based mainly on economic interaction and diplomacy. Shelton (2001: 111) succinctly summarises the historical relationship between China and Africa:



“Since the establishment of diplomatic contacts with Africa in 1955, China's Africa policy has evolved from a position strongly supportive of revolutionary change within the Maoist paradigm, to a more pragmatic stance during the 1980s and distinctly mercantilist approach, prioritising trade and investment, during the 1990s” (Shelton, 2001: 111).

In terms of the theoretical framework, this chapter has also shown that, historically, China's relations with Africa can be explained in terms of Realism: the notions of power and self-interest feature consistently. For example, China's stance of anti-hegemonism, and its attempts at garnering support from African countries in the international arena are indicative of its attempts to gain leverage in terms of the international balance of power. In addition, China's neglect of Africa during its modernisation period is indicative of the self-serving nature of its policies, which in Realist terms, are aimed at pursuing its national interests. In Economic Nationalist terms, it is evident that since 1978, China's main goal has been economic development, and the policies that it has used in order to achieve that goal have been pragmatic.

Chapter 3

Economic Relations

3.1 Overview

The last decade and a half has witnessed increased economic engagement between China and Africa. This is largely because the geo-political, environmental and macroeconomic climates in Africa are currently suitable to meeting some of China's key economic needs (Taylor, 2005: 4), and hence contribute towards the achievement of China's primary national goal: economic development. Consequently, it will become evident that China's economic relations with Africa are largely predicated on Economic Nationalist goals and assumptions, particularly the maximisation of national power through economic development facilitated by state intervention.

China's expansive manufacturing base, rising middle class and massive population of some 1.3 billion people have increased its demand for raw materials, of which Africa has plenty. Most African economies are largely dependent on imports for manufactured goods and consumables, and require capital investment and infrastructure in order to develop their economies. China requires raw materials to feed its manufacturing base, and suitable markets where it can export its cheap manufactured goods. In these respects, China's economy is complementary to the economies of many African states.

Furthermore, the liberalisation of many of Africa's economies as a result of structural adjustment programmes (SAPs) and conditionalities imposed by the IMF and World Bank has created a macroeconomic environment in Africa that facilitates China's economic engagement with the continent. This is ironic, considering China's strong 'anti-imperialist' and 'anti-hegemonic' stance against the West; yet China essentially encourages and advocates similar economic reforms as does the West, except *sans* the political/human rights conditionalities (Cornelissen & Taylor, 2000: 625). In fact, China never misses an opportunity to demonstrate the virtues of its own reform and modernisation policies to Africa (Taylor, 2004a:98).

This chapter aims to explore the economic relations between China and Africa by focusing on trade and investment between China and Africa, using examples from the South Africa,

Zimbabwe, Uganda and Sudan. Because South Africa is China's largest trading partner in Africa, the key trade focus will be on China's trade relations with South Africa.

3.2 Trade Relations

3.2.1 The Trade Profile

Statistics show that overall Sino-African trade has increased exponentially since 1990. Between 1989 and 1997 overall trade increased by a massive 431 per cent (Taylor, 2004a: 93). Between 1999 and 2000, trade increased by 60 per cent from US\$6.5 billion in 1999 to US\$10 billion in 2000 (Muekalia, 2004: 8). By 2002, trade had reached US\$12.39 billion (Soko, 2005:12), jumping to US\$18 billion in 2003 (Alden, 2005a: 6). In 2004, overall trade saw an increase of 58.9 percent over 2003 to US\$29.46 billion (Liang Guixuan, 2005). According to official Chinese statistics, trade had reached US\$39 billion by the end of 2005. On average, since 2001 Sino-African trade has grown by 31.2 percent per year (Davies, 2005:157). Nevertheless, China's trade with Africa accounts for only 2.6 percent of its total trade volume, indicating potential for even greater growth (Liang Guixuan, 2005). The exponential growth in Sino-African trade since 1999 is illustrated graphically in figure 1:



Figure 1: Growth in Sino-African Trade 1999-2005

Source: Compiled using above statistics from Soko (2002), Alden (2005a), Liang Guixuan (2005) and official Chinese government statistics

The Sino-African trade profile is reminiscent of the classic North-South model, with Africa exporting mostly raw materials and importing mostly value-added goods. China's main

exports to Africa are: machinery, electronics, textiles and apparels, technological products and manufactured goods. The manufactured exports to Africa are either intermediate inputs for products assembled in Africa and shipped to third markets, such as the EU and USA; or they are capital goods (such as machinery and equipment) destined for African manufacturing sectors; and some are consumer non-durables, which compete with domestic manufacturers in Africa (Broadman, Isik, Plaza, Xiao & Yutaka, 2006: 9-10). China's main imports from Africa are mostly primary products and raw materials including oil, iron ore, cotton, and diamonds (Liang Guixuan, 2005).

Trade between the two regions is unbalanced, with the scales tipped in China's favour (Taylor, 2005: 5). This imbalance is not only because of the above-mentioned trade profile, but also because of China's surplus industrial capacity, as well as its inclination to export products through third countries (Alden, 2005a: 7). Recently, statistics show that Africa has vastly increased its exports to China – an increase of 87.1 percent between 2003 and 2004 (Liang Guixuan, 2005) – however, these increases can be almost wholly attributed to oil exports, without which the trade imbalance would be severe (Taylor, 2004a: 98).

China became a net oil importing country in 1993, and since 1995 embarked on an “outward-looking oil economy policy” (Taylor, 2005:4). The search for energy security has become such an important part of China's economic policy that the China National Petroleum Corporation (CNPC), the China National Offshore Oil Corporation (CNOOC) and the China Petroleum and Chemical Corporation (Sinopec) have been afforded the status of ministries and are attached to the State Economic and Trade Commission (Taylor, 2004a: 93). China is now the world's second largest importer of oil (after Japan), with an average annual import of 800 million barrels (Wilson III, 2005: 7), and is also the world's second largest consumer of oil (after the USA). It is estimated that by 2010 China will depend on imports for 45 per cent of its oil use (Taylor, 2004a: 93).

Consequently, China has developed close ties with oil producing countries in Africa, including the Sudan, where the CNPC owns 40 percent of the country's largest oil venture, Greater Nile Petroleum, and has US\$4 billion invested in that country (Wenran Jiang, 2006). Between 1998 and 2004, China's imports from Sudan grew from US\$1.47 million in 1998 to

US\$1.71 billion in 2004 (Shichor, 2005: 9). Seven percent of China's oil supply comes from Sudan (Shinn & Eisenman, 2005: 6). Currently, Sudan is China's fourth largest supplier of oil and China is Sudan's number one trading partner, with 64.3 percent of its exports in 2004 going to China (Shinn & Eisenman, 2006: 6). China has been making similar inroads in other oil-producing countries in Africa, including Angola, Nigeria, Gabon and Equatorial Guinea.

Evidence from an OECD study has shown that there is a potential link between China's increased demand for commodities, and Africa's increased growth. Between 1997 and 2000, Africa's real GDP grew at an average (year-on-year) of 3.3 percent, compared to 4.2 percent between 2001 and 2004, reaching 5.4 percent by 2004 (Chen, Goldstein, Pinaud & Reisen, 2005: 6). This growth can largely be attributed to increased commodity prices, which are in many respects determined by China's demand (Chen et al, 2005: 6). Africa's terms of trade have therefore been improved by increased commodity prices and favourable market conditions (Chen et al, 2005: 22). The countries that have gained the most from improved terms of trade are those whose exports are comprised mainly of oil, metals or agricultural products (Chen et al, 2005: 27). These would include Sudan (oil), South Africa (metals, agriculture), Uganda (agriculture) and to an extent Zimbabwe (agriculture).

The study warns, however, that the benefits of China's increasing demand for African commodities are weakened by the high volatility of demand (Chen et al, 2005: 19). This is exacerbated by the fact that a large percentage of China's manufacturing exports are produced by multinational corporations, some of which have moved their production sites to China from elsewhere (Chen et al, 2005: 19). Increased demand from China, therefore, may in some cases be merely a reflection of the movement of production (Chen et al, 2005: 19).

Although this situation of increased terms of trade is potentially positive for extractive industries in Africa, there is a danger that "export-dependent oil enclave economies" will develop in Africa, which facilitate corruption and the enrichment of elites, with the benefits unlikely to trickle down to the poor (Wilson III, 2005: 8). One study points out that many African countries score poorly on *Transparency International's* Corruption Perception Index (CPI), which indicates that China's presence in a country where the resources are controlled

by elites might increase the rents accrued by these elites and encourage further rent-seeking behaviour (Chen et al, 2005: 39).³ Thus, trade in these industries does not necessarily have a positive impact on poverty – it is often the poor who endure the negative social and environmental externalities created by extractive industries, and rarely receive a share of the revenues accumulated via exports (Jenkins & Edwards, 2005: 36).

A further problematic issue is China's 'oil-for-arms' policy in Sudan - in which China protects its supply of and investments in Sudanese oil by selling fighter aircraft and weapons to the Sudanese government, which sustains the civil war in that country (Taylor, 2005: 5) - and its implications for human rights on the continent. China has developed a similar relationship with Zimbabwe: in 2004 it was reported that China sold twelve FC-1 and one hundred military vehicles to Zimbabwe, and in 2000 Zimbabwe received small arms from China in exchange for eight tonnes of elephant ivory (Taylor, 2005: 5). The political implications of these issues are explored in chapter 4.

In terms of China's exports, China views African markets as particularly suitable for its manufactured goods and consumables. In order to understand the impact of Chinese exports on African economies it is necessary to consider the significance of Africa's imports from China in relation to total imports for each country. Table 1 summarises imports from China (and India)⁴ as a share of total imports and GDP for 21 African countries in 2003:

³ Sudan, for example, scores 2.2 on the CPI, where 10 = highly clean, and 0 = highly corrupt

⁴ It is useful to compare Chinese data with Indian data, since India is another important 'Asian giant', with an economy that is similar in nature and size to China's.

	% of Total Imports			% of GDP		
	China	India	Total	China	India	Total
Angola	3.5%	1.5%	5.1%	1.6%	0.7%	2.3%
Botswana	0.9%	0.2%	1.2%	0.3%	0.1%	0.4%
Cameroon	4.8%	1.7%	6.6%	0.7%	0.2%	0.9%
Congo, Dem. Rep. of	2.7%	1.0%	3.6%	0.5%	0.2%	0.7%
Ethiopia	6.4%	3.2%	9.6%	2.6%	1.3%	3.9%
Ghana	9.1%	4.6%	13.8%	4.8%	2.4%	7.2%
Kenya	6.4%	5.8%	12.2%	1.9%	1.7%	3.6%
Lesotho	2.2%	0.5%	2.7%	2.3%	0.5%	2.8%
Malawi	1.9%	6.3%	8.2%	0.6%	2.1%	2.7%
Mozambique	2.8%	3.7%	6.4%	1.2%	1.6%	2.8%
Namibia	1.9%	0.3%	2.3%	0.8%	0.1%	1.0%
Nigeria	7.1%	2.5%	9.7%	2.2%	0.8%	3.0%
Rwanda	1.1%	1.6%	2.7%	0.3%	0.4%	0.6%
Senegal	2.7%	2.2%	4.8%	1.0%	0.8%	1.8%
Sierra Leone	3.1%	2.3%	5.4%	1.9%	1.4%	3.3%
Somalia	1.0%	9.7%	10.7%	0.3%	2.7%	2.9%
South Africa	5.9%	1.5%	7.5%	1.4%	0.4%	1.8%
Sudan	14.2%	4.2%	18.5%	2.5%	0.7%	3.2%
Tanzania	9.1%	7.6%	16.7%	0.4%	0.4%	0.8%
Uganda	5.1%	7.4%	12.6%	0.7%	1.0%	1.7%
Zambia	2.7%	2.2%	5.0%	1.0%	0.8%	1.8%

Source: own elaboration from IMF, *Direction of Trade Statistics* and UN, Common Database

Table 1: Imports from China and India as a Share of Total Imports and of GDP, 2003

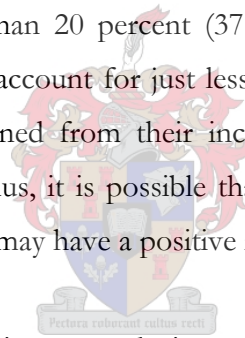
Source: Jenkins & Edwards, 2005: 26

The data suggest a regional trend in East Africa, where China accounted for more than five percent of total imports in Uganda (5.1 percent) Kenya (6.4 percent), Tanzania (9.1 percent) as well as in Sudan (14.2 percent) and Ethiopia (6.4 percent). An influx of Chinese imports can have one of two effects: either, competition from imports of labour intensive goods may jeopardise the jobs of unskilled workers, and thus have a negative effect on poverty; or, an increase in the availability of affordable consumables could have the effect of reducing living costs and thus raise the real incomes of the poor (Jenkins & Edwards, 2005: 27).

In terms of competition from imports: in the East African countries of Tanzania, Uganda and Kenya, the majority of the increase in their imports from China between 1998 and 2003

can be ascribed to the increase in the share of China in their total imports, and in Sudan, China's share of imports actually declined between 1998 and 2003, and the absolute value of its imports indicated negligible change, thus having no impact on domestic production (Jenkins & Edwards, 2005: 28). In general, increased imports from China (between 1998 and 2003) were primarily at the expense of reduced shares of imports from other countries, thus softening the effect on domestic employment (Jenkins & Edwards, 2005: 28-29).

The entry of affordable Chinese consumables into African markets has a potentially positive effect on improving living standards. Studies have indicated that in Uganda, which imports a high percentage of basic consumer goods from China, access to these goods has increased the real income of the poor (SARPN, 2006: 7). Furthermore, the Chinese imports compete with other foreign imports rather than local producers, of which there are little to none (SARPN, 2006: 7). A DFID study supports this evidence in their finding that basic consumer goods comprise more than 20 percent (37 percent) of Uganda's total imports from China, and in Tanzania they account for just less than 20 percent (17.7 percent), and that the poor have potentially gained from their increased access to basic consumables (Jenkins & Edwards, 2005: 28). Thus, it is possible that in East Africa, at least, affordable Chinese imports into local markets may have a positive impact on poverty.



However, the influx of cheap Chinese goods into other African markets is potentially devastating for local producers and manufacturers (Taylor, 2004: 94). The cases of job losses and factory closures in the South African textile industry illustrate this threat. Figure 2 shows that compared with the rest of Africa's imports from China, South Africa imports the greatest proportion (21 percent) of goods from China. Since Beijing views the southern African region as the most important on the continent (Cornelissen & Taylor, 2000: 628), and South Africa is China's largest trading partner in Africa, trade between China and South Africa warrants closer inspection.

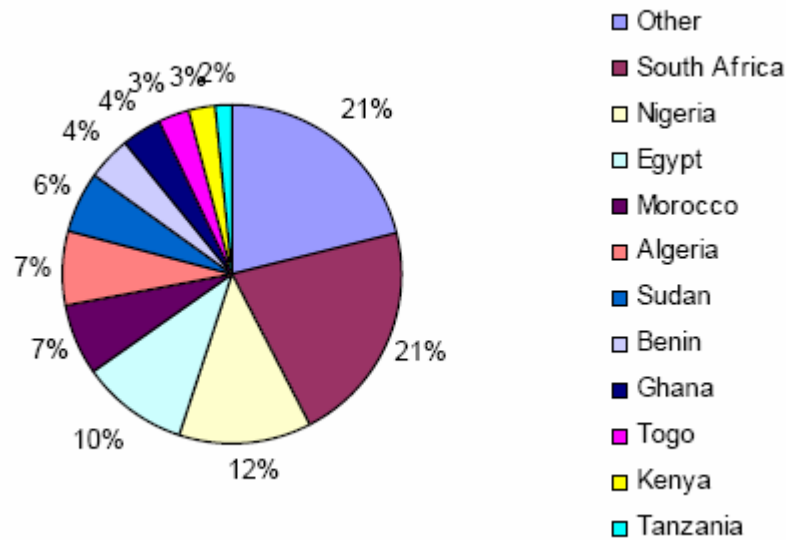


Figure 2: African imports from China, by country

Source: van de Looy, 2006: 22

3.2.2. China-South Africa trade relations

As with trade between China and Africa in general, bilateral trade between China and South Africa has increased considerably over the last decade, particularly since 1998, when the two countries established formal diplomatic relations. In 1997, two-way trade totalled about US\$1.5 billion (Shelton, 2004: 60), by 2000 it had doubled to US\$3 billion (Muekalia, 2004: 8), and according to official Chinese statistics, by the end of 2005 bilateral trade totalled US\$7.27 billion, an increase of 23 percent over 2004.

In terms of the balance of payments, South Africa experiences a deficit in its trade balance with China. In 2004, the trade deficit stood at US\$2.5 billion (INSAT, 2006: 2). This is largely due to their bilateral trade profile. South Africa exports mostly minerals, base metals and primary products to China, including: gold, diamonds, platinum, timber, aluminium and chromium ores. Mining products, particularly, comprise a large chunk of South Africa's exports to China: in 2002 over half of South Africa's exports to China were mining related (Mills & Shelton, 2003: 36). China, on the other hand, exports mostly advanced manufactured goods, including footwear, textiles, electrical appliances, plastic products and glassware.

Thus, while China's manufacturing base appears to be expanding, South Africa's appears to be diminishing largely as a result of the influx of competitively priced Chinese goods. In 1993, half of South Africa's exports to China comprised manufactured products, while by 2003 manufactured goods accounted for only eight percent of South Africa's exports to that country (Draper, 2006). In the same year (2003) advanced manufactured products accounted for 46.8 percent of South Africa's imports from China (Wilcox & van Seventer, 2005: 171).

