

## China's Bet on Africa

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On 3 November, 2006, commenced in Beijing the third China-Africa summit - the largest diplomatic meeting organised by China -, ending two days later with a truly outstanding outcome and many commitments: to double, by 2009, the aid offered to Africa this year; to grant 3 billion dollars in preferential loans and 2 billion in preferential credits to African buyers in the next three years; to set up a special 5-billion-dollar fund to foster Chinese investment in Africa; to cancel more debts of some countries; to offer more scholarships to students; to provide more resources for technical training; to ensure cooperation within the sphere of energy; and to acknowledge China as a market economy, amongst others.<sup>1</sup>

In January this year, China published its first official document concerning African politics,<sup>2</sup> which proposes a relationship formula based on association and exchange aimed at development and explicitly excluding interference in internal affairs. Beijing presents its progress in Africa as a development model for poor countries (many of them consider its success as an incentive to escape poverty) without neither imposing nor claiming political or economic reforms to have access to its technical or economic aid. This way, China stands out, in the eyes of African states, as a more attractive world power than the US or the European Union.

Ties with Africa appear among Beijing's main diplomatic priorities. Undoubtedly, China longs to play an especially active, competitive and even leading role on the African continent. Its policy in relation to Africa is projecting an image of China's progressive leadership on the continent, which is very different from the ideological contest then yearned by Mao and his third world rhetoric, focussing nowadays on the stimulation of common economic interests and a shared desire towards non-interference in the political arena from which both can benefit internationally.

China insists that its behaviour derives from a desire to not repeat Western colonialists' mistakes. The bonds with African countries are increasingly closer and more multidimensional. The Nigerian President, Olusegun Obasanjo, publicly voiced his wish that China 'ruled the world',<sup>3</sup> in a banquet held in honour of Hu Jintao, who has recently visited his country.

### Economic and Commercial Relations

One of the main objectives of Chinese diplomacy is to increase relations with the most important economic centres in Africa. The strategy is based upon occupying places in non-attractive - but crucial in terms of development - areas, such as rural telephone systems, agriculture or refinery improvement, to later gain access to the exploitation of valuable resources, including oil - a resource which, currently and generally, is highly controlled by large Western companies. Commercial transactions in 2005 amounted to 40 billion dollars, an amount three times higher than in 2000, which acknowledges China as a new economic participant in the region. African countries recognise China's increasingly leading role in the world economy.

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<sup>1</sup> Information about the China-Africa Summit available at [www.focacsummit.org](http://www.focacsummit.org)

<sup>2</sup> *Agencia Xinhua*, 12 January, 2006, available at [www.chinafrigue.com/](http://www.chinafrigue.com/)

<sup>3</sup> *France Internationale Radio*, 26 April, 2006.

China wants to secure regular supply from African producing countries. Consequently, it draws its attention to oil and other raw materials fuelling bilateral trade.<sup>4</sup> China finds in Africa an important opportunity to diversify its risks since its enormous currency reserve available (which has already surpassed Japan's) needs to ensure the biggest investment profitability. Chinese consumption of hydrocarbons might double by 2025. Nowadays, its imports account for 45 per cent of its consumption as opposed to 27 per cent in 1999. During the first quarter of 2006, China imported 37.1 million tons of oil. The figures imply a 25.3 per cent rise in relation to the same period in the previous year. China is present in Sudan and Libya, in Angola and in Equatorial Guinea, Congo, Sao Tome and Principe, and in Gabon. It is the third buyer of Gabonese oil and it purchases a quarter of Angolan oil. The importance of West Africa in the Chinese energy strategy was reflected by the purchase of 45 per cent of an offshore oil concession in Nigeria,<sup>5</sup> worth 2.2 billion euros, by the China National Offshore Oil Corporation (CNOOC). Angola is China's number one supplier, already surpassing Saudi Arabia. Angola and Sudan account for 15 per cent of its oil imports. In the past, Africa was controlled by Western oil corporations. The situation has changed, particularly since 2004.

