

China's Africa Policy: Win-Win Strategy?

Austin – April 2012

1. Introduction: Meetings with PM Meles in 2002 vs 2009 re Chinese:

2002: complaint of slow, poor quality, poor community relations, no local hires;

-- was not surprised – describe visit to road projects

vs 2009: “If the West doesn’t want to help and support us, we now have new friends who will” (bold, confident tone)

-- So, what has changed?

General comment: data available but suspect (African, media, official Chinese opaque – I prefer my friend David Shinn’s numbers where there is discrepancy)

2. Histories:

A. First, we need to understand China (look at recent historical highlights)

B. Secondly, need to understand China's long history of engagement in Africa (look at dates/events):

Comments:

-- 1979: to celebrate US/China relations – Chinese Embassy dinner

 “old” Chinese diplomats (Zambia) vs new (Seychelles, Togo)

-- lots of stadiums, “people’s palaces” and statues of presidents (with Chinese facial characteristics)

-- Special case of Zimbabwe during independence struggle:

ZIPRA vs ZANLA (USSR vs China)

China smart: supported side with 80% of population (Shona); result was China first, USSR last embassy opened and Mugabe still grateful (and China still supports Mugabe)

-- visit to dam in Dabola, Guinea in 1998 (when no one else had electricity)

-- still great residual appreciation among Africans for China: “they helped us when they were just as poor as we were”

3. So what is China doing in Africa and why?

A. Formal Policy (articulated in 2006):

- China “largest developing country;”
- China and Africa have all along sympathized with and supported each other in the struggle for liberation;
- Guiding principles: sincerity; equality; mutual-benefit; solidarity; common development; learning from each other; working together for sustainable development..;

(Comment: different tone than Western countries – no hint of paternalism or altruism – much more of equal partners with both benefitting)

B. How this is practiced:

i. Diplomacy:

- China did not accept Darfur Genocide (2003/2004)

-- But, 2007 Hu Jintao – first Chinese president to visit Khartoum (signed loans, partnerships, accords, new presidential palace) also pressured Bashir to accept new peacekeepers.

-- China named own special envoy (2007) to Darfur:

Liu Guijin – a surprising appointment given China’s preference for low key diplomacy (but \$7 billion investment in Sudan) plain speaking:

-- But, at same time China established links with South Sudan before independence last July since South has most of the oil.

-- Liu: “When we give advice to Sudan it has to consider it seriously. Because China is one of the few friends of that country..”

Zimbabwe – China not so helpful: Chinese Ambassador: “The Zimbabwe issue (elections) is by its nature a domestic issue; like in the US you also had in 2000 this controversy (Bush vs Gore).”

China gave Mugabe an Honorary Doctorate in 2005; has consistently vetoed UN proposed sanctions.

2010 Chinese Ambassador throws Mugabe a birthday party; first time Mugabe has visited a foreign Embassy since 1980.

B. Reasons for Chinese Policy:

i. We are! (urging Chinese for decades to be just like us – now they are becoming that way! Same goals for cars, McMansions, meat, tourism, etc.)

ii. Meat consumption: 2x 1980-2005

iii. Global food demand: (2006-2050) up 70%

While Chinese farmland decreasing (paving)

iv. 50% oil imported; 60% by 2020

C. Africa treasure house for what China needs: (Gold, diamonds, oil, bauxite, iron (just one country - Guinea)

AF Oil: China-17%; US-29%; Europe- 35%

Cobalt: AF has 53%; China imports 85% from AF

Manganese: AF has 80%; China imports 35% from AF

Rare Earth Minerals (obscure elements needed in High Tech items):

China produces 95%

Africa – more than 50% global carbonantite deposits (rock formations containing rare earths) and Monazite Sands

D. China's economic activities in Africa:

i. Development Assistance: Very difficult to assess (grants, concessional loans, mixed projects) – probably \$1.5 billion during last several years (David Shinn) vs. \$5 billion (US)

Projects: agriculture; basic infrastructure; public health; stadiums; 70% infrastructure

No political or “good governance” strings attached but usually must buy Chinese goods with grants

SecState Clinton (2/11 speech on US-China Relations):

“On international development we could make a significant impact by aligning our investments and coordinating projects. We would ask China to embrace internationally recognized standards and policies that ensure transparency and sustainability.

I often, in my discussions with China’s leaders, hear them say that their country speaks for the developing world because of their extraordinary progress. But their development practices in Africa and elsewhere have raised serious concerns.”

