China's Africa Strategy

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The streets of Maputo, the capital of the former Portuguese colony of Mozambique, look little different from those of other sub-Saharan African cities. Open sewers overflow with rotting fruit, beggars harass pedestrians for 1,000 meticais (the equivalent of less than 10 cents), and young mothers walk past in dirty rags, carrying emaciated children. Yet Maputo is also hopeful. After decades of brutal civil war, Mozambique has enjoyed peace since the early 1990s and has built a nascent, if fragile, democracy. Mozambican entrepreneurs have reconstructed the shattered economy of their capital, whose business district has even sprouted a small skyline.

Amid the pink and green Mediterranean-style buildings on Maputo’s oceanfront, signs of its Portuguese colonial heritage, one structure stands out—an enormous, blocky building with an Asian pagoda roof that hardly resembles the surrounding architecture. It is the Ministry of Foreign Affairs, and it has been built, as part of a larger initiative, with Chinese aid. Indeed, in recent years China has become a major provider of aid to Mozambique, launching an investment- and trade-promotion center in Maputo, offering debt reduction, and promising significant other economic assistance.

Perhaps unsurprisingly, Mozambique now regards China as one of its most important allies outside of Africa. On one visit to Beijing, Mozambique’s prime minister announced that his country supports China’s “independent foreign policy”—a term Beijing uses to denote independence from American power—and called for China to play a larger role on the African continent.

Mozambique is hardly unique. Over the past decade, while the United States has too often ignored sub-Saharan Africa policy other than counterterrorism cooperation and aid initiatives, Beijing has quietly established relationships with the continent's political and business elites. And Beijing has enjoyed considerable success in Africa, building close ties with countries from Sudan to South Africa, becoming a vital aid donor in many African nations, signing trade initiatives with more than 40 African states, and developing military relationships with many of the continent's powers.

INTO AFRICA

A decade ago, China’s influence in Africa was limited. Its aid programs were hardly significant, its diplomats relatively unskilled. And many Chinese were unsure about their country’s role as an international actor. In most international forums, China did little other than defend core interests, like the “one China” principle. Recently, however, continued strong economic growth, a more sophisticated generation of Chinese leaders, better scholarship in China on Africa, and a domestic population more confident in China as a global actor have encouraged Beijing to take a more proactive approach to foreign affairs.

Beijing’s motives are clear. China’s growing industries demand new energy and raw material suppliers; its exporters want markets; its diplomats require support in international organizations; and its propaganda still seeks support from allies to advance Chinese interests and, when necessary, to counter the United States.

Africa has become central to these strategies. In part, China’s courtship of Africa is a resource grab. Rapid Chinese economic growth coupled with dwindling domestic Chinese petroleum and mineral deposits have encouraged Beijing to look abroad for resources. Last year, China became the world’s second-largest consumer of petroleum prod-

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ucts, and its imports of natural gas, copper, cobalt, and other key resources are rising by as much as 20 percent annually.

Within the next decade, China’s domestic oil production is likely to continue diminishing, and the country will surpass the United States as the largest global consumer of oil. And China possesses no significant strategic petroleum reserve. According to energy analysts such as Erica Downs of the Brookings Institution, who follows the debate on oil within the Chinese leadership, Beijing is convinced that it must become less dependent on market-d dictated pricing in case of a global crisis or a deliberate US attempt to cut China’s energy supply lines.

This search for resources takes Chinese officials to commodity-rich Africa, home to major oil producers, including Nigeria, Sudan, Angola, and Gabon, as well as some of the richest deposits of minerals in the world. China already imports about 28 percent of its oil and gas from sub-Saharan Africa, compared with about 15 percent for the United States, and it has made sizable copper purchases in Zambia, the Democratic Republic of Congo, and other African states. Although Zimbabwe lacks oil, it has the second-largest deposits of platinum in the world; those riches remain largely untapped, as do Zimbabwe’s deposits of more than 40 other minerals, including ferrochrome, uranium, gold, silver, and copper.

But China’s Africa strategy is about more than resources. As in other parts of the developing world, Chinese businessmen are looking to open new markets for their products. They have been surprisingly successful: according to Chinese government reports, trade between China and Africa jumped over 35 percent between November 2004 and 2005.