On the other hand, in the commercial arena, Chinese corporations belonging to different industries (from telecommunications to construction) are establishing themselves in the countries of the region, where they provide support for agriculture and improve rural infrastructure, among other services rendered - services frequently neglected by Western investors but which contribute to the development of such countries. Without making a sharp difference between investment itself and development aid, China helps in training African technicians and agents and supports investment in raw material-processing factories, thus promoting a more positive image before local communities. Since last year, 190 commodities belonging to the 28 less developed countries in the area have benefited from preferential rates in order to facilitate their exports to China.

Cooperation sectors are wide-ranging. In Zimbabwe, for example, they include mining exploitation, telecommunications and infrastructure. Beijing also proposes funding power stations in the country and obtains a share in chrome exploitation in return. In Gabon, China has invested tens of millions of euros in the timber industry (most of the 60 per cent of the production exported to Asia is sent to China), as well as in the mineral and oil industries. In South Africa, China invests in the aluminium industry. In the Democratic Republic of Congo and Zambia, China invests in the copper industry. In Ethiopia, Chinese interests focus on gold, uranium, copper and coal; however, China has also invested in telecommunications - a priority industry - as it has in Djibuti. In March 2007, China will be putting a communication satellite into orbit upon Nigeria's request and its technicians are being trained in Beijing. In Morocco, China has signed agreements concerning the purchase of phosphates and many other areas (from tourism, culture and public health to scientific research). China regards Morocco as the bridge between the continents of Europe and Africa.

In addition to trade, Chinese investment in Africa has also increased in recent years. Five years ago, there were 500 Chinese companies in the continent; nowadays, there are nearly 1,000. The Chinese Telecommunication Group Hisense entered Southern Africa in the mid-nineties and has recently increased its local production capacity (in relation to TV sets and DVD players). China has also established a joint-venture between the Ethiopian Tacase Hydropower Station and the China Hydropower Joint Group, the most significant example of cooperation

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<sup>4</sup> Ríos, Xulio, 'La ruta del petróleo amarillo', *El Correo*, 25 February, 2004.

<sup>5</sup> Nigeria is the most populated country in Africa with 130 million inhabitants and it is the number one oil producer in the continent.

between China and an African country, in charge of the largest water control project in Africa. Cangshi Corporation is located in Nigeria where it has already established five companies to build factories and is participating in a project aimed at renovating railway tracks. In Angola, Shanghai Bell, one of the largest Chinese suppliers of telecommunication equipment, signed a 60-million-dollar agreement with Angola Telecom to expand its telecommunication network. In Zambia, a joint-venture between China Non-Ferrous Minino & Construction Corp. Ltd. and Zambia Consolidated Co. of Copper Mines was set up to restore mines. Also in Zimbabwe, China invested 600 million dollars to build different types of infrastructure such as hydroelectric power and coal plants, bridges, airports and the most important border post in Southern Africa.

### **Chinese Immigration in Africa**

The Chinese working in Africa today are different those who arrived at the end of the nineteenth century or beginning of the twentieth century, who were willing to work in South African mines in appalling conditions or replace slaves who were being freed.<sup>6</sup> They now build motorways, railways, hotels, stadiums, or they participate in oil or mineral exploitation (copper, zinc, cobalt or manganese).

In Gabon, China is constructing important buildings (ranging from hospitals to the President's Residential Home, the National Assembly or the Senate), funded by its own loans at very convenient interest rates and with its own labour (from architects, welders, electricians, technicians and doctors to cooks), thus generating few job opportunities for the local population. The situation is similar in Cape Verde. The Chinese earn twice as much as African workers but they bear tougher working conditions and work harder, better and quicker.

The new Chinese emigration is connected to large public work contracts (channelled directly through large companies of the Asian superpower winning the contracts) and small businessmen coming from China and from other places in the world. The latter live on trade and imports of Chinese commodities, ranging from electronics to textiles or footwear, which are sold at unbeatable prices and gradually climbing the scale (in Niger, some motorbikes can already be seen and, in Morocco, there are cars of Chinese origin). Such presence gives rise to tensions; some are favourable (due to the good quality-price ratio) and some are unfavourable (due to unfair competition).