The inflow of these Chinese manufactured goods to South Africa does not bode well for a country that is attempting to diversify its exports, increase its industrial base and alleviate unemployment at the same time. The sectors hardest hit by the Chinese wave have been labour intensive industries, including light manufacturing, construction, textiles, clothing and apparel and footwear (Davies, 2004: 106). For example, in 2003 approximately 10 percent of the manufacturing workforce (20 000 blue-collar workers) became unemployed as a result of retrenchments and factory closures (Davies, 2005: 107). Furthermore, local traders and merchants too have suffered from the concomitant rise of Chinese retail shops selling imported goods from China (Alden, 2005b: 147).

The example of the footwear industry in South Africa illustrates these losses well. Between 1994 and 2002, footwear imports from China increased by 300 percent (Shelton, 2004: 65). During the same timeframe, the number of jobs in the local footwear industry decreased from 320 000 in 1994 to below 120 000 in 2002 (Shelton, 2004: 65). It is likely that these job losses are linked to the rise in Chinese imports (Shelton, 2004: 65).

The textile industry, however, has been the most vocal in its opposition to Chinese imports, with unions calling for greater protection for the industry. During the last two years, imports of clothing from China have increased by 480 percent, and job losses in the industry have reached approximately 25 000. Every job that is lost does not only contribute to the high levels of unemployment in South Africa, but also exacerbates poverty because it is often the case that there are a number of people dependent on one person's wages for their livelihood. It is estimated that in South Africa, every one job in the formal sector supports approximately four more people (Kaplinsky, McCormick & Morris, 2006: 13). Thus, 25 000

job losses affect approximately 100 000 people. Since unemployment is an intrinsic cause of poverty in South Africa, these job losses severely exacerbate poverty in the country.

Chinese officials have attempted to downplay the issue. They point out that increased competition is a natural result of economic globalisation, and the only reason for the increase in Chinese textile exports to South Africa is the extremely high demand for “Chinese goods, which [are] of high quality and reasonable price” (Liang Guixuan, 2005). Furthermore, in allusion to the textile issue, Liu Guijin, the Chinese ambassador to South Africa said that it is only natural for an “intimate relationship” to engage in a “minor bicker”, and that the textile dispute is “quite common as a result of [their] fast growing bilateral trade” (*China Monitor*, August 2005).

Beijing has attempted to quell the complaints through a number of measures, including curbing their textile exports to South Africa, and assisting local textile producers through the transferring of skills. During Chinese Premier Wen Jiabao’s recent visit to South Africa in June 2006, he signed an agreement with President Thabo Mbeki that stated that China would cap its textile exports to South Africa. Whether this agreement will make a difference to the local textile industry remains to be seen. However, it is unlikely that any defensive measures will be taken from the South African side (such as the implementation of safeguard measures or tariff increases) in fear of damaging the amicable official economic relationship that has developed between the two countries⁵.

Commentators, however, have warned that this gesture from Beijing is a strategic rather than an altruistic one. They argue that it fits in with China’s broader plan to limit its capacity in particular export industries and concentrate on better quality outputs that will reap higher returns (*Business Day*, 21 June 2006). The imminent launch of imported motor vehicles from China by McCarthy Limited into the South African market in the first quarter of 2007 is evidence of this (*China Monitor*, April 2006). The gesture has also been seen as strategic in light of pending talks regarding a Free Trade Agreement (FTA) between China and South Africa (*Business Day*, 21 June 2006).

⁵ The South African Department of Trade and Industry (DTI) has recently imposed import quotas on Chinese clothing and textiles with effect from January 2007

The costs and benefits of a possible FTA between China and the Southern African Customs Union (SACU) have been debated for a number of years now. The primary aims of such an agreement are: to provide better access for African exporters into the Chinese market; to minimise the costs of compliance for South African exporters; to galvanise trade in goods and services; and to kick-start investment (Davies, 2005: 160).

An FTA has been seen as an opportunity to improve bilateral trade relations to the benefit of both parties (Shelton, 2004: 62). It has been suggested that a China – South Africa FTA will increase market access for South African goods, which will contribute towards rectifying the gaping trade imbalance and eliminate unfair trading practices such as export subsidies (Alden, 2005a: 7).

One industry that has been earmarked to gain from an FTA with China is the agricultural industry (Davies, 2004: 108). This is because more and more of China's resources are being redirected away from agriculture and into manufacturing (Tan Khee Giap, 2004: 34), suggesting that China will have to import more food and agricultural products (Matshego, 2004: 42). The services sector in South Africa is another that is set to gain from an FTA with China, particularly since South Africa's services sector is the best developed within the SACU economy (Draper, 2006). Furthermore, if China's current rates of growth are maintained, commodities and raw materials exporters in South Africa will continue to do business with China (Draper, 2006).

However, in order to gain from such an opportunity, the South African government will have to improve capacity on the supply side to facilitate exports (Draper, 2006), such as by improving transport infrastructure.

On the other hand, there are those who warn that an FTA with China will potentially increase China's gains at South Africa's expense (Shelton, 2004: 64). It has been argued that China's motives for the adoption of an FTA are strategic: the first being to bar the number of trade and anti-dumping measures against its exports, secure itself market economy status, and improve its market access to foreign economies; and secondly to ensure its supply of oil and other raw materials (Davies, 2005: 159). Hence, there are those who have questioned the

necessity for an FTA, since South Africa's exports to China are mainly raw materials and intermediate products, which are already afforded low import duties in China (Davies, 2005: 158).

Furthermore, South Africa may be at risk of depleting its own reserves of raw materials and minerals. Local ferrochrome producers in South Africa have warned that South African exports of chromite ore to Chinese ferrochrome producers are potentially at the expense of local producers (*Business Day*, 9 May 2006). They warn that a decrease in the local supply of chromite ore may have a negative impact on future investments in ferrochrome smelting plants in South Africa (*Business Day*, 9 May 2006).

If the terms of the FTA are not carefully formulated to protect South Africa's vulnerable industries, China will reap the rewards of the competitive advantage of its low wage economy (Mills & Shelton, 2003: 37). South Africa should therefore ensure that an FTA allows South African goods preferential access to the Chinese market (Shelton, 2004: 69). Further issues that will need to be addressed include: the subsidisation of exports from Chinese State Owned Enterprises (SOEs); the position of Chinese labour in terms of bargaining power; and the protection of intellectual property for South African firms investing in China (Davies, 2005: 160). If such issues are not addressed, South Africa may not have the resources to apply defensive mechanisms, such as anti-dumping measures, against China (Davies, 2004: 108).

South African firms are already affected by government subsidised Chinese imports. One example is the South African firm, African Explosives (AEL), which specialises in the manufacture and distribution of explosives for use in the mining industry. The firm has submitted an application to the International Trade Administration Commission (Itac) to investigate allegations of the dumping of Chinese imported shock-tube explosives into the South African market. AEL has claimed that its factory, which employs 2000 people, is at risk of closing due to the state-subsidised imports from China (*Mining Weekly Online*, 21 June 2006).

Trade quite clearly dominates the economic relations between China and Africa; the volumes of FDI flows are more modest than the trade volumes (Broadman et al, 2006: 10). However, there is potential for enhanced investment relations.

3.3 Investments

3.3.1. A Dragon in the Jungle

Since the mid-1990s China has been targeting developing (rather than developed) countries for its investment projects (Wang, 2002: 199). Consequently China has increasingly been seeking new investment opportunities in Africa, often entering into joint ventures with either local or foreign companies (Mills & Shelton, 2003: 33). For the most part, African governments welcome Chinese Foreign Direct Investment (FDI) which provides capital that Africa desperately needs (INSAT, 2006: 3), especially in the light of decreasing FDI from industrialised countries (Alden, 2005b: 194).

Statistics show that Chinese investment in Africa has been growing steadily. At the end of the 1990s, the total contractual investment amounted to US\$820 million (Shelton, 2001: 115), reached US\$990 million by the end of 2000 (Taylor, 2004a: 92) and by the end of 2004 the total contractual investment figure stood at US\$1.36 billion (Liang Guixuan, 2005). By mid-2006, the stock of China's FDI to Africa stood at US\$1.18 billion (Broadman et al, 2006: 10).

Chinese firms have invested in various sectors in Africa, including resources, transport, agriculture, and trade. Chinese firms have also recently increased their investments in construction, largely through infrastructure development projects (INSAT, 2006: 3).

China's FDI into Africa is motivated by a number of key strategic considerations. The state, in fact, plays a dominant role by determining the sectors and loci in which Chinese firms (mostly State Owned Enterprises) should invest (Wang, 2002: 194). The aim is to invest in targeted sectors and industries that contribute towards achieving China's overall aims (Wang, 2002: 194). The Chinese government therefore encourages investment in manufacturing, resources and technology (Wang, 2002: 194). Chinese investments in Africa are thus more often motivated by the state than the market (Davies, 2005: 156). As a result, much of

Chinese investment in Africa is accompanied by the formation of joint ventures with African companies, and forms part of China's aid programme to Africa. The implications of this type of investment are explored further in chapter 5.

Part of China's investment strategy has been to move the manufacturing of goods destined for export to markets in Europe and North America to African countries (Alden, 2005b: 140). In this way, China is able to take advantage of the preferential terms of trade for Africa under the US's Africa Growth and Opportunity Act (AGOA) and the EU's Cotonou Agreement (Alden, 2005b: 140). Furthermore, by exporting manufactured goods from third countries, China is able to avoid adhering to the strict import quotas on Chinese goods imposed by the USA (Wang, 2002: 202). Investments in particularly the clothing and textile sectors have been encouraged for these purposes (Gelb, 2005: 202), as well as in agriculture (Alden, 2005b: 140), and also in automobile assembling in South Africa (Broadman et al, 2006: 15).

As a result of the above, Chinese investments in manufacturing are greater than what might be imagined: 46 percent of Chinese-owned investment projects in Africa is in manufacturing, and in terms of value, 64 percent of the value of China's Africa investments is in manufacturing (Gelb, 2005: 201). South Africa has received much of this investment: out of the 84 Chinese SOEs that operate in South Africa, the majority is involved in light manufacturing (Davies, 2004: 110-111).

Chinese investment in South Africa, however, is sparse when compared to South African investments in China. South African official statistics show that South African firms have invested a total of US\$400 million in China, while Chinese investment in South Africa amounts to only US\$130 million, most of which is invested in chromium extraction (*Fin24*, 22 June 2006). South African companies that have penetrated the Chinese market include SAB Miller, Anglo-American, Naspers, SASOL and ISCOR.

The lack of Chinese investment in South Africa can be interpreted as a sign of low investor confidence (Davies, 2004: 110). Other deterrents to Chinese investment include the high levels of crime prevalent in South Africa, as well as the volatility of the Rand (Mills &

Shelton, 2003: 37). However, two-way investment between China and South Africa is evidently on the two countries' bilateral policy agenda, since discussions regarding investment opportunities in South Africa were held during Chinese Premier Wen Jiabao's visit to South Africa in June 2006.

It is not only in South Africa that Chinese investments are low: as Figure 3 demonstrates, Chinese FDI to Africa is generally not very high. In comparison to other African countries, South Africa is actually one of the primary beneficiaries.

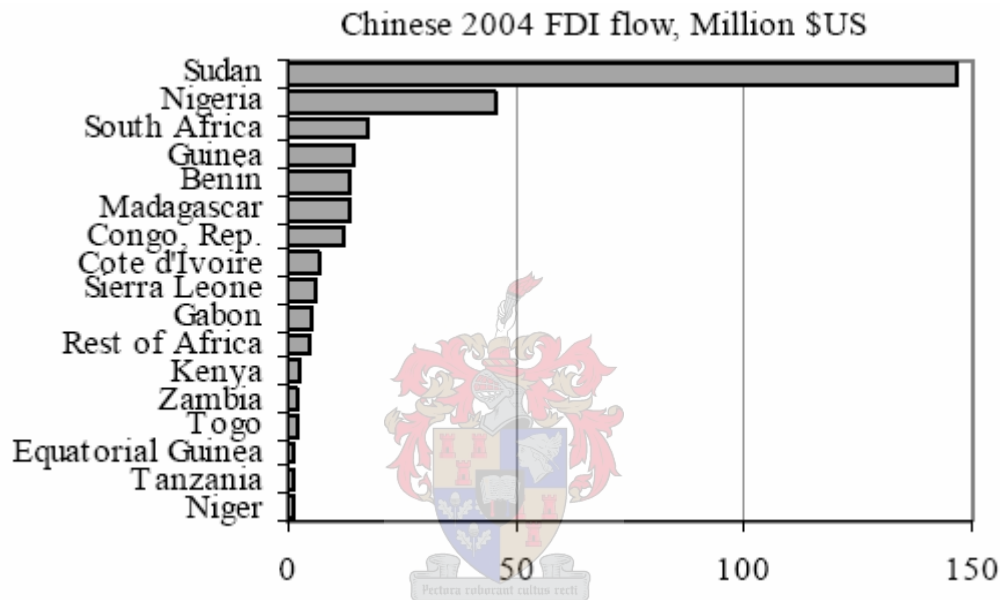


Figure 3: China's FDI outflows to Africa, by country

Source: Broadman et al, 2006: 10

Figure 3 shows that in 2004, Sudan by far received the most FDI from China. This can be interpreted against the background of China's heavy involvement in the oil industry in that country. It is likely that almost all of the FDI flowing from China to Sudan is aimed at the oil industry and at building infrastructure that facilitates the expansion of that industry. As can be seen from the graph, Nigeria too received a substantial amount of FDI from China in 2004. As in the case of Sudan, this too has to be viewed in the light of China's oil interests in Nigeria. Nigeria's is one of Africa's major oil producers, and China has invested heavily in Nigeria's oil sector (Brookes & Ji Hye Shin, 2006: 3). These two cases indicate that Chinese FDI into Africa is strategically directed at oil-producing countries.

The next three top FDI receiving countries on the graph are South Africa, Guinea and Benin. These countries are also strategically important for China as sources of mineral reserves. South Africa, for example, is a rich source of platinum and ferrochrome. The graph indicates, therefore, that Chinese investment in Africa is carefully chosen so as to ensure access to resources and raw materials suggesting that the motives for FDI in certain countries are strategic.

3.3.2 Seeking Energy and Resources

The Chinese government has been keen to ensure adequate food and agricultural supplies to its growing population. As a result, Chinese firms have been encouraged to invest in key sectors such as agriculture, fisheries, and similar secondary production endeavours in Africa (Alden, 2005b: 139). One African country in which these types of investments have been taking place is Zimbabwe.

The country has become somewhat of a pariah state under the regime of President Robert Mugabe. Mugabe's regime has been ostracised by Europe and the USA following the land reform exercise, human rights abuses and undemocratic practices followed in that country. This has resulted in less aid, and investment emanating from the West, and the imposition of sanctions.

China, however, has appeared to embrace Zimbabwe by deepening its relations with that country, prompting a shift in Zimbabwe's foreign policy over the last six years to favour the East, articulated in Mugabe's 'Look East' policy. The 'Look East' policy emphasises the contrast between China's embracing of Zimbabwe and the shunning (viewed by Mugabe as sabotage) of Zimbabwe by the former colonial powers in Europe and the USA. The 'Look East' policy is characterised by deepening bilateral relations between Zimbabwe and China (and other Eastern countries), as well as economic deals.

China has acquired vast amounts of agricultural land in Zimbabwe (Alden, 2005b: 139), upon which it plans to engage in agricultural production, including beef production (*Financial Times*, 28 February 2006). Zimbabwe is not the only Southern African country from which

China has leased agricultural land: it has entered into similar deals in Zambia and Tanzania (Van de Looy, 2006: 20).

China's interest in land and agriculture can be interpreted in light of its increasing domestic demand for food and agricultural products. As a result of China's expanding manufacturing base, more and more resources are being redirected from agriculture into manufacturing. This suggests that China will have to import more food and agricultural products. By investing in these sectors in Africa, China is able to secure the supply of these products to its domestic market.

China is also interested in Zimbabwe's vast untapped mineral reserves, another key sector in China's strategy. Zimbabwe possesses the second largest deposits of platinum in the world, as well as substantial deposits of other minerals including gold, ferrochrome, silver and copper (Eisenman, 2005). Due to a lack of financial and other resources, Zimbabwe has been unable to extract these much of these reserves itself (Eisenman, 2005).

As a result, China has entered into a number of deals, including the construction of a ferrochrome smelting plant in Selous, due for completion in 2008 (*China Monitor*, April 2005). Zimbabwe will grant the company a five-year tax holiday and authorise the entry of external technical expertise for the construction of the furnaces (*China Monitor*, April 2005). The importation of external labour on such massive investment projects appears ironic in a country that is crippled by unemployment.

South Africa is also endowed with rich mineral reserves, which China is keen to exploit. For example, the China Steel and Iron Industrial and Trading Corporation has invested US\$74 million in the exploitation of chromium reserves in South Africa (Shelton, 2001: 115).

China's strategic interests in both Zimbabwe and South Africa have also involved energy, particularly in the form of coal. China is particularly interested in South Africa's Coal-to-Liquids (CTL) technology, developed by SASOL during the apartheid sanction years, which converts coal to oil. SASOL has entered into a joint venture in China to develop two CTL plants in China, and signed an agreement in June 2006 to embark on a second feasibility

stage for this project (*Fin24*, 22 June 2006). It is important, however, to ensure that this venture is mutually beneficial, rather than just a means for China to acquire South African technology to fuel its own industries (Alden, 2005b: 147).

Zimbabwe appears to be cursorily offering its mineral resources in return for assistance from China. For example, it has granted Beijing coal and coke concessions in exchange for financing and mining equipment (Eisenman, 2005). Furthermore, two Zimbabwean firms, Hwange Colliery and Ele Resources, have recently entered into a US\$1.3 billion deal with China Machine-Building International Corporation to construct coalmines and three thermal power stations (*Daily Times*, 13 June 2006). The thermal power stations are aimed at assisting Zimbabwe's state power company's capacity to supply electricity (*The Age*, 19 June 2006). The deal will reportedly grant Beijing access to Zimbabwe's minerals, including platinum, gold, chrome, nickel, coal and diamonds (*The Age*, 19 June 2006).

