The Asia-Pacific Journal | Japan Focus

Volume 7 | Issue 52 | Number 3 | Article ID 3278 | Dec 28, 2009

Trade, Investment, Power and the China-in-Africa Discourse 交易、投資、権力および「アフリカにおける中国」

Barry Sautman, Yan Hairong

Trade, Investment, Power and the China-in-Africa Discourse

Barry Sautman and Yan Hairong

Introduction

An international discourse of China-in-Africa has emerged, particularly in Western countries with dense links to Africa: the US, UK and France. While China's presence in Africa should be critically examined, interest in it in the West is skewed by elite perceptions of China as a rival for resources and influence in Africa and as a rising power, with the tone of the discourse far more negative than that accorded the Western presence in Africa.

The discourse is partly about how China's presence is a "bad influence" on governance in Africa.[1] A concomitant idea is that China's activities obstruct Africa's development, a contention that fits in a right to development framework.[2] A *New York Times* editorial exemplifies how the discourse plays out in Western media; its title, "Patron of African Misgovernment," refers to China.[3] It states that if African countries put natural resources in hock to the PRC, China will write them big checks, without questions about corruption or authoritarianism. China is said to engage in "callous yuan diplomacy," enjoy "an ugly partnership" with the "genocidal" Sudan government, and have Zimbabwe president Robert Mugabe as its "favorite," contributing to Zimbabweans' lack of free elections and "sane economic policies." The *Times* avers that China is pushing the poorest African workers deeper into poverty by flooding Africa with cheap goods and lending to African states without insisting on standards that Western states purportedly promote through the Extractive Industries Transparency Initiative (EITI). The *Times* also expressed outrage at a PRC company's exploitation of Zambian miners.

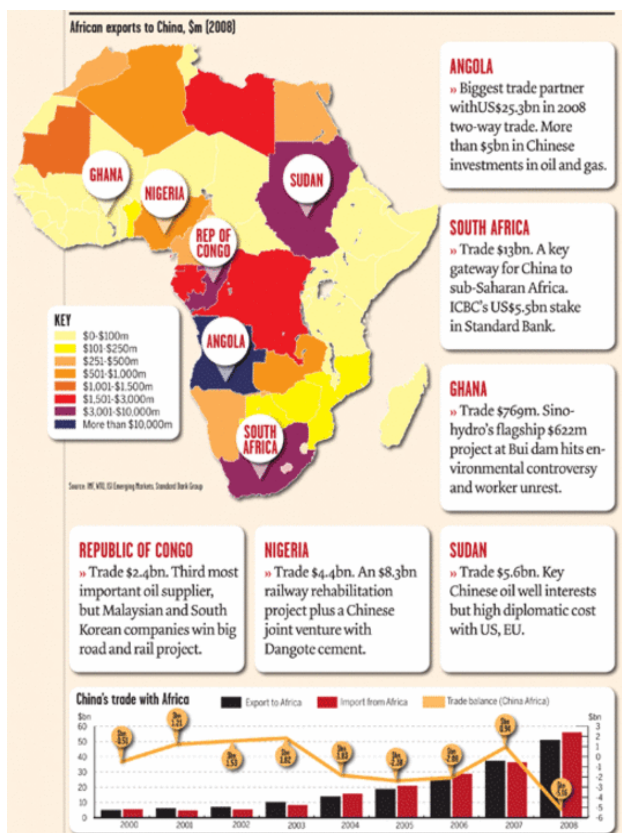
The essence of the discourse then is to cast PRC policies in Africa as promoting human rights violations or "colonialism,"[4] while implicitly comparing them invidiously with high minded US and Western practices. Some PRC activities in Africa do violate the human rights of Africans -- not in ways that Western elites claim, but in much the same manner that Western policies do, through disadvantageous terms of trade, the extraction of natural resources, oppressive labor regimes, and support for authoritarian rulers, all common features of the modern world system. These are practices that China's elites used to denounce, but now come close to extolling as dynamic capitalism. For example, in 2007, a PRC international publication ran an article by Jian Junbo, a scholar from Shanghai's top-ranked Fudan University on charges of "Chinese colonialism" in Africa. He recognized that "more and more companies from China are entering Africa, but they simply focus on profits regardless of their harmful influences on African society, such as environmental pollution, excessive development and exploitation of local labor." Jian nevertheless argued that the path taken by China is "consistent with the logic of market capitalism-liberal trade" and makes China not a colonialist, but "a successful capitalist in Africa."[5]

Chinese investment in Africa (2005)

The discourse should not be inverted by arguing that China's presence in Africa is positive and the West's negative or that problematic Chinese activities in Africa are justified because abuses are shared with the West. The analysis of China-Africa should invoke neither a "win-win" nor dystopic representations; rather, the trees of China's behavior should be seen as part of a world system forest and the discourse examined using comparative analysis. Our arguments are threefold: 1) given the world system, it is difficult to assess the pluses and minuses of China-in-Africa as a single phenomenon; 2) as a player in the world system, China in Africa has more in common with the West than is usually acknowledged; 3) there are nevertheless notable differences between Western and Chinese presences in Africa; many derive from China's experience as a semi-colony, its socialist legacy, and its developing country status, features which together make PRC policies presumptively less injurious to African sensibilities about rights than those of Western states.[6] In what follows, we focus on PRC activities in Africa often denounced as harming African interests, particularly trade and investment. We also examine why the China-in-Africa discourse has emerged as it has and African responses to its main tenets.

Africa's Development and China's Imports

China-Africa trade is rising sharply. Only US$3 billion (b) in 1995, it was $55b in 2006, balanced slightly in Africa's favor. In 2006, China's trade with Africa was merely 3% of its US$1.76 trillion foreign trade. By 2008, China's trade with Africa totaled $107b, now distinctly in Africa's favor, but China's foreign trade had reached $2.56 trillion, making trade with Africa still only 4% of its total trade.[7] In 2006, China had been in third place, behind the US and France, among Africa's trade partners, while by 2008 China had leapfrogged over France, but still behind trailed the US, with $140b of trade. China asserts that its trade is responsible for 20% of Africa's economic growth.[8]



African exports to China (2008)

The discourse concerns both China's imports from and exports to Africa. On imports, it focuses on oil and charges that China fosters Africa's dependence on earnings from raw materials. A Canadian scholar has noted the frequent assertion that "Beijing's demand for African oil and other raw materials has inevitably helped to perpetuate Africa's reliance on oil exports and, in so doing, further prevent the growth of more labor-intensive industries, such as agro-business and manufacturing."[9] As we will discuss below, the US now relies more heavily on African oil than oil from any other region.

Ten percent of Sub-Saharan African exports went to China in 2005, by 2007, the figure was 13.4%. Five oil and mineral exporting countries accounted for 85% of PRC imports from Africa. In 2004, oil and gas were 62% of Africa's exports to China, ores and metals 17%, agricultural raw materials 7%. In 2009, oil, gas and minerals accounted for 86% of such exports.[10] This profile is not unusual: apart from South Africa, the continent's manufacturing is largely confined to textiles and clothing, which China also produces in abundance. In fact, oil accounted for 80% of 2005 US imports from Sub-Saharan Africa; apparel was less than 3%, with minerals most of the remainder. Petroleum products accounted for 92% of the value of goods imported under the US's preferential African Growth & Opportunity Act (AGOA) in 2005. The figure was still 92% in 2008, when 88% of overall US-Africa trade (AGOA and non-AGOA) was in petroleum products .[11]

About 47% of the oil China consumed in 2006 and 50% in 2008 was imported. PRC imports in 2006 were 6.8% of the world oil trade and supplied 12% of all energy China consumed, coal, hydropower and nuclear power being major sources of Chinese energy consumption.[12] China's 2005 oil imports from Africa provided 4% of China's energy needs. Of the 31% of PRC oil imports from Africa, Angola's share was 14%, Sudan's 5%, Congo (B)'s 4%, and Equatorial Guinea's 3%.[13] African oil supplied 14.5% in 2006 and 16% in 2008 of all the oil China consumed, not much different from US imports from Africa of 13.2% of all oil it consumed in 2006?, imports that provided 5.2% of US energy needs.[14] China imports oil largely to fuel its production: 70% of its demand is for industrial uses, while 70% of US demand is for motor vehicles.[15] In 2009, China's special envoy on African affairs put these figures in perspective when he noted that China receives 8.7% of Africa's oil exports, while the European Union and the US each take 33%. China's premier also stated that China's investment in Africa's oil and gas industries amounted to one-sixteenth of the total global investment in these industries.[16] China thus hardly dominates Africa's oil markets. The China-in-Africa discourse however presents the PRC as aspiring to be the chief taker of African resources and interested in Africa only on that account.[17]