Chinese public work industries and companies are sending technicians and workers to carry out their projects in Africa and some other parts of the world. Despite the fact that their main activities are based in Asia, there are tens of thousands of Chinese workers and engineers in Africa who are carrying out a variety of projects and offering both technical know-how and low prices. Approximately 90 per cent of Chinese companies involved in these processes are state-owned. In Africa, China enjoys an additional benefit: no one imposes conditions as it is the case in other countries (Brazil, for example, among other conditions, requires that two-thirds of the labour force be local). As opposed to the situation in Latin America, for instance, political fragility and a weak civil society favour the development of a much bolder investment policy.

According to Beijing, there are 80,000 Chinese workers in Africa, especially in Algeria, Senegal, Sudan, Nigeria, Gabon, the Democratic Republic of Congo, Zambia, Angola and South Africa. At the same time, the number of workers is increasing in Morocco and Kenya.

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<sup>6</sup> *Libération*, 15 May, 2006.

### **Political Relations**

Political relations are improving and becoming increasingly more institutionalised. China is sparing no efforts in approaching the African continent. High-level official visits are routine. Just this year, President Hu Jintao has visited Nigeria, Kenya and Morocco (in 2004, he visited Egypt, Gabon and Algeria). Prime Minister Wen Jiabao visited Egypt, Ghana, Congo, South Africa, Tanzania, Uganda and Angola. The presence of African Heads of State in Beijing is equally frequent. The summit held in November in the Chinese capital city is the third one in this format. The first summit was held in 2000 with the purpose of meeting every three years (the second one was held in the Ethiopian capital). Their main function is twofold: to promote bilateral and multilateral relations at all levels and to coordinate responses to international challenges of common interest. Rabat, for example, has secured Beijing's support for its Sahara's autonomy plan, which is yet to be approved by the United Nations.

Nowadays, most African countries - 48 out of a total of 53 - maintain diplomatic relations with China. The Taiwanese government is acknowledged by Burkina-Faso, Gambia, Malawi, Swaziland and Sao Tome and Principe.

### **Military Cooperation**

Since the mid-nineties, the Chinese presence in the African continent has also included military cooperation. The Nigerian Navy, for example, is planning to acquire Chinese patrol boats to protect their oilfields in the Niger delta, where they have to stand up to armed groups. In general, military cooperation (especially, armament sale) is on the rise due to agreements signed with Congo, Angola, Senegal, the Central African Republic, Chad or Liberia (where China has stepped in for the first time as United Nations blue helmets).

China's military affairs in the area have directly involved the country in the conflict confronting Chad and Sudan. N'Djamena's government recently stated that rebels from Sudan had weapons made in China. Beijing denies any type of involvement and insists on the fact that China does not intend to repeat Western countries' mistakes and that it will not interfere in internal affairs. It is expected that military and strategic cooperation will gain momentum in the following years as new economic and political bonds strengthen.

### **Playing Gooseberry**

Transactions and relations between Africa and China develop at an unstoppable rate. The African continent exports to China have risen by 72 per cent in 2005 (in comparison to 30 per cent of European partners). All this has important implications. For instance, Beijing imports 10 per cent of oil from Sudan (some claim it to be more) where, along with Malaysia, it controls most of the production. Oil is exported via Port-Sudan, through an oil pipeline built by China. Such an approach competes with oil extracted by the US and delivered through the Cameroonian Port of Kribi, in the Gulf of Guinea. The Chinese claim that they are pursuing their own interests and that they are not after confrontations neither with France nor with the US. However, their course of action has had a great impact.