Chinese investments in industries such as mining and agriculture, which Gelb (2005: 202) has termed "resource-seeking investment", can have a positive effect in terms of employment creation, technological transfer, and particularly infrastructure improvement or development (Gelb, 2005: 203). However, analysts have warned that Mugabe's mortgaging of Zimbabwe's precious mineral resources to China in exchange for deals that will provide short-term assistance is bound to be detrimental to Zimbabwe's economic recovery (*Mail and Guardian*, 19 June 2006).

A further consequence of resource-seeking investment is that it has increased the numbers of Chinese entrepreneurs immigrating to Africa (Gelb, 2005: 203). It is often the case that Chinese firms employ expatriate managers and supervisors, who sometimes break away from the employing firm to establish their own firms in the host country (Gelb, 2005:203). For example, it was found that in Sudan, the number of Chinese immigrants had reached 24 000 by 2004 – triple the amount in the late 1990s (*Financial Times*, 28 February 2006).

A large portion of Chinese investments in Africa have been in the oil industry, particularly in Sudan, where China has been increasing its presence since the mid-1990s. In 1996, the China National Petroleum Corporation (CNPC) bought a 40 percent share of the Greater Nile

Petroleum Operating Company (GNPOC) at a cost of US\$441 million (Shichor, 2005: 9). The CNPC has also been active in the Mughlad Basin, where it is engaged in the production and transportation of oil, a 20-year project that began in May 1997 (Shichor, 2005: 9). In 1999, CNPC built a new refinery north of Khartoum, for which it provided half of the total investment of US\$540 million, and which it currently operates (Shichor, 2005: 9). The CNPC also has a 41 percent share in the Petrodar Operating Company (PDOC), established in October 2001, and Sinopec holds a 6 percent share (Shichor, 2005: 9). The PDOC controls blocks 3 and 7 in the Melut Basin, for which China Petroleum Engineering and Construction Group won a bid to construct a US\$215 million oil terminal (Shichor, 2005: 9). The CNPC owns a 96 percent production sharing agreement (PSA) in block number 6 in the same region (Shichor, 2005: 9). China has also been active in the construction of oil pipelines in Sudan, by providing finances, expertise, supplies, equipment and construction (Shichor, 2005: 9). China has further built a two million tonne oil terminal at Port Bashir, 25km south of Port Sudan (Shichor, 2005: 9). Overall, China currently receives about 7 percent of its oil from Sudan (Roughneen, 2006).

Alden (2005b: 139) has pointed out that Chinese firms are acquiring equity shares in ventures that are engaged with already established oil fields instead of securing rights for future exploration and development. Alden argues that such behaviour shows that Chinese firms prefer to integrate vertically because it ensures higher energy security, and allows firms to provide oil to Chinese consumers at cheaper prices than on the international market (Alden, 2005b: 139).

Chinese firms have also made investments in infrastructural projects that support their oil investments. For example China's Harbin Power Company constructed the Qarre I Station (approximately 50km north of Khartoum), financed by China's Central Bank to the tune of US\$149 million (Shichor, 2005: 9). Furthermore, China has investments in hydropower plants, such as its 85 percent share in the Kajbar Dam construction and the Merowe (Hamdab) Dam, both of which had the financial backing of credit loans issued by the Chinese government (Shichor, 2005: 9). Other than facilitating China's commercial activities, the construction of infrastructure also forms an important part of China's aid to Africa, as discussed in chapter 5.

Chinese investments in extractive industries such as oil in Sudan are bound to increase government revenues. However, it is unlikely that this revenue will be redistributed in such a way that it trickles down to benefit the poor, and the potential of these investments for employment creation are usually limited (Jenkins & Edwards, 2005: 15). This is especially true in cases where Chinese firms make use of imported Chinese labour, effectively displacing local jobs (Alden, 2005b: 147). In the Nile River's Merowe Dam project, all of the managers, 90 percent of the engineers and 75 percent of the technicians will be Chinese, while local Sudanese staff and labourers will account for only 20 percent of employees (Chen et al, 2005: 57). It is estimated that approximately 10,000 Chinese workers are employed in Sudan (Roughneen, 2006).

The importation of skilled labour can have the effect of facilitating technological transfer and skills creation. However this is not possible when the foreign skilled workers are not properly equipped to take part in effective skills transfers to local workers (Broadman, 2006: 21). In addition, it is often the case that Africans are unable to absorb the new skills, even when such transfers are attempted, due to a lack of education and training (Broadman, 2006: 21).

Furthermore, the effects of these investments may be negative, because Chinese companies are not usually inclined to consider the social and environmental effects of their enterprises (Jenkins & Edwards, 2005: 34). For example, Sudanese government forces equipped with Chinese weapons have utilised Chinese facilities to launch their assaults on Southerners residing in the area of the oilfields (Taylor, 2005: 5).

China's oil interests in Africa are not confined to Sudan, but also include Angola, Nigeria, Chad, and Equatorial Guinea. The manner in which China engages with Sudan is not unique; rather, China applies the same 'no-questions asked' policy in other oil-producing states. Consistent with Realist interpretations of state behaviour, China pragmatically will make use of its diplomatic and economic influence in order to import oil from whichever source it can, regardless of the moralistic implications of their engagement. Thus, in Angola, China recently extended a US\$2billion soft loan to that country for infrastructure development in return for the right to import 10 000 bpd of oil. The loan has been criticised by the World

Bank and International Monetary Fund for undermining efforts to encourage democratic reforms in Angola (Van de Looy, 2006: 19). The political implications of these kinds of exchanges are further discussed in chapter 5.

Another country that China has been recently involved in is Uganda, as is evidenced by the recent visit to that country from Chinese Premier Wen Jiabao in June 2006. It is perhaps not a coincidence that this visit coincides with the recent discovery of a carbon dioxide-free oil well at Mputa II, Kaiso-Tonya on Lake Albert (*East African Business Week*, 5 June 2006). Considering China's oil exploits in not only Sudan, but also Nigeria and Angola, it is perhaps safe to predict that China will be more than interested in the discovery of a viable oil well in Uganda. In fact, the China Petroleum Pipeline Engineering Corporation has already submitted a bid to be awarded the contract to build a 320-kilometre extension of the Kenya-Uganda oil pipeline (*Uganda Observer.com*, June 2006).

Currently, over 20 large Chinese firms are active in Uganda, and are engaged in various industries including: manufacturing, mineral exploration and construction (*The Monitor*, June 23 2006). One such venture from which Uganda may benefit is a Chinese-owned and controlled pharmaceutical company that is developing a new anti-malaria drug, aimed at distribution in the local market (Wilson III, 2005: 9).

It is evident that China's primary investment interests in the African continent are in raw materials, primary products and the extractive industries. Although these investments do carry some positive consequences, such as potential employment creation and technological transfer, it is more likely that these investments are adding to the riches of the elites, with little positive impact on the poor and needy.

Indirect investments, such as in the form of tourism, may prove to have a more positive effect on local communities. The Chinese government has a list of approved destinations for Chinese tourists, which it uses to regulate outgoing tourism from China. Only countries that have been approved by the Chinese government may market themselves as tourist destinations in China.

Uganda achieved approved destination status (ADS) from China in April 2005. In June 2006 Uganda received its first tourist delegation from China. South Africa achieved approved destination status in June 2003, which saw the number of Chinese tourists to that country triple during the next twelve months (Alden, 2005b: 144). In June 2004, Zimbabwe was also afforded ADS by the Chinese government, in an effort to aid the revival of Zimbabwe's ailing tourist industry. Despite efforts to attract Chinese tourists, including encouraging tour guides to learn Mandarin and the introduction of subsidised flights from Beijing to Harare, the initiative has been largely unsuccessful (SAMP, 2006). From July to September 2005, tourists from Mainland China and Hong Kong comprised only 2 percent of Zimbabwe's tourists (SAMP, 2006), a 70 percent decline over the previous year (IOL, April 10 2006).

3.4 Chapter Summary

This chapter has attempted to explore the economic relations between China and the four case countries by focusing on trade and investment. It showed that general trade between China and Africa has increased exponentially over the last decade. This increase has been largely due to the China-Africa trade profile, in which China imports mostly raw materials, commodities and primary products and Africa imports mostly manufactured and value-added goods. The increase in Africa's exports to China has been largely as a result of China's increasing desire for energy security and therefore its increased oil imports from Africa, particularly from Sudan.

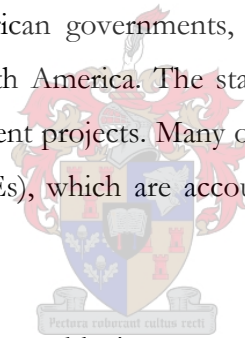
China's increasing demand for commodities has a potentially positive impact on Africa's economic growth, because it is linked to an increase in world commodity prices. However, the benefits might be weakened by the high volatility of demand for Africa's commodities. Further problematic is that China's presence in Africa potentially has the effect of encouraging rent-seeking behaviour, and enriching elites with little or no benefits for the poor and the general population. In addition, China has developed unique relationships with countries such as Sudan and Zimbabwe, where it is able to extract oil (in Sudan) and commodities (in Zimbabwe) in exchange for weapons and military equipment.

The influx of cheap Chinese manufactured goods and consumables has a potentially positive impact on the purchasing power of the poor, such as in Uganda where the general

population have benefited from access to affordable consumables at no expense to local industry. However, in economies such as South Africa, where there is a manufacturing sector, Chinese imports have been detrimental to industries such as textiles and footwear, which have witnessed numerous factory closures and job losses.

The trade relationship between South Africa and China was singled out because South Africa is China's largest trading partner in Africa. The possibility of a Free Trade Agreement (FTA) was discussed. It was concluded that there are potential gains for some South African industries, such as agriculture and services. However, it was pointed out that some have questioned the relevance of an FTA when South Africa's exports to China are mostly raw materials (such as metals), which already enjoy low import duties.

China is seeking out opportunities for investments in African countries. For the most part, Chinese FDI is welcomed by African governments, especially in the light of decreased investment from Europe and North America. The state rather than the market, however, largely determines Chinese investment projects. Many of the companies that invest in Africa are State Owned Enterprises (SOEs), which are accountable to party officials rather than commercial managers.



Chinese companies have made reasonable investments in manufacturing on the African continent. This has largely been in order to take advantage of the preferential trade terms for African exports to Europe and North America under AGOA and the Cotonou agreement.

A large part of China's African investments, however, have been in raw materials and primary products. In Zimbabwe, China has invested in agricultural projects, and mineral extraction. Some deals with Zimbabwe have involved gaining access to mineral resources in exchange for building much-needed infrastructure. Some have warned, however, that Zimbabwe is jeopardising its economic recovery by pledging its mineral wealth in exchange for short-term assistance. In South Africa China has also invested in mineral extraction, particularly in chromium ores. China is also interested in South Africa's Coal-to-Liquids (CTL) technology, evidenced by a deal between China and SASOL to build two CTL plants

in China. South African investment in China is far greater than China's investment in South Africa.

China has made large investments in Sudan's oil industry by buying majority shares in Sudan's largest oil ventures. China has further made investments in Sudan's infrastructure in order to facilitate returns on its investments. It is feared, however, that the revenues gained from these investments have only served to enrich elites with little redistributive effect. Furthermore, these investments have had little effect on unemployment, because much of the required labour is imported from China.

China's economic involvement with Africa fits well into an Economic Nationalist explanatory framework. The nature of China's trade with and investments in Africa is such that it bolsters China's domestic economy. In particular, China's economic interests in Africa's minerals and oil are aimed at bolstering China's domestic manufacturing base and energy security. Hence, China's economic relations with Africa are aimed at furthering its own economic development, and in Realist terms, its national power. Consistent with Economic Nationalist thought, China's economic forays in Africa are largely governed by state intervention, and firms are mostly State Owned Enterprises that are directed by the state to invest in strategic industries.



Chapter 4

Political Relations and Implications

4.1 Overview

As is characteristic of Economic Nationalist policies, China's commercial and economic interests in Africa have increasingly come to take precedence over political interests. This is to the extent that political relations between China and Africa are largely determined by economic goals. In fact, out of the four case countries, the only one that has any real political significance to China is South Africa. This is largely because of South Africa's unique status in Africa as a 'middle power', affording it considerable clout in the international arena. Furthermore, South Africa has adopted particularly significant roles in African forums such as the African Union and Nepad, and is in many respects the political 'role model' for Africa. China thus realises that in order to court Africa, they first need to win over South Africa. However, the political *implications* of China's involvement in Africa are significant, and have consequences for, amongst other things, human rights and good governance on the continent.

China's economic forays on the African continent have been accompanied by what has been termed a diplomatic 'charm offensive'. This has involved offers of aid, assistance and investment to African countries without attaching any requirements such as good governance, democracy or respect for human rights. It has also involved a continual reinforcement by the Chinese government of Africa's importance in China's foreign policy, evidenced by an official remark made at the reception commemorating the 50th anniversary of China-Africa ties in January 2006 stating that "[t]he Chinese government has always attached importance to Africa and regarded furthering and consolidating the friendship and cooperation with African countries as the bedrock of China's foreign policy" (PRC foreign ministry, 2006). This is also evidenced by the numbers and level of Chinese diplomatic presence in African countries: China maintains embassies in all of the countries in Africa, except for the five that recognise Taiwan.

The only outright political demand from China for diplomatic engagement with Africa is that African governments pay no official recognition to Taiwan. Hong-Kong's reunification

with China in 1997 injected new fervour into the competition between Taiwan and China for international diplomatic recognition (Payne & Veney, 1998: 871). This rivalry has been evident in Africa, which comprises nearly a third of the votes within the UN General Assembly, with both Taiwan and China attempting to court Africa through aid and assistance programmes. It appears, however, that China is by far the favoured candidate for African countries, largely as a result of its willingness to provide economic assistance, its rising stature in the international system, and its uncritical attitude towards human rights abuses (Payne & Veney, 1998: 872). The battle with Taiwan for diplomatic recognition in Africa, therefore, is no longer as important to China as it was in the past, because currently only five countries in Africa maintain official ties with Taiwan. These are: Burkina Faso, The Gambia, Malawi, Sao Tome and Principe, and Swaziland; with Chad being the most recent to switch recognition to China. Nevertheless, it still remains a significant aspect of China's diplomatic offensive in Africa.

This chapter aims to further explore the political interactions between China and African countries, and assess their implications. This will be achieved by focusing on the following key political issues and institutions: diplomatic relations, particularly bilateral relations and the role of the Forum on China-Africa Cooperation (FOCAC); China-Africa interaction and cooperation in international multilateral institutions such as the United Nations; and lastly issues affecting human rights, and good governance.

4.2 Diplomatic Relations

4.2.1 High-level visits and bilateral diplomacy

One of the ways in which China carries out its international diplomacy is by dispatching high-level delegates on official visits to various countries. This is evident in China's relations with both developed as well as developing countries, although it appears that visits take place more frequently in developing countries. This may be because the symbolic importance of receiving delegates from China is greater for leaders in developing countries, because of China's rising stature and importance in the international system. Thus, Chinese delegates frequently pay official visits to countries in Asia, Latin America and Africa (Chinese Embassy UK, 2005). The maintenance of high-level visits is thus an important aspect of

China's international diplomacy, as it is one of the ways in which China attempts to demonstrate the importance that it attaches to its relations with those countries.

The dispatch of high-ranking delegates to Africa on official visits carries great symbolic importance, and has thus become one of China's most important diplomatic tactics in Africa. Frequent visits from Chinese delegates to Africa since the early 1990s indicate that China has more than a mere fleeting interest in Africa (French, 2004); in fact the number of high-level visits from top officials reflects the importance of Africa on China's foreign policy agenda. Of further symbolic importance is that since 1991, the Chinese foreign minister's first overseas visit every year has been to an African country (Wenran Jiang, 2006).

China's increased economic engagement with Africa since the early 1990s was accompanied by increased diplomatic visits: in 1992 former President Yang Shangkun visited Africa, followed by former President Jiang Zemin in 1995, 1996 and 2000 (Muekalia, 2004: 8). The year 2006, which has incidentally been dubbed the 'year of Africa' by Beijing, has already seen a number of important Chinese diplomats visiting Africa.

Between January and June 2006, important Chinese delegates had visited countries in almost every geographic region in Africa: In January 2006, the Chinese foreign minister Li Zhaoxing visited the West African countries of Cape Verde, Senegal, Mali and Liberia; as well as Libya in the North and Nigeria in the West. In April President Hu Jintao visited the North African country of Morocco; again Nigeria in the West; and the East African country of Kenya; and in June Premier Wen Jiabao toured Egypt (North Africa); Ghana (West Africa); the Republic of Congo (Central Africa); Angola, South Africa and Tanzania in Southern Africa; and Uganda in the East. Before the June visit, the Premier's last visit to Africa was in December 2003 when he participated in the China-Africa Forum in Addis Ababa.

Other than the geographic significance of all of Africa's regions receiving important delegates from China, some of the countries visited are also strategically significant for China. For example, Nigeria and Angola are important oil-producing countries in Africa, and are sources of China's oil imports. South Africa is strategically important as an international ally, and also as the economic 'powerhouse' of Africa.