China does participate in an exploitative business: historically, the price of oil and other globally-traded primary products, relative to that of industrial commodities, have been significantly determined by asymmetries in political power.[18] Apart from "unequal and disparate exchange" that affects oil and primary products generally,[19] oil is capital intensive, creates few jobs, is environmentally damaging and corrupts producing states. People in oil-rich regions, such as southern Sudan and Nigeria's Niger Delta, receive so few benefits from their patrimony that violent conflict has ensued.[20]

China is in Africa for oil because 80% of the world's proven conventional (non-tar sands, non-shale) oil reserves are state-owned and account for two-thirds of oil production. Most remaining reserves are sown up by Western oil firms.[21] China takes oil in Africa differently than Western states: it often packages oil deals with infrastructure project loans.[22] From the 1970s, developed states and international financial institutions (IFIs) largely abandoned African infrastructure projects, which also receive little private and almost no public-private financing.[23] International investment in infrastructure in Africa amounted to 4% of all such investment outside North America from 1992-2003, even though lack of infrastructure is blocking Africa's development.[24]

China has worked on African infrastructure for four decades and is becoming its pre-eminent infrastructure builder. The World Bank (WB) estimated that as of mid-2006, China's Export-Import Bank infrastructure loans to Africa were over $12.5b. In 2007, this bank pledged $20b in infrastructure and trade finance loans related to Africa over the next three years (typically tied to the participation of Chinese contractors), on top of the $5b China-Africa Development Fund, announced in 2006 at the third Forum on China-Africa Cooperation, to encourage PRC investment in Africa.[25] While G8 finance ministers have criticized China's loans, on the ground that a "lend and forgive cycle" should be avoided, NGOs point out that only $2.3b of the additional $25b in aid pledged to Africa by rich countries in 2005 has been delivered.[26]

A Chinese demonstrating in a Zambian-owned factory how to use the blow-moulding machine imported from China.
Yan Hairong August 2008.

China's approach to acquiring oil in Africa is exemplified in the China-in-Africa discourse by a 2004 agreement with Angola. The discourse fixes on it because the deal involved infrastructure loans to the corrupt Angolan government, unaccompanied by a requirement to report how funds are spent. The initial loan of US$2b was to be used for railroad repair, road building, office construction, etc. It was to be repaid with oil from a former Shell Oil block that generates 10,000 bpd. The block had been sought by the largest Indian oil firm, but secured by China because of its infrastructure loan, which was set at 1.5% interest, to be recouped over 17 years, including a 5-year interest-free period. It reserved for Angolans 30% of the value of infrastructure contracts paid for with its funds; the remaining 70% was open for bids, although most contracts have likely gone to PRC firms.[27] The interest rate was later lowered to 0.25%. By 2007, China had lent Angola at least $6b for infrastructure projects.[28]

The Angolan and other PRC loans elicited from WB head Paul Wolfowitz, the UK government, and the IMF comments that PRC activities threaten to plunge Africa into deep debt. The US Treasury termed China a "rogue creditor."[29] Africa remains, however, in a Western-created "debt trap," owing more than $300b and paying significant interest.[30] Yet, as US Africanist Deborah Brautigam has noted, China "regularly cancel[s] the loans of African countries, loans that were usually granted at zero interest [and] without the long dance of negotiations and questionable conditions required by the World Bank and IMF."[31] For example, a highway opened in 2006 between Ghana's two major cities, Accra and Kumasi, was built with a PRC no-interest loan.[32]

OECD researchers have concluded moreover that increased PRC activities in Africa have not deepened corruption among African governments.[33] China's leaders know corrupt officials will siphon off part of their infrastructure loans, but its packaged loans are less likely than Western aid to being drained by corruption. As a Hong Kong journalist has noted, because China's loans and aid are tied to infrastructure projects, that is, a large portion of the funds are allocated directly to contractors, "corrupt rulers cannot somehow use it to buy Mercedes Benzes."[34] A close US observer of PRC activities in Africa has argued that China's aid is more effective than Western aid because much is used for "hydroelectric power dams, railroads, roads and fiber-optic cables, which have the potential to benefit ordinary people, no matter how corrupt the regime under which they live."[35]

Despite promoting a rhetoric of transparency regarding African oil-producers, Western states have not bound their citizens and corporations. Bids for oil blocks in Africa typically feature "signature bonuses," paid to governments, which often run into the hundreds of millions of dollars. Foreign oil firms know host governments skim off large shares of what the companies pay. In a rare instance of disclosure, Western oil firms told the IMF that they paid $400m in 2001 for an Angolan oil tract, but the Angolan government claimed it received only $285m.[36] Presumably the difference went into the pockets of government officials.

Angola's state oil company and president's office control oil earnings. Investigators have traced hundreds of millions of dollars in bonuses and bribes paid by Western multinationals to Angolan officials' private offshore accounts. Most multinationals refuse to publish what they pay to secure oil rights. Western governments do not compel oil firms that are their own citizens to make disclosures, but "ask the tiger for its skin" (*yu hou mo pi*), as the Chinese say, by demanding corrupt governments publicize their own corruption.[37]

Western policy interventions have not actually diminished the resource curse.[38] A group of African scholars have argued that transparency is insufficient as a means to end oil-related corruption, which cannot be dented as long as African officials and the (mainly Western) oil executives who corrupt them tolerate such criminality. Their actions can hardly be policed through the UK government's Extractive Industries Transparency Initiative (EITI), because it is voluntary and puts the onus of disclosure on African governments.[39] The NGO-promoted campaign to require firms to Publish What You Pay (PWYP) is aimed at mandatory disclosure by publicly-traded natural resource companies, but not non-traded or state-owned firms. PWYP has been successfully resisted by most Western oil companies, especially US firms.[40]

Western media often cite the WB-Chad agreement to ameliorate the resource curse and spur poverty alleviation as a successful external policy intervention to curb oil-based corruption. In exchange for a modicum of WB financing to build the Chad-Cameroon Pipeline -- the largest private sector investment in Sub-Saharan Africa -- Chad has since 2003 deposited in a London bank most royalties from Exxon-Mobil and other pipeline operators. Foreign overseers monitor the account and disperse funds to Chad, mainly for poverty alleviation programs. When the pipeline was built, the oil prices were low and multinationals unwilling to risk building it without WB backing. A study has found that the WB-Chad pact is "a unique one-off event determined by a particular set of historical circumstances that no longer hold." With high prices and tight supplies, oil firms no longer need WB approval for projects. The WB-Chad pact is also judged to be very limited in geographical scope and duration and unlikely to do much to alleviate poverty.[41]

The China-in-Africa discourse will likely continue to focus overwhelmingly on oil in discussing PRC imports from the continent. American analysts particularly see the US as strategically competing with China for African oil.[42] By 2007, Africa was supplying 24% of US daily oil imports, ahead of the Middle East's 18.6% and in 2009, Africa was still supplying 24% of US oil imports, more than was the Middle East.[43] The US government estimates African oil production will grow 91% in 2002-2025, while global production will grow 53%. Armed forces in a newly established US Africa Command will have as a main task protecting US access to oil.[44]

US prominence in taking African oil is accompanied by its backing authoritarian rulers in almost all oil producing states.[45] Sudan is a partial exception: the US cooperates with and protects Sudan's military and intelligence leaders, but opposes its Islamist politicians.[46] US elites use that partial exception and PRC involvement in Sudan's oil industry to keep the discourse focused on China's supposed "scramble for oil," even though China is still far from capable of competing with Western firms for control of African oil[47] and much oil that China takes from Africa, including Sudan, is not brought to China, but traded on the open market.[48]

Africa's Development and China's Exports

China's exports to Africa have also been sharply criticized -- portrayed as low quality goods which poorly serve consumers and foster the decline of African manufacturing.[49]

In much of Africa, many basic consumer items are expensive imports from developed countries, yet because poor infrastructure and corruption in Africa create high production costs, these are often cheaper than locally-made goods.[50] Chinese goods are cheaper than both and thus appeal to grassroots Africans. PRC goods in Madagascar are 2-3 times cheaper than local or imported goods.[51] As more Chinese invest and trade in Africa and compete with each other, prices fall. In the Congo capital, Kinshasa, PRC merchants first sold shoes at US$12 a pair; as more Chinese arrived, the price fell to $6.[52] In Ghana, as more PRC bikes were imported, the price fell from $67 to $25 in two years.[53]

If the affordability of PRC imports benefits grassroots African consumers,[54] there are in any case only seven countries that receive a significant share (5-14%) of their imports from China.[55] Basic consumer goods do not predominate among PRC exports, but rather "machinery, electronic equipment and high- and new-tech products."[56] A UK government study found that in only one African country, Uganda, are basic consumer goods more than a fifth of the value of all goods imported from China and that PRC imports into Africa mainly displace imports from elsewhere and have little effect on local production.[57] The PRC government recognizes that some exports are of poor quality. Many Chinese goods are brought to Africa by private Chinese or African entrepreneurs whom the PRC government does not control. It nevertheless has "in place stringent measures to ensure that its goods meet all the minimum quality standards for exports [and] a ministry to ensure low quality goods are not exported."[58]