When the French abandoned Côte d'Ivoire in the autumn of 2004, the Chinese supported Laurent Gbagbo. Their influence is on the rise in many other countries as well, such as Gabon for example. In Central and West Africa, China is the second partner, with France on top of the list. Even though investments made by Shell, Total and other Western multinational companies are much more important than China's, Africa's exports to Asia nearly equal those of the US or the European Union. Nevertheless, they only account for 1.6 per cent of the total imports of the continent. In practice, Beijing is growing as Paris's and Washington's greatest rival in the region. The West fears the development of such relations since they might interfere with its own interests. The Chinese threat is made visible in the loss of

control over the access to energy resources, the domination of the African market due to China's low price commodities, the promotion of the Chinese mixed economy model and the challenge to the concept of democracy and human rights upheld by Western countries.

The new relationship China offers to African nations consists in giving them the chance to free themselves and be independent from Northern developed powers. Loans offered by China prevent them from making deals with the International Monetary Fund (as it is the case with Angola, for instance) and give them the opportunity of gaining important benefits of any nature in return. When criticised for and accused of practising neo-colonialism in Africa, China answers that those assertions are groundless and that it is not the country's intention to monopolise oil resources or curtail cooperation between other countries and the continent.

### Conclusions

In its 23 June edition, the newspaper *Le Monde Diplomatique* wondered if Africa would end up belonging to China in a decade's time. Since the end of the nineties, China's presence in the black continent has certainly reached outstanding levels. There is an ongoing and systematic offensive under way. Nowadays, it is not about ideological messianism. Even the Taiwan affair has lost pre-eminence after Southern Africa and Senegal's loyalty was ensured. The rest will soon fall like ripe fruit (the last one was Chad). *Made in China* commodities are highly valued by a population with a low purchasing power because of their low price and good quality. The non-interference statement sounds like anti-colonialist rhetoric but African countries - where many authorities distrust *quality standards* imposed by the European Union or the US - are fond of it. Conversely, China states it does not aspire to export neither its own values nor its development model. Likewise, China claims it does not want to impose political restrictions nor demand honesty in management. It only seeks mutual benefit. There is an irrefutable fact: in six years, bilateral trade has increased fourfold. In addition, since 2005, China has been the third partner of the continent with the US and France occupying the top positions on the list.

China's ambition is twofold: to strengthen ties with African countries while enjoying economic benefits and gaining political influence. China's *modus operandi* involves playing an active role in infrastructure-building, social welfare programmes and assistance in human resource training (in particular, technical training and university education in China). In 2005, over 3,000 people from 50 African countries and regional organisations participated in technical courses taught in China. Today, nearly 1,100 Africans are able to study thanks to scholarships granted by the Chinese government.<sup>7</sup>

Chinese politics is criticised by the Western world on the grounds that it supports Sudan's regime - responsible for the serious humanitarian situation Darfur is going through -, Zimbabwe's or other regimes which show little respect for human rights. Nevertheless, Chinese politics is welcomed in the area for it is not meant to teach lessons of moral integrity to anybody.

According to some, the Chinese strategy is increasing inequality, corruption and political tensions in certain areas of the continent (the same situation is applicable to Latin America or the Asia-Pacific region). According to others, the Chinese strategy is globally beneficial since its policies and companies are involved in development projects Western investors have never paid any attention to.

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<sup>7</sup> *China International Radio*, 14 October, 2006,  
<http://espanol.chinabroadcast.cn/161/2006/10/14/1@104565.htm>

In any case, in a recent report, the World Bank emphasised the deep asymmetry existing in commercial transactions or investments and the need to avoid a new tide of indebtedness by African countries, now that Western governments and donor agencies have settled the debts of some highly indebted countries in the region.<sup>8</sup> However, China undermines accusations that suggest that granted loans charge high interest rates or generate more poverty. China claims that, since 2000, it has cancelled 156 debts worth 1,313 million dollars in favour of 31 African countries. Beyond their natural preoccupation to contribute to growth and reduce poverty, Western countries also fear that the proliferation of loans granted by Beijing adds a further component to the already complex structure China is building in the African region.

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<sup>8</sup> Bezlova, Antoaneta, 'China también presta, pero caro', *Inter Press Service*, 15 September, 2006.

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