

# The Forum on China– Africa cooperation

A strategic opportunity

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## **THE FORUM ON CHINA–AFRICA COOPERATION A STRATEGIC OPPORTUNITY**

The Forum on China–Africa Cooperation (FOCAC) was jointly set up by China and Africa in October 2000 and is a major initiative taken to promote traditional China–Africa friendship and cooperation ... Since then, two ministerial conferences have been held, first in Beijing and then in Addis Ababa. The forum serves as an important platform and effective mechanism for conducting collective dialogue, exchanging experience in governance and enhancing mutual trust and cooperation in practical terms between China and Africa ... During the past five decades, the Chinese and African peoples have forged close unity, and our friendship has flourished. China–Africa exchanges and cooperation have grown in all fields and yielded fruitful results. In international affairs, China and Africa enjoy trust and cooperate closely to uphold the legitimate rights and interests of the developing world.

*President Hu Jintao – Address at the opening ceremony of the FOCAC Beijing summit<sup>1</sup>*

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# 1 Introduction

## FOCAC and Africa

At the conclusion of the Forum on China–Africa Cooperation (FOCAC) summit in Beijing in November 2006 two historic documents, a declaration and an action plan for 2007–2009, were adopted by the Chinese and African leadership. The declaration confirms the establishment of a ‘new type of strategic partnership’ between China and Africa, while the action plan provides a detailed road map for China–Africa cooperation until the FOCAC IV meeting scheduled for late 2009 takes place in Cairo, Egypt. The action plan proposes cooperation in the fields of politics, economics, international affairs and social development. At a related conference held in the Great Hall of the People, Premier Wen Jiabao proposed an accelerated trade programme aimed at increasing two-way trade to a total of \$100 billion by 2010. Trade between China and Africa totalled only \$10 billion in 2000, but had reached almost \$40 billion by the end of 2006. FOCAC III was the highest level and the largest meeting that had taken place between Chinese and African leadership since diplomatic relations were opened in the 1950s.

The historic Beijing summit was attended by 41 heads of state and senior officials from 48 African countries. President Hu Jintao opened the proceedings, and announced a doubling of China’s assistance to Africa by 2009, consisting of

the provision of \$3 billion in preferential loans, \$2 billion in preferential buyers' credits, a \$5 billion fund to encourage Chinese investment in Africa and a cancellation of a portion of African debts owed to China by the heavily indebted poor countries. President Hu also outlined a comprehensive programme for strengthening China–Africa relations on both the political and cultural levels.

Research on China's African engagement has increased significantly in recent years and covers a wide range of topics and issues. While much of this research has been critical of China's activities on the continent, few observers have attempted to analyse or understand China's policy towards Africa and the specific diplomatic framework (FOCAC) constructed by China to advance dialogue, problem solving and mutual benefit. FOCAC forms the central pillar in advancing China–Africa relations and is the arena for constructive diplomatic interaction. It provides the foundation for building a long-term 'win-win' China–Africa relationship. A fuller understanding of FOCAC as a mechanism for advancing such a China–Africa win-win relationship and for building positive South-South relations is required to advance the China–Africa research agenda.

The FOCAC process provides a unique diplomatic mechanism to promote dialogue between China and Africa, while at the same time it facilitates the development of a common political and economic agenda which will advance constructive South-South cooperation for mutual benefit. FOCAC is the arena for developing Sino-African cooperation and problem solving and also provides an important framework for developing a common development agenda in a rapidly globalising international system. The FOCAC deliberations have brought African and Chinese leaders closer together and crafted a shared vision for policy coordination, expanded commercial interaction and common prosperity.

The various FOCAC declarations provide policy frameworks for building Sino-African relations and set the agenda for future constructive interaction. This offers Africa an opportunity to shape Sino-African relations through high-level consultation and diplomatic interaction. FOCAC has promoted a process of mutually beneficial interdependence between China and Africa, underpinned by China's commitment to peaceful co-existence, equality and respect for sovereign independence. Africa has gained significantly from this and stands to gain further through ongoing interaction and diplomatic exchanges. The regular and structured interaction provides a mechanism for identifying and developing new opportunities.

Through the FOCAC process, China has cancelled African debt, facilitated expanded market access and provided a wide range of new opportunities for positive engagement. FOCAC reflects the form and content of Sino-African relations while mapping a future in which both sides can achieve common prosperity. The objective of this monograph is to provide a full outline the FOCAC process, from inception to date, focusing on the positive outcomes of this process in advancing Sino-African cooperation and building common development. The research will also propose a comprehensive framework for continued future mutually beneficial interaction. FOCAC's central role in advancing a positive China–Africa relationship will be systematically investigated and prospects for FOCAC IV assessed.

The third and largest meeting of the Forum for Chinese-African Cooperation brought together 1 700 delegates from China and Africa in Beijing late in 2006 under the banner of 'friendship, peace, cooperation and development'. The meeting confirmed China's new strategic partnership with Africa and China's role as a global power on the continent. The summit concluded with the adoption of the Beijing Declaration and the Action Plan 2007–2009, which lays the foundation for a new stage in China–Africa relations, described by Beijing as a new kind of 'strategic partnership'. The agreements concluded in Beijing form the foundation for further diplomatic exchange and commercial interaction between China and Africa. In addition, they include a detailed programme for investment, trade and development assistance. The China–Africa Business Conference resulted in the conclusion of investment agreements with 11 African countries, valued at almost \$2 billion. Since the initiation of the FOCAC process in 2000, this forum has become one of the key interstate mechanisms in Africa.