While most Chinese exports to Africa do not displace existing local producers, PRC exports to the world also have not had the commonly asserted crushing effect on African exports.[59] The Export Similarity Index, a measure of overlap between the value of products countries export, is only 4% for China and the whole of Africa and almost exclusively involves textiles and clothing (T&C).[60] The China-in-Africa discourse features a constant stream of charges that China is gutting African T&C production.[61]

China's T&C exports to Africa began to rise sharply around 2003, but in many African countries, the T&C industry had long been in decline. In Ghana, T&C employed 25,000 people in 1977, but only 5,000 in the year 2000.[62] In Zambia, 25,000 people worked in T&C in the 1980s, but only 10,000 in 2002. During the 1960s and 1970s, many African countries practiced import substituting industrialization, raising T&C employment to 20-30% of formal sector jobs. By the 1980s and 1990s however, when most African countries had lost their ability to service their debt, the IFIs insisted that they open up to foreign goods, de-industrializing some countries, particularly with regard to T&C.[63]

WB/IMF-mandated structural adjustment programs (SAPs) were the actual gravediggers of African T&C production. The influx of second-hand clothing from developed countries particularly reduced domestic markets for African T&C producers.[64] Kenya in the 1990s, for example, opened up the textile sector to second-hand (*mitumba*) and new garments from the US and EU, whose increased subsidization of their cotton farmers also shrunk the Kenyan cotton industry, reducing supplies to Kenyan T&C producers. Neo-liberal reforms in Kenya raised the cost of electricity and other inputs, making it still more difficult for T&C firms to produce at low prices. While *mitumba* distribution came to involve 500,000 Kenyans, the country's T&C industry, which in the early 1980s employed 200,000, nearly collapsed. Up to 70,000 factory and mill jobs alone were lost.[65] By 2004, even with the effect of the US's African Growth and Opportunity Act (AGOA), less than 35,000 people worked in the export-oriented Kenyan clothing sector.[66]

Meanwhile, by 2001, a vast growth in Chinese T&C exporters began.[67] Despite strong competition, PRC-based firms' share of world T&C exports grew from 9% in 1990 to 24% in 2005.[68] T&C exports accounted for 70% of China's 2006 $177b global trade surplus.[69] From 1974, the Multifibre Arrangement (MFA) restricted China's T&C exports to developed countries. The 1994 WTO Agreement on Textiles and Clothing (ATC) kept MFA quotas until January 1, 2005, after which African T&C exports to the US initially fell 20%. In several countries, T&C employment dropped sharply in 2005-2006,[70] predictably due to "relatively high utility and transportation costs and long shipping times to the US . . . lower productivity and less skilled labor than Asia, and . . . fewer sources of cotton yarn and higher-priced fabrics than China and India."[71]

Lesotho, Madagascar, Morocco, and South Africa have featured in the China-in-Africa discourse as especially hard-hit by Chinese competition. Yet except for South Africa their industries were already *in extremis* by 2000. Their eventual outcomes are also at odds with the discourse of the PRC as gravedigger of Africa's T&C industry. In Lesotho, almost all T&C bosses have been foreign (mainly from Taiwan and Hong Kong) and employ most of the country's formal sector workers. In 2006, they re-branded themselves producers of "ethical clothing" for the US market, allowing almost full employment recovery.[72] In Madagascar, which lost 5,000 of 100,000 T&C jobs in 2005, the industry found a niche in higher-end T&C, held its own in 2006, and was expected to grow in 2007-2008. Madagascar's T&C exports in fact grew by 3% in 2005-2007 and again employed 100,000 workers by 2009. Its output actually accounted for 25% of all non-petroleum AGOA imports into the US from Africa.[73] Moroccan textile exports began to recover as producers moved up the value chain and oriented themselves to just-in-time production for the European market, 50-60% of whose requirements cannot be fulfilled by an exporter as far away as China.[74]

In 2003-2006, S. Africa's T&C industry purportedly shed 55,000 jobs, 18,000 of them since late 2004. Besides the influx of PRC products, the rand appreciated 50% in

2002-2004, making South Africa, Lesotho and Swaziland exports more expensive.[75] South African T&C firms also cannot source cheap Asian fabric for goods sent to the US at AGOA preferential tariffs.[76] South Africa's T&C industry suffers from little capital investment and poor management. Its growing informalization has led to deskilling and compromises in quality.[77] The employment effect of the influx of PRC T&C goods should also be put into a wider context. A University of Johannesburg economist has shown that the availability to South African retailers of cheap Chinese T&C imports has greatly increased employment in the retail sector, which is the main contributor to South African GDP. The increase in retail jobs due to increased purchases of Chinese T&C imports more than compensates for T&C production job losses.[78] In any case, China fixed quotas for 2007-2008 on 31 types of T&C exports to South Africa. South Africa's government opined that would reduce PRC imports by a third and create roughly the number of jobs lost since 2003. [79] The PRC government also agreed to finance a $2.5 million South African T&C training program and will "mak[e] preferential loans available to South Africa in modernizing its textile industry if it is needed."[80]

Chinese on a fixed-term contract in a Sudanese-owned battery factory to train local workers to use production lines imported from China. Yan Hairong November 2008.

A balance of positive and negative impacts for China's exports to Africa is not easily drawn. Yet, as to the T&C industry, the balance is less negative than the discourse makes out. Its fixation on Africa's T&C industry is non-comparative and lacks historical context, as China did not contribute to the steep decline in African T&C through SAPs, while Western states have yet to restrict their used and new clothing exports to Africa.

Africa's Development and China's Investments

Most foreign direct investment (FDI) inflows to Africa come from Europe, along with South Africa and the US. These countries together account for more than half of Africa's FDI inflows. China had only $49 million in FDI in Africa in 1990 and $600m in 2003. Its FDI stock in 2005 was $1.6b, of $57b in global PRC FDI. In 1979-2000, the most recent years for which figures are available, 46% of PRC FDI in Africa went to manufacturing (15% to textiles alone), 28% to resource extraction, 18% to services (mostly construction) and 7% to agriculture. The PRC has said it will encourage investment in Africa's industrial processing, infrastructure, agriculture, and natural resources.[81]

Investment that PRC firms have realized or pledged to Africa is increasing so quickly that it is thought to have reached $11.7b at the end of 2006 and includes manufacturing, trade, transportation, and agriculture. The existing stock of Chinese investment in Africa reached $7.8b in 2008, with $5.5b of direct investment (realized or pledged) made in that year. Direct investment in the first nine months of 2009 reportedly increased by 77% over the amount invested during the same time period in 2008.[82] China will likely soon be a the? main source of FDI for Africa, especially as PRC government entities offer tax incentives, loans, credit, and ready access to foreign exchange for enterprises that undertake FDI activities abroad.[83]

Investments thus also figure in the China-in-Africa discourse.[84] Even more than with trade, the discourse is narrowly focused; its primary focus has been on only one investment by one Chinese SOE, among the more than 800 major PRC enterprises in Africa, 100 of them large SOEs.[85] Western media have devoted hugely disproportionate attention to the Non-Ferrous Company-Africa (NFCA) Chambishi copper mine.[86] The upshot of these reports is that "the Chinese" are Africa's super-exploiters.

The question of whether Chambishi involves extraordinarily oppressive conditions is considered but not fully answered in a 2007 report by two Zambian NGOs. It argues that privatization is the main cause of the sharp deterioration in Zambian miners' conditions. The report also notes NFCA is commonly claimed to be the worst investor in Zambia's Copperbelt; the Indian company, Vedanta, is judged next worse, and that "Swiss, British, South African, Canadian, and other investors typically labeled 'white,'" are said to be the best. The report adds that "the debate is clearly informed by racist assumptions . . . and a fair sprinkling of frequently repeated urban myths."[87]

NFCA's purchase of the defunct Chambishi mine in 1998 restored operations and boosted employment from 100 to 2,200 (of 39,000 miners in Zambia).[88] The mine however was the site of an April, 2005 dynamite plant explosion that killed 47 Zambian workers. During a 2006 wildcat strike over payment delays, two protestors were shot. Few of the mine's Zambian workers have permanent pensionable contracts, in contrast to its 180 Chinese employees. NFCA initially made it hard for unions to represent its contract workers, but later relented so that nowover 80% of workers are unionized. It also initially paid the lowest wages among private mining firms in Zambia. There are eleven Chinese, but only one Zambian, senior manager. Mining families had free health care when the mine was Zambian state-owned, but now find it hard to access mine hospitals. Although many miners and their families suffer from HIV/AIDS, there is little preventative health care. The townships where miners live have been poorly serviced.

Dr. Li, formerly on the Chinese medical aid team to Zambia, has remained to establish his own medical practice. There are more than twenty such Chinese clinics in Zambia. WHB stands for "Wife, Husband and Baby." Yan Hairong July 2007.

