Western concern at China’s growing involvement in Africa

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New evidence is emerging about the extent and nature of China’s involvement in Africa. A series of articles in the *Financial Times* claims that China “has in the span of a few years changed the pattern of Africa’s investment and trade.” The paper admits to “only just beginning to grapple with the implications.”

Trade between China and Africa has quadrupled since the beginning of this decade. China is now Africa’s third largest commercial partner after the US and France, and second largest exporter to Africa after France. It is notably ahead of ex-colonial power Britain in both categories. As one US official put it, “China has simply exploded into Africa.”

Although China’s primary interest in Africa is energy, it has major interests in other natural resources, particularly metals, food and timber. It exports textiles and low-cost consumer goods, primarily electronic and high-technology products, and invests in infrastructure.

Like the former colonial countries China backs its trading relations with aid, debt relief, scholarships, training and the provision of specialists. It is also a major supplier of military hardware, like the West, and has supplied peacekeepers—to the Democratic Republic of Congo and Liberia—and election observers to Ethiopia.

As a latecomer to Africa, China has been prepared to enter regions and take risks that others would not. “Like the west during the cold war,” observes the *Financial Times*, “China is not sniffy about dealing with despots.”

China’s methods are cutting across the interests of the International Monetary Fund (IMF). It has extended a $2 billion soft loan to Angola, for example, which *Africa Confidential* believes may increase to $6 billion, in exchange for favourable oil contracts. “The Chinese are offering the loan as an alternative to working with the IMF,” points out Princeton Lyman from the Council of Foreign Relations think-tank in Washington. The loan has given Angola the ability to ignore the IMF’s demand for an agreement on accountability and to delay indefinitely an international donors’ conference.

About half of Angola’s $9.7 billion foreign debt is owed to the Paris Club of nations, which according to *Africa Confidential* is divided over their negotiating strategy, largely because of China’s incursions. Paris Club rules dictate that creditor countries cannot reschedule debts without an IMF imprimatur, but Spain, Germany, Italy and Japan want negotiations to speed up so that they can expand their operations in Angola.

In Ethiopia, China has offered to make good any shortfall in assistance following the suspension of European Union aid due to human rights abuses. In Equatorial Guinea, China is trying to gain influence in the US-dominated oil sector by providing military training and specialists to the country—the president now describes China as its main development partner. Equatorial Guinea has approximately 1.28 billion barrels of proven oil reserves.

In the case of Zimbabwe, China is now its second largest trade partner after South Africa, up from eleventh in just three years. It has supplied military hardware, including fighter aircraft and intelligence listening devices, and is interested in Zimbabwe’s tobacco as well as platinum and other mineral reserves which are currently dominated by South African and British companies. It also has stakes in electricity production and supply, mobile phones and transport. Its reported plans include a joint coal venture, a glass factory, telephone assembly, and beef production on vast tracts of acquired land following President Mugabe’s disastrous land redistribution policy. There are now also direct flights from Harare to Beijing, and China has donated three commercial aircraft to Air Zimbabwe.

China’s links with Zimbabwe go back to when it supported the ZANU liberation movement of Robert Mugabe, whilst the Soviet Union backed his rival Joshua Nkomo’s ZAPU. Mugabe, who has been isolated by the West, stated recently that Zimbabwe is “returning to the days when our greatest friends were the Chinese.” He also told supporters somewhat cryptically: “We look again to the East, where the sun rises, and no longer to the West, where it sets.”

The US Department of Energy has registered concern over China’s willingness to deal with regimes to which it has given pariah status. This particularly refers to Sudan, where China has used its United Nations Security Council veto to block sanctions over the question of Darfur.

China has stepped up its arms sales to Sudan in line with its increased involvement in the country’s oil sector, and the *Financial Times* believes that the “manufacture in Sudan of Chinese weapons and ammunition complicates the enforcement of a UN embargo on supplies to militias in Darfur.” A Sudanese government official is quoted saying that China’s presence is important “not only on an economic level but also on a political level.”

In January, a Chinese government white paper on Sino-African trade called for greater military cooperation with the continent, and trade agreements "when conditions are ripe." China is now making strategic trade deals throughout Africa. It gets copper from Zambia, cobalt and copper from the Democratic Republic of Congo, timber and oil from Congo-Brazzaville, iron-ore from South Africa, and food from Tanzania, to name but a few. It is now the world's largest consumer of copper, ahead of the US, and the worldwide rise in many commodity prices is largely driven by Chinese demand.