South Africa, particularly, has received a number of high-ranking Chinese officials since the establishment of diplomatic relations in 1998. The political importance of South Africa to China is frequently reiterated, particularly when it comes to China's agenda regarding 'South-South cooperation', and boosting China as the leader within this framework. Commenting on the Chinese Premier's visit to South Africa in June 2006, the Chinese ambassador to South Africa Liu Guijing said, "We have realised that [South Africa] is one of the most important countries" (*The Hong Kong Standard*, 20 June 2006). During the same time, the Chinese embassy in Pretoria issued a statement wherein it hailed the cooperation between China and South Africa in international affairs, as well as African affairs and issues of South-South cooperation, saying that "China-South Africa friendly cooperation constitutes a very important part of China-Africa and South-South cooperation" (Embassy of the PRC in South Africa, 12 June 2006).

South Africa too sees China as an important ally, considering its own aspirations in the international system, in boosting its own status amongst developing countries. This is evidenced by a statement released by the South African Department of Foreign Affairs (DFA) following a South African delegation's visit to China (led by Deputy Minister of Foreign Affairs Aziz Pahad) in June 2006, wherein it stated: "discussions affirmed that South Africa is a strategic partner for China and that both countries were allies in efforts to achieve the developmental agenda of the South. Both countries agreed to continue their co-operation in multilateral fora with a renewed focus on the implementation of the developmental agenda of the South" (DFA, 4 June 2006).

On a state visit to South Africa during April 2000, Chinese President Jiang Zemin and South African President Thabo Mbeki signed the 'Pretoria Declaration on the Partnership between the People's Republic of China and the Republic of South Africa', which was aimed at increasing economic cooperation, as well as cooperation in international affairs. The most important outcome of the Pretoria Declaration was the establishment of a bi-national commission (BNC), a body aimed at facilitating bilateral relations and cooperation between China and South Africa in all fields, as well as providing a platform for discussion on all matters of mutual interest. President Mbeki's visit to Beijing in December 2001 saw the official launch of the BNC. Subsequently, the following five sectoral committees have been

established under the BNC: diplomatic affairs, trade, education, science and technology, and defence.

The second BNC was held during Chinese Vice President Zeng Quighong's visit to South Africa in 2004, during which a communiqué was issued which focused mostly on strengthening cooperation between the two countries, by reaffirming their commitments to a number of issues, including:

- Advancing peace, stability and development in Africa
 - Support for the New Partnership for Africa's Development (Nepad)
 - Negotiations for a Southern African Customs Union (SACU)-China free trade agreement
 - Recognition of China's market economy status by South Africa
 - The launch of the sectoral committee on education and the creation of the Centre for Chinese Studies at Stellenbosch University
 - Promotion of multilateralism and equality in international affairs
 - Cooperation in attempting to create an international system based on peace, stability, justice and equality;
 - Enhancing South-South cooperation; and
 - Reaffirmation of the One-China Policy
- (Naidu, 2005: 467).



Although the BNC has been effective in consolidating political relations between Beijing and Pretoria, it is unclear whether these relations have gone beyond technical cooperation (Naidu, 2005: 467). Furthermore, BNCs facilitate elite interactions, and do not necessarily extend relations further to incorporate the relevant government departments, business and the public (Mills, 2004: 55). South Africa has BNCs with a number of other countries, including Sweden, Germany, Nigeria, the DRC, and a Bilateral Cooperation Forum (BCF) with the USA. It is doubtful that South Africa has the capacity to utilise and maintain all of these commissions effectively (Mills, 2004: 55).

4.2.2 The Forum on China-Africa Cooperation (FOCAC)

The Forum on China-Africa Cooperation (FOCAC) was established in Beijing in October 2000. FOCAC was created as a mechanism to facilitate cooperation between China and

Africa in a number of fields, including trade, aid, investment, culture and international affairs. The Forum held its first Ministerial Meeting in Beijing in 2000 and its second meeting was convened in Addis Ababa in 2003. In October 2004 the forum created the China-Africa Business Council. The next Forum is to be held in November 2006 in Beijing.

The first Ministerial Meeting of the China-Africa Forum in Beijing in October 2000 produced two documents: the “Beijing Declaration of the Forum on China-Africa Cooperation”, which articulates the foundations, principles, goals and objectives of the Forum; and the “Beijing Program for China-Africa Cooperation in Economic and Social Development” which sets out the principles, objectives and procedural framework for cooperation in various fields, including: intergovernmental cooperation, trade, investment, infrastructure, debt relief, agriculture, tourism, natural resources, health, technology and education.

According to the Beijing Declaration, the FOCAC is “a framework for collective dialogue between China and African Countries”. Cooperation is founded on equality and mutual benefit, with the main objectives of the Cooperation Forum being peace and development.

The Declaration explicitly states that China-Africa cooperation is facilitated by ‘South-South solidarity’ and a unique common identity that is predicated on their shared ‘developing country’ status and “common fundamental interests”. The Declaration also emphasises the long history of Sino-African relations and “their time honoured traditional friendship”. In addition, the Declaration positions China and Africa as strategic and necessary allies within an unjust and unequal international system, characterised by the ‘developed’ North and ‘developing’ South. The Declaration calls for the creation of a “just and equitable new international political and economic order” that is more inclusive of developing countries, particularly with regard to decision-making in the international system. The Declaration therefore stresses the importance of close cooperation and consultation between China and Africa when it comes to decision-making within the global arena.

The China-Africa Forum has had a number of successes in achieving its aim of strengthening cooperation between the two regions. Between the first and second Ministerial

Meetings China received no less than thirty African leaders, and former Chinese President Jiang Zemin and the previous premier Zhu Rongji both visited Africa in that time.

Furthermore, China eased the debt burden of 31 African countries, thereby facilitating greater economic and social development. In addition, as was demonstrated in Chapter 3, trade between China and Africa has increased notably since the inception of the Forum, and human resource cooperation has also been noteworthy. Greater cooperation has been forged through technical assistance in a number of fields. Examples include assistance in medical research aimed at preventing the spread of infectious diseases; and collaboration between China and African countries in the promotion, manufacture and marketing of traditional medicines (Adeola, 2004).

Despite these apparent successes, some commentators have argued that the FOCAC was created with a number of strategic objectives in mind. Firstly, it has been seen as a platform through which China is able to augment its soft power in Africa (Shinn & Eisenman, 2005: 7). As Muekalia (2004: 10) argues: “By positioning itself at the helm of a coalition of African developing countries China will leverage its position on the UN Security Council and improve its bargaining power in other international institutions”.

Further, it has been argued that another aim of the Forum is to propagate China’s development model through showcasing its achievements during its modernisation period, and in so doing persuade African countries to implement similar reforms, partly in order to lessen China’s foreign aid burden (Taylor, 2004a: 90). China has therefore encouraged self-development, and discouraged reliance on ‘handouts’. Thus, through the framework of the FOCAC, China supports the goals of Nepad. However, it is unlikely that China will directly support Nepad, because it would then have to support the principles upon which Nepad is founded, including transparency, democracy, an independent media, an active civil society, an independent judiciary, and the rule of law (Thompson, 2005a: 2).

A further objective appears to be to challenge the leadership of the United States. Calling for the creation of a new international order and criticising the politicisation of human rights and the attaching of conditionalities to aid and assistance is an indirect criticism of and response to the human rights accusations levelled at China by the US (Liu, 2001).

Another objective, Liu argues, is to consolidate and entrench China's leadership role in the developing world (Liu, 2001). The Forum's documents repeatedly emphasise global inequality and injustice, the negative effects of globalisation on poor countries and the merits of debt forgiveness. At the first Conference, Jiang Zemin alluded to China's leadership status, and stressed the similarity between the Five Principles of Peaceful Coexistence, the OAU's charter and the UN charter. Liu argues: "by linking the diplomatic principles of the largest developing country with the OAU and the UN, Beijing strongly implied its hope to lead developing countries, including African states, in the UN" (Liu, 2001).

Lastly, the Forum was subtly used as a tool to curtail Taiwan's influence in Africa. The Taiwan issue was never explicitly mentioned, although documents and speeches at the Forum have continuously reiterated support for the 'One-China Policy' (Liu, 2001). Furthermore, in 2003 China extended invitations to the (then) eight countries that still supported Taiwan to attend the Forum as 'observers' (Taylor, 2004a: 91).

4.3 Cooperation in the global arena

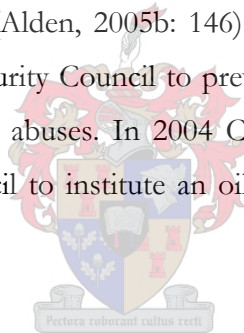
China has great aspirations to assert itself as an important power in the international system. At the same time, however, China vehemently opposes a unipolar world system, and continuously canvasses for a multipolar world, but with China as one of the main 'poles'. This is because China's nationalist stance dictates that it should restore its 'Mandate of Heaven' and that the Middle Kingdom should resume its rightful place in the international system (Kornberg & Faust, 2005: 35). As a result, China's orientation within the global arena is to support multilateral cooperation and decision-making.

Probably the most prominent aspect of Chinese multilateralism is its positioning as the leader of the global South and advocating the interests of developing countries in global forums, in return for their support on matters of particular interest to China. African countries play an important role in this regard. China often relies on the large voting bloc created by African countries for critical support in the international arena (Alden, 2005a: 8). For example, China can largely attribute its gaining entry to the World Trade Organisation (WTO) and its successful 2008 Olympic bid to the support from African countries in the

respective international bodies; furthermore, African countries often support China when its human rights record is highlighted.

For example, in both 1996 and 1997 Uganda supported China's position on human rights at the UN Commission on Human Rights (UNCHR) and in 2004 China and Zimbabwe worked together at the UNCHR to prevent the passing of resolutions that would have implicated both countries for human rights abuses (Eisenman, 2005).⁶ Furthermore, China has oftentimes gained support from African countries on the Taiwan issue. For example, at the General Committee meeting of the 55th UN General Assembly in September 2000, South Africa supported China in opposing the placing of a resolution on Taiwan's return to the UN onto the agenda.

African countries too rely on China's influence as a member of the UN Security Council to safeguard their domestic interests (Alden, 2005b: 146). For example, China has frequently utilised its position on the UN Security Council to prevent UN action, including sanctions, against Sudan for its human rights abuses. In 2004 China warned that it would veto any attempt by the UN Security Council to institute an oil embargo on Sudan (Shichor, 2005: 11).



South Africa views China as an important ally in promoting its interests in the international system. South Africa has aspirations to a permanent seat on the UN Security Council, and hopes that China will support this bid. Furthermore, the promotion of African interests in the international economic regime is an important aspect of South Africa's multilateral policy, and it sees China as a potential partner in helping to achieve this aim.

Some commentators, however, have argued that with China's growing economic development and political influence, its interests may no longer converge with those of developing countries. For example, it has been argued that China's possible inclusion in the Group of Eight (G8) industrialised nations will ultimately have an effect on China's

⁶ Incidentally, the Commission on Human Rights has now been replaced by the UN Human Rights Council, partly due to its lack of credibility because of the membership of notorious human rights abusers, including Zimbabwe and Sudan.

economic and policy decisions, which might become more aligned with Western interests, thereby no longer supporting developing country interests (Alden, 2005b: 149). Furthermore, since China's primary national goal is economic development, it is highly unlikely to support developing country interests if they happen to stand in the way of furthering China's economic policies and development.

4.4 Normative Issues: Human Rights, Governance and Transparency

4.4.1 The 'universal' nature of human rights

It is important to remain mindful of the fact that concepts such as human rights are highly normative and therefore subject to cultural interpretation. It might be argued that the very fact that human rights developed out of a neo-liberal discourse makes the concept particularly 'Western-centric' and therefore not necessarily universal. There is an ongoing debate within academia about whether or not human rights really are universal or not. This is not the space to elaborate on this debate. It is, however, necessary to clarify the perspective that is taken here in this regard.

Human rights are, by implication, "a set of principled ideas about the treatment to which all individuals are entitled by virtue of being human" (Schmitz & Sikkink, 2002: 517). The logic, therefore, is that despite the myriad different cultural practices that exist throughout the world, there is one thing that each individual has in common with each other, and that is humanity. It follows thus that there are certain basic 'humanitarian' treatments to which all human beings are entitled.

Naturally, some rights are subject to cultural interpretation, and that should be allowed. Extreme cultural relativism, however, is problematic for a number of reasons. For example it is very often elites and governments that proclaim cultural relativism in their interpretation of human rights. As Donnelly (1984: 411) puts it:

"Therefore, while recognizing the legitimate claim of self-determination and cultural relativism, we must be alert to cynical manipulations of a dying, lost, or even mythical cultural past. We must not be misled by complaints of the inappropriateness of "western" human rights made by repressive regimes whose practices have at best only the most

tenuous connection to the indigenous culture; communitarian rhetoric too often cloaks the depredations of corrupt and often westernized or deracinated elites. In particular, we must be wary of self-interested denunciations of the excessive individualism of “western” human rights” (Donnelly, 1984: 411).

Thus, it is important to be aware of the possibility that human rights are sometimes rejected on cultural grounds in order to justify the enforcement of oppressive practices against populations for the purposes of self-enrichment and the achievement of elites’ self-interests. The rejection of human rights on the grounds of ‘Western imperialism’ should also be met with some scepticism. Certain scholars have rejected the notion that human rights are inherently a ‘western’ concept: Schmitz & Sikkink (2002:518) cite studies that show the extensive input from ‘non-western’ countries during the drafting of the UN Universal Declaration of Human Rights; and Franck (2001: 198) asserts that human rights are in fact not ‘Western’ at all, since they were developed in response to (culturally independent) historical developments such as industrialisation, urbanisation and technological advancement. In any case, human rights are essentially benign values, regardless of the cultural lens through which they are viewed.

Lastly, the fact that the majority of the world’s states have adopted the Universal Declaration of Human Rights, as well as the Covenant on Civil and Political Rights and the Covenant on Economic, Social and Cultural Rights means that they are essentially ‘universal’. This mere fact affords a great deal of legitimacy to the human rights regime, since it is theoretically accepted by most governments in the world. In any case, if every state propagated their own ‘unique’ version of human rights, there would be no international standards, which would create considerable problems for relations and interactions between global actors in general. China, in fact, was amongst the initial group of 48 states who adopted the Universal Declaration of Human Rights. Furthermore, China has signed and ratified the International Covenant on Economic, Social and Cultural Rights and has signed the International Covenant on Civil and Political Rights. In other words, China is an active party to the International Bill of Rights.

4.4.2 China's version of human rights

Despite being subject to the International Bill of Rights, Beijing maintains a culturally relativist position on human rights. Essentially, this means that Beijing believes that each country has the right to interpret human rights according to its own, unique 'national' way. One of the ten affirmations that forms the basis of the Beijing Declaration states that every state has the right to choose its own development model and way of life within the context of its own national conditions, and regarding human rights, each state has the right to choose its *"own approaches and models in promoting and protecting human rights in their own countries. Moreover, the politicisation of human rights and the imposition of human rights conditionalities on economic assistance should be vigorously opposed"* (emphasis added). Thus, China views external intervention on the grounds of human rights as a violation of the principle of non-interference in domestic affairs. In fact, Western notions of human rights and democracy have been called 'tools of neo-imperialism' by Beijing (Taylor, 2005: 5).

China's reaction to criticism concerning its human rights records is consistent with Realist theory. From a Realist perspective, it is not surprising that China does not prioritise human rights, because such norms are not viewed by Realists as "significant and independent forces in international relations" (Schmitz & Sikkink, 2002: 521). Rather, they view the rise of such norms as potentially destabilising to the international system, because they arise and are legitimised because of their promotion by a hegemon or dominant bloc, which reinforces the belief that state sovereignty should be the dominant and overriding principle in international relations (Schmitz & Sikkink, 2002: 521). In this light, it is unsurprising that China should interpret human rights as instruments of western domination and hence invoke sovereignty as their greatest defence.

However, by espousing such a position on human rights, China is able to evade any accountability for its own human rights abuses, or for its part in fuelling human rights abuses in other parts of the world. Furthermore, China's stance of non-interference allows it to secure energy, resources and profits in countries whose governments are otherwise condemned by the West for bad governance and human rights records. Conveniently, therefore, China is able to hide behind its official policy rhetoric, and wield its influence on

the UN Security Council, to avoid responsibility for its part in perpetrating human suffering, at home and abroad.

Not only is this policy stance convenient for China, but also for the African governments with which China has relations. China's stance on human rights resonates with African elites who have enriched themselves on the backs of ordinary people's suffering. China's lack of criticism of African regimes has helped forge a strong sense of solidarity between it and African governments, united against perceived Western imperialism (Taylor, 2004a: 90). This is especially so considering that many African governments have lost their traditional sources of regime security, i.e. investment, aid and political influence from the West, and are actively seeking other sources of external support (Alden, 2005b: 144).

4.4.3 Implications for governance, transparency and human rights in Africa

This 'symbiotic' relationship between China and African elites is potentially detrimental for governance on the African continent. China's engagement with corrupt African regimes is counterproductive to efforts emanating from the West, and even Africa itself in the form of Nepad, to nurture a culture of good governance and democracy. Despite initiatives such as the World Bank's Poverty Reduction Strategy and the US's Millennium Challenge Account, China's presence sends the message that African elites can still obtain soft loans, foreign investment and political support and at the same time continue to engage in corrupt practices and opaque systems of governance (Roughneen, 2006). For example, Zimbabwe's 2005 national election was mired by threats to the opposition and gerrymandering on Mugabe's part; the only important international power to declare its approval for the results was China, despite the dubious nature of the elections (Eisenman & Kurlantzick, 2006: 223). Furthermore, Zimbabwe's President Robert Mugabe, who is subject to a travel ban from the likes of the EU and the USA, is welcomed in China, and the China Development Bank has recently offered Zimbabwe financial aid, despite repeatedly being considered for expulsion by the IMF.

Sudan is another example of an African regime that is notorious for human rights abuses and bad governance, and that maintains close ties with Beijing. China has been criticised not only for engaging with the Sudanese government, which itself has committed gross abuses of

human rights, but also for perpetuating the abuses in Sudan by arming government forces and militia, as well as by aiding the government in forcefully displacing populations from areas designated for oil concessions (Shichor, 2005: 10).