Until recently, Zambia's government largely ignored conditions in the mines. More recently, it threatened to punish NFCA and other owners who act "outside the normal" and "put the Government to ridicule." In 2006, the lowest paid workers' wages were increased, but were still only about the minimum wage. [89] In any case, many Zambians find conditions at all mines to be much worse than before privatization and blame the government for having acceded to WB demands to rapidly turn over the mines to multi-nationals. Indeed, the WB and IMF made release of a half billion dollars of balance of payments support conditional on Zambia's quick completion of privatization.[90]

The NGOs' report states that among Zambian mines there is "plenty of poor practice, particularly at Metorex," a white South African firm that owns 90% of the Chibuluma mine, where it carries out exploitative activities detailed in the report.[91] A Canadian firm, First Quantum Metals (owner of the Kansanshi mine) and Metorex have resisted Zambian government efforts to raise royalty rates to 2.5-3%, to better support education and health programs. Most foreign mining firms now pay what are likely the lowest royalty rates in the world.[92] Metorex, which earned the highest mining profits in Zambia in 2006,[93] First Quantum, and Vendanta (owner of the large Konkola mine) all pay 0.6% royalties and a 25% corporate tax rate. NFCA, however, pays 2% royalties and 35% taxes.[94] In 1992, when copper was $2,280 a ton, the state-owned mines provided more than $200m to Zambia's treasury. In 2004, with copper at $2,868 and the same level of production, the now foreign-owned mines provided only $8m. In contrast to the pre-privatization years, these mines now also generally have no linkages that enrich local communities. Only a minority of firms run health and education services for employees and their families.[95]

The Chambishi copper mine owners are harsh exploiters, but a hierarchy of relatively good white bosses, worse Indian mine operators, and super-exploiting Chinese is misleading.[96] PF head Michael Sata, running for president in 2006, said he would drive out the Chinese, Indians and Lebanese, who he called "infestors."[97] Sata received funds from Taiwan and said he would recognize it in place of the PRC. He visited Taiwan after he lost the race, while some of his followers attacked Chinese-owned shops in Lusaka.[98]

The Chambishi mine is by no means the largest Chinese-owned enterprise in Africa. A private, Chinese-owned conglomerate in Nigeria, with which many PRC SOEs partner in manufacturing and construction, has 20,000 employees, including many Nigerian managers.[99] There are several large PRC-owned factories in Africa, e.g. the Urifiki Textile Mill in Tanzania, with 2000 workers, and shoe and textile factories in Nigeria that employ 1000-2000 workers.[100] Chambishi, however, has been burned into the minds of those exposed to the China-in-Africa discourse.

Chinese and Sudanese workers building an extention of power station near Khartoum.
Yan Hairong December 2008.

A comparative study would likely reveal that both PRC and Western enterprises in Africa have oppressive conditions. It should be noted however, that PRC investments in Africa are much less profitable than those of Western countries.[101] The WB has observed that Africa provides "the highest returns on foreign direct investment of any region in the world."[102] In the 1990s, these returns averaged 29% and have since risen. They are much higher than returns of US foreign affiliates elsewhere, for example.[103] Yet, returns for PRC foreign affiliates in Africa are low compared to PRC businesses in other regions. Unlike much Western investment in Africa, most PRC investments are equity joint ventures with African enterprises, who share in profits. Most are small and medium size enterprises producing for African markets.[104] PRC firms are often flexible in responding to African development plans. For example, in 2007, the Democratic Republic of the Congo (DRC) banned cobalt concentrate exports. Chinese firms that previously bought concentrate quickly moved to set up DRC plants to produce copper cobalt alloy.[105]

PRC investments seem also to concentrate less in natural resource extraction and more in infrastructure and manufacturing than Western investments. In part this is because Western countries "ha[d] all but abandoned big infrastructure and industrial ventures in Africa decades ago, deeming them unprofitable or too risky." .[106] Only 10% of the $22b of US FDI in Africa in 2005 was in manufacturing.[107] Some 83% of US FDI is in five African states. Apart from South Africa, US FDI in the other four states is overwhelmingly in oil and differences exist between Western oil firms and PRC parastatals: Shell and other "majors" have been in Nigeria for a half-century, but that oil-producing giant must import most gasoline it uses, while in Sudan PRC firms have built a structure for exploration, production, refining, transport and sales.[108] China National Petroleum Company claims to have "provided jobs to more than 100,000 Sudanese while contributing to other employment sectors as the oil industry has grown." [109]

The China-in-Africa discourse in the West for the most part insists that Chinese have particularly positioned themselves to exploit Africa and Africans; for example, by supporting authoritarian rulers in countries like Sudan and Zimbabwe.[110] Several Western states, however, directly support despots by providing military assistance and legitimacy. In fact, US assistance to African rulers for purchases of US arms and the training of African states' military forces has increased significantly under the Obama Administration.[111] China is thus not likely to fare worse than the West in an evaluation of how foreign investments impinge on development and human rights in Africa.

Conclusion

The modalities of trade examined for development implications commonly involve the import and export of goods. There is also trade in money and people however. Western, but not PRC, banks have traded secrecy and interest to the exporters of 40% of Africa's private wealth.[112] Western states trade citizenship for the skills of professionals, especially doctors and nurses, trained in, but now largely lost to Africa.[113] These forms of trade likely impinge as much as commodity exchange on Africans' right to development.

The main problem with the China-in-Africa discourse is not empirical inaccuracies about Chinese activities in Africa,[114] but the de-contextualization of criticisms for ideological reasons. Some analyses positively cast Western actions in Africa compared to China's activities; others lack comparative perspective in discussing negative aspects of China's presence, so that discourse consumers see a few trees, but not the forest. Such analysis reflects Western elite perception of national interests or moral superiority as these impinge on "strategic competition" with China.[115] Many analysts scarcely question Western rhetoric of "aiding African development" and "promoting African democracy," yet are quick to seize on examples of exploitation or oppression by Chinese interests.[116]

To comprehensively interrogate Chinese *and Western* activities in Africa is to question a global system that has in many respects de-developed Africa and into which China is increasingly integrated. Failing that, one is left with little more than a binary between a Western-promoted new “civilizing mission” on behalf of Africans and activities of the “amoral” Chinese, who refuse to fully endorse that mission by not adopting trade and investment practices wholly compliant with neo-liberalism. China, after all, can and does throw this binary back in the face of its proponents by portraying the West as seeking a new tutelage for Africans and China as eschewing the role of intermeddler, while promoting “win-win” trade and investment. So too do many Africans.[117] The popularity of features of China’s presence in Africa, compared with that of the main Western states, goes well beyond elites.[118] The 2007 Pew Global Attitudes Survey asked Africans in ten countries to compare the influences of China and the US in their own countries. In nine of the ten countries, by margins of 61-91%, African respondents said Chinese influence was good. These percentages substantially exceeded those for the US. [119] One important implication of the Chinese presence in Africa then is that Western states and firms may need to engage in greater self-reflection about their own presence in the continent.

The China-in-Africa discourse can be expected to become increasingly heated, especially with regard to the effects of PRC trade and investment on development, as its audiences weigh competing claims. Those who follow the discourse as it is played out in Africa itself can already detect that many Africans are wary of attempts to cast it in Manichean terms. By 2009, there had also been at least one instance in the mainstream Western press of presenting a more balanced view of Chinese activities in Africa.[120] Many Africans moreover are now rejecting any effort to use the discourse to distract from the reality of Africa’s continued subordination within a world system that builds in exploitation and other systematic violations of rights.

Barry Sautman is associate professor, Division of Social Science, Hong Kong University of Science and Technology. His research concerns ethnic politics and nationalism in China, as well as China–Africa relations. Yan Hairong is an anthropologist in the Department of Applied Social Sciences, Hong Kong Polytechnic University, and author of New Masters, New Servants: Migration, Development, and Women Workers in China *(Duke University Press, 2008). Their joint publications on China-Africa links include* East Mountain Tiger, West Mountain Tiger: China, Africa, the West and “Colonialism,” *Maryland Monograph Series in Contemporary Asian Studies no. 186 (2006); “Friends and Interests: China’s Distinctive Links with Africa,”* African Studies Review *50(3): 75-114(2007); “Fu Manchu in Africa: The Distorted Portrayal of China’s Presence in Africa,”* South Africa Labor Bulletin *31(5): 34-38(2008); “African Perspectives on China-Africa Links,”* China Quarterly *199:729-760 (2009). This article is an updated and revised version of “The Forest for the Trees: Trade, Investment, and the China-in-Africa Discourse,”* Pacific Affairs *81(1):9-29 (2008).*

Recommended citation: Barry Sautman and Yan Hairong, "Trade, Investment, Power and the China-in-Africa Discourse," The Asia-Pacific Journal, 52-3-09, December 28, 2009. 交易、投資、権力および「アフリカにおける中国」

Notes

[1] See Maxi Schoeman, “China in Africa: the Rise of a Hegemony?” in *China and Africa: Partners in Development and Security?* Danish Institute of International Affairs, Copenhagen, Aug. 23, 2007.