In fact, Chinese merchants may have been too successful. In 2004, Chinese exports to Ethiopia made up over 93 percent of the two nations’ bilateral trade, and in the first half of 2005, Chinese purchases from Djibouti, Eritrea, and Somalia/Somaliland were negligible, an imbalance that could alienate these countries in the long run, as Beijing’s trade imbalance has already begun to alienate Latin American states.

In an attempt to ease the lopsided trade relationship, this year Beijing scrapped tariffs on 190 commodities from 25 African nations.

Yet, despite claims by Beijing that this initiative marks an “important commitment to help African countries develop their economies,” the decision is unlikely to dramatically change China’s trade relationships in the region. Meanwhile, aided by its undervalued currency, China’s unparalleled competitiveness in developed international markets like those of the United States and Europe have hurt African exports, such as textiles.

China’s efforts to win friends across Africa also are aimed at safeguarding its interests in international forums and institutions, such as the UN Commission on Human Rights. The commission is to be replaced by the Human Rights Council in part because China helped fill it with Africa’s worst human rights abusers, including Zimbabwe, Sudan, and Eritrea. At every turn these African nations then have supported Beijing’s efforts to sideline attempts to redress abuses throughout China and Africa. In the case of Sudan, China has used its status as a member of the UN Security Council to block a real measure intended to address genocide in Darfur. By leveraging its seat, China has driven a further wedge between Sudan and the West, a move that only bolsters Beijing’s importance to the oil-rich Khartoum regime.

Africa is one of two parts of the world, along with Latin America, with sizable numbers of states that still recognize Taiwan. Taiwan’s remaining allies are vital to preventing the island from becoming isolated diplomatically, and Beijing clearly wants to reduce Taiwan’s influence on the continent. In late 2005, China lured Senegal, one of the most important West African states, back to its camp. African rulers affirm their support for the “one China” principle at nearly every official meeting with their Chinese counterparts. Earlier this year, Ethiopia’s parliament even approved a resolution in support of Beijing’s anti-secession law.

**HOW TO WIN FRIENDS**

Since at least the 1980s, US scholars on Africa have focused primarily on developments within the continent, or on Africa’s relations with Western nations and international aid and financial institutions. American China scholars, by contrast, tend to focus on Chinese domestic developments, US-China relations, and China’s relations with the Asian region. As a result, there has been limited research on how China has pursued influence in Africa over the past two decades. Understanding these tools of influence offers a window into China’s
strategies on the continent, and whether they could be replicated in other parts of the developing world.

How does China obtain resources, build trade, and win African nations to its side? In January, Beijing released an official China-Africa policy white paper, a document remarkable for the broad range of issues it covers. The white paper offers some clues into Beijing’s strategy in Africa. First, China is dramatically boosting its aid and economic support to Africa—aid it can provide with few strings, at the same time as international financial institutions, like the World Bank, increasingly link aid disbursements in the developing world to good governance and anticorruption initiatives.

Chinese aid to the continent has become more sophisticated. While China once focused on large buildings—sports stadiums in Gambia and Sierra Leone, for example—it has increasingly used aid to support infrastructure creation that then also helps Chinese companies, and to directly woo African elites. In 2002, China gave $1.8 billion in development aid to its African allies. (Beijing has since then stopped officially reporting its aid, making a complete and accurate tally impossible.)

China has also used debt relief to assist African nations, effectively turning loans into grants. Since 2000, Beijing has taken significant steps to cancel the debt of 31 African countries. In 2000, China wrote off $1.2 billion in African debt; in 2003 it forgave another $750 million. Ethiopian Prime Minister Meles Zenawi has proclaimed that “China’s exemplary endeavor to ease African countries’ debt problem is indeed a true expression of solidarity and commitment.” Debt relief has been an excellent public relations tool for Beijing because it not only garners popular support but also allows for two positive press events: the first to provide the loan, the second to relieve the debt.

In addition to increased aid, China’s outreach includes efforts to boost its soft power in Africa. This is evident in a growing focus on promoting Chinese cultural and language studies on the continent. In 2003, 1,793 African students studied in China, representing one-third of total foreign students that year. Indeed, China plans to train some 10,000 Africans per year, including many future African opinion leaders who once might have trained in the West.

Beijing also seeks to establish “Confucius Institutes” in Africa—programs at leading local universities, funded by Beijing and devoted to China studies and Chinese language training. Already, in Asia, Confucius Institutes have proved effective in encouraging graduate students to focus on China studies and, ultimately, to study in China. Meanwhile, Chinese medical schools and physicians train African doctors and provide medicine and equipment free of charge to African countries.