China–Africa trade has increased more than four times since 2000, reaching almost \$50 billion by the time FOCAC III took place in Beijing. Beijing's objective is to double trade to \$100 billion by 2010 and given preset trends, the target is achievable. China has become Africa's third most important trade partner, after the United States and France. The complementarity of the Chinese and African economies underpins the rapid growth in two-way trade with Africa exchanging raw materials for China's manufactured products. Although the trade structure has raised questions, such as a report by the Organisation for Economic Cooperation and Development (OECD) which warned that a 'raw materials trap' in the China–Africa trade relationship is unavoidable in view

of the relative phases of economic development.<sup>2</sup> On the other hand, the World Bank has emphasised the advantages for consumers arising from the wide availability of Chinese manufactured products in Africa.<sup>3</sup>

The Beijing FOCAC summit confirmed the China–Africa relationship as the apogee of South-South cooperation in a rapidly globalising international system. The South-South agenda is to be advanced through solidarity in international organisations and an expanded Africa-Asia dialogue. China has pledged support in advancing Africa’s agenda, including encouraging the industrialised nations to fulfil development promises to bring Africa in line with the Millennium Development Goals (MDGs), the conclusion of the Doha world trade negotiations and better representation for Africa in global fora. China has undertaken to support African unity via the African Union, African regional integration efforts and the New Partnership for Africa’s Development (NEPAD) development programme. Apart from trade and investment, China has become a key development donor and investor in Africa. The urgency and commitment displayed by Chinese corporations have impressed their African hosts and injected a new dynamism into Africa’s commercial processes.

Besides the economic dimension, China and Africa are linked by the common objective of advancing the South-South agenda. In this context China and Africa are seeking a stronger voice for the developing world on the world stage and in international institutions such as the United Nations, World Trade Organisation (WTO), International Monetary Fund (IMF) and World Bank. China is seen as a partner of Africa in the struggle to democratise international fora and reshape global development agendas. Africa’s perception of China is shaped by China’s historical commitment to Africa’s freedom struggles. A strong sentiment of liberation solidarity underpins the relationship. China’s successful development model, grounded in strong state management of economic liberalisation and development, holds wide appeal in Africa, where states are seeking to escape the poverty trap. A central element of the China–Africa relationship is the principle of equal rights and mutual respect through which Africa can negotiate with China as equals, seeking mutually beneficial outcomes. Political conditionalities demanded by Western donor nations do not feature in China’s African intervention. Instead, the focus is on practical, realistic and achievable objectives based on a common development agenda. China’s commitment to develop Africa’s infrastructure and further educational, agricultural and economic development is interpreted as proof of China’s intentions to assist Africa

over the longer term, rather than simply seek an exploitative relationship based on oil and mineral extraction.

China's active engagement on the continent has contributed to a general African growth rate of over 5 per cent in recent years as well as to a significant improvement in infrastructure. Africans have welcomed China's active involvement in construction, an area of activity that Western donors have long neglected. African leaders have also welcomed China's commitment to assist in poverty reduction on the continent. For example, the International Poverty Reduction Centre founded with the United Nations Development Programme (UNDP) in 2005 has reinforced dialogue between China and developing countries, as well as between China and international development organisations. Africa has welcomed China's FOCAC commitments to increase aid to Africa and to promote conflict resolution and post-conflict peacebuilding in Africa.

It is widely acknowledged that China's very significant intervention in Africa over the last few years has completely altered the continent's traditional dependency on the US and former colonial Western donors.<sup>4</sup> Africa now has an alternative source of aid, trade and investment and the Chinese engagement methodology differs considerably from the West's restrictive, patronising and unrealistic conditional engagement. China's commitment to non-intervention in African domestic affairs and a determination to build partnerships based on equality and mutual respect are widely welcomed on the continent. Africa is not patronised and treated as a needy aid recipient by China, as Beijing rather seeks trade and investment partners on a continent predicted to have significant growth potential. African states have been quick to respond to China's fresh approach, and agreements have been concluded on a wide range of aspects. Some states, such as South Africa, have suggested a common approach to China to maximise Africa's benefits, but most Africa states are satisfied with a bilateral interaction and the rewards which flow from this. The enormous potential for South-South cooperation has been recognised by the AU, where a high-level working group of the AU Commission has been set up to address the issue of closer China–Africa relations.

This monograph seeks to analyse the unfolding FOCAC process from an African, rather than a Eurocentric, perspective presenting a view against a Sino-African milieu. The central premise is that FOCAC offers Africa a comprehensive agenda for political, economic and social interaction with China, to which Africa must respond appropriately in order to maximise positive outcomes.

China's African engagement offers enormous opportunity if well managed and coordinated. The challenge is for Africa to maximise the opportunities flowing from this process.

