



China-Mali relationship: Finding mutual benefit between unequal partners

Since 2000, China-Africa co-operation has seen a rapid increase in scope and size. The West African nation of Mali is one of the 50 African states with diplomatic relations with China; its experience allows for possible parallels with other African states in their engagement with a much more potent partner. Within the Forum on China-Africa Cooperation (FOCAC), China and Africa outline economic, political and social engagements that are envisioned to help the establishment of a “win-win” partnership based on South-South solidarity. The China-Africa partnership has however come under increasing criticism from inside Africa; the perceived uni-directional flow of economic benefit in the relationship has been blamed for stagnation of industrialisation and destruction of entrepreneurialism amongst others. Within the changing context, this policy briefing explores the relations between China and Mali, looking at the history of China-Mali relations and the positive and negative effects this relationship has had on Mali. This briefing concludes with recommendations on how the current relationship between China and Mali can be adapted to allow for more benefits on both sides.

Scope of China-Mali relationship

Since the establishment of diplomatic relations between China and Mali, both countries have maintained and increased co-operation in the cultural, military, medical, political and economic fields. Economic relations between China and Mali are small by international standards, but significant to Mali itself. China is one of Mali’s four largest trading partners alongside Senegal, France and Cote d’Ivoire. Agricultural products, such as cotton and shea butter, are Mali’s largest exports to China. On the other hand, Mali’s imports from China consist mostly of mechanical, electric, chemical and pharmaceutical products. The Malian populace is also a considerable consumer of Chinese green tea and other edible goods.

Trade volume between the two countries hit US\$ 300 million in 2010 compared to US\$ 145 million in 2005 (see graph 1 and 2 for Mali’s current largest import and export partners). Diplomatically China has granted privileges to Malian citizens seeking Chinese visas, yet on the economic front there have been fears raised over Chinese dominance. Chinese construction firms, for example, have taken over a large section of the Malian construction sector, outcompeting Malian companies for local and foreign contracts.

Effect of Chinese engagements in Mali

As has been observed in other African countries, China’s engagement with Mali has had mixed effects. As yet the balance of benefits still seems to be towards the “mutual” benefit of both countries, however with increased economic activity, the potential for negative impacts from the relationship is increasing. Mali is a very small economy in comparison to China. It should thus be aware of real dangers such as possible stagnation of its own industrialisation, a growing dependence on Chinese manufacturing, dependence on Chinese construction companies and stifling of Mali’s small traders and entrepreneurial class.

Chinese firms have, overall, had **positive impacts** on investment and employment opportunities in Mali. Both Chinese state-owned and private companies have created significant job opportunities in Mali. Construction firms employ a mainly local workforce even though managers are mostly Chinese. In other cases, for example the New *Complexe Sucrier Du Kala Supérieur SA SUKALA* sugar mills, closed as a result of Structural Adjustments Programs (SAPs), have once more been reopened by making use of Chinese investments and loans. Chinese firms, especially those in the agro-industry sector, also provide sizable

Box 1: Background of China-Mali relations

Up until the colonial period, starting in the 13th century, Mali played host to one of the most frequented trade centres in West Africa. Indirect relations between China and modern Mali commenced in this period as is evident from archaeological finds such as Chinese ceramics in Timbuktu. Direct relations between the countries however only commenced in 1960, when Mali established diplomatic relations with mainland China a month after its independence from France, on 25 October 1960- a very unique decision for an African country. During the time of the first Malian president, Modibo Keita, the Malian government drafted socialist policies. Before the fall of Modibo Keita in 1968 by a coup, Mali was arguably one the African countries with the most openly pro-Chinese policies. Modibo was opposed, although not in a fundamentalist sense, to western hegemony and preferred Chinese ideology. Mali's policy fitted China's "ideology inclined" foreign policy of the time, further driven by anti-colonial and post-colonial solidarity.