Through these programs and exchanges, China develops trust by investing in long-term relationships with African elites that formerly might have been educated in London or Washington. Beijing is also working to encourage tourism in Africa, partly in an effort to develop cultural ties. The government has approved 16 African countries as outbound destinations for Chinese tourists, including Ethiopia, Kenya, and Zimbabwe. This pushed the number of Africa’s Chinese tourists to 110,000 in 2005, a 100 percent increase over 2004, according to Chinese government figures.

**TRADE SUMMITS AND ARMS DEALS**

On the trade front, Beijing has enacted policies to encourage greater Chinese investment in Africa. It has launched centers for “investment and trade promotion,” providing business and consultation to Chinese enterprises in Africa. Beijing has also created special funds and simplified procedures to promote Chinese investment.

As Chinese investment in the continent has grown, some 80,000 migrant workers from China have moved to Africa, creating a new Chinese diaspora that is unlikely to return home. (In some cases, this diaspora, along with imports of cheap Chinese goods, has sparked anger in Africa. Many African businesspeople believe that Chinese goods are unfairly undercutting them, and fear the diaspora is remitting nearly all of its money back to China rather than reinvesting it into local economies. These are the kinds of concerns that once led to anger against Indian populations on the continent.)

In a strategy Washington would be wise to emulate, China uses summits and informal meetings to reach out to African business leaders. The first Sino-African business conference was held in Ethiopia in December 2003. It resulted in agreements on 20 projects with a total value of $680 million. In August 2004, China held a China-Africa Youth Festival in Beijing, and in 2006 Beijing will host the third ministerial meeting of the China-Africa Cooperation Forum. Events like these provide a venue for rolling out Beijing’s technical assistance, and where the idea of China as a benign actor in Africa can be tacitly emphasized.

Finally, Beijing increasingly views Africa as a center for military-military cooperation and a
market for China’s growing arms industry. Today, Chinese firms rank among the top suppliers of conventional arms in Africa. Between 1996 and 2003, Chinese arms sales to Africa were second only to Russia's. In particular, China has developed close military ties with Zimbabwe, Sudan, and Ethiopia, three of Africa's most strategically important states.

In April 2005, Zimbabwe's air force received six jet aircraft for “low-intensity” military operations. The year before, a Chinese radar system was installed at President Robert Mugabe's mansion in the Harare suburbs. Most important, in June 2004, Zimbabwe reportedly purchased 12 jet fighters and 100 military vehicles, worth an estimated $240 million. This order, which had been kept secret, was also reported to have circumvented the state procurement board tasked with appropriating Zimbabwe's $136 million defense budget.

China has become the largest supplier of arms to Sudan, according to a former Sudanese government minister. Chinese-made tanks, fighter planes, bombers, helicopters, machine guns, and rocket-propelled grenades supplied Khartoum's forces in the north-south civil war.

And even as world leaders remain fearful of new conflict between Ethiopia and Eritrea, China has extended arms sales to both nations. (During the war between Ethiopia and Eritrea from 1998 to 2000, China bypassed a UN arms embargo and sold over $1 billion in weapons to both states.) Ethiopian Prime Minister Meles Zenawi and Chinese Lieutenant General Zhu Wenquan met in Addis Ababa in August 2005. They agreed that “Ethiopia and China shall forge mutual cooperation in military training, exchange of military technologies, and peacekeeping missions, among others.” The previous week, Zhu had met with the commander of the Eritrean Air Force. At that gathering, Zhu had said it was China's desire “for the armies of the two sisterly countries to cooperate in various training.”

These tools and strategies have proved effective. China has gained access to sizable resources across the continent. It has been offered exploration rights to important Nigerian oil fields. Beijing already dominates Sudan's oil industry and has the inside track to Angola's and Algeria's oil industries. More Chinese companies, too, are proving successful in mining African markets. The Chinese telecommunications giant Huawei, for instance, now holds contracts worth $400 million to provide mobile phone service in Kenya, Zimbabwe, and Nigeria. In Zambia, Chinese investors are working on a $600 million hydroelectric plant at Kafue Gorge. They are also active in South Africa and Botswana's hotel and construction industries. Chinese firms dominate the recovering economies of Sierra Leone and Angola, and China has become an increasingly close trade partner with South Africa, the region's largest economy.