[2] Ironically, the discourse is most developed in

the US, yet the US stood alone in refusing to recognize a right to development when the United Nations adopted it in 1998. “US Votes Against Development as Basic Human Right,” Inter Press Service (IPS), Dec. 10, 1998.

[3] “Patron of African Misgovernment,” *New York Times* (NYT), Feb. 19, 2007.

[4] See, e.g. Yaroslav Trofimov, “In Africa, China’s Expansion Begins to Stir Resentment,” *Wall Street Journal* (WSJ), Feb. 2, 2007.

[5] Jian Junbo, “China’s Role in Africa,” *Beijing Review* 6:15 (February 8, 2007).

[6] The US government has noted the appeal of China in Africa. James Swan (Dep. Ass’t. Sec. of State), “Remarks to Columbia University’s Third Annual China Symposium,” Apr. 20, 2007; Darren Taylor, “African Respect for Chinese Expatriates Grows,” VOA News, May 8, 2007.

[7] Robyn Dixon, “Africa Holds Attractions for China Leaders.” *Los Angeles Times* (LAT), Jan. 31, 2007; “China,” Mbendi: Information for Africa, 2007; “Foreign Firms are Driving our Surplus,” Xinhua (XH), March 12, 2007; “Goodwill Gives Obama Added Leverage in Africa,” Reuters, July 9, 2009; “China SOEs Move to Fill Africa Investment Gap,” *Business Daily Update*, June 16, 2009; “China Says Export Slide Deep,” United Press International (UPI), Aug. 13, 2009.

[8] “World must do more for Africa, China’s Premier says,” Agence France Presse (AFP), May 16, 2007.

[9] Hany Besada, “China in Africa – a Reliable Friend?” *Taipei Times*, March 25, 2007:8.

[10] Harry Broadman, *Africa’s Silk Road: China and India’s New Economic Frontier* (Washington: World Bank, 2006):11-12, 81; “Africa Trade Profile,” Africa News, July 21, 2009; “Continent Must Engage China with Win-Win Strategies, *Mmegi* (Gaborone), Oct. 20, 2009; “AGOA’s Poor Show Blamed on Issues ‘Unique’ to Continent,” *The East African* (Nairobi),July 6, 2009. Some 21% of PRC imports of cotton and 26% of imports of diamonds came from Africa in 2005. About 15.4% of Africa’s exports of logs went to China. Ron Sandrey, “The African Merchandise Trading Relationship with China,” *Inside Asia*, 2006 (3-4):8-10.

[11] US Department of Commerce, *U.S.-African Trade Profile* (Washington: International Trade Administration, 2006): 1, 2; “US Trade Preference Programs,” CQ Congressional Testimony, Nov. 17, 2009; “Reforming African Economies Continue to Reap Benefits,” US State News, Sept. 7, 2009;

[12] “Analysis of China’s Energy Import and Export,” XH, Mar. 19, 2007; “China Oil Demand Seen at 7.01 mln bpd,” XH, Nov. 10, 2006; “China’s Thirst for Energy Complicating Global Policy,” Petroleumworld.com, Jan. 18, 2006; “China Oil Dependence Sparks Concerns,” Radio Free Asia, Jan. 5, 2009.

[13] Erica Downs, *China* (Washington: Brookings Institution 2006):31. Similarly, Nigeria accounts for 11% of US crude imports. “US Warns of Al-Qaeda Attacks,” *This Day* (TD) (Nigeria), September 7, 2007.

[14] B. McKenna, “Don’t Expect ‘Energy Independence’ to Clear the Air on Climate Change,” *Globe & Mail* (Toronto)(G&M), Jan. 30, 2007 (US imported 60.3% of oil it consumed in 2006); David Bird, “Africa Tops Mideast for US Crude,” *Houston Chronicle* (HC), Feb. 25, 2007 (22% of 2006 US oil imports from Africa).

[15] David Nason, “Troubled Waters Over Oil’s Future,” *The Australian*, June 20, 2005.

[16] John Ekongo “China and Equal Partner to Africa,” *New Era* (Namibia), May 6, 2009; “Full Text of Chinese Premier's Press Conference in

Egypt," XH, Nov. 10, 2009.

[17] See, e.g., Peter Brookes, “Into Africa: China’s Scramble for Influence and Oil,” *Heritage Lectures* No. 1006 (Washington: Heritage Foundation, 2007):2; Hamish Macrae, “We Fail to Work with China at our Peril,” *The Independent*, Feb. 14, 2007:32.

[18] See Bassam Fattouh, “The Origins and Evolution of the Current International Oil Pricing System: a Critical Assessment,” in Robert Mabro (ed.), *Oil in the 21st Century: Issues, Challenges and Opportunities* (Oxford: Oxford University Press, 2006):41-100.

[19] Peter Custers, “Unequal Exchange and Poverty in African Countries Exporting Primary Commodities.” European Conference of People’s Global Action. Sept. 2, 2002.

[20] Terry Lynn Karl, “The Social and Political Consequences of Oil,” in Cutler Cleveland (ed.), *Encyclopedia of Energy* (San Diego: Elsevier, 2004). Angolan oil creates twice as many jobs per million boe (barrels of oil equivalent) in the US than in Angola. Keith Myers, “Petroleum, Poverty and Security,” (London: Chatham House Africa Programme Briefing Paper 2005):6.

[21] Lynn Cook, “Big Oil Hashes Out Issues with State-Run Firms,” HC, Sept. 17, 2004.

[22] In the period 1956-2005, China provided US$44 billion in low or no-interest loans to African states for 900 infrastructure projects. “China Looks to Africa with an Eye to Reaping Financial and Political Gains,” Associated Press (AP), June 18, 2006.

[23] Robert Shephard, et al., “Financing Infrastructure in Africa,” *Gridlines* No. 13 (Sept. 2006):2.

[24] Tony Elumelu, “Obstacles and Opportunities to Financing Infrastructure Projects in Sub-Saharan Africa: the UBA Experience” (Washington: UBA 2006); United Nations, *World Economic Situation and Prospects 2007* (New York: UN DE&SA, 2007):105.

[25] “Financial Collaboration a New Focus in China-Africa Economic Cooperation,” XH, May 17, 2007; “China’s Emerging Role in Africa,” Grid Lines (Washington: World Bank, s.d.,2008?). By mid-2007, China’s Exim Bank had provided more than $13.2b in loans for Africa-related projects; those still outstanding were 20% of the bank’s business. “Briefing: Asia Banking,” Asia Pulse, July 30, 2007. The loans went 40% to the power sector, 20% to transport, 12% to telecom, 4% to water and 24% to multi-sector commitments. Broad (2005):275. Most of the $20 billion pledged in 2007 will finance exports of Chinese “high-tech” products used to build infrastructure in Africa. See Wang Jian-Ye, What Drives China’s Growing Role in Africa? (Washington: International Monetary Fund, 2007):10; “The Export-Import Bank of China.”

[26] “G8 Raps China for Lending $20b to Africa,” United Press International, (UPI), May 21, 2007. When debt relief, which the G8 regards as aid, is eliminated from calculations, G8 aid to Africa declined by 2% from 2005 to 2006. Jeffrey Sachs, “Empty Promises,” *South China Morning Post* (SCMP), Apr. 24, 2007. China does not consider debt relief as aid. Darren Taylor, “Chinese Aid Flows into Africa,” VOANews, May 8, 2007.

[27] “Angola: Oil Backed Loan Will Finance Recovery Projects,” Integrated Regional Information Networks (IRIN), Feb. 21, 2005; IRIN, “Angola: Cautious Optimism for 2005," Jan. 14, 2005; “Angola/China: an Example of South-South Cooperation,” Angolan Press Agency, Mar. 25, 2004; Cindy Hurst, *China’s Oil Rush in Africa* (Washington: Institute for the Analysis of Global Security 2006):10.

[28] Lucy Corkin, “Angola Flexes New-Found Muscle,” *Business Day* (BD)(South Africa), Mar.

23, 2007; Gill, "*China's Expanding Role . . . ,*" 2007:9. A reviewer has informed us of unpublished information that China's loans to Angola total as much as $13b.

[29] "China-Africa Ties Come Under Fresh Scrutiny," *The Nation* (Kenya), December 12, 2006; "Beijing Summit: Implications for Africa," TD, Nov. 5, 2006; Michael Phillips, "G-7 to Warn China over Costly Loans to Poor Countries," WSJ, Sept. 15, 2006:A2.

[30] "It's Trade Not Aid that will Lift Africa from Poverty," *East African* (Kenya), November 8, 2005. Sub-Saharan Africa paid $8.3b in interest in 2003; George Kerevan, "So we all Take to the Streets. Will it Work?" *Scotsman*, June 2, 2005. Until 2005, countries such as Nigeria, Kenya, and Zambia, were spending as much as 40% of their national budgets on debt repayment. "Debt in Africa," Mbendi.