However, a peculiarity existed in the relations between the two countries. Although the fall of Modibo did not affect the relations between the two countries, Mali also maintained relations with the former USSR and the West. Mali's mix of diplomatic connections (with China, the old USSR and United States), has in the past led to the country being called politically opportunistic. Even in the face of such criticism, China does however seem to have a unique place in Mali's foreign policy. China's relationship with Mali since its birth as a nation-state—with development assistance, Mali's long standing commitment to the One China policy and the Five Principles of Peaceful Coexistence and Mali's unstinted support to China in international diplomacy continue to reverberate in the speeches during the visits of officials from both countries. Compared to many African countries, Mali has maintained good diplomatic relations with China since its independence. This has played a significant role in China's continuing good relations with Mali and Chinese engagement in the country's economic development.

revenues to the government in the form of taxes. They also create thousands of jobs both directly and indirectly in rural areas. The presence of Chinese firms has contributed to alleviating problems of unemployment in Mali, thereby contributing to reducing the trend of structural emigration from rural areas to urban areas. Rural to urban migration exerts severe pressure on the service delivery capacities of the Malian government. Additionally, Chinese involvement in the agro-industry business in Mali has been beneficial to production outputs. Malian cotton producers have especially benefited from the Chinese contribution with increased yields.

Poor Malian households have also benefited from the availability of *inexpensive Chinese products* coming into the market. In 2010 Mali had a poverty headcount ratio at US\$ 2/day (PPP) of 78.7 per cent of its population according to the World Bank

List 1: Quick glance of China-Mali relations

- 1960:** Mali gains independence from France
- 1960:** China-Mali establish diplomatic ties
- 1961:** China-Mali sign trade agreement
- 1964:** China-Mali sign "Friendship Treaty"
- 2001:** China-Mali sign sanitary cooperation agreement
- 2001:** China provides Mali first debt relief
- 2002:** China-Mali sign economic and technical cooperation agreement
- 2004:** China-Mali sign scientific and technical cooperation agreement
- 2006:** China provides Mali second debt relief
- 2008:** China provides Mali third debt relief
- 2010:** China-Mali establish an Economic, Trade and Technological Joint Committee
- 2013/2014:** China sends peacekeepers to Mali

(2013). The possibility to purchase less expensive Chinese products allow for higher standards of living for Mali's poor and also services a section of the market usually ignored by foreign investment and traditional formal economy retail chains.

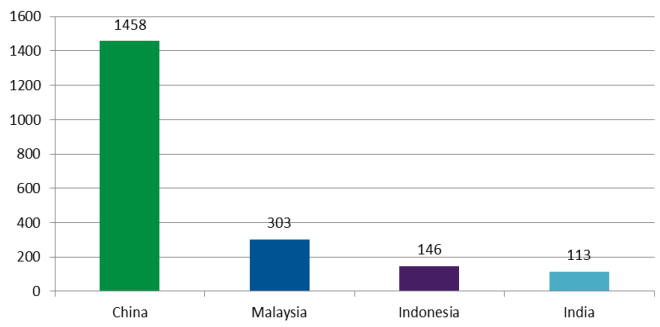
The involvement of Chinese firms, entrepreneurs and migrants in nearly all sectors of the Malian economy has however also resulted in some **negative impacts**. Chinese market infiltration has created fierce competition for Malian businesspeople, entrepreneurs and small traders. Though competition can sometimes be an effective tool for increased competitiveness, it can also destroy the creation or establishment of fledgling firms, leading to slowed, stagnant or even negative growth in manufacturing sectors. Malian construction firms and trading networks (as examples) have been calling on the Malian government to take protectionist measures to counter the perceived monopoly of Chinese firms in the Malian market and in doing so stimulate the development of local production. Within the Malian retail sector, an issue is that local entrepreneurs purchase a very large percentage of their merchandise from Chinese firms, leaving the Malians with the retail profits only. This process inhibits local production. Chinese migrants have also been able to outcompete Malians. Chinese success in the hospitality sector, for instance, has meant that the Malian-owned number of businesses in this sector has begun to shrink.