With a view to investigating the FOCAC process, a range of issues are discussed:

- Chapter 2 locates FOCAC and China–Africa policy generally within China's foreign policy framework, described by China's leadership as promoting global harmony to facilitate China's peaceful development
- Chapter 3 examines China's development model and its possible applicability to Africa. Through the FOCAC process, China has sought to assist African countries with poverty eradication and development initiatives based on China's recent experiences.
- Chapter 4 outlines the evolution of China–Africa policy as the foundation of the FOCAC process
- Chapters 5, 6 and 7 investigate the three FOCAC meetings, assessing the process, China's objectives, Africa's response and results to date
- In Chapter 8 the issue of crafting a win-win formula for China–Africa cooperation is addressed. It is argued that the central weakness of the FOCAC process is Africa's failure to adequately respond to China's policy initiatives. A range of suggestions by which Africa could maximise a positive outcome from FOCAC are presented
- Chapter 9 assesses the prospects for the next FOCAC meeting planned for Egypt in 2009. Suggestions on fine tuning the FOCAC process, drawn from interviews with African ambassadors in Beijing, are discussed
- The final chapter proposes an agenda for long-term China–Africa cooperation within the FOCAC framework through a closer synergy with NEPAD and the development of a common vision for Africa's political evolution and economic development

In Africa, European and American criticism of China's new African engagement is interpreted as an attempt to undermine a new competitor. Moreover, suggestions that China neglects democratisation is rejected as hypocritical given the West's colonial and Cold War record in Africa.<sup>5</sup> The poor results of Western donor aid and funding in addressing poverty in Africa has created space for a new contender and a new development model which holds the

promise of success for developing countries. China's commitment to work more closely with the AU and with regional organisations holds out the prospect of an innovative development framework, while the FOCAC process is to be more closely integrated with Africa's own development agenda in the form of NEPAD. In July 2006, a memorandum of understanding between China and the NEPAD secretariat was concluded to advance closer coordination and co-operation. The synergy being generated between China and Africa is advancing a common agenda on economic development. The FOCAC process offers Africa a new opportunity for a partnership with China and the prospect of a long-term mutually beneficial relationship with the world's fastest-growing economy.



# 2 China's foreign policy framework

## CHINA'S PEACEFUL DEVELOPMENT

Since 2003, senior Chinese leaders have begun promoting the concept of China's 'peaceful rise' (*heping jueqi*) as 'the new pathway' (*xin daolu*) and strategic direction for China's global interaction. China has sought to reassure major powers as well as developing nations that its economic development and growing international influence are part of a positive process which poses no threat. China's commitment to a 'peaceful rise' or 'peaceful development' is an acknowledgement that the historical problems associated with a rising power, which is seen as a challenger to the hegemon, will be effectively managed. China is actively seeking to avoid the competition-inducing policies of Weimar Germany, Imperial Japan and the former Soviet Union. China's policymakers point out that the 'only choice for China under the current international situation is to rise peacefully, namely, to develop by taking advantage of the peaceful international environment, and at the same time to maintain world peace through its development'.<sup>6</sup> In May 2004 President Hu used the expression 'peaceful development' (*heping fazhan*) to more accurately describe China's strategic intention in the years ahead.

In the context of ‘peaceful development’ China has conducted active diplomacy on four levels to give expression to its strategic intent. First, China has sought strategic partnerships with second-tier powers, entering into arrangements with the European Union, Russia and India. Second, China has sought to promote a ‘good neighbour policy’ in the Asia Pacific region through increased trade and investment. Third, by seeking cooperation and an active diplomatic dialogue with the US, China has confirmed its intention to work with Washington in international affairs.<sup>7</sup> Fourth, despite significant historical differences, China has sought to maintain an effective dialogue with Japan.<sup>8</sup> President Hu has stressed that China’s development will pose no threat to any country neither will it undermine in any way the development of other countries. At the 2005 Asia-Pacific Economic Cooperation summit he pledged China’s commitment to the road of peaceful development, while pointing out that China’s economic growth in recent years has been a positive factor for the entire Asia-Pacific region and the world as a whole. China’s rapid economic development benefits the Chinese people, but also provides the world with more trade and investment opportunities. Moreover, Hu reiterated that China’s peaceful development is an ‘inevitable choice’ based on its national conditions, its historical and cultural traditions and the structure of the global economic system. In the context of world multilateralism, economic globalisation and informatisation, China is seeking to promote development through a peaceful, open and cooperative commercial and diplomatic framework.

On 22 December 2005 China’s State Council published a white paper entitled ‘China’s peaceful development road’. The document is composed of five separate chapters, entitled ‘Peaceful development is the inevitable way for China’s modernisation’, ‘Promoting world peace and development with China’s own growth’, ‘Development by relying on China’s own strength, reform and innovation’, ‘Seeking mutual benefit and common development with other countries’ and ‘Building a harmonious world of sustained peace and common prosperity’. The white paper commits China to peaceful development as the ‘inevitable way for China’s modernisation’. In effect, China’s future economic prosperity depends on avoiding conflict with regional or extraregional powers, and ensuring an open international economic system from which its hyper-competitive economy can continue to benefit. In this sense, a commitment to peaceful development is ‘inevitable’ and obviously the best option at this juncture of human history. The

central elements of China's strategic development path, underpinning foreign policy decision making and diplomatic interaction, include

- Promoting a peaceful international environment – essential for China's continued economic development
- Maintaining a policy of openness to the world – guaranteeing international access to China's market and thus facilitating global participation in China's commercial success
- Conforming to the trend of globalisation – taking advantage of globalisation, rather than attempting to oppose growing international economic dependency
- Striving to achieve common development with other developing countries – through South-South cooperation, China seeks to craft a mutually beneficial development agenda
- Seeking cooperation with all nations with a view to advancing 'global harmony' – an essential condition for accelerated economic development

The white paper stresses the following:

Peace, opening-up, cooperation, harmony and win-win are our policy, our idea, our principle and our pursuit. To take the road of peaceful development is to unify domestic development with opening to the outside world, linking the development of China with that of the rest of the world, and combining the fundamental interests of the Chinese people with the common interests of all peoples throughout the world. China persists in its pursuit of harmony and development internally while pursuing peace and development externally; the two aspects, closely linked and organically united, are an integrated whole, and will help to build a harmonious world of sustained peace and common prosperity.<sup>9</sup>