Comment: i.e. China does not coordinate with Western donor groups or World Bank, prefers UN system and bilateral consultation.

ii. China Africa Trade:

1997 \$5 billion

2002 \$11 billion

2008 \$107 billion

China to Africa: machinery, textiles, clothing, transport equipment, footwear, plastics

Africa to China: oil, minerals, base metals, stone products, raw logs

-- 2,000 Chinese companies in Africa – at least 500 with African partners – in 49 AF countries

iii. Chinese Foreign Direct Investment (FDI):

2009: \$30 b (best guess) - \$10 b (official)

48 AF countries received FDI

Duty Free Entry of 500 African products (like AGOA)

iv. Migration (!?):

-Chinese visitors (2009): 381,000 up 18.5%

-African visitors to China: 401,000 up 6%

-Chinese living or working in Africa:

(2000) – 100,000

(2008) 750,000 (Xinhua News) or 1 m

200,000 in South Africa (BBC)

120 schools in 16 African countries
teach Chinese

-Africans in China: 100,000 in Guangzhou

4,000 students p/yr on scholarship

Business reps, English teachers, illegals

v. “Land Grabs:”

a. Africa: >50% remaining uncultivated land (200 million hectares)

65 million hectares under “land grabs”

b. African Land issues:

-- 2-10% land held under formal land tenure

-- Govt owns land in many countries

-- Even where there is tenure there are problems: Land registration lengthy, cumbersome, complicated, corrupt

-- Govt allocated leases most common

c. Study of 5 SSA Countries: involving 2.5 m hectares

-- Benefits:

- commitment on building infrastructure, investment, and employment
- cash crop for export or sale locally

-- Negatives:

- land very emotional in Africa
- displacement
- compensation to previous users
- is land really vacant or fallow?

Chinese historical pattern of land in AF:
started as Ag assistance (44 countries since 1960) and became commercial
(Who criticized Firestone in Liberia?)

China has stated that land acquisition abroad is not part of official food security policy

vi. Chinese arms sales: takes customers who are left after US, Russia, France and UK carved up global weapons markets.

2% of international arms trade – but customers include Sudan; Zimbabwe and DRC (Sudanese weapons ended up with Janjaweed)

E. US Govt analysis of China in Africa:

-- State Dept tasked embassies with reporting on Chinese activities in key African countries; reports interesting: (WikiLeaks)

i. Angola:

-- Chinese heavily engaged in helping Angola recover from long civil war which ended in 2002.

-- After West did not come through with development aid, Angola turned to China.

-- China helped Angola recover, but Angolans disappointed over lack of technology transfer; failure to train Angolans; some poor work quality; opaque money trails.

ii. Cameroon. "China's Growing Presence in Cameroon"

-- long bilateral friendship with concessional loans to fund schools, hospitals, roads, stadiums

-- military training, equipment, technical assistance

-- Cameroonians growing suspicious and resentful of more and more small Chinese businesses taking jobs and commerce from Cameroonians. Large Chinese firms not employing as many Cameroonians as expected.

-- GRC appreciates China as balance to West; also lack of Chinese concern over governance and human rights issues. Cameroon's high degree of corruption no problem for Chinese.

iii. Nigeria: "Chinese Oil Companies Not welcome in Nigeria"

- Nigerian oil execs said China had made major mistakes in trying to win oil

contracts mainly because they don't know how to deal with democratic African regimes.

- Chinese don't respect local laws. Just came with lots of money –simply said which leases they wanted. Dumbfounded when told they couldn't simply have them.

- Chinese companies are worst to work for – treat workers badly. “Look at Chinese mining companies in Zambia.” Chinese compromise safety and bribe local officials.

- Because of Chinese arrogance and ineptitude, International Oil Companies won the contracts.

Comment: cables show increasing activity but red flags

4. Conclusion:

-- So what is different about what China is doing from what previous colonial powers, trading partners, neo-colonial exporters have done in AF? (Same stories told about China now I heard about French when I first arrived in AF!)

Or, as a Chinese Company Director said:

“Western countries also buy oil and have mines around the world. People don’t talk about ‘grabbing’ or ‘new colonialism’ there. So why is it different for Chinese? If you can’t compete with us, you find an excuse – its like two children fighting and the losing one goes crying to his parents..”

i. Views relations differently: quid pro quo and no “litmus tests” (were we any different before end of USSR?)

ii. Arms trading with unsavory clients (French weapons for Emperor Bokassa and US for Mobutu?)

iii. No hesitation to deal in risky environments (Zimbabwe, DRC, Sudan)

iv. Non-conventional deals (infrastructure for commodities) (Tried arranging similar when I was in Togo)

v. Development assistance: projects vs sector support and does not participate in Western donor groups. (Africans

appreciate projects and China has become the road, bridge, hydropower builder!)

vi. Questionable ethical, labor and environmental standards. (Zambia case)

vii. (AS Carson): China offers an alternative model for Governance to African authoritarian regimes. (Question: would Benin's democratic revolution had happened if China had been on the scene in 1989?)

viii. African popular reaction? So far, not known: (2010 Pew Global Survey of Nigeria, Egypt and Kenya has high favorability ratings of China – slightly less than US.)

But trends troubling – mine shootings in Zambia; South African dock workers refusing to unload ship with weapons bound for Zimbabwe, etc.

Comment: I know from experience its much better to be in a country where the population likes you – even if the government hates you (Ethiopia 1985) than the other way around (Zambia 1980 because of Rhodesian independence war). This complication no doubt was part of China's difficulty in deciding what to do about Libya – so they sat on the sidelines.

We'll see if the Chinese figure it out – otherwise they will face decades of unpopularity as ordinary people remember and presidents like Mugabe become extinct.