Though there are clear benefits to the China-Mali relationship there are negative aspects that need to be considered by the Malian government and other Malian stakeholders. Long-term sustainability and mutual benefit of the China-Mali partnership will depend on the real mutual economic gains.

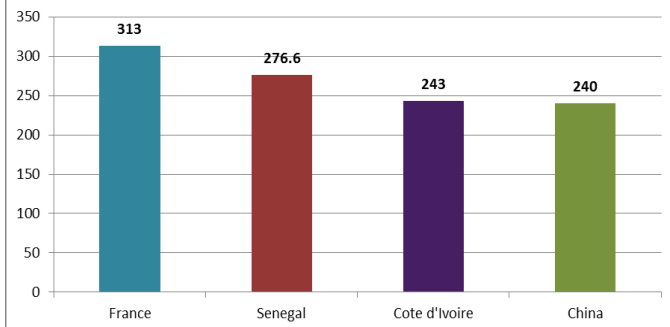
China - Mali people to people relations

Chinese immigration to Mali has been built on the long-standing

Graph 1: Mali, destination of exports in US\$ million (2012)



Graph 2: Mali, origin of imports in US\$ million (2012)



Source: CIA World Fact Book 2013 (compilation authors)

diplomatic relations between the two countries. Chinese migrants have received much attention, especially after the pillaging of Chinese-owned stores by Malians in 2005. However, the general feeling towards Chinese people in Mali does not seem to be one of general distrust or dislike. Polls show that an overwhelming majority of Malians are happy with their presence. A field study conducted by Kernan (2010:266) found that 93 per cent of Malians indicate an appreciation of the Chinese in the country, this is much higher than in other African countries. In South Africa the appreciation level was only 52 per cent. It is evident that China's soft power is still strong in Mali and that Chinese are more welcomed in Mali than in many other African countries.

Chinese immigration to Mali — traditionally a country of emigration — only began picking in the 1990s. Although there is no real "Chinatown" in Mali, a Chinese trade centre was established that is intended to combine investment and trade functions between the two countries. The Malian and Chinese government mutually agreed to open their borders to each other's citizens through agreements on cultural exchange. Mali

often is "only a transit point" from a Chinese perspective, from where to leave for more lucrative opportunities in other African countries or even the West. However, Chinese migrants who stay often prosper.

It is estimated that there are roughly 3000 Chinese living in Mali; however, it is difficult to pinpoint an exact number. Despite the small number of Chinese immigrants, their presence is disproportionately noticeable. This is especially true in the capital, Bamako, due to a heavy Chinese presence in the health sector, in the form of Chinese clinics. Chinese are also very visible within the hospitality industries, as mentioned.

Incidents such as the pillaging of Chinese shops and bars in Mali in 2005 after Mali lost a soccer game with Togo, seen by some analysts as a sign of growing resentment to China by Malians, should be analysed holistically; they cannot be directly taken as evidence for anti-Chinese sentiments. Chinese shops and bars were amongst others to be looted. Angry Malians pillaged several other shops nearby, where they could obtain easy cash, alcohol and other "desirable items". The (unrelated) attacks on some Chinese residents in the same year should be

Box 2: Chinese response to the 2013 Malian insurrection

In January 2012, Northern Mali was overrun by rebel groups, with the Malian government unable to halt the advance of the rebels. As a rapid response, France intervened militarily. On 18 June 2013 a peace agreement was reached which resulted in a shaky "official" end of the conflict, which opened the way for a UN Multidimensional Integrated Stabilization Mission in Mali (MINUSMA). The peace-keeping mission MINUSMA replaced the African-led International Support Mission in July 2013.

China contributed 135 peacekeepers to MINUSMA by December 2013; the number of Chinese soldiers was increased by another 245 peacekeepers in January 2014. In contrast to previous Chinese peacekeeping missions, MINUSMA includes infantry, making this mission the first time that China has deployed security forces to support peacekeeping (excluding guard troops sent to South Sudan in January 2012). Beijing does not view its actions as military intervention or as a change in its foreign policy of non-interference, arguing that the Malian government requested military assistance; sovereignty is protected because there is no intention for regime change within Mali, Beijing stated. However, this is an evolution from previous practice.