Thus the strategic thinking underpinning China's foreign policy is a commitment to international stability as a pre-condition for continued economic development and prosperity in both China and the world. As one of the main beneficiaries of globalisation, China is committed to the development of global markets and expanding foreign investment. An international system based on the 'Washington consensus' favours a competitive economy such as China and

provides the framework for long-term economic prosperity. China is thus a systems supporter (although not a completely satisfied supporter), rather than a systems challenger. At the same time, many internal issues pose serious challenges for China's domestic, social and economic development as well as for China's global role. The white paper expounds on this problem as follows:

The main problem facing China in its development is the contradiction between its underdeveloped economy and its people's ever-increasing material and cultural demands, and the contradiction between economic and social development and the relatively strong pressure of the population, natural resources and the environment. Past experience indicates that fundamentally China must rely on itself to solve the problems in its development. By doing so, the country will be responsible to the Chinese people as well as to the people of the rest of the world. It is an important principle that guarantees that China will follow the road of peaceful development. China will not shift its own problems and contradictions onto other countries, much less will it plunder other countries to further its own development.<sup>10</sup>

Thus the peaceful development white paper firmly commits China to advancing a process of engaging Africa and other developing countries with a view to mutual development, rather than by exploitation or taking advantage of less competitive economies.

## THE THREE HARMONIES

The 'peaceful development' of China is complemented by a commitment to advance harmony both domestically and internationally. President Hu's theory of three harmonies underpins the statecraft of China's fourth generation of leadership. This includes seeking peace in the world (*he-ping*), harmony in Asia and reconciliation with Taiwan (*he-jie*) and harmony within Chinese society (*he-xie*). The three harmonies complement and give specific form to China's peaceful development objectives. President Hu and Premier Wen have sought to build a more people-centred and humanistic administration, committed to helping the poor at home and promoting mutual development abroad. The Hu-We approach has been built on a commitment to 'put people first', promote

good administration ‘for the sake of the people’ and ‘seeking harmony in the midst of differences’.<sup>11</sup> The three harmonies have translated into a co-operative foreign policy at all levels, while offering enhanced economic integration with Taiwan and increased assistance to farm workers, retired workers and inhabitants of China’s vast western regions which have lagged behind the rapid development of the eastern provinces.<sup>12</sup>

President Hu’s commitment to a ‘harmonious world’ is outlined as follows:

To promote the concept of a harmonious world, an important aspect is to consolidate and develop relationships with big countries, especially with the United States, Russia and the European Union. Therefore, the key to building a harmonious world is building a harmonious relationship with big countries. Meanwhile, due to China’s geographic location, we should strengthen harmonious co-existence with neighbouring countries, engage in full cooperation with them on the issues of our common interests, and strive to build a harmonious relationship with neighbouring countries. As the world’s largest developing country, China should take the lead among developing countries, pro-actively develop economic and trade cooperation and friendly exchanges with developing countries, and strive to build harmonious partnerships.<sup>13</sup>

China’s commitment to global harmony is based on a policy of ‘great power diplomacy with responsibilities’ (*fu zeren de daguo waijiao*) and has translated into a co-operative relationship with the US in the areas of counter-terrorism and with North Korea in the area of denuclearisation. In Asia, China’s ‘good neighbour policy’ translates into a programme for the promotion of trade and prosperity in the region through a ‘hub and spokes’ approach which generates expanded regional trade and investment. Beijing promotes the Association of Southeast Asian Nations (ASEAN) regional economic integration and has concluded a mutually beneficial free trade agreement with the region. In addition, China has joined a number of regional initiatives, including the six party talks on Korea, the Greater Mekong Regional Summit, the ASEAN Regional Forum, the ASEAN Treaty of Amity and Cooperation, the China-ASEAN Free Trade Agreement, East Asian Think-Tank Network and the Shanghai Cooperation Organisation.<sup>14</sup> China-ASEAN relations have been particularly successful, with both sides initiating an agricultural tariff reduction programme in 2004.

Two-way trade has since surpassed \$100 billion and a free trade agreement was concluded to facilitate further trade and investment growth. Institutional arrangements for regional economic integration have been formed through the China-ASEAN summit and five working groups to advance commercial interaction. The areas of cooperation include agriculture, information and communication technology, human resource development, exploitation of the Mekong River, mutual investment and the Pan-Asia railway.

On the domestic front the promotion of harmony has manifested itself in a new and distinctive style of governance, projecting a pro-people image and a government administration committed to serving the people. The domestic agenda has included a focus on correcting income inequality, and solving the problems relating to migrant and farm workers, resettled urban residents and retrenched workers. China's bureaucracy has been overhauled and the legal system restructured to make them more responsive to popular demands through greater accountability. Maintaining a commitment to improving the lives of ordinary citizens, the Chinese government has continued to deepen economic reform and advance integration with the global economy.<sup>15</sup> Continued economic growth remains the key driver for domestic stability and social harmony. In this context, continued reform remains important in the areas of land use, financial systems, state-owned enterprise restructuring, technology upgrading and the development of western China.<sup>16</sup> While China has entered a period of unprecedented growth, the potential for increased social instability remains an issue for concern. Factors requiring attention include employment, social security, income distribution, health care, housing and work safety. However, stability and social harmony is the overwhelming priority in dealing with these problems.<sup>17</sup>