African leaders are increasingly treating China like a great power on the continent, affording Chinese officials and businesspeople the type of welcome and access once reserved for Western leaders. Beijing's outreach has been well received by many African leaders, who welcome China's rhetoric of noninterference and constant inveighing against American “hegemonism.”

Just as Gabon, Sudan, Angola, and other nations now look to China first, so too Mugabe now calls China his “number one friend,” while the leaders of Rwanda, where the government is accused of rigging polls and locking up opposition leaders, have lavished praise on Beijing. “It's a different way of doing business,” Rwanda's finance minister told reporters, pleased that China has offered aid without any preconditions, such as improving Rwanda's human rights record. Sudanese officials, too, give thanks to Beijing: “We have our supporters,” the deputy head of Sudan's parliament said wryly after Washington attempted, with little luck, to sanction Sudan at the United Nations.

“NUMBER ONE FRIEND”
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exceed $2 billion. “When we ask our Chinese counterparts if they are willing to provide more loans, they say yes,” he remarked.

More generally, the state-led business model that China suggests to visiting African leaders could prove problematic in Africa. Chinese firms with state links often have poor standards of corporate governance, including a lack of transparency. In Africa, Chinese firms, many of them owned by the Chinese state, have been known to submit bids below cost in an effort to break into a market. Examples include Asmara’s Oratta Hospital in Eritrea and a $300 million hydroelectric dam and power plant on Ethiopia’s Tekeze River.

Notably, the Tekeze project is behind schedule and the Ethiopian government is insisting the Chinese construction firm pay for the delays. Because of below-cost bids and a desire to save money, some of the buildings Chinese firms have built in Africa are already crumbling, leading to fears about whether much of the new Chinese-built infrastructure will stand the test of time.

In China, this poor corporate governance has led to fiscal meltdowns. Yet the Chinese government, constrained by its need to demonstrate some rule of law to foreign investors, has managed to prosecute the most egregious white-collar criminals, including some corrupt officials. In Africa, where the rule of law often does not exist, China’s state-led business model could prove a disaster, an invitation for rapacious governments and companies.

**COMPETING VALUES**

Ultimately, Africa will provide a test of whether Beijing can be a successful great power, exerting influence far from its borders. In some respects, China’s influence may prove benign, as China shares burdens in Africa with other nations like the United States, becomes a greater source of investment in the continent, and funds much-needed aid programs.

Even as the United States has largely ignored African nations in UN forums, China has supported a range of proposals favored by African countries on UN Security Council reform, peacekeeping, and debt relief. In so doing, Chinese officials often portray Beijing as a champion of the developing world that listens to other countries, drawing an implicit contrast with the United States, which China portrays as uninterested in developing nations’ needs. As Chinese Prime Minister Wen Jiabao put it, “As a permanent member of the UN Security Council, China will always stand side by side with developing countries in Africa and other parts of the world.”

Yet Beijing’s influence must be weighed in light of the fact that China, at least for now, does not share American values of democratization and good governance—in Africa or anywhere else. Because China’s influence might constrain the existing powers in Africa, including the United States and France, the temptation may be to match some of China’s efforts on the continent in order to win resources. But it is more important that the United States leverage its values, which are still more appealing to average Africans.

For the United States, China’s growing role in Africa should be a wakeup call. Washington needs to convince both average Africans and their leaders that their future is better served, over the long term, by working more closely with the United States, the European Union, and international financial institutions. After all, a Chinese victory on the continent could come back to haunt the struggling residents of Maputo and other African capitals.
China’s Interests in Africa

Political interests

Studies of China’s Africa strategy (or lack there-of) have been overwhelmingly focused on China’s economic interests in Africa, the role played by Chinese government and companies, and the economic and social impacts of such activities on the ground. What are the pillars of China’s energy policy? And how is the country using its economic diplomacy to shape its relationship with the African continent? Read the most recent Enerdata analyst brief to understand what is China’s strategy in Africa. Throughout Africa, China is investing in large-scale infrastructure projects like the Nairobi-Mombasa line. A half-dozen railways have launched in recent years, along with dozens of other infrastructure projects, including bridges, dams, roads and power plants. These projects appear to benefit all sides. However, they often lack proper vetting, and deals unfold with little transparency. For China, infrastructure investment in Africa reflects a decades-old strategy of soft power called the “Going Out” policy.