The presence of Chinese oil companies in Sudan indirectly has the effect of perpetuating gross abuses of human rights in that country. While Sudanese government forces and militia carry out attacks on communities surrounding oil plants, Chinese pipelines are guarded by Chinese People's Liberation Army troops (Brookes, 2006). In some cases, Chinese-funded oil infrastructure has been used to launch attacks on villages and hospitals – Taylor (2005: 5) cites a 2001 Christian Aid report describing how this was done using the China National Petroleum Company's (CNPC) roads and airstrips.

In 2003 Human Rights Watch (HRW) released a scathing report describing how the Sudanese government uses oil revenues to procure arms and ammunition enabling it to fuel the conflict there and develop the oil industry (HRW, 2003: 36). In order to make way for oil concessions, the government forcefully displaces rural communities, which involves large-scale murders, mutilation and destruction (HRW, 2003: 36). The presence of foreign oil companies perpetuates these abuses, because they are perpetrated for the purpose of clearing way for the creation of oil infrastructure (HRW, 2003: 37). The HRW report implicated Chinese company CNPC (together with Malaysia's Petronas) in perpetuating these abuses due to a lack of corporate responsibility and its refusal to sign a code of corporate conduct (HRW, 2003: 67). The report concluded that “[t]heir activities are inextricably intertwined with the government's abuses; the abuses are gross; the corporate presence fuels, facilitates, or benefits from violations; and no remedial measures exist to mitigate those abuses” (HRW, 2003: 69).

One might argue that, since the main goal of all corporate companies (whether they are Chinese or not) is to make profits, most companies will disregard the socio-political impacts of their activities. To be sure, Western companies operating in Africa have also been accused of perpetuating or facilitating conflicts, human suffering, and social dislocation. There are, however, two main factors that make the Chinese operations different from those emanating from the ‘West’.

Firstly, it has been previously mentioned that most Chinese corporations engaging in overseas operations are either partially or wholly state-owned or operated. This contrasts with Western companies that are mostly privately owned and operated. It therefore follows that ultimately the Chinese *government* can be held accountable for the actions of its companies. By refusing to address the negative impacts of their companies' activities, the implication is that the Chinese government either condones or turns a blind eye to the atrocities in which it indirectly plays a part. The second point relates to the existence of an active civil society that holds its government accountable. China has no such civil society of which to speak. In addition, criticism of the government is not taken lightly in China. Therefore, there are no mechanisms within which members of the public are able to protest against China's corporate activities and their impacts abroad, and there is no civil society to hold the government accountable. This contrasts starkly with the active civil societies and mechanisms for state accountability in countries of the West.

The case of Canadian company Talisman provides a pertinent example. In 1998, a Canadian independent oil company, Talisman Energy, purchased a 25 percent stake in the Greater Nile Petroleum Operating Company (GNPOC) in Sudan. Talisman's operations in the Sudan proved commercially successful, pumping more oil than any other Canadian oil company by the year 2000 (Kobrin, 2004: 425). However, human rights and advocacy groups within Canada began to link human rights abuses in Sudan with Talisman's commercial activities in the country. The Canadian advocacy groups, along with other international human rights groups, launched a campaign against Talisman's presence in the Sudan. They embarked on a large-scale divestment campaign, and also lobbied the Canadian and the US governments to exert pressure on Talisman's investors (Kobrin, 2004: 439). The campaign was highly successful, and had a notable impact on Talisman's share price and enterprise value (Kobrin, 2004: 444). The criticism proved detrimental to the company's image, and in March 2003 Talisman sold its share in the GNPOC to an Indian oil company, effectively withdrawing its presence in the Sudan.

This example illustrates how Western companies operating overseas are held accountable for their actions by civil society at home. Chinese companies are not subject to the same monitoring and accountability, due to a lack of a domestic civil society in China. Pressure

from international advocacy groups on Chinese companies is met with cynicism and rejected on the grounds of non-interference. Thus, although Chinese and Western companies might behave similarly, Western companies are vulnerable to criticism from civil society at home (and international advocacy groups), while Chinese companies are not.

4.4.4 China's arms and military sales to Africa

China has long been a supplier of arms to developing countries. During the 1960s and 1970s, China supplied arms to a number of revolutionary and independence movements in Africa and Asia (Bitzinger, 1992: 85). From the late 1970s onwards, China's policy of supplying arms to Third World countries was less ideologically motivated; rather, it was carried out in the pursuit of profits and hard currency to fuel its domestic modernisation programme (Bitzinger, 1992: 86). By 1989, China was the fifth largest supplier of weapons to the developing world (Bitzinger, 1992: 87).

Currently, China remains amongst the top ten arms suppliers in the world (Amnesty International, 2006). In Africa specifically, ten percent of all conventional arms transfers between 1996 and 2003 came from China (Pan, 2006). It is possible that many more Chinese weapons are finding their way to Africa. This is because of the opaque and secretive nature of the Chinese arms trade: Amnesty International recently reported that Beijing does not publish any information regarding its arms exports and in the last eight years has not provided any data to the UN's annual Register on Conventional Arms (*Asian Tribune*, 13 June 2006).

The Amnesty report claims that Chinese arms exports directly contribute towards abuses of human rights, including violent armed conflicts (Amnesty International, 2006). Beijing refuses to sign its arms industry to international agreements that ban the export of weapons to countries that are criticised for human rights violations. This is largely because of the commercial benefits that China acquires by exporting weapons to such regimes. Amnesty reports that China often operates on an 'arms-for-raw materials' basis (Amnesty International, 2006). This is particularly so when it comes to acquiring oil, such as in the case of Sudan. The provision of arms to the Sudanese government secures China's access to oil resources in that country.

Africa is an easy target for China's weapons exports, particularly because of the high demand for small arms and weaponry as a result of the many protracted conflicts being waged on the continent (Wright, 2001: 93). The recent Amnesty International report, entitled "*People's Republic of China: Sustaining conflict and human rights abuses - the flow of arms accelerates*", named all four of the case countries (South Africa, Uganda, Zimbabwe and Sudan) as destinations where Chinese arms are used in human rights violations.

Amnesty reports that China's exports of small arms such as pistols and revolvers have increased their availability in South Africa, and have been used to commit violent crimes (Amnesty International, 2006). South Africa saw an influx of Chinese-made Norinco pistols to the South African market in the late 1990s (Amnesty International, 2006). Research by Amnesty International found that Norinco 9mm pistols are frequently used in robberies, rapes and other violent crimes in South Africa (Amnesty International, 2006).

China and Zimbabwe maintain very close military ties. In May 2000, Zimbabwe received small arms from China in exchange for eight tonnes of ivory (Wright, 2001: 93). Mugabe reportedly acquired the arms in order to bolster his security in the face of a possible defeat in the June 2000 elections (Wright, 2001: 93). Wright has argued that, in the case of Zimbabwe, China has exploited the political situation in order to create a market for its arms sales (Wright, 2001: 94). He cites the example of China offering to sell arms to Mugabe's regime following the failure of a referendum on constitutional change, when there was the possibility that Mugabe would have to deal with extra pressure from the opposition (Wright, 2001: 94).

In June 2004, Zimbabwe acquired a secret order of military equipment from China, at an estimated worth of US\$240 million, including 12 FC-1 fighter jets and 100 military vehicles (Eisenman & Kurlantzick, 2006: 222) and in 2005 the Zimbabwean air force acquired six Chinese K8 aircraft (Eisenman, 2005). Representatives of Chinese arms manufacturer, Norinco met with President Mugabe and representatives from Zimbabwe's defence forces and defence industries in November 2004 to identify areas of cooperation (Amnesty International, 2006). Zimbabwe has recently placed an order for US\$200 million worth of

fighter jets and military vehicles from China, despite US and EU arms embargoes on Zimbabwe (Roughneen, 2006).

China has become Sudan's largest supplier of arms and military equipment (Alden, 2005b: 142). This is despite the well-documented atrocities associated with the conflict in Sudan, and a UN arms embargo on that country. Further problematic is that Chinese weapons actually fuel the conflicts in Sudan. It was recently reported that UN investigators found that the majority of the small arms used in the conflict in western Darfur are Chinese (Reuters, 23 June 2006).

China's oil enterprises in Sudan also play a role in perpetuating the conflict there. The Sudanese government has begun to use its oil revenues to bolster its domestic military capacity, in order to carry on committing acts of war in Darfur (Amnesty International, 2006). China has even aided the Sudanese government in the building of domestic weapons factories (Brookes, 2006). In 2001, 60 percent of the government's 2001 oil revenue went towards military spending (HRW, 2003: 59) and in recent years this figure has reached 80 percent (Brookes, 2006). China has encouraged the Sudanese government to purchase weapons, by providing easy terms of finance for some orders (HRW, 2003: 457).

Amnesty International has reported that a UN investigation into violations of the arms embargo on Sudan in 2005 found that China has also been supplying Sudan with military vehicles. They found 222 vehicles were acquired from Dongfeng Automobile Import and Export Limited in China, consigned by the Sudanese Ministry of Finance and National Economy on behalf of the Ministry of Defence (Amnesty International, 2006).

The Sudanese government has also been acquiring military aircraft from China in recent years. Amnesty International points out that such aircraft have been used to carry out numerous human rights abuses through air raids in Sudan's internal conflicts (Amnesty International, 2006). Human Rights Watch cites the example of the procurement of twelve new attack helicopters in 2001 by the Sudanese military, which were used in the killing of 24 civilians at a relief food distribution site in 2002 (HRW, 2003: 37). Between 2001 and 2002, the Sudanese government purchased 16 new helicopter gunships with its oil revenue (HRW,

2003: 43). Chinese-made helicopter gunships are utilised in attacks against civilians, and are based at airstrips owned by Chinese oil companies in Sudan (Taylor, 2005: 5). Other recent acquisitions include US\$100 million worth of Shenyang fighter planes, including twelve supersonic F-7 jets (Pan, 2006).

China's involvement in the conflicts in Sudan can have grave regional effects. Amnesty International discovered that Chadian rebel groups have obtained Chinese made weapons in Western Darfur (Amnesty International, 2006). These Chadian rebels, such as the United Front for Democratic Change, are opposed to Chad's president Idriss Deby, and are reportedly supported by the Sudanese government (Amnesty International, 2006). Thus, China's presence in the Sudan not only fuels conflicts in the Sudan, but also has the spill over-effect of arming rebels in neighbouring Chad. On Sudan's eastern borders, Ethiopia and Eritrea have also been beneficiaries of Chinese arms exports. During the 1998-2000 conflict between Ethiopia and Eritrea, China supplied weapons to both sides, despite a UN arms embargo (Shinn & Eisenman, 2005: 8). In Djibouti, bordering Ethiopia and Eritrea, China too encourages military cooperation and arms sales to that country (Shinn & Eisenman, 2005: 8). With Somalia bordering Ethiopia and Djibouti, it is highly likely that Chinese weapons find their way to that country as well. It thus appears that there is a regional trend in East Africa, with China supplying weapons to most of the countries bordering the Sudan. This has grave consequences for peace and stability in that region.

Thus, not only does China violate international arms embargoes by exports of weapons and military equipment to Zimbabwe, Sudan, Ethiopia and Eritrea, but it also helps fuel internal conflicts in Sudan and the region by making the weapons easily available. Furthermore, the mere presence of Chinese oil companies in Sudan contributes towards gross violations of human rights by providing oil revenue and allowing the use of its oil infrastructure to enable the government to sustain its attacks on civilians and 'rebels'.

At the FOCAC seminar in October 2000, the (then) Foreign Affairs Minister of South Africa requested that China cease its arms sales to Africa (Wright, 2001: 94). This demonstrates a deep concern from South Africa about the proliferation of Chinese arms and weaponry in Africa. The possibility of Chinese arms exports to Africa sparking an arms race

on the continent may be part of the reason for South Africa's concern. It is not unusual for states to bolster their military capacity as a response to the purchase of arms by neighbouring states (Wright, 2001: 93).

4.4.5 The role of elites and the nature of the African state

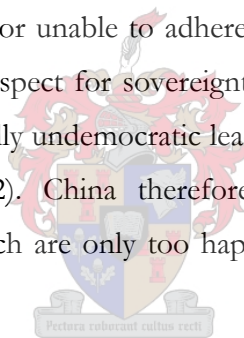
One must be careful not to over-criticise China's behaviour and role in Africa. Notwithstanding the gruesome details, ultimately China behaves in such a way as to maximise its own self-interest. This is consistent with Realist interpretations of state behaviour, and can be just as well applied to other powerful states, particularly to the United States. One might even go so far as to compare China's behaviour in Africa with the USA's involvement in the Middle East. The hypocrisy of the USA's behaviour in, for example, Iraq compared to its relations with Saudi Arabia or Kuwait is self-evident. The point is to be aware that China's behaviour is not exceptional in the sense that it is not the only powerful state that perpetuates or facilitates atrocities and devastation in order to attain its national goals.

In the same vein, one must be careful not to over-emphasise China's role in the perpetuation and facilitation of human rights abuses and corrupt elite practices in Africa. It is important to highlight the role played by African elites themselves. In so doing it becomes evident that the root of the problem also lies within the nature of African politics rather than only with China. Essentially, China exploits the deficiencies in African governance for its own gain, and hence exacerbates the problems caused by neo-patrimonial politics in Africa.

Rulers of weak states in Africa exploit the international recognition afforded to their regimes through the principle of sovereignty for their own personal gain. According to Reno (2001: 203), "international recognition of sovereignty offers material and political advantages to insurgents that exceed the resources that come with *de facto* control over a specific territory". Thus, it is of paramount importance to rulers of weak states that they maintain regime security. Hence, they constantly seek out new sources of regime security, which is maintained through extensive clientelist networks. In this regard, rulers of weak states enter into mutually beneficial relationships with foreign firms in order to stave off threats from challengers (Reno, 2001: 198).

In the past, rulers of weak states were able to maintain their patronage-based systems by utilising international aid and loans for distribution to ‘clients’ of the regime. However, recent years have seen a decline in aid and the attachment of strict conditions to loans emanating from the West, thereby eroding traditional sources of regime security (Reno, 2001: 200). However, this decline in Western engagement with weak states in Africa has left a gap that is increasingly being filled by China. Thus, it is possible that rulers of weak states in Africa will look to China as a new source of patronage for the maintenance of regime security.

Thus, African elites and governments are more than willing to embrace China. The countries of Europe and North America normally attach political conditionalities (such as transparency, good governance, observation of human rights, and the promotion of democracy and political stability) to their aid, assistance and investments, to which some African governments are unwilling or unable to adhere. In contrast, China’s policy of non-interference and its emphasis on respect for sovereignty sit well with African governments who have gained from their decidedly undemocratic leadership styles and opaque systems of governance (Thompson, 2005a: 2). China therefore has no qualms in dealing with unscrupulous African regimes, which are only too happy to do business with such an ‘all-weather’ friend as China.



Furthermore, China’s model of development, which is compatible with the global economic regime, yet does not compromise the country’s centralised authoritarian political structure, is attractive to African elites who are seeking to develop successfully and still maintain regime security (Alden, 2005b: 146). In addition, China’s rising status as a formidable economic power, and what some perceive to be the next ‘superpower’, makes it a symbolically attractive ally for African elites, who are well disposed to attention from an important power (Alden, 2005b: 146).

Control over natural resources provides a significant amount of security for African rulers. Thus, they encourage foreign commercial activity in these industries, usually with no regard to the environmental or human impact of such operations (Reno, 2001: 206). Examples of such behaviour include China’s logging activities in Liberia’s timber industry, and China’s oil

exploits in Sudan. Thus, those who are in control of the state's resources in Africa are just as, if not more, complicit in the perpetuation of abuses of human rights as is China. It must therefore be borne in mind that:

“The malady affecting the continent is not simply, or even primarily, economic, nor is it external. It is political and endogenous and can be located in the behavior of the continent's governing elites; any policies, whether neoliberal or dirigiste [sic], will be exploited by elites for private or political advantage” (Taylor, 2004b: 414).

4.5 Chapter Summary

This chapter has explored the political relations between China and the four case countries, as well as the political implications of China's economic involvement on the continent. China's behaviour in Africa is consistent with Realist interpretations of state behaviour. It is evident that China is actively seeking to bolster its national power within the international arena, and support from African countries is crucial to achieving this goal. Furthermore, as is consistent with Realist theory, China does not allow moralistic concerns to influence the nature of its engagement with Africa. Thus, China will deal with any African government that it sees as strategic or necessary for achieving its national goals, without concern for normative notions such as human rights, transparency and good governance.



Diplomatic relations are characterised by frequent high-level visits from Chinese officials to African countries. These diplomatic visits from important Chinese dignitaries are utilised as a tool in China's foreign policy as a way to reinforce Africa's importance to China. It was shown that China places no conditions on its political engagement with states in Africa, save for the one condition that the governments with which China engages may not pay official recognition to Taiwan. Historically, Africa was an important locus for the China-Taiwan rivalry for diplomatic recognition. However, since only five African countries currently recognise Taiwan, this issue has lost salience in China's foreign policy towards Africa.

South Africa plays an especially important political role for China in Africa, since South Africa has considerable clout as a middle power in the global arena. Hence, South Africa is significant with regards to China's agenda regarding 'South-South cooperation', and

bolstering China as the leader within this particular framework. South Africa also considers China an important ally with regards to its own aspirations to a permanent seat in the UN Security Council, where it is hoped that China will support South Africa in its bid.