China's commitment to a peaceful rise and the policy of three harmonies are in turn rooted in China's cultural tradition and a belief that peace is to be cherished, while harmony can be found in differences. Scholars and observers still imbedded in a Cold War paradigm view China's economic rise with suspicion, but overlook China's historical attempts to advance domestic and international harmony. Throughout history, the Chinese leadership has inclined towards using a 'marriage for peace' to build positive relations with neighbours. For example, the Han (206 BC – 220 AD) and Tang (618–907) dynasties sent diplomatic and cultural envoys to promote peace and cultural exchange in other parts of the world. During the Ming Dynasty (1368–1644) Zeng He's fleet

made seven long-distance voyages to promote diplomatic contacts and friendly exchanges. The 'silk road' focused on mutually beneficial trade and development links between West and East. In the aftermath of two devastating world wars and a wasteful Cold War, China's focus is on modernisation through peaceful development. Deng Xiaoping's policy of economic reform along with opening to the world has brought significant benefits to China, confirming the need to promote global peace and stability as the political platform for China's long-term goal of economic prosperity. Deng stressed that 'stability supersedes everything' in China's goal of economic development.

The *Collection of ancient texts*, the earliest book of Chinese history, also documents how Chinese rulers promoted political harmony. Confucius (551–479 BC) promoted the concept of harmony by providing guidance for social interaction and developing an ideological framework for political harmony. In the Confucian framework, a key objective for a ruler was to promote harmony in society. Society should in turn provide educated and committed individuals who could assist the king in effective administration. Zi Si (483–402 BC) identified harmony and the foundation of successful political interaction, while Mencius (372–289 BC) identified social unity as the key to a successful political leadership. Living during the warring states period (475–221 BC) of China's history, Mencius saw unity and social harmony as a key element in ensuring victory. Xun Zi (313–238 BC) contended that social harmony provided the incentive for citizens to support their ruler in good times and bad. Guided by the principle of 'governance with virtue', Chinese leaders sought to build good relations with neighbours through peaceful means. According to Lao Zi the use of force is acceptable only if there is no other option available.

During the early Ming Dynasty Zheng He (1371–1433) made a number of long distance voyages to advance trade and peaceful foreign relations. Zheng's voyages did not significantly enhance commercial links, but served to advance China's efforts to build political, diplomatic and cultural contacts with the outside world. The journeys enhanced understanding and promoted cultural linkages based on a peaceful diplomatic interaction. At the same time they strengthened China's knowledge of the world and provided options for new diplomatic initiatives. The key purpose of Zheng's diplomatic missions was to lay the foundation for new friendships and exchanges, rather than to seek profit or colonial control. Zheng developed an extensive network of new contacts in Asia and Africa, but refrained from using force to advance China's national

interests. Some commerce resulted from Zheng's activities, but on the whole China's diplomatic interaction remained limited, and focused on sharing information, rather than on any form of coercion or diplomatic intimidation. The Great Wall represents China's defensive ideology as a key element of China's strategic thinking, while presenting tributes to the emperor (*jimi*) and the policy of 'peace through marriage' with the leaders of neighbouring states provide the historical testimony to China's efforts to advance harmony.<sup>18</sup>

In his report to the 17th national congress of the Chinese Communist Party (CCP) President Hu Jintao suggested that the world should 'share opportunities for development and deal with all kinds of challenges together', while 'advancing the construction of a harmonious world of lasting peace and common prosperity'. The central element of the CCP's worldview is the promotion of a harmonious world based on lasting peace to advance common prosperity.<sup>19</sup> China's long-term economic growth is largely dependent on a positive global trade and investment environment (harmony and peace) and continued progress in the developing world (common prosperity – new markets and access to raw materials). Thus it is ultimately in Beijing's national interest to ensure that Africa has in place the necessary political and economic structures to ensure long-term development and prosperity.

While China promotes global harmony and peace, which implies support for the UN and other global political/economic fora, longer-term objectives imply a drive for a more just and fair global order which more accurately reflects the interests of developing countries. In this context both China and Africa favour a transformation of the global order towards a multi-polar system in which developing countries plays a more active role.<sup>20</sup> China's growing economy systematically empowers Beijing to influence the course of global events and shape such a system which is more beneficial to the developing world.

## FOCAC AND CHINA'S PEACEFUL DEVELOPMENT

According to official publications, FOCAC is a 'platform' established by China and African countries for 'collective consultation, dialogue and cooperation' in the context of South-South interaction. The two key characteristics of the forum are identified as pragmatic cooperation, with a view to enhancing multilateral consultation and cooperation, and secondly, equality and mutual benefit. The forum promotes both political dialogue and economic

interaction through trade and investment with a view to promoting common development.

The FOCAC process was conceived as a mechanism to advance global peace and security, along with a commitment to common development. The forum was also created in response to the pressures of globalisation and the need for a comprehensive South-South reply to the changing international economic environment. During the late 1990s, a number of African countries proposed the idea of FOCAC to the Chinese authorities with a view to consolidating and advancing Sino-African interaction at the multilateral level. A wide and positive response from China's resulting proposal to convene a forum, lead to the establishment of the Forum on China–Africa Cooperation at the ministerial conference in Beijing during 2000.