China is the largest contributor of peacekeepers to UN peacekeeping missions out of the five permanent UN Security Council members. Other than negating criticism for "apathy" in conflict situations and increasing China's standing in the international community, troop commitments provide the Chinese military with real world experience. Importantly China's troops will also likely be far from any combat situation. In its Western regions, China has its own Islamic insurrection problems, which contributes to cautious behaviour; Beijing certainly wants to avoid becoming a target of any international militant Islamic movements.

viewed similarly. Criminals discriminate between targets based on financial grounds. The Chinese residents were aggressed based on such lucrative assessment as reported by the newspapers, for example with a reputation for carrying cash. Given the generally positive perception of Chinese in Mali by most Malians, the situation is not identical to those of Zambia or South Africa where anti-Chinese sentiments appear in diverse and more blatant forms.

Conclusion

In contrast to some other African countries, the relationship between China and Mali is currently still viewed as a positive one. Both countries and their citizens have a positive perception of one another, and they have maintained continuous relations since Mali's independence.

The China-Mali relationship is multi-faceted. Being one of China's oldest allies on the African continent Mali has gained much from the relationship over the years. Nonetheless, the current economic situation between the two countries seems to indicate that the impact could become negative if Mali does not reconsider its "China-policy". Unbalanced trade patterns with African countries exporting raw materials (even if profitable) and importing manufactured products still persist, just as they did in the colonial days.

China's investments are guided by its own commercial interests (arguably as can be expected from any nation state): however, these interests cannot be assumed to serve the interests of African countries. Even when the trade balance favours Mali, it loses out by being denied the opportunity (and at times the market) for value added goods.

African countries are positioned within a globally fragmented production structure; their strife is rather to establish stable and value-added positions in the global supply chain, and more can be done in this regard within China-Africa relations.

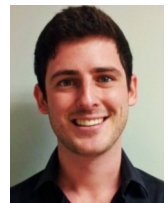
Recommendations

Steep Chinese competition and the real benefits of the relationship are too strongly weighted in China's favour, at the expense of small traders, entrepreneurs and even possible industrialists in Mali. If this is to be avoided, there are some measures that are recommended:

- **Mechanisms for healthy competition should be created in Mali to protect local industry.** An assistance programme that offers training and capital to Malian businesspeople operating in the informal sector should be established and also supported by Chinese funding. This programme's aim should be to provide basic business know-how and continued expertise. Thereby, competition could be turned into a healthy force in Mali and aid the socio-economic development of the country.
- **Mali needs to renegotiate its trade deals with China to encourage technology transfer.** Mali's major imports from China include machinery, electronics, chemical and pharmaceutical products. Mali could aspire to technology and skills transfers in order to allow more local production. Increased technology access could in time lead to innovation, even if not to full-scale import substitution (a process that has lost much of its appeal).
- **Mali should continue the academic partnership with China.** Mali should make use of the current exchange opportunities to send its students to China to be educated in areas related to Mali's development needs and poverty alleviation plan. This process will allow for the transfer of skills.
- **Mali should regard China as one element in relations with various international partners.** The discovery of oil in Northern Mali provides a very good opportunity for the country to exert some leverage in renegotiating its position vis-à-vis China. China's increasing demand for oil increases Mali's opportunity for agency. Maintaining good relations with the USA, France, Russia, India and South Africa in addition to China, for example, strengthens Mali's diplomatic and economic opportunities.
- **The Malian government should bring agreements with China in line with Mali's Growth and Poverty Reduction Strategy Paper.** Mali currently implements its third generation GPRSP in which macro-economic stability and pro-poor growth form two of its five axes. In these sectors, Chinese activities can offer a lot to Mali.

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