The Forum on China-Africa Cooperation (FOCAC) was established in 2000 as a platform for consultation between China and African countries, and to facilitate cooperation in different fields such as trade, aid, investment, culture and international affairs. The Forum has produced a number of successes in achieving cooperation between the two regions; however it has been argued that the forum has been used by Beijing as a strategic tool in its diplomatic affairs. It was also stated that China indirectly supports Nepal through the framework of the FOCAC, particularly its goal of self-development, although it is unlikely that Nepal will receive direct support from China due to the neo-liberal principles upon which it was founded.

It was argued that China has great aspirations to assert itself as an important and respected global power. In this regard, Beijing often relies on the large voting bloc created by African countries for support within the international arena. On the other hand African countries rely heavily on China's influence as a member of the UN Security Council to protect their domestic interests, and vocalise the concerns of the developing world. It was asserted that as China further develops its economy and augments its importance in the international system, its interests might begin to align more with those of developed states, and therefore possibly will no longer be able to serve as the mouthpiece for developing countries.

On issues of human rights, it was argued that since China is party to the International Bill of Rights, it ought to respect the 'universality' of the human rights regime. However, Beijing continues to espouse a culturally relativist position on human rights. This position on human rights allows China to engage with regimes that have been condemned internationally for their abuses of human rights, including Sudan and Zimbabwe. Further, it was argued that this stance on human rights resonates well with African elites who have enriched themselves by allowing human rights abuses to take place. China's lack of criticism of African regimes has augmented the sense of solidarity between Beijing and African elites. Furthermore, it was shown how China's involvement in countries such as Sudan has the (direct or indirect) effect

of perpetuating and encouraging human rights abuses in that country. It was also shown how China's supply of arms to Africa has the effect of perpetuating violent conflicts that are characterised by widespread human rights abuses and suffering.

Lastly, it was cautioned that one should not over-criticise the role played by China in Africa. It was pointed out that the USA behaves similarly in the Middle East, and historically, French involvement in Africa has also been criticised. Similarly, it is important not to over-emphasise China's role in perpetuating human rights abuses and facilitating malgovernance in Africa; rather, attention should be focused on the corrupt practices of elites in Africa, and the nature of the African state, which is characterised by neo-patrimonial politics.



Chapter 5

Aiding Africa's Development?

5.1 Overview

An important, yet often neglected, aspect of China's Africa policy is its aid and assistance programmes. Historically, aid has played an important political role in China's strategy to win support and protect its interests in Africa. During the 1960s, for example, China extended much support to liberation movements in Africa as a means to bolster its position in relation to the Soviet Union. China continued to expand its aid to Africa, so that by the mid-1970s, China had more aid programmes in African countries than did the United States (Bräutigam, 1998: 4). Following the Tiananmen Square incident, China began to substantially increase its aid to Africa in an attempt to secure allies and friends in the face of increasing isolation and criticism from the West (Taylor, 2004a: 87).

During China's domestic reform and modernisation period in the 1980s and 1990s, the structure and functions of its aid programmes underwent a shift, with the emphasis on 'diversity of form' and 'mutual benefit' (Bräutigam, 1998: 4). For example, tripartite agreements were established wherein China would provide technical and other forms of assistance (labour, engineering, services) while relying on funding from other sources such as African governments, private companies, and international aid agencies (Bräutigam, 1998: 4). Since the early 1980s, Chinese firms have signed over 5594 of these contracts in Africa, amounting to more than US\$7 billion (Bräutigam, 1998: 4).

According to the Organisation for Economic Cooperation and Development (OECD), international assistance qualifies as Official Development Assistance (ODA) if it satisfies the following three criteria: 1) it is undertaken by an official sector, 2) the main objective is to promote economic development and welfare, and 3) it is provided on concessional terms, with a grant element of at least 25 percent on loans. Therefore, according to this definition, ODA includes "capital projects, food aid, emergency relief, peacekeeping efforts, technical cooperation, contributions to multilateral institutions and concessional funding to multilateral development banks" (Malwanda & Suliman, 1999: 504). Therefore, this chapter will explore China's aid to Africa within the above context by focusing on: the nature of

Chinese aid to Africa; financial assistance; human resources development and health diplomacy; and peacekeeping and humanitarian assistance.

5.2 The nature of Chinese aid to Africa

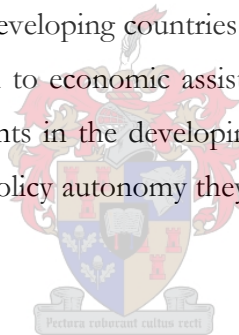
With the emphasis on ‘mutual benefit’ and ‘diversity of form’, very little Chinese aid to Africa is in the form of traditional development assistance. Rather, aid takes the form of mutually beneficial ‘cooperation’ agreements in various fields, including education, health, agriculture, infrastructure development, and humanitarian assistance and peacekeeping; and the establishment of profit-generating joint ventures involving Chinese state-owned enterprises (SOEs) (Shelton, 2001: 114). More ‘conventional’ aid in terms of financial assistance is usually in the form of soft loans and debt relief, rather than direct grants.

Chinese aid to Africa forms an important tactic in Beijing’s foreign policy and is linked with strategic and political objectives (Taylor, 1998:450 and Kaplinsky, McCormick & Morris, 2005: 22). One of these strategic objectives is to utilise aid and assistance as a means to cement ties with resource-rich economies in Africa (Kaplinsky, McCormick & Morris, 2005: 22). Economic objectives are paramount, as is evidenced by the transformation of projects that originated as foreign aid into profit-making joint-ventures (Bräutigam, 1998: 53). Other goals that determine China’s aid programmes include: the desire to secure support from other developing countries for China’s global political objectives; to augment Beijing’s domestic legitimacy through enhancing local perceptions of China’s international prestige by emphasising recipient countries’ appreciation of Chinese assistance; and as a means to display and advertise China’s exceptional technical skills and abilities (Bräutigam, 1998: 33).

Chinese aid to Africa differs from Western aid to Africa, not only in terms of its motivation and content, but also because Beijing does not attach particular economic or political conditionalities (save for the adherence to the ‘One China Policy’) on its aid to Africa. The introduction of conditionalities attached to aid by the neo-liberal financial institutions and Western donors is rooted in a particular history. Developing countries, particularly those in Sub-Saharan Africa, became entangled in a severe debt crisis during the late 1970s and early 1980s (Kevlihan, 2001: 71). In order to address the crisis, the IMF and World Bank began to attach aid to strict economic reforms, enforced through the implementation of economic

Structural Adjustment Programmes (SAPs). These neo-liberal economic prescriptions, known as the ‘Washington Consensus’, were based on the assumption that the debt crisis in developing countries could be attributed to excessive government spending (Kevlihan, 2001: 72). The imposition of economic conditionalities was thus triggered by the economic crisis in the 1970s and 1980s in the Third World.

By the 1990s it was evident that economic conditionalities alone did not lead to substantial economic progress in developing countries (Kevlihan, 2001: 76). Following the demise of the Cold War, the International Financial Institutions (IFIs) and governments of the West increasingly began to link economic progress and development with policies that promoted a liberalised trade regime, respect for human rights and democratic governance (Kevlihan, 2001: 76). This resulted in the introduction of political conditionalities attached to development aid, thus characterising a more interventionist approach from donor governments. The result is that “[d]eveloping countries today are overwhelmed by economic and political conditionality attached to economic assistance from the North” (Singh, 2002: 300). As a consequence, governments in the developing world, particularly in Sub-Saharan Africa, have been deprived of the policy autonomy they enjoyed prior to the introduction of conditionalities (Singh, 2002: 300).



Chinese aid, which is unattached to explicit economic or political requirements, is thus greatly appreciated by African governments, who are resentful of the policy prescriptions imposed on them by Western governments, or are either unwilling or unable to implement the reforms dictated by conditionality.

Table 2 provides a summary of Chinese aid projects in selected African countries since the establishment of diplomatic relations. A glance at the types of projects implemented indicates that there is little variation in China’s aid to African countries.

‘Prestige projects’ are common, such as the sports centre in Kenya, stadiums in Uganda, Liberia, Mali and Zimbabwe; and the construction of government offices or parliament buildings in Liberia, Guinea and Mozambique. Some of the projects are peculiar, and not particularly aimed at promoting development, such as the veterinary centre in Ethiopia,

conference centres in Mali and Mozambique, and a cinema in Guinea. Other projects provide infrastructure that is clearly aimed at facilitating Chinese business ventures and economic interests in the various economies, such as highways in Kenya and Ethiopia; a power station in Ethiopia and a hydropower station in Guinea; methane-generating pits in Kenya and Uganda; and various factories or mills in Liberia, Mali, Mozambique and Zimbabwe.

There are some projects, however, that appear more like conventional development projects, such as the dispatch of technical assistance in the form of medical teams and teachers to nearly every country, and the provision of scholarships for African students to study in China.

In January 2006, the Chinese government released a document outlining its newly articulated 'Africa Policy'. The document signifies a renewed commitment from China to assist in Africa's development. It provides a blueprint for enhancing China's all-round cooperation with the African continent: in the political and economic fields, as well as in the fields of education, science, culture, health and society, and also in peace and security. China's new 'Africa Policy', therefore, is geared towards mutually beneficial cooperation.

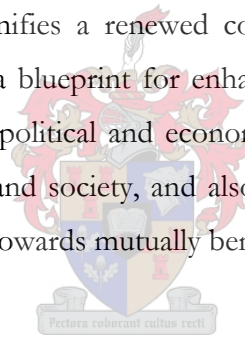


Table 2: Chinese aid to Africa since the establishment of diplomatic relations, selected countries

	Year diplomatic relations established	Projects
Ethiopia	1970	<ul style="list-style-type: none"> ● Highway ● Veterinary Station ● Power Station ● Water Supply Projects ● Medical Teams ● Teachers ● Scholarships
Kenya	1963	<ul style="list-style-type: none"> ● Sports Centre ● Methane-generating pit ● Hospital Renovation ● Highway ● Teachers ● Scholarships
Uganda	1962	<ul style="list-style-type: none"> ● Rice Schemes ● Ice Plant ● Methane-generating pit ● Foodstuff Porcelain Research Centre ● Stadium ● Scholarships ● Medical Teams
Liberia	1977	<ul style="list-style-type: none"> ● Sugar Mill ● Rice Scheme ● Stadium ● Hospital renovation ● Wasteland reclamation ● Construction of Health Ministry offices ● Scholarships ● Medical Teams ● Peacekeepers
Mali	1960	<ul style="list-style-type: none"> ● Textile mill ● Leather processing factory ● Sugar refinery ● Pharmacy ● Stadium

		<ul style="list-style-type: none"> • Conference centre • Teachers • Medical Teams • Scholarships
Guinea	1959	<ul style="list-style-type: none"> • Hydropower Station • Cinema • Presidential Offices • Scholarships • Medical Teams
Mozambique	1975	<ul style="list-style-type: none"> • Textile Mill • Well drilling and Water supply • Textile factory • Parliament Building • International Conference Centre • Construction of Foreign Ministry offices • Scholarships • Medical Teams
Zimbabwe	1980	<ul style="list-style-type: none"> • Stadium • Hospitals • Dams • School Dormitories • Wells • Clothing factory • Teachers • Medical teams • Scholarships

Source: PRC Foreign Ministry (<http://www.fmprc.gov.cn/eng/gjhdq/>) 3 October 2006

5.3 Financial Assistance

China's new 'Africa Policy' continues to reiterate that Beijing can only offer economic assistance in accordance with its 'capacity' to do so: the policy document states that "[i]n light of its own financial capacity and economic situation, China will do its best to provide and gradually increase assistance to African nations with no political strings attached". Such wording implies a lack of steadfast commitment, and provides an easy loophole for China to refuse financial assistance to Africa on grounds of 'limited capacity'. It also indicates China's

unwillingness to provide 'hand-outs' to African governments, preferring rather to provide assistance through commercial interaction.

It is thus no surprise that Chinese foreign aid has in recent years taken on a more commercial (rather than ideological or altruistic) character. Beijing's foreign aid programmes have been restructured since the 1990s, with interest-free government loans being replaced by guaranteed discount loans obtained through Chinese banks, and aid grants increasingly being supplanted by joint ventures and other forms of cooperation (Shelton, 2001: 113). As will become evident, the result is that Chinese aid projects in Africa are peculiar in the sense that they are not explicitly aimed at promoting development. Rather, China's aid programme in Africa is developed in accordance with strategic political and economic considerations, and is aimed at fostering trade, investment and joint ventures (Taylor, 2004a: 98)

5.3.1 Soft loans, grants and joint ventures

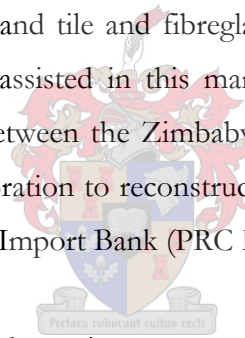
Chinese soft loans and grants have been utilised for prestige projects linked to institutional interests (Alden, 2005b: 140). For example, in 2005 Uganda received a US\$3.6 million grant in order to build headquarters for its Foreign Ministry, and the Chinese government has also been involved in the reconstruction of Uganda's parliament (State House). In addition, the Chinese Deputy Minister of Finance announced a US\$1.2 million grant during his visit to Uganda in February 2005 (*The Monitor*, 24 June 2006). Similar aid and assistance has been provided to other countries, such as Mozambique, Gabon and Mali, where the Chinese government has been involved in the construction of football stadiums, government offices or national houses of parliament (Alden, 2005: 140). Furthermore, development assistance has even taken the form of direct funding of civil servants' salaries, as in Liberia and the Central African Republic (Alden, 2005b: 141).

Beijing has also made use of its aid programmes in order to achieve strategic economic and political goals. For example, China has been able to secure access to Sudanese oil in part because of its attractive offers of aid. In 2002, the Sudanese government received a US\$2.5 million grant for the purposes of refurbishing a hospital, and in June 2004 China and Sudan signed a preferential loan agreement for US\$3.6 million to be used in order to construct a

new International Conference Hall, as well as to train employees from Sudan's Ministry of International Cooperation (Shichor, 2005: 10).

Since 1997, China's State Council has been granting preferential loans with governmental interest deductions to enterprises involved in specific projects in strategic industries (Shelton, 2001: 115). Simultaneously, the State Council began to fast-track the execution of a number of different projects, and increased the amount of aid aimed at furthering economic cooperation, thus facilitating increased trade and commercial engagement with Africa (Shelton, 2001: 115).

For example, Zimbabwe's small and medium sized enterprises (SMEs) have been supported by lines of credit at Chinese banks, which has enabled Zimbabwe's Ministry of Small and Medium Enterprises to reserve US\$12 billion for Zimbabwean SMEs engaged in particular industries, including textiles, soap, and tile and fibreglass manufacturers (Eisenman, 2005). Large state owned firms are also assisted in this manner, such as for example the joint venture completed in June 1999 between the Zimbabwe Iron and Steel Company and the China Capital Iron and Steel Corporation to reconstruct a blast furnace with the support of buyer's credit from China's Export-Import Bank (PRC Foreign Ministry, 2003).



Soft loans are often provided in order to improve or construct infrastructure that facilitate trade and investment, as well as provide commercial opportunities for Chinese firms. The TANZAM railway, built in the early 1970s, is China's flagship project in this regard. By mid-2005, the Chinese government had financed about 800 individual projects in Africa (Kaplinsky, McCormick & Morris, 2005: 22).

In 2004 Beijing extended a US\$2 billion soft loan to Angola for use in a number of infrastructure projects, including repairing railroads, building roads, constructing offices, building a fibre-optic network, and exploring for oil (Sautman, 2006: 26). The loan was extended based on the understanding that Chinese firms will secure a portion (70 percent) of these projects, and it was guaranteed by a contract for the sale of oil from an Angolan oilfield that produces 10 000 barrels per day (bpd) (Sautman, 2006: 26). The loan was welcomed by the Angolan government, especially in the light of its reluctance to turn to the

IMF due to resistance to pressure to improve transparency in its oil sector and combat widespread government corruption. China thus benefited from the provision of the loan since it secured contracts for Chinese firms as well as China's access to Angolan oil. China has been criticised by IMF and World Bank officials for extending such loans to poor African governments with little capacity to repay.

In Sudan, Chinese government credit loans are financing the construction of hydropower plants, including an 85 percent investment in the construction of the US\$470 million 300 megawatt Kajbar Dam and 2 500 megawatt Merowe Dam, totalling US\$1.73 billion, which by completion in 2008 will potentially double or even triple Sudan's capacity to generate electricity (Shichor, 2005: 9-10). Similarly, China's Export-Import Bank recently extended a US\$2.3 billion loan to Mozambique for the construction of a new hydroelectric power plant, that will be utilised in mineral exploitation (fin24.co.za, 10 May 2006), and during Wen Jiabao's Africa tour in June 2006, he signed an agreement to finance the construction of a railway line from Pakwach (in Uganda) to the southern Sudanese capital of Juba (News24.com, 24 June 2006). Currently, Chinese-financed roads and railways are being constructed in Kenya, Rwanda and Nigeria, and in Tunisia Chinese funds are facilitating the construction of a mobile telephone network (Brookes & Ji Hye Shin, 2006: 6).

5.3.2 Implications of financial assistance

The above indicates that China provides financial assistance to African countries in which it has commercial interests for the purposes of developing infrastructure that will facilitate Chinese commercial involvement in those countries, as well as to curry favour with African elites. It is also evident that China's foreign aid is connected to Chinese companies who are contracted to provide the services for which the aid is intended. Thus, Chinese foreign aid is designed in such a way that China gains political and economic benefits through its financial assistance to Africa.

It is difficult to estimate China's yearly financial aid to Africa, because the Chinese government has not officially reported its financial aid since 2002. However, in 2002 Beijing reported that it gave US\$1.8 billion in development aid, of which 44 percent went to its allies on the African continent (Tull, 2006: 463). African leaders, in turn, show their appreciation

for Beijing's aid and assistance by aligning with Chinese interests in international multilateral institutions that employ 'one country, one vote' procedures (Tull, 2006: 467). For example, Chinese 'goodwill' to Africa has resulted in a number of African governments' recognition of China as a market economy; and African governments have been instrumental in stalling Western efforts to highlight China's domestic human rights record (see Chapter 4).