At the 2006 FOCAC meeting Chinese Vice-Premier Wu Yi outlined three proposals for the FOCAC process, intended to take advantage of the potential for expanded China–Africa cooperation and interaction. First, she called for a 'new vitality' for the forum in order to position FOCAC as the lead organisation in advancing comprehensive China–Africa relations. Second, with a view to advancing new initiatives, China and Africa should fully exploit cooperation potential and take advantage of each other's strengths to expand and upgrade cooperation. Finally, Vice Premier Wu urged Chinese and African diplomats to strengthen co-ordination in order to better facilitate both bilateral and multi-lateral interaction. She concluded:

The two sides should give full play to the role of the forum as a mechanism of collective dialogue, by keeping close consultation, developing a new consensus, closely studying new trends in cooperation, expanding common interests and appropriately addressing new problems arising during the course of interaction, in order to transform the forum into an effective platform for safeguarding the common interests of both China and Africa.<sup>21</sup>

Ahead of the 2006 FOCAC meeting, former Organisation of African Unity (OAU) Secretary-General Dr Salim Ahmed Salim pointed out that China played a key role in Africa's liberation struggles and has since the early 1990s become an active partner in Africa's economic development. According to Salim, the FOCAC process continues China's positive engagement with the African continent through economic cooperation and high-level policy coordination.

The FOCAC process may be defined a form of international collaboration through which compatible interests and objectives are investigated, aggregated and strengthened. In this context, Holsti has defined collaboration as the following

- First, a perception that a number of interests, values or foreign policy objectives are shared among two or more states and cooperative behaviour is mutually beneficial for longer term gain. A common development agenda, for example, could form the basis of a process of international collaboration
- Second, perception or expectation by a state that the policies and actions of another may be beneficial in achieving its own defined objectives, or national interests. Expectation of mutual benefit through collaborative transactions thus underpins the initiation, form and function of the process
- Third, collaboration implies agreement on the substance of the international transactions between participating states. For example, specific trade and investment agreements may be concluded and implemented
- Fourth, rules or procedures for interstate transactions are agreed on in order to facilitate complex diplomatic exchanges and constructive negotiation and agreement. In this context, pre-arranged meetings, procedural rules and specific diplomatic etiquette may form part of the process
- Fifth, interstate transactions focus on advancing common interests and fulfilling negotiated agreements

A comprehensive co-operative system implies a high degree of cooperation and policy synthesis, but does not imply that there is no disagreement or difference of opinion. However, within a productive and comprehensive collaborative arrangement, custom, habit and high-level friendships should overcome minor differences of opinion in favour of longer-term mutual benefit.<sup>22</sup> The FOCAC process represents a quasi-institutionalised collaborative mechanism, designed and intended to advance Sino-African cooperation in the context of a rapidly globalising world and expanding South-South cooperation. The unfolding FOCAC process suggests an increase in the volume of interstate transactions intended to provide new opportunities and prospects for mutual benefit. From this process is expected to flow an increasing number of cooperative ventures, commercial endeavours and political concord. The various FOCAC declarations and minutes of proceedings provide the foundation for the projected collaborative agenda.

Apart from developing a Sino-African collaborative system, FOCAC is part of China's foreign policy of 'soft power'. A concept developed by Harvard academic Joseph Nye, soft power is defined as 'the ability to shape the preferences of others ... it is leading by example and attracting others to do what you want'. It differs from traditional diplomacy in that 'if you can get others to do what you want, then you don't have to use carrots or sticks'.<sup>23</sup> Soft power can be conveyed via a country's culture, public diplomacy (programmes intended to influence public opinion), international perception of a government's policies and the appeal of a nation's economic success. Soft power may be exercised at various levels, and be aimed at either a nation's elite or at the general public. After World War II, the US used the Marshall Plan to rebuild Europe, opening the way for American companies such as Coca-Cola and McDonald's to spread throughout the continent. During the 1950s, the US used the United States Information Agency to exercise persuasion and soft power to build support for America's foreign policy. The US government, universities and private foundations created programmes for foreigners to visit and study in the US. When the recipients of these programmes returned to their home countries, they became advocates of reform and democratisation. America's effective exercise of soft power during the Cold War contributed significantly to transforming the Soviet Bloc and ending ideological confrontation.

Since the mid-1990s, China has sought to use soft power as an instrument to mobilise international support and build its international image. In this context China's so-called 'smile diplomacy' has met with positive results in South-East Asia. In Thailand, for example, China has become a key partner and over 70 per cent of Thais consider China to be Thailand's closest friend. Throughout South-East Asia, China is now seen as a constructive actor and a positive force in the region. The trend is also seen in other parts of the world, with strong popular support for China in Africa and Latin America.<sup>24</sup> The 2005 East Asian summit gave China the opportunity to reinforce its image as a good and reliable friend of ASEAN. At the summit Philippine's President Arroyo encouraged ASEAN member states not to rely on the West for markets, but rather to promote stronger links with China. She also called on ASEAN member states to free themselves from dependence on Western trade and investment, in favour of building a new relationship with China via the China-ASEAN Free Trade Agreement. At the January 2007 East Asian summit in the Philippines, Arroyo declared that ASEAN was 'happy to have China as our big brother in the region'.

Observers concluded that China's efforts to win friends in ASEAN had been extremely successful, while the US preoccupation with the Middle East and the war on terrorism undermined Washington's traditional links in the region.<sup>25</sup>

## FOCAC AND CHINA'S PRAGMATIC ENGAGEMENT

Abdoulaye Wade, the president of Senegal, has provided an excellent summary of Africa's view of China in the context of a US/EU competition with China for markets, commodities and influence on the African continent. The US/EU camp complains that Africa is now opening their doors too wide to Chinese investors, thus allowing exploitation. However, free trade and increased cross-border investment flows are fundamental to the Washington Consensus and the West's vision for the global economy. In effect, China's actions are questioned because they encroach upon a well-established centre (Western) to periphery (African) pattern of economic interaction. China's robust economic development poses a significant challenge to the West's continued and unhindered exploitation of African markets and resources. In fact, from an African perspective, any West versus China economic contest for Africa offers new opportunities and possibilities, giving Africa more customers, more options and better prospects.