[31] Deborah Brautigam and Adama Gaye, "Is Chinese Investment Good for Africa?" Council on Foreign Relations, Feb. 14, 2007. Former WB economist William Easterly has argued that debt relief presents a moral hazard by encouraging relieved countries to expect additional relief after future borrowings. *The White Man's Burden: Why the West's Efforts to Aid the Rest Have Done So Much Ill and So Little Good* (New York: Penguin Press, 2006). Of course, because China has so far consistently provided debt relief to African states, does not guarantee it will continue to do so.

[32] "Chinese Investors Outpace Indians, British in Ghana," AFP, June 17, 2006.

[33] Andrea Goldstein, et al. *China and India: What's in it for Africa?* (Paris: OECD 2006):53.

[34] Frank Ching, "Cosy Ties, but China Needs to do more for Africa." *Business Times*. July 13, 2005.

[35] Jennifer Brea, "China's New Scramble for Africa," *American.Com: a Magazine of Ideas Online*.

[36] "Signing On," *Petroleum Economist*, Oct. 2004:1.

[37] John McMillan, "Promoting Transparency in Angola," *Journal of Democracy* 16:3 (2005)155-169.

[38] See John Ghazvinian, *Untapped: the Scramble for Africa's Oil* (New York: Harcourt 2007).

[39] Nicholas Shaxson, *Poisoned Wells: the Dirty Politics of African Oil* (New York: Palgrave 2007): 217-218. While China is said to have no regard for transparency, Baroness Whitaker stated in a House of Lords debate that due to its connections with international organizations, "China may be interested in supporting the principles of EITI," "Africa: Chinese Investment," *Lords Hansard*, Feb. 6, 2007: Column 670. Any evidence?

[40] Afeikhena Jerome, et al., "Addressing Oil Related Corruption in Africa: Is the Push for Transparency Enough?" *Review of Human Factor Studies* 11(1) (2005):7-32. Ethiopian Premier Meles Zenawi has stated that "it would be wrong for people in the West to assume that they can buy good governance in Africa [which] can only come from inside . . . [China] does not in any way endanger the reforms of good governance and democracy in Africa because only those that were home-grown ever had a chance of success." "Ethiopia: PM Opposes 'Neo-Liberal' Economic Reforms," *Africa News*, Feb. 17, 2007.

[41] Scott Pegg, "Can Policy Intervention Beat the Resource Curse? Evidence from the Chad-Cameroon Pipeline Project," *African Affairs* (AA) 105/418 (2005):1-25.

[42] Joshua Eisenman and Joshua Kurlantzick, "China's Africa Strategy," *Current History* 105 (691) (2006):219-224; Michael Klare and Daniel

Volman, "The African 'Oil Rush' and American National Security," *Third World Quarterly* 27:4(2006):22-35; Gregory Kane, *The Strategic Competition for the Continent of Africa* (Carlisle PA: US Army War College 2006); Donovan Chau, *Political Warfare in Sub-Saharan Africa: US Capabilities and Chinese Operations in Ethiopia, Kenya, Nigeria, and South Africa* (Carlisle, PA: USAWC, 2007).

[43] "U.S. Military to Help Secure Oil," *Vanguard* (Nigeria), May 22, 2007; "The Oil Need that Fuels US 'Outreach' in Africa," *Washington Post* (WP), May 28, 2009.

[44] Michael Klare, *Blood and Oil: the Dangers and Consequences of America's Growing Dependence on Imported Oil* (New York: Metropolitan, 2004):144; Lauren Ploch, "Africa Command: US Strategic Interests and the Role of the US Military in Africa," Congressional Research Service, May 16, 2007.

[45] See, e.g., Paul Lubeck, et al., "Convergent Interests: US Energy Security and the 'Securing' of Nigerian Democracy," *International Policy Report*, Feb., 2007:10. After the rigged 2007 Nigerian election, the US stated that Nigeria is a strategic partner and it would continue to work with it. Constante Ikokwu, "US: Nigeria Still Strategic Partner, Despite Election Flaws," TD, May 19, 2007.

[46] Paul Moorcraft, "Strange Bedfellows in Khartoum," BD, June 22, 2007; Greg Miller, "U.S. Relies on Sudan Despite Condemning It," LAT, June 11, 2007 (US-Sudan intelligence "liaison visits every day"); US State Dep't, *Country Reports on Terrorism*, April 30, 2007 (link) (Sudan is "a strong partner in the war on terror"). China has supplied 20% and Russia 40% of Sudan's arms imports. Mark Bromley and Andrea Goldstein, "What China Model can do for Africa," *Financial Times* (FT), Feb. 16, 2007. France and other states also arm Sudan, F. William Engdahl, "Darfur: Forget Genocide, There's Oil," Asia Times, May 25, 2007. On China's role in persuading Sudan to accept UN peacekeepers in Darfur, see Jonathan Holslag, "China's Diplomatic Victory in Darfur" (Brussels Institute of Contemporary China Studies, 2007). Despite Darfur, after the 2005 Khartoum-southern Sudan peace deal, US oil firms have renewed their interest in Sudan oil. Matthew Chen, "Chinese National Oil Companies and Human Rights", *Orbis* (Winter 2007):41-54. India, which partners with China and Malaysia in developing Sudan's oil, supports Sudan's position on Darfur. Luke Patey, "A Complex Reality: The Strategic Behavior of Multinational Oil Corporations and the New Wars in Sudan" (Copenhagen: Danish Institute for International Studies, 2006):37.

[47] Jedrezej George Frynas and Manuel Paul, "A New Scramble for African Oil? Historical, Political and Business Perspectives," AA 106:423(2007):229-251. Some 95% of oil produced in Africa's largest petro-state, Nigeria, is generated by five Western companies: Shell, Exxon, Chevron, Total and Agip. Ibid.

[48] Darren Taylor, "Concerns Mount about Chinese Oil Interests in Africa," VOANews, May 3, 2007; Nicholas Freeman, *The Dragon on the Nile: China's Pursuit of Energy Security in Sudan* (Annapolis: US Naval Academy 2006): 79.

[49] Michael Wines, "China's Influence in Africa Arouses Some Resistance," NYT, Feb. 10, 2007:3; "Frankenstein in Africa: China Sets Out to Destroy Africa's Manufacturing Sector," Jan. 1, 2007.

[50] "Zambia to Initiate Campaign to Boost Local Products Consumption," XH, Aug. 16, 2005. Nigel Harris, *The Return of Cosmopolitan Capital: Globalization, the State and War* (London: Taurus, 2003). Many African countries similarly cannot compete with Latin American states in the production of items like

T-shirts. See Uma Subramanian and Matthias Matthijs, "Can Sub-Saharan Africa Leap into Global Network Trade?" World Bank Policy Research Working Paper 4112 (2007).

[51] "Africa a Frontier of Opportunity for Expanding China," AP, February 8, 2007; Catherine Fournet-Guerin, "New Chinese Immigration in Antananarivo," *Chinese Perspectives*, No. 67 (2006):45-57.

[52] "Zhongguo Geti Shangren Taojin Feizhou: Jianku Chuangye Ganshang Gan Gan" (China's Individual Entrepreneurs' Gold Rush in Africa: Hardship in Building a Business; Dare to Think Dare to Do), Renmin Wang correct?, Aug. 17, 2005.

[53] "Is the Awakening Giant a Monster," *The Economist*, Feb. 13, 2003.

[54] These consumers are not limited to purchasers of basic commodities. Many African businesses buy Chinese goods, often machinery, inputs to production, and wholesale commodities. See, e.g. "How Chinese are Taking Over Kampala's Business Hub," *New Vision* (Uganda), May 2, 2007.

[55] Jane Kennan and Christopher Stevens. *Opening the Package: the Asian Drivers and Poor-Country Trade* (Brighton: Institute of Development Studies [IDS], 2005):2.

[56] "China to Promote Trade, Economic Links with Africa in 2006," XH, January 6.

[57] Chris Edwards and Rhys Jenkins, *The Effect of China and India's Growth and Trade Liberalisation on Poverty in Africa* (London: UK Department for International Development, 2005):28-29, 38. Such studies of course cannot take into account smuggled goods, in which the proportions of consumer and non-consumer goods are uncertain.

[58] Nick Thiong'o, "China Unveils Move to Curb Sub-Standard Exports," *Kenya Times*, Nov. 23, 2006. China's Ministry of Commerce has ordered PRC firms in Africa to hire local workers and meet international safety standards. Gill and Riley, "The Tenuous . . .," 2007:47. The PRC State Council has issued "Nine Principles to Encourage and Standardize Enterprises Overseas Investment" requiring PRC firms overseas to abide by local laws, protect labor rights and the environment and practice corporate social responsibility. Stephen Marks, "The Summit in Beijing," *Pambazuka News*, Dec. 14, 2006.

[59] This is not to argue that in some sectors and with regard to certain potentialities, the impact is not significant. See Raphael Kaplinsky, et al., "The Impact of China on Sub Saharan Africa," April 2006.