When viewed in isolation, the financial figures of China's developmental aid to Africa appear substantial, especially in relation to China's 2002 GDP per capita of US\$911 (Tull, 2006: 463). However, when viewed in comparative perspective, Western states surpass China in their provision of developmental aid to Africa. For example, in 2002, the USA gave US\$3.5 billion in development assistance to Sub-Saharan Africa (OECD statistics). This is ironic in the light of China's rhetoric of 'South-South solidarity', and characterisation of the West and especially the USA as neo-imperialistic and insensitive to developing country interests.

Nevertheless, African governments are attracted to China's offers of assistance, because they are unattached to political conditionalities. This is related to China's dogmatic insistence on state sovereignty and non-interference, which according to China, are violated by attaching political conditions to developmental assistance. African governments, too, attach great value to the principle of sovereignty, especially in those weak states where sovereignty is utilised to maintain patronage networks and ensure regime stability. Thus, China presents an attractive alternative to Western governments who undermine the sovereignty of African governments by attaching developmental assistance to reform programmes such as Structural Adjustment Programmes (SAPs) and democratic reforms (Tull, 2006: 466). In addition, African governments are attracted to China rather than the West as a developmental partner, because Chinese aid more directly benefits elites than does Western aid, which is usually aimed at poverty reduction (Tull, 2006: 467). For example, China continues to finance 'prestige projects' that appeal to the egos of African elites.

What is probably most problematic about China's policy of providing aid with no conditions is that it undermines efforts to promote democracy and human rights in Africa. As was discussed in chapter 4, the provision of aid to 'pariah' states such as Zimbabwe and Sudan negates the effect of Western sanctions against these countries, because it gives the

impression to the governments of these countries that they will continue to receive external support and assistance, regardless of their records of human rights, good governance and transparency.

5.3.3 Debt Relief

In addition to providing soft loans and grants, Beijing has assisted African countries by relieving some of Africa's debt. At the FOCAC conference in 2003, as a goodwill gesture China announced that it would forgive the US\$1.2 billion debt owed to it by 31 African countries. And during Vice-President Hu Jintao's February 2001 visit to Uganda, he announced a partial pardon of Uganda's debt, provided Uganda reaffirm support for China's policies, including the 'One China Policy' and Beijing's policy on human rights (Shelton, 2001: 118). The insistence on this affirmation of support indicates a strategic motive behind debt forgiveness; that is securing and ensuring political support for China's policies (Shelton, 2001: 118).

In the January 2006 'Africa Policy' document, China has indicated that it "is ready to continue friendly consultation with some African countries with a view to seek solution to, or reduction of, the debts they owe to China". Debt cancellation enhances China's international image, because "by cancelling debt, China is falling into step with leading foreign powers" thereby implying that it is on par with other important powers with regards to Africa (Alden, 2005b: 141). Furthermore, debt cancellation is "an excellent public relations tool" because it earns widespread public support and it attracts positive media coverage, both when the loan is first provided, and when the debt relief is announced (Eisenman & Kurlantzick, 2006: 3). In addition, debt forgiveness earns China considerable leverage amongst African countries, thereby securing support in the UN and other international forums (Thompson, 2005b: 22).

China has also provided assistance in the form of tax exemptions. During the 2003 FOCAC seminar, China announced a programme of tariff exemption for 25 African countries on 190 export products (including food, textiles, machinery, and minerals), which took effect at the start of 2005 (Kaplinksy, McCormick & Morris, 2005: 22).

5.4 Human Resource Development, Education Cooperation and Health Diplomacy

An important aspect of China's aid and assistance to Africa involves programmes aimed at human resource development, and assistance in the fields of education and health. These Chinese development programmes in Africa are largely neglected in the literature on China-Africa relations, yet they are highly significant, particularly in terms of assistance that is aimed mostly at the grassroots level. The benefits and effects are particularly tangible and highly visible, especially in comparison with economic aid and assistance, which is mostly only visible on the elite level.

5.4.1 Human resource development & education

Much emphasis is placed on human resource development, as is evidenced by the African Human Resources Development Fund (AHRDF) set up under the auspices of FOCAC after the first ministerial meeting in 2000. The AHRDF is jointly administered and used by various Chinese ministries (including Foreign Affairs, Commerce, Education, Science and Technology, Agriculture and Health) for training. By the end of 2003, the Fund had already sponsored nearly 7000 African personnel on various training courses for African professionals from diverse fields (Liang Guixuan, 2005). The second FOCAC conference in 2003 saw the launch of the 2004-2006 China-Africa Inter-government Human Resources Development Plan, accompanied by a 33 percent increase in funds available to the AHRDF for training. The Inter-government Plan aimed to train 10 000 African professionals in various fields by facilitating 300 training courses in 3 years (Liang Guixuan, 2005). By the end of 2004, 9 400 Africans had received training in China through the AHRDF (Kaplinisky, McCormick & Morris, 2005: 22).

Training is provided in diverse fields through the various Chinese ministries. In 2002, the Chinese Ministry of Health hosted a two-part international training course in techniques for the prevention and treatment of malaria and tropical diseases, which was attended by 30 students from 17 African countries, and in the same year China hosted a Sino-African forum on transitional medicine and pharmaceuticals, with participants from 21 African countries (Thompson, 2005a: 3). By the end of 2004 China's Ministry of Commerce alone had already trained over 2 400 African personnel from 48 countries in fields such as trade and investment and economic management (Liang Guixuan, 2005). The Chinese Ministry of

Agriculture has hosted technical training programmes in areas such as hydro irrigation and small-scale agricultural production, benefiting numerous farmers in Africa (Alden, 2005b: 141).

Recent reports in Uganda's local media report that two Ugandan representatives have been sent to China, along with other African representatives, for a two-week training course in stadium management, aimed at providing stadium managers in Africa with the skills to transform sports stadiums into profit-making ventures (Xinhua, 18 June 2006). This type of human resource investment is peculiar for economies in Africa: it is difficult to imagine how sports stadium utilisation can become a profit-making venture in any African economy, except for perhaps South Africa. Investment in sports stadiums in Africa is also peculiar in the light of a distinct lack of a tradition of building and utilising sports stadiums in both China and Africa, especially compared to Europe's history of utilising stadiums and other such arenas.

Another way in which China assists the development of Africa's human resources is by providing scholarships to African students for study in China. China provides over 1 500 scholarships per year to African students. Between 1956 and 1999, over 5000 African students studied at Chinese universities, and by late 2004, 17 860 African students had received a scholarship to date, with about 15 000 having graduated (Sautman, 2006: 22). Typically, the students spend two years learning Chinese language and culture, and thereafter study technical subjects (Thompson, 2005b: 23). Out of the African students currently studying in China, about half are pursuing advanced degrees (Thompson, 2005b: 23).

Cooperation in human resources development education is not only visible on a government-to-government level, but also on an organisational level between FOCAC and NEPAD. This is one of the ways in which the Chinese government is able to support NEPAD under the auspices of FOCAC. For example, in July 2006 the Chinese government handed over a grant of US\$500 000 to the NEPAD Secretariat in order to support NEPAD's postgraduate training programme for nurses and midwives, which is to be launched in Tanzania and Kenya.

The January 2006 'Africa Policy' document indicates a continued commitment from China to assist in Africa's human resources development and education. According to the policy document, the Chinese government "will identify priority areas, expand areas of cooperation and provide more input according to the needs of African countries so as to achieve greater results" and in addition, the document states that "China will increase the number of government scholarships as it sees fit". This kind of assistance in education and human resources development not only enhances China's image in Africa, but also facilitates grassroots support from local communities and encourages a greater understanding of China amongst Africa's educated elite (Thompson, 2005b: 23).

It can be argued that these training programmes and scholarships are not without 'ulterior motives': Chinese training programmes for African professionals are an effective way to implement China's cultural diplomacy by propagating Chinese methods of business and professional practice. Furthermore, it can be argued that these programmes are just another tactic by which China is attempting to further its own commercial goals, particularly with regard to trade and investment, by promoting commercial relations between China and Africa under the banner of 'training programmes'. Whether these arguments are valid or not is really a moot point. In Africa, where professional skills are scarce and the demand for skilled human resources is high, any training is surely better than no training, regardless of the underlying motivation for its provision.

5.4.2 Health Diplomacy

The provision of scholarships and skills training to Africans might be seen as an extension of China's economic and political policies which are characterised by elite interactions. However, China's assistance in the field of health and medicine has provided visible relief to millions of ordinary Africans. China continues to implement a long-standing programme of dispatching medical teams to work in African countries. In addition, China provides free medicines and medical equipment to a number of African countries, and has designed programmes aimed at preventing and treating infectious diseases, including HIV/AIDS and malaria (Thompson, 2005a: 3).

The first Chinese medical team was sent to Africa more than forty years ago when late Premier Zhou Enlai dispatched a medical team to Algeria in 1964 (Van de Looy, 2006: 7). Since 1964, about 15 000 Chinese medical workers have travelled to 47 African countries treating approximately 180 million patients (Van de Looy, 2006: 7). The Chinese doctors are deployed to Africa in medical teams and spend up to two years working in the African country.

The terms of deployment are stipulated in treaties negotiated between China and the receiving countries. Except in the cases of the poorest countries, the recipient African countries pay the medical team's expenses (such as airfares, stipends, meals and accommodation), as well as a portion of the costs of some of the medicines and equipment brought by the medical team (Thompson, 2005a:3). In the cases of the poorest countries, China pays for the teams' travel expenses and the equipment and medicines that are brought with them, allowing the hospitals where the teams work to sell the medicines in order to assist the countries cover the cost of hosting the teams (Thompson, 2005a: 3).

The medical teams are deployed by different provinces in China, each of which has a cooperation agreement with specific African countries. For example, Hunan province sends teams to Sierra Leone, Cape Verde and Zimbabwe; Shaanxi province sends teams to Mauritania, Guinea, and Sudan; and Yunnan province sends teams to Uganda.

This long-term medical cooperation is welcomed by African governments who are keen to be seen providing public goods to their citizens (Thompson, 2005a: 2), and is appreciated by ordinary Africans who are the primary beneficiaries. Furthermore, this type of cooperation is important in the sense that it facilitates the establishment of person-to-person relations between Africans and Chinese (Thompson, 2005a: 3), thus promoting greater cultural awareness and appreciation.

Despite strains on China's domestic medical resources, its own need for medical care (particularly in the rural areas of China), and a declining desire on the part of Chinese doctors to work in Africa, the Chinese government has given no indication that it will cease or down-scale its medical assistance to Africa. On the contrary, the new 'Africa Policy'

document states that China “will continue to send medical teams and provide medicines and medical materials to African countries, and help them establish and improve medical facilities and train medical personnel”. Statistics confirm this commitment: in 2003, 860 medical personnel were deployed to 34 countries in 35 teams (Thompson, 2005a: 3), and in 2004 the number of staff deployed had risen to 1 100 (Kaplinsky, McCormick & Morris, 2005: 22).

5.5 Peacekeeping and Humanitarian Aid

China’s rising stature and position in the international system has seen the concomitant rise in China’s international obligations and responsibilities. Included in these obligations is that China is expected to play a role in international peace and security through the provision of humanitarian aid and support of peacekeeping missions. China has started to play an active role in this regard, albeit reluctantly, considering its staunch policy of non-interference and historical lack of contribution to international peacekeeping missions.

China has contributed to UN peacekeeping missions throughout Africa. In April 2003, about 175 Chinese troops and a medical team of 42 personnel were deployed to the Democratic Republic of Congo (DRC) on a peacekeeping mission, and in December 2003 nearly 600 Chinese peacekeepers were deployed to Liberia. In 2004, 1 400 Chinese were deployed to Africa in nine UN peacekeeping missions (Tull, 2006: 463). Furthermore, in 2005, China capitulated on the Darfur issue, and supported the deployment of a peacekeeping mission to western Sudan (Alden, 2005: 150). China previously opposed a deployment of a peacekeeping mission to western Sudan, because of its oil interests in that region, and the mutually beneficial relationship between Beijing and the Sudanese government (see chapter 4). The Chinese government ultimately granted US\$3.5 million in budgetary support and humanitarian aid to the African Union’s peacekeeping mission in Darfur (UNIRIN, 21 June 2006). This indicates that China has had to recognise the importance of taking part in UN-sanctioned missions to promote international stability (Alden, 2005: 142). In terms of humanitarian aid, in 1999 China donated US\$200 000 towards fighting drought on the Horn of Africa, and recently donated US\$610 000 towards combating drought in Darfur (Alden, 2005: 142).

The January 2006 'Africa Policy' document confirms that China "will respond quickly to African countries' request for urgent humanitarian aid" and that it will "continue its support to and participation in UN peacekeeping operations in Africa".

China's growing involvement in UN peacekeeping and humanitarian assistance is commendable, particularly considering the decline in political will from Western states to participate in peacekeeping missions in Africa (Tull, 2006: 475). However, there is a trace of irony in China's support for peacekeeping missions, particularly in countries such as Sudan, where China plays an active role in perpetuating conflict and human rights abuses (as discussed in chapter 4). In this sense, China is part of the problem, yet simultaneously is trying to be part of the solution. This indicates an inconsistency in China's foreign policy: on the one hand, China is willing to ignore large-scale human atrocities and even fuel conflicts (as in Sudan) in order to accrue commercial gains and ensure energy security; and on the other hand, China is eager to present itself as a 'responsible' international power by supporting international efforts to quell those self-same conflicts that it helps to create.

5.6 Chapter Summary

This chapter has highlighted the importance of China's aid and assistance programmes in Africa. Historically, aid has played an important political role in China's strategy to win support and protect its interests in Africa, and China's financial assistance to African countries continues to be based on strategic considerations. It has been argued that China's aid programmes are designed in order to achieve strategic political and economic goals including: commercial gain; support from other developing countries; to augment Beijing's domestic legitimacy; and as a means to display and advertise China's technical skills and abilities.

Aid is sometimes linked to the development of 'prestige projects', such as football stadiums, the construction of government buildings and cultural sites. These kinds of projects are effective strategies for wooing African elites. Aid is also granted in the form of soft loans aimed at developing infrastructure in countries wherein China has commercial interests. In addition, the loans are provided based on agreements that Chinese companies will be granted the contracts to provide the services for which the loans are intended. Furthermore,

the types of contracts that are undertaken are usually aimed at facilitating trade and investment, as in Angola and Sudan, where infrastructure is built in order to facilitate oil extraction.

In addition to soft loans and joint ventures, China has made substantial progress in relieving African debt. This is a substantive aspect of China's aid policy. Not only does it assist the development of African economies, but it also augments China's image at home and abroad, attracts favourable media coverage, and earns China considerable leverage with African governments, particularly when it comes to international support for China's policies.

An important aspect of China's aid and assistance to Africa involves programmes aimed at human resources development, and assistance in the fields of education and health. China provides training to numerous African professionals in various fields, under the auspices of the African Human Resources Development Fund. Although this can be seen as providing an opportunity for China to promote its own development model and business practices, it provides Africans with valuable skills that they would otherwise not have been able to attain. Furthermore, China provides over 1 500 scholarships to African students annually, once again providing Africans with the opportunity to further their skills and education. This kind of assistance in education and human resources development not only enhances China's image in Africa, but also facilitates grassroots support from local communities and encourages a greater understanding of China amongst Africa's educated elite.

China continues to implement a long-standing programme of dispatching medical teams to work in African countries. The Chinese medical personnel provide a valuable and necessary service to millions of Africans who would otherwise not have had access to medical facilities. Other than providing a literal lifeline to many ordinary Africans, such cooperation promotes the cultivation of personal relations between Chinese and Africans.

Finally, as a result of China's obligations as a rising power within the international system, China has begun to play an active role in peacekeeping and humanitarian assistance. China has provided support to a number of peacekeeping missions in Africa, either through the

provision of troops, financial contributions, technical expertise or equipment, as was observed in the DRC, Liberia and the Sudan.

The nature of China's aid to Africa well fits into a Realist explanatory framework, and to some extent, an Economic Nationalist framework as well. China's economic aid in the form of loans is essentially aimed at furthering China's national economic goals. Aid is also utilised as a tool to curry favour with governments of resource-rich countries so as to secure China's access to oils and minerals, in accordance with its national interests. Consistent with Economic Nationalist policies, it is evident that even in China's aid programmes to Africa, economic objectives remain paramount.



Chapter 6

Conclusion

6.1 Summary of Findings

This research assignment set out to explore the nature and implications of China's political and economic relations with African countries, with the intent of examining whether the relationships are mutually beneficial or whether there are negative consequences for Africa. China's political, economic and aid relationships with African countries were explored by making use of examples primarily from four African countries: Uganda and Sudan in eastern Africa and South Africa and Zimbabwe in southern Africa.

6.1.1 The basis of China-Africa relations

Chapter 2 provided a background against which China's involvement and relations with Africa can be contextualised. It showed that China's foreign policy underwent a shift from 1978, following the implementation of Deng Xiaoping's domestic modernisation programme. This shift was characterised by China's increased economic engagement with the outside world, and the start of its integration into the international economic regime. China's foreign policy is predicated on the principles of sovereignty and territorial integrity, and does not place any conditions on its relations with foreign states, except that they must adhere to the 'One China Policy'.

It was shown that China's relations with Africa are based on rhetoric of a common South identity, and similar historical experiences. It was found that, historically, Africa has been strategically important to China. During the process of decolonisation, China developed relations with African liberation movements by providing technical, military and financial support and with newly independent states by implementing large-scale aid projects. In this way, China was able to consolidate its leadership influence amongst the 'non-aligned' states, and also gain leverage in terms of its ideological rivalry with the Soviet Union.