China presents itself in Africa as an enthusiastic and efficient economic actor and is far more able to meet Africa's urgent developmental needs than the lethargic, bureaucratized and often patronising Western donor system. China's less formal approach has helped Africa to build roads, bridges, hospitals and the like in record time, while stimulating economic growth and directly assisting Africa's development process. The contribution to Africa's construction provides a solid foundation for long-term, sustainable development which directly improves the lives of ordinary citizens. Western critics charge that Africa is exchanging its commodity wealth for minimal rewards from China. But in Senegal, for example, a Chinese company cannot be awarded a contract unless it has a Senegalese partner. Moreover, every investment deal must also include skills and technology transfers. The end result is a significant boost for the local economy, producing a mutually beneficial commercial outcome.

President Wade has stressed that a contract with the World Bank that takes five years to negotiate can be concluded in three months with China. Given Africa's urgent development needs, China's willingness to conclude agreements without unnecessary delays is a strong attraction. Moreover, as Wade pointed out:

I achieved more in my one hour meeting with President Hu Jintao in an executive suite at my hotel in Berlin during the G8 meeting in Heiligendamm than I did during the entire, orchestrated meeting of world leaders at the summit where African leaders were told little more than that G8 nations would respect existing commitments.<sup>26</sup>

Chinese products are affordable to Africa consumers, and simultaneously help to raise the standard of living of Africans. African consumers can buy two Chinese cars for the price of one manufactured in Europe or North America. Affordable vehicles offer African small business owners the opportunity to expand their businesses and improve logistics. Reasonable prices make new business ventures realistic and affordable for African conditions. Wade points out that China's engagement with Africa exhibits a 'sense of urgency' which is lacking in Western engagements with Africa. Moreover, according to Wade Chinese entrepreneurs are more competitive, less bureaucratic and more adept at business in Africa, than those from other countries. China's commercial engagement in Africa is backed by a strong governmental commitment in the form of guaranteed loans through China's Eximbank to the value of \$20 billion, far more than any commitment from Western donors. Indeed, the West's endless delays and prevarications in assisting Africa with infrastructural development have opened the door for China's emphatic intervention on the continent.



# 3 FOCAC and China's 'economic model'

## CHINA'S ECONOMIC SUCCESS

At the 2006 FOCAC summit in Beijing, UN Secretary-General Kofi Annan endorsed China's African engagement, especially with regard to its aid programmes. Moreover, he specifically called on Africa's leadership to benefit from China's economic experience, and especially China's success in sustaining growth and reducing poverty. When the *Wall Street Journal* asked ten Nobel Prize-winning economists which country in the world had the best economic policy, most identified China. Joseph Stiglitz for example pointed out that 'based on overall economic performance, China is obviously the best, and it also showed excellent economic management abilities during the East Asian financial crisis. From the viewpoint of economic growth and flexibility, China has been highly impressive.'<sup>27</sup>

A key issue which has emerged from FOCAC interactions is China's success in overcoming the economic problems which now plague the African continent. China's economic miracle promises Africa a road map for its own long-term development and economic progress. Beijing has offered African governments the opportunity to assimilate China's economic development process through

discussion, information exchange and visits to special economic zones, which encapsulate in a delimited geographic area the critical ingredients for economic success in a globalised international system. China's FOCAC win-win approach and its offer to assist Africa with its development process are complemented by Beijing's willingness to share the critical success factors of its economic model. Africa's leadership thus has a unique opportunity to acquire a tried and tested blueprint for economic success.

China's economic growth has had a dramatic impact on both exports and imports, making the People's Republic of China (PRC) a key element in the global production chain with regard to a large number of labour-intensive products. Capital-intensive components are sent to China from Japan, South Korea and elsewhere for assembly, before being re-exported to global markets, confirming that China is a key manufacturing hub for the world. China's exports are matched by significant increases in imports and foreign investments, making it an engine for global economic growth. China's new role as a major trading nation is dramatically changing the world's commodity markets, accounting as it does for 30 per cent of iron ore consumption, 20 per cent of platinum consumption and 15 per cent of aluminium consumption.<sup>28</sup> Along with increases in trade, China has become a magnet for investment, with over \$500 billion entering the country in the form of foreign direct investments over the last 20 years. China's membership of the WTO is expected to accelerate investor interest in the Chinese market during the next decade.<sup>29</sup> If China maintains its current growth rate, its economy will surpass that of both Japan and the USA by 2040 on a price-parity basis.<sup>30</sup>

China's continued growth and growing prosperity provides a development model for Africa and African leaders see the Chinese model as more applicable to their economies than Western models, given that China and Africa share commonalities in terms of a strong agricultural base and large rural populations.<sup>31</sup> As part of China's contribution to Africa within the FOCAC framework, Beijing's Poverty Reduction Centre will train 300 anti-poverty officials each year, most of whom will come from Africa. They will be able to transfer China's experience to Africa with a view to applying, where possible, the success factors which have enabled China to overcome poverty. In May 2008 China's Ministry of Finance, Ministry of Commerce and the State Council Leading Group Office of Poverty Alleviation and Development sponsored a programme for visitors from Angola, Sudan, Burundi, the Democratic Republic of Congo (DRC),

Ethiopia and Rwanda to investigate China's poverty relief efforts over the past two decades. The World Bank chief economist, Justin Lin, contributed to the programme with a presentation entitled China's economic development experience: challenges, approaches and what have we learned.