[60] Robert Devlin, The Emergence of China: Opportunities and Challenges for Latin America and the Caribbean (Cambridge: Harvard University Press, 2007): Table 5.5.

[61] See, e.g., Karen Palmer, "Asian Imports Gutting African Textile Trade," SCMP, Dec. 14, 2005:9. Africa's 2003 T&C exports were worth US$2.3b, less than one percent of a $400b world trade. "How Many Will Closure of Textile Company Affect?" *New Era* (Namibia), Jan. 22, 2007.

[62] Peter Quartey, "The Textile and Clothing Industry in Ghana," in Herbert Rauch and Rudolph Traub-Merz (eds.), *The Future of the Textile and Clothing Industry in Sub-Saharan Africa* (Bonn: Friedrich-Ebert-Stiftung, 2006):135-146. By March, 2005, the industry only employed 3,000. Ibid, p. 136.

[63] Rudolf Traub-Merz, "The African Textile and Clothing Industry: From Import Substitution to Export Orientation," in Rauch and Traub-Merz, *The Future . . .*, 2006:9-35. The 2001 film *T-Shirt Travels* shows that after the 1991 opening of Zambian markets to trade in second-hand clothes, every clothing factory closed. See this link. Claims have been made that Chinese

goods destroyed the textile industry in Zimbabwe. "'Cheap Chinese Goods Destroyed Zim Economy,'" *The Namibian*, August 28, 2007. The head of the International Textile Garment and Leather Workers Federation pointed out in 2004, however, that "in Zimbabwe some 20,000 textile and clothing jobs have disappeared directly or indirectly due to imported used clothing from the West." "Western Charity Undermines African Textiles," *New Internationalist*, no. 373 (Nov. 2004):1. T&C manufacturers in Zimbabwe attributed de-industrialization to second-hand clothing imports, the impact of Western-imposed structural adjustment programs and drought. Simone Field, *The Internationalisation of the Second-Hand Clothing Trade: the Case of Zimbabwe*, unpub'd PhD diss., Coventry University, 2000:301.

[64] Second hand clothing was 26.8% by value of Sub-Saharan Africa's imports in 2003. Sally Baden and Catherine Barber, "The Impact of the Second Hand Clothing Trade on Developing Countries," Oxfam Briefing Paper (2005):5.

[65] "Social Forum Best Placed to Question World Order," *East African Standard* (Kenya) (EAS), January 22, 2007; Gloria Otieno, *Trade Liberalization and Poverty in Kenya: A Case Study of the Cotton Textiles Subsector* (Nairobi: Kenya Institute for Public Policy Research and Analysis, 2006).

[66] Raphael Kaplinsky and Mike Morris, "Dangling by a Thread: How Sharp are the Chinese Scissors?" (Brighton: IDS 2006):vi.

[67] Duane Newman, "Duane's World," BD, December 4, 2006; Mills Soko, "SA Can Cut Lessons from Chinese Cloth," BD, Oct. 19, 2006.

[68] "Lesotho Shows Textile Woes are About More than China," BD, July 1, 2006. About one third of China's textile exports are made by "foreign" (mostly Hong Kong or Taiwan) -owned firms. "E-TV Interview with Charge d'Affaire Mr. Zhou Yuxiao," PRC Embassy, South Africa, April 13, 2006; Mills Soko, "The Lessons of China's Rag Trade Revolution," *Cape Argus* (S. Africa), Feb. 1, 2007.

[69] "Poorer Nations Feel China's Weight," *International Herald Tribune* (IHT), Apr. 3, 2007:14.

[70] Gumisai Mutume, "Loss of Textile Market Costs African Jobs," *Africa Renewal* 20(1) (2006):18-22; Kaplinsky and Morris, "The Impact . . ." 2006:34.

[71] John Miller, "Nike to the Rescue? Africa Needs Better Jobs, Not Sweatshops," *Dollars & Sense*, Oct. 21,2006.

[72] "Textiles No Longer Hanging by a Thread," IRIN, July 3, 2006; Stephanie Hanes, "Hey, Nice Clothes, But are They Ethical," *Christian Science Monitor*, Oct. 13, 2006:1; "Textile Producers Get a Boost from Trade Bill . . ," allAfrica.com, Dec. 12, 2006.

[73] Ralaivelo Maminirinarivo, "The Textile and Clothing Industry of Madagascar," in Jauch and Traub-Merz, The Future . . . 2006:178-192; "A Nice Fairy Tale," Economist, Dec. 9, 2006; "International Textile Markets Rushing on for Eco-Friendly Fabrics," World Trade Review, Apr. 1-15, 2007; "Madagascar: Outlook for 2007-08: Economic Growth," Economist Intelligence Unit, Mar. 7, 2007; "Community of Eastern and Southern Africa (COMESA) Deputy Secretary General Stephen Karangizi Testifies Before House Ways and Means Sub-Committee," Fair Disclosure (FD) Wire, Nov. 17, 2009; "Business Presses Administration for Quick Madagascar AGOA Business Decision, " Inside US Trade, Oct. 30, 2009.

[74] "Moroccan Textiles Manufacturers . . ." Reuters (TV), Mar. 28, 2007.

[75] Traub-Merz, "The African Textile . . .," 2006:17, 25. S. Africa's unions estimated 60,000-70,000 jobs lost, but the University of

Cape Town School of Economics found only a third of that number disappeared; other jobs were informalized. Dave Marrs, "Chinese Textile Quotas a Case of Too Little, Too Late," BD, Nov. 13, 2006.

[76] Kaplinsky, "The Impact . . .," 2006:13. About 85% of cloth used in African apparel exports to the US is made with Asian, mainly Chinese, fabric. "AGOA Forum 2006: Stakeholders Seek Ways to Broaden AGOA Opportunities."

[77] "Lesotho Shows . . .," 2006. See also Kaplinsky, "The Impact . . .," 2006:13, 26.

[78] Lumengo Bonga-Bonga, "China Can Help Revive the African Textile Industry," Univers ok? Foreign Affairs, December 7, 2006. Interview with Prof. Bonga-Bonga; Johannesburg, Aug. 1, 2007.

[79] "Quotas on Chinese Textile-Clothing Imports Start," *China Monitor* (South Africa) No. 14 (Jan. 2007):16. Quotas were eased from March, 2007 because some T&C manufactures could no longer get fabric from China, leading to job losses quotas were intended to prevent. Mathabo Le Roux, "Minister Rows Back on Chinese Imports," BD, Mar. 29, 2007:1. South African unions did however deem the quotas a success. "High Hopes as New Talks Start in Clothing Industry," *Business Times*, May 13, 2007. Yet, predictably, the gap left by restricting PRC T&C was filled by imports from other countries. Ethel Hazelhurst, "Imports from China Fall, but Products Take Detour to SA," *Star*, Sept. 3, 2007.

Don Ross, "Let Quotas on Clothing and Textile Imports Die," *The Star* (Johannesburg), May 28, 2008.

[80] "China to Make More Efforts to Help Africa Develop Textile Industry," XH, Oct. 18, 2006; "E-TV Interview . . . 2006.

[81] United Nations Development Programme (UNDP), *Asian Foreign Direct Investment in Africa: Towards a New Era of Cooperation* (New York: United Nations, 2007):12, 19, 51, 56-57.

[82] "China Plays Increasing Role in Continent's Development," IPS, May 17, 2007; Chen Deming, "Cooperation Benefits All People," Business Daily Update, Nov. 9, 2009; "China-Africa Cooperation Builds on Africa's Capacity: Chinese Premier," XH, Nov. 8, 2009.

[83] UNDP, Asian Foreign . . . 2007:55-56.

[84] See, e.g., Brautigam and Gaye, "Is Chinese Investment . . ..," 2007.

[85] "Africa to be More Attractive for Chinese Investors," XH, Feb. 3, 2007.

[86] See, e.g., Trofimov, "In Africa . . ." 2007; Olin Freeman, "Africa Discovers Dark Side of its New Colonial Master," *Sunday Telegraph*, Feb. 4, 2007; Robyn Dixon, "Africans Lash Out at Chinese Employers," LAT, Oct. 6, 2006; Roy Carroll, "China's Goldmine," *Guardian*, Mar.28, 2006.

[87] Alastair Fraser and John Lungu, *For Whom the Windfalls: Winners and Losers in the Privatisation of Zambia's Copper Mines* (Lusaka: Civil Society Trade Network of Zambia and Catholic Centre for Justice, Peace and Development, 2007).

[88] Christian Aid, *A Rich Seam: Who Benefits from Rising Commodity Prices* (London: CA, 2007):21.

[89] Dixon, "Africans Lash . . . ," 2006. On NFCA claims of furthering a "social responsibility plan" among miners and future spending plans see "Zambian Councilor Praises Chinese Investment," XH, July 14, 2007; "Chambishi Mines Launches Social Responsibility Plan," *Times of Zambia* (TOZ), July 10, 2007.