During the 1980s, Africa's importance declined as a result of China's modernisation drive, which required that Beijing develop economic relations with industrialised states in order to attract investment and the necessary trade to build China's economy. However, the

Tiananmen Square incident in 1989 saw China fall into disfavour with Western governments, prompting Beijing to once again cultivate close relations with African states, who were less critical of Beijing's reaction to the democratic movement. China's contemporary relations are based primarily on economic interaction and diplomacy.

6.1.2 Economic Significance

It was found that trade between China and Africa has increased exponentially over the last decade, largely due to China's increased demand for raw materials to feed its manufacturing industry, and Africa's reliance on imports for most of its manufactured and value-added goods. China's increasing demand for commodities has had a positive effect on commodity prices, and is therefore potentially positive for Africa's economic growth. However, there is the danger of African countries becoming dependent on commodities for their economic growth, and thus running the risk of becoming victim to the 'resource curse'. Further problematic is that China's demand for commodities in Africa potentially has the effect of encouraging rent-seeking behaviour amongst African elites, thereby enriching elites with little or no benefits for the general population.

The inflow of affordable Chinese goods and consumables to African markets is potentially positive in terms of the purchasing power of the poor, such as in Uganda where the general population benefit from access to affordable consumables without displacing local industry. However, in economies where there is a fledgling manufacturing sector (such as in South Africa), Chinese imports are detrimental to local industries.

Chinese investments in Africa are relatively sparse, and are not always economically viable, since they are dictated by the state rather than the market. Investments are made in strategic industries: for example, China has made investments in manufacturing in order to benefit from the preferential trade terms for African exports to Europe and North America under agreements such as AGOA and the Cotonou agreement. A large proportion of Chinese investments, however, are in raw materials, resource extraction and primary products. The majority of investments, therefore, are capital intensive, and therefore have little effect on creating employment opportunities in Africa, particularly considering that Chinese companies import labour from China.

Despite China's policy rhetoric of cooperation and mutual benefit, it is not obvious that there is any marked difference between China's economic relations with Africa and those between Africa and the West (Tull, 2006: 471). There is thus no concrete reason to deduce that China's economic engagement with Africa will result in an improvement for Africa's development prospects anymore than Western economic involvement has done in the past (Tull, 2006: 471). In fact there is little difference between China's economic interests in Africa, and those of the West, suggesting that economic interactions between China and Africa "will neither fundamentally alter Africa's asymmetrical integration into global markets, nor will they reduce Africa's dependence on a few price-volatile primary goods that account for 73% of its overall export revenues" (Tull, 2006: 471).

6.1.3 Political Significance

China's bilateral relations with African countries are characterised by frequent high-level visits from Chinese officials to African countries. This kind of diplomacy is one of the ways in which Beijing attempts to reinforce China's importance to Africa. China's engagement with African states is not attached to any conditions, except that they must adhere to the 'One China Policy'. The diplomatic rivalry for recognition between China and Taiwan is no longer a significant aspect of China's political relations with Africa, because currently only five countries in Africa officially recognise Taiwan.

South Africa is politically important to China due to its influence as an emerging middle power in the global arena. China thus courts South Africa as an important partner in the context of 'South-South cooperation', and in augmenting China's leadership status within this framework. Furthermore, China and South Africa consider each other important allies in promoting each other's interests in international forums. Furthermore, China views itself as a mouthpiece for developing country interests in the international arena. However, as China's economy develops further, it is possible that its interests might become more aligned with those of developed states, essentially nullifying its role as a promoter of developing country interests.

China-Africa relations are coordinated by the Forum on China-Africa Cooperation (FOCAC), which was established in 2000. Although the Forum has facilitated some

successful cooperation in different fields, including bolstering trade relations, it is essentially a strategic diplomatic tool for Beijing.

China espouses a culturally relativist position on human rights, despite being party to the International Bill of Rights. As a result, China has engaged with regimes that are notorious for widespread human rights abuses, notably Sudan and Zimbabwe. This engagement with corrupt regimes in Africa negates Western efforts at attempting to promote democracy and human rights, as well as stalling efforts coming from responsible African leaders themselves, through institutions such as the African Union and Nepad, to adhere to principles of good governance and democracy. Thus, China sends the message that it is not necessary to adhere to democratic principles in order to engage with important economic powers such as Beijing.

The problem, however, is not necessarily with China, but more with African governments and elites, who engage in neo-patrimonial politics. However, China's engagement with these leaders does nothing to discourage such corrupt practices, and to the contrary, essentially encourages them.

6.1.4 Aid (or diplomacy?)

China's aid to Africa, especially in the form of financial assistance, is based on strategic considerations, and in some cases amounts to little more than diplomacy. China's aid programmes are designed to achieve strategic goals, including: commercial gain; garner support from other developing countries; to enhance Beijing's domestic legitimacy; and in order to showcase China's technical skills and abilities.

Certain Chinese aid projects in Africa are not linked to 'development' per se. For example, some so-called aid projects are in fact 'prestige' projects that appeal to the egos of African leaders, such as the construction of sports stadiums, government buildings and cultural sites. Other aid projects are aimed at facilitating China's commercial interests, such as the provision of soft loans aimed at developing infrastructure, that are tied to agreements that secure contracts for Chinese companies to provide the services for which the loans are intended.

One aspect of China's aid programme that is in fact aimed at development is China's programme of human resource development in Africa, and technical assistance in the fields of education and health. The African Human Resources Development Fund (AHRDF) provides funding for the training of African professionals in various fields, which provides Africans with valuable skills that they would otherwise not have been able to attain. In addition, the Chinese government provides numerous scholarships to African students to study in China, which contributes significantly to furthering Africans' skills. China also implements a long-standing programme of medical assistance to African countries through the dispatch of medical teams. This kind of aid and assistance represents a break from other forms of China-Africa engagement, in the sense that it does not only comprise elite interactions, and benefits ordinary Africans as well.

Recently, China has reluctantly started to become involved in peacekeeping missions in Africa. This reflects the tension between China's national interests and international obligations: peacekeeping is essentially a violation of sovereignty and non-interference, in the strict sense. Thus, China has traditionally been reluctant to get involved in such missions. However, with its rising power comes the responsibility to contribute towards international peace and security. Thus, by providing support to peacekeeping missions in Africa, that tension is highlighted. Furthermore, as the Sudan case illustrates, it too reveals the hypocrisy evident in China's foreign policy: China is both part of the problem and solution of Sudan's conflicts in the sense that Chinese weapons fuel the conflicts, yet simultaneously Chinese peacekeepers try to quell it.

6.2 Patterns and Trends: Country Observations

The use of examples from the four countries (Sudan, Uganda, South Africa and Zimbabwe) was useful because they well represented the nature of China's engagement with the rest of Africa, and demonstrated how China's interactions with African countries are motivated by careful strategic considerations.

Economically, China evaluates African countries according to their potential as either sources of raw materials, or as potential markets for China's manufactured goods. Politically, China attempts to curry favour with African governments in order to secure large-scale

support for China's policies in the international arena and multilateral forums. China develops its economic and political relations with African countries by making use of an aggressive diplomatic strategy, which is characterised primarily by aid and assistance projects, and is based on rhetoric of mutual benefit and cooperation as a result of a common South identity and shared interests.

China has aspirations to become a 'great power' in the international system. Beijing's foreign policy is partly aimed at creating an international system that is not dominated by a hegemon, but rather is characterised by multipolarity, multilateralism and true equality amongst states. In order to further its aims, China attempts to forge 'strategic partnerships' with countries that, in Beijing's view, will potentially align with China in espousing its international goals and support its international policies. South Africa is one such country with which China has attempted to cultivate a 'strategic partnership'. This is characterised by frequent high-level exchanges between the two countries, as well as the signing of a number of bilateral agreements that are aimed at strengthening economic, political and cultural cooperation. South Africa is China's largest trading partner in Africa, indicating a strong economic relationship. However, it is possible that South Africa's political importance to China overrides its economic importance, as a result of South Africa's rising clout in the international system and emerging status as a significant 'middle power'. A strong political relationship with South Africa has the potential to be strategically significant to China in terms of its future international aspirations.

An examination of China's relations with Africa revealed a growing tension between China's national economic interests and its increasing responsibilities and obligations in the international system. China's relationship with Zimbabwe and particularly Sudan demonstrated how these tensions are manifest in China's relations with Africa. Following the Zimbabwean regime's recent human rights abuses and Mugabe's slide into tyranny, Zimbabwe has become somewhat of a pariah state for the Western world, and has subsequently been subject to sanctions and other such punitive measures. True to Realist interpretations of state behaviour, China does not allow normative issues such as human rights abuses to affect its relations with other states; rather it is guided by its national interest, which is to augment its economic power. China sees Zimbabwe as a rich source of minerals,

and also as a suitable destination for its manufactured exports. Subsequently, China has become one of Zimbabwe's staunchest allies. However, China's close relationship with the Zimbabwe regime is contradictory to its international responsibilities as an emerging great power to promote international norms of good governance, democracy and human rights.

This tension is also evident in China's relations with Sudan. In fact, China's involvement in the Sudan also reveals some hypocrisy in China's foreign policy. Sudan is important to China as a rich source of oil. Thus, China's economic interests in Sudan are vast, with substantial investments in its oil industry. China ensures access to Sudan's oil through a policy of aggressive diplomacy, which includes the provision of substantial loans to the Sudanese government, as well as by supporting Sudan in the United Nations Security Council when its human rights record is put under the spotlight. Furthermore, China has indirectly supported the Sudanese government's violent campaign against the southern Sudanese population by allowing government militia to utilise Chinese oil infrastructure as bases for the launching of attacks, as well as by supplying weapons and military equipment to the Sudanese government, which perpetuated and facilitated the Sudanese government's atrocious and violent campaign.

Once again, this reveals the tension that is evident between China's international responsibilities and obligations and its national interests. China is expected to take a stance against the Sudanese government and its militia's behaviour, particularly in the Western region of Darfur. However, in order to protect China's oil interests in Sudan, Beijing has repeatedly abstained from voting in the Security Council when this matter is raised. The hypocrisy in China's foreign policy is revealed in its support of the international peacekeeping mission in Darfur, despite China's own role in the perpetuation of the conflict.

China's relations with Uganda are demonstrative of Beijing's strategy to maintain cordial relations with even smaller countries in Africa in anticipation of their potential economic or political importance. Politically, smaller countries such as Uganda are significant to China in multilateral institutions with 'one country, one vote' arrangements, because their votes count just as much as large countries' votes. Thus, ensuring political support from small African countries such as Uganda is part of China's strategy to garner support for its policies in the

international arena. Furthermore, China's involvement in Uganda demonstrates the importance that China attaches to ensuring access to markets for China's exports, since Uganda imports a significant quantity of consumable goods from China. In addition, China has started to pay more attention to Uganda since the discovery of a viable oil field in the Lake Albert region. This is indicative of China's willingness to import oil from every possible source that it can.

Overall, it is evident that China's behaviour in Africa is consistent with Realist interpretations of state behaviour. The concepts 'power', 'national interests', 'self-interest' and 'moral scepticism' are recurring themes in all the aspects of the relationships that were explored, namely economic, political and aid relationships. Furthermore, it is also evident that China's policies are largely consistent with Economic Nationalist theory. The importance of economic development for the purposes of augmenting national power is evident throughout this study, as is the pragmatic nature of the policies that are designed to achieve this goal. The heavy involvement of the state in China's economic interactions with Africa also demonstrates how Economic Nationalist theory is manifested in the implementation of China's policies.

6.3 Conclusions and Prospects for Further Research

China's engagement with Africa presents both opportunities and challenges for Africa. Like any powerful state, China's policies in Africa are generally self-serving and aimed at pursuing China's national interest, namely economic power. In some cases, China's involvement in Africa has positive spill-over effects; other forms of involvement are *potentially* beneficial, if Africa harnesses that potential; and in some cases, China's policies present challenges or even threats. Ultimately, China's political, economic and aid policies in Africa are interconnected and coalesce to form an overarching diplomatic strategy in Africa.

Trade and investment from China is desperately needed in Africa, especially in the light of decreased investment from Western states. Thus, in the short term, Chinese economic engagement with Africa may have the effect of aiding the continent's economic development. For example, China's resource interests (especially oil interests) in Africa have increased the GDP in many African countries, and have facilitated low cost development.

However, in the long term, China's economic engagement in Africa might result in African dependence on revenues from resource extraction, which runs the risk of Africa becoming victim to the 'resource curse'. Furthermore, a commodity boom may lead to complacency from African governments, resulting in little effort to implement policies that diversify the economy and promote economic development. In addition, an over-reliance on resources can make African economies vulnerable to price shocks.

Furthermore, the nature of the African state, characterised by neo-patrimonial politics and quasi-statehood, combined with an economic reliance on resources can be highly problematic. In general, the nature of African politics is based on neo-patrimonialism, whereby resource revenues are utilised to ensure leaders' regime security, and for dispersal to clients of the regime. Corruption in African governance does not encourage stability of long-term economic ties with China. In addition, such undemocratic practices keep Africa at the bottom of the economic and development hierarchy. Thus, some of the responsibility for the negative effects of China's involvement in Africa should be shifted from China to African elites.

Although Africa is rife with governance problems, not all leaders in Africa are anti-democratic tyrants. African-born initiatives such as NEPAD and the AU demonstrate that there are responsible leaders in Africa who are truly interested in developing the continent. However, China's current approach to Africa, which effectively legitimises human rights abuses under the guise of sovereignty and non-interference, may undermine these African efforts to promote democratic governance. Perhaps, then, these 'pro-democracy' leaders ought to take the lead in developing a 'China Policy' for Africa, possibly through NEPAD or the AU, that promotes a positive partnership that encourages development and does not undermine democracy, good governance and human rights. 'Responsible' leaders in Africa ought to set an example by criticising China for courting dictators – such criticism may prove to be more effective if it comes from African governments rather than from the West.

In any case, China's strategy of courting African governments through a policy of 'non-interference' might ultimately have a backlash effect. History has shown that regimes in Africa are unstable and are subject to sudden change. Should this happen in a country in

which China is heavily involved (for example in Sudan) the new regime may be unfavourably disposed to China because of its close ties with the previous regime. In the same vein, there is also the possibility of grassroots resistance movements rising up to challenge the current regime, which may have negative effects for China's policy of non-interference.

A relevant example is that of the Movement for the Emancipation of the Niger Delta (MEND) in Nigeria. It was recently reported that this militia group detonated a car bomb near an oil refinery in Nigeria's delta region. The MEND stated that the bomb was aimed at serving as a warning to Chinese companies investing in Nigeria's oil industry. They issued a statement stating: "We wish to warn the Chinese government and its oil companies to steer well clear of the Niger Delta" (BBC News, 30 April 2006). The statement also criticised the Chinese government for "investing in stolen crude", and that such activity "places its citizens in [the MEND's] line of fire" (BBC News, 30 April 2006). Another pertinent example is that of the abduction of two Chinese workers by anti-Sudanese government rebels in western Sudan in March 2004 (*China Daily*, 27 March 2004). These cases illustrate the growing resentment emanating from the grassroots level against Chinese commercial involvement in Africa, particularly in resources extraction. In such cases, China's policy of non-interference constrains it from retaliating against such hostilities. Furthermore, these examples demonstrate that China's non-interference policy will not necessarily protect it from the political risk associated with investing in politically unstable countries.

China's engagement in Africa is only one aspect of China's overall increased engagement with developing countries. In addition to strengthening relations with its Asian neighbours, China has also increased its involvement in other parts of the developing world, including Latin America and the countries of the South Pacific. China's strengthened relations with the developing world can be seen as an indication of the emergence of the global South, and ought be a 'wake-up call' for the West. The emergence of the global South is challenging Western assumptions, and China represents the start of this emergence. India, too, is rapidly rising as part of this emergence of the South.

Ultimately, then, the responsibility for China's engagement with Africa should shift to Africa itself. Thus, African governments ought to ensure that economic engagement with Africa is

predicated on terms that are favourable for African development (Alden, 2005a: 6). Thus, investment ought to be accompanied by relevant development projects, technological and skills transfers (Alden 2005a: 6). The trade imbalance ought to be addressed, and China should lower trade barriers in order to allow greater access for African products to the Chinese market (Alden, 2005a: 7).

Based on these conclusions, there is scope for further research in the following areas:

- In the literature on China's relations with Africa, China is often characterised as a resource hungry exploiter, and Africa as the helpless victim. However, the relationship is more nuanced than this. Research that presents this relationship in a more balanced way is therefore required. For example, it might be useful to present a comparative analysis of China's relations with Africa relative to Western states (such as France's relations with Africa). It is doubtful that China's behaviour in Africa is really that different from any other major powers.
- China's increased economic engagement in Africa has resulted in large-scale immigration of Chinese to Africa. It will therefore be useful to explore the implications of Chinese immigration to Africa, particularly in terms of employment, and the creation of Chinese business networks in Africa.
- The findings of this study have indicated that there is some agency on the part of certain African governments and elites, who engage in neo-patrimonial practices, in promoting China's involvement in Africa. Further research that more thoroughly explores the role of African elites and neo-patrimonial politics in facilitating China's engagement with Africa is necessary.
- In addition to strengthening its role in Africa, China has also been engaging more vigorously with other developing economies, particularly in Latin America, where those countries have experienced favourable trade balances with China (Alden, 2005a: 7). Research that further explores China's involvement with Latin America relative to China's engagement with Africa might elicit some useful lessons that can be applied to African countries.
- Since India is the other economic giant in Asia, and also has extensive ties with Africa, it will be useful to engage in further research on India's role in Africa, and the implications of the combined forces of India and China in Africa.

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