China is also stepping up exports to Africa, especially in textiles. Garment factories across Africa have been shutting down since the ending of the Multi-Fibre Agreement (MFA), which allowed Western countries to place quotas on clothing and textile imports from certain countries, such as China. When the MFA ended in January 2005, Chinese exports to the US soared and African exports could not compete. Over 10 textile factories in Lesotho alone closed in 2005 with the loss of 10,000 jobs. Even larger economies like Nigeria and South Africa have seen their textile sectors largely devastated. Clothing exports from China to South Africa rose by 40 percent in the last nine months of 2005 and after protests from the South African government China has now claimed it will limit the amount to prevent further job losses.

Chinese investments have an advantage over the West in that most are through state-owned companies whose individual investments do not have to make a profit so long as they serve overall Chinese objectives. In Nigeria, China is in talks about running the privatised Kaduna oil refinery—a money-losing proposition that no Western country would touch. However, the deal should give the Chinese preferential treatment in future oil-block allocations. In Ethiopia, China's state-owned construction company was instructed by Beijing to bid low on various tenders, since its objective is to gain favour with the regime.

Like the US, China is looking to diversify its oil supplies away from the Middle East and now gets between 25 percent and 30 percent of its oil from Africa, mainly from Sudan, Angola and Congo-Brazzaville.

Between 1995 and 2005, the number of licences held by national oil companies in Africa more than doubled, from 95 to 216. Chinese state oil companies' exploration include deals with Angola, Nigeria, Sudan, Algeria, Gabon, Niger and Chad.

The key demand which China impresses upon its African trading partners is its "one-China" policy, which insists on non-recognition of Taiwan. Today, all but six of Africa's 53 nations maintain relations with Beijing. Senegal was the last to transfer allegiance from Taipei last year, leading to Senegal being included on Chinese Foreign Minister Li Zhaoxing's recent six-nation diplomatic visit, and the offer of debt elimination and infrastructure funding. The visit also sent a message to smaller nations about the help they might receive for cooperation with China.

Resource rich Libya and Nigeria were also on the minister's agenda. China signed an $800 million oil deal with Nigeria last year to purchase 30,000 bpd for five years, and the China National Petroleum Corporation recently bid $2.3 billion for a 45 percent share in Nigeria's off-shore Akpo field. In total, China is considering some $7 billion of investment in Nigeria across a wide range of sectors.

"The perception is that China is catching up with the level of engagement that Western governments have," a senior Nigerian foreign affairs official explained. "They are also prepared to put more on the table. For instance, the Western world is never prepared to transfer technology—but the Chinese do."

Nigeria has approached a Chinese company, Great Wall Industry Corporation, to launch a satellite for it next year. This is despite the fact that the US has applied sanctions against this company for allegedly supplying Iran with technology that could be used for a nuclear weapons programme.

Nigeria has recently criticised the US for failing to help it protect the country's oil assets and forcing it to turn to China for military support. When talks with the US were not progressing fast enough to stop the insurgency in the south of the country, Nigeria sourced dozens of patrol boats from China to secure the swamps and creeks that are at the centre of insurgent attacks on oil facilities.

The US has been reluctant to increase its supply of military equipment to Nigeria, citing official corruption as the reason. Stephen Morrison of the Centre for Strategic and International Studies has warned the Pentagon to get more serious about dealing with the Nigerian military and to show more concern about Chinese involvement in the country. "The Chinese are very competitive players and we have to come to terms with that," he complained. "They are going to places that really do matter."

More generally the US Council on Foreign Relations (CFR) think-tank has recently proposed that sub-Saharan Africa must be a primary component of US foreign policy over the coming decade due to growing US economic and strategic interests in the continent. It also applauded Secretary of State Condoleezza Rice's "transformational diplomacy", i.e., the shifting of diplomats away from Europe to Africa and other areas of more immediate strategic concern.

We need "greater flexibility," explains Lyman of the CFR, and "the kind of geopolitical shift that puts a much higher priority on this region within the White House and ... State Department." He also called for US involvement in conflict resolution in Africa to be more flexible so that "we can deal with more than one crisis at a time."