; Interview with Prof. John Lungu, Copperbelt University, July 14, 2008.

[90] John Craig, "Putting Privatization into Practice: the Case of Zambia Consolidated Copper Mines Limited," *Journal of Modern African Studies* 30:3 (2001):389-410; Christian Aid, *A Rich Seam . . .* 2007:21.

[91] Fraser and Lungu, *For Whom . . .*, 2007:48.

[92] Charlotte Mathews, "Metorex Ramps Up its Copper Exposure," BD, Feb. 5, 2007; "Zambia: Conflict Looms Over Revision of Mineral Tax," IPS, Nov. 15, 2005.

[93] "State Gets $71 Million Tax from Mines," TOZ, Feb. 22, 2007.

[94] Christian Aid, *A Rich Seam . . .*, 2007:22. Strikes occurred at the Konkola and Kansanshi mines in the summer of 2007 and resulted in the firing of strike organizers at the latter. "FQMO Fires Four Kansanshi Miners," TOZ, July 27, 2007; Andy Blamey, "Lost Output from Strikes around 39,000 mt: Barclays," *Metals Week*, August 6, 2007.

[95] Christian Aid, *A Rich Seam . . .*: 24.

[96] Western media often quote a politician who expounds that hierarchy. Guy Scott, a white farmer, ex-Minister of Agriculture, and secretary general of the opposition Patriotic Front (PF), has said "People are saying: 'We've had bad people before. The whites were bad, the Indians were worse, but the Chinese are worst of all.'" Chris McGreal, "Chinese Influx Revives Colonial Fears," *Guardian*, Feb. 9, 2007.

[97] "Zambia Opposition Chief Files Complaint Over Amin Comparison," AFP, Sept. 17, 2006.

[98] Amos Malupeng and Brighton Phiri, "Sata Visits Taiwan," *The Post* (Lusaka), Feb. 6, 2007.

[99] Ni Yangshuo. 2006. "Servir d'intermediaire pour Faciliter les Rapports entre la Chine et le Nigeria" (To serve as an intermediary to facilitate rapport between China and Africa), *Chinafrique*. No. 10;

[100] UNDP, Asian Foreign . . . 2007:59-60; Craig Timberg, "From Competitors to Trade Partners," WP, Dec. 3, 2006.

[101] It is often supposed that state-owned PRC construction firms in Africa accept a low profit rate because they receive subsidies, but construction firms' profits in China average only 2-3%. "High Debt Rate, Price War Haunt China's Construction Industry," XH, Mar. 21, 2007. The question of whether Chinese firms also generally receive an advantage in obtaining construction contracts in Africa on projects financed by China has not yet been resolved.

[102] World Bank, *Global Development Finance* (Washington: WB, 2003):95.

[103] Ernest Harsch, "Foreign Investment on Africa's Agenda," *Africa Recovery* 17:2 (July, 2003):12-16; "Encouraging Businesswomen in Africa," 2002, (profitability for US affiliates in Africa 25% in 1997, but 12% worldwide).

[104] UNDP, *Asian Foreign . . .*, 2007:57-59. China is also building large smelters in other African countries, e.g. Zambia and Egypt. "How China is Cementing Resources Globally," Asia Pulse, Aug. 20, 2007; "CITIC to Construct Smelter in Egypt,"IHT, September 12, 2006.

[105] "China Cobalt Firms Mull Congo Plants After Export Ban," Reuters, May 9, 2007.

[106] Shashank Bengali, "An African Building Boom Made in China," *Star Tribune* (Minneapolis), Sept. 18, 2006:13A;

[107] James K. Jackson, "US Direct Investment Abroad: Trends and Current Issues," Congressional Research Service, 2006:3

[108] US Department of Commerce, "US-African . . . ,"2006:13. For statistics on Western oil firms' African investments, see He Wenping, "Zhong Fei Guanxi Fazhan Chudongle Sheide Shenjing" (Whose Nerve has the Development of China-African Relations Touched), *Shijie Zhishi* No. 19 (2006): 30-32.

[109] "Good Man in Africa," *China Daily*, May 11, 2007.

[110] See, e.g., Kevin Kerr, "Into Africa: Commentary: China's Tentacles Reach Throughout the Continent," MarketWatch, Jan. 9, 2007; Will Hutton, "Does the Future Really Belong to China?" *Prospect* (Jan. 2007).

[111] William Hartung and Frida Berrigan, "Militarization of U.S. Africa Policy, 2000-2005," World Policy Institute Arms Trade Center; Daniel Volman, "Obama Moves Ahead with Africom," The Zeleza Post, Dec. 13, 2009. The 2007 Stockholm International Peace Research Institute Arms Transfers Database (link) indicates that the total inventory value (TIV) of US arms sold to 12 African states from 1997-2006 was US$6.415 billion, while the TIV of Chinese arms sold to 13 African states in the same period was $564 million.

[112] "African States Urged to Maintain Stability," EAS, May 6, 2004; Nick Mathiason, "Western Bankers and Lawyers 'Rob Africa of $150bn Every Year,'" *Independent*, Jan. 21, 2007, p.1; Africa All Party Parliamentary Group, *The Other Side of the Coin: the UK and Corruption in Africa* (London: AAPPG, 2006):20; "$11.5 Trillion Siphoned Offshore," *Public Agenda* (Ghana), Mar 10, 2006.

[113] On the African brain drain to developed states and the training of African professionals in China, see Barry Sautman and Yan Hairong, "Friends and Interests: China's Distinctive Links with Africa," *African Studies Review* 50:3 (Dec. 2007).

[114] An example is the notion that China dominates Sudan and Zimbabwe, while protecting their regimes against a Western drive for "democracy and human rights." See Barry Sautman and Yan Hairong, *East Mountain Tiger, West Mountain Tiger: China, the West and 'Colonialism' in Africa* (Baltimore: University of Maryland Series on Contemporary Asian Studies, no. 182, 2007); Schoeman 2007.

[115] A US official has stated, "To say that the subject of 'China in Africa' fascinates the US government and private sector is something of an understatement." Claudia Anyaso, "Remarks at the China in Africa Today Seminar," US Department of State, March 6, 2007. The U.S. House subcommittee on Africa vice-chair has said, "China's increasing engagement in Africa is a concern, and we need to focus on it before Beijing becomes fully established." Kathy Legget, "China's Expansion into Africa Poses New Challenges for the US," WSJ, March 30, 2005:1. China in Africa figures in US discussions of a non-Western challenge to US hegemony. See Steven Weber, "A World with the West," *National Interest* (July-Aug. 2007). Half of respondents to a poll of 7,500 Americans indicated they regard China's influence in Africa as a "great threat" or "threat" to US national interests. "UPI/ZogbyPoll: China's Influence in Africa," UPI, July 27, 2007.

[116] While aid policies are beyond this paper's scope, China, a developing country, gave Africa $5.5b in aid from 2000-2006, according to Economist Intelligence Unit estimates. Africapractice, *The Impact of the Chinese Presence in Africa* (London: Africapractice 2007):8. Some 44% of China's foreign aid is devoted to Africa; less than 1% of the US aid budget is spent in sub-Saharan Africa. "Comoran President Praises China-Africa Cooperation as Model," XH, Oct. 23, 2006; Torcuil Crichton, "When it Comes to Africa, Bush has More on his Mind than Aid," *Sunday Herald* (Scotland), June 12, 2005. Until 2008 and the election of the Guomindang's Ma Ying-

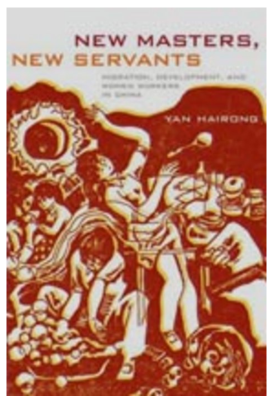
jeou as Taiwan's president, there was competition between the PRC and Taiwan for recognition by African states. By that year, only four African states recognized Taiwan and since then there has been a PRC/Taiwan "diplomatic truce" which has suspended the erstwhile competition. "Minister Francisco H.L. Ou from the Taiwan Foreign Ministry Gives a Talk at National Cheng Kung University," *Research Express* 8:10 (May 22, 2009).

[117] See, e.g,, "China Means Well in Africa – Ngatjizeko," *The Namibian*, Apr. 3, 2007; "A Scramble for the Continent that We May Not Gain From," EAS, Mar. 27, 2007..

[118] See Emma Mawdsley, "China and Africa: Emerging Challenges to the Geographies of Power," *Geography Compass* 1 (2007):1-17; Paul Moorcraft, "Why Beijing is Winning in Africa." BD, Feb. 2, 2007.

[119] *Global Unease with Major World Powers* (Washington: Pew Research Center, 2007):45.

[120] David Pilling, "Africa Builds as Beijing Scrambles to Invest," FT, Dec. 10, 2009.



Click on the cover to order.