During President Hu's 2005 visit to Nigeria, Senate President Ken Nnamani delivered a welcoming address entitled China: a partner and example of development and democracy, in which he praised China's outstanding economic performance. He stated

China has become a good model for Nigeria in its quest for an authentic and stable development ideology ... China is a lesson to Nigeria on the enormous good that a focused and patriotic leadership can do to realise the dreams of prosperity and security for its citizens.<sup>32</sup>

Nnamani's comments reinforced the widespread perception in Africa that China's economic development provides an encouraging economic alternative to Western/IMF development models. Moreover, China's own economic development serves as a model and inspiration to African countries. Over the last twenty years, China has lifted as many as 400 million of its people out of extreme poverty. Over the same period the number of Africans living in extreme poverty has increased by almost 80 million. China's development model, especially with regard to poverty relief, provides an inspiration for the African continent. Thus the debate about appropriate paths for Africa's development has once more come into sharp focus, based on the hopeful prospect that China's economic emergence can be repeated here.

China's 11th Five Year Plan (2006–2010) underpins China's current economic development programme. Following the priorities of the 10th Five Year Plan, the 11th Plan aims to sustain the continued development of China's economy while achieving 'five balances'. These are balances between rural and urban development, interior and coastal development, economic and social development, people and nature, and domestic and international development. The five balances are to be implemented within the framework of a people-orientated, comprehensive, balanced and sustainable development process. In terms of specific quantitative targets, China aims to achieve an annual gross domestic product (GDP) growth rate of 7.5 per cent with the aim of doubling the 2000 GDP per capita by 2010. In the second place China aims to reduce energy consumption

per unit of GDP by 20 per cent and the total discharge of major pollutants by 10 per cent before 2011. The strategic priorities to be achieved by 2010 include re-balancing China's growth pattern, deepening economic reforms and opening further to foreign direct investments, constructing a 'new socialist countryside', promoting more balanced development among the different regions, and increasing capacity for independent innovation. Given China's impressive track record in recent years, the achievement of economic objectives appears feasible, while longer term growth prospects remain positive.

While the World Bank remains optimistic about China's growth prospects, its current assistance programme advises that there are five priorities for China's continued development. This includes further integrating China into the global economy by increasing its participation in multilateral economic institutions and reducing barriers to trade and investment. Despite excellent progress on poverty reduction, balanced urbanisation and increased access to basic social services remains a priority. The effective management of scarce resources as well as addressing environmental challenges have become all the more urgent with ongoing industrialisation. The expansion of access to financial services (especially for smaller businesses) and the maintenance of financial stability is a new challenge. Finally, the World Bank has advised that public and market institutions should be improved by encouraging greater corporate competitiveness and the reform of the public sector.<sup>33</sup>

In 2005, the former WTO Director-General, Pascal Lamy, described China's economic success as follows:

As the last decade of reforms has shown, a more open economy is the best way to boost competitiveness. With more open markets, Chinese businesses will continue to improve their overall ability to respond to new market opportunities ... China's strong growth has provided an important stimulus for export-led growth in the world during the past years. China's boom is potentially an economic boom for the world.<sup>34</sup>

China's economic development since the initiation of its reform programme 30 years ago has dramatically improved the standard of living for many Chinese citizens. Opening to the world has turned the country into a leading economic power. China has become a world centre for production and is likely to remain so for the foreseeable future.<sup>35</sup> Prospects for China's future growth are positive

and China's export economy is expected to continue growing as new assembly industries develop and increased value is added to existing production processes. At the same time, China will remain one of the world's leading destinations for foreign direct investment and it is also expected to become a key foreign investor itself, especially in the resource sectors of the world. Given on-going growth, the domestic market will continue to grow in importance. Consequently China will continue to influence world commodity markets and will become an important consumer market for a wide range of products and services.<sup>36</sup>

## CHINA'S ECONOMIC REFORM PROGRAMME

Since beginning its opening and reform China has dramatically reduced human poverty and improved the quality of life for millions of its people. Today China is able to feed 22 per cent of the world's population on less than 10 per cent of the world's arable land, while 220 million people have been lifted above the poverty line. Life expectancy in China has risen from 35 years in 1949 to 72 years today, a remarkable achievement for a developing country. China's continuous and consistent economic development over the last 30 years has brought new prospects for economic growth throughout the global economic system. According to the World Bank, China's economic growth has contributed more than 13 per cent per year to global growth over the last eight years. In the words of the former governor of Hong Kong, Chris Patten, 'China's success is good for the world'.<sup>37</sup>

China's successful economic transformation, although still a work in progress, along with the country's obvious market potential has acted as a magnet for international investors with China attracting in excess of \$600 billion in foreign direct investment over the last 20 years. China has become a leading global economy in the space of only 26 years, the greatest economic achievement in human history. From 1979 until 2005 China's GDP grew at an average annual rate of 9.7 per cent and the Chinese economy was in real terms 11 times larger in 2005 than at the start of economic reform in 1979. In 2005 China's GDP reached \$2.3 trillion, to become the world's fourth largest after the US, Japan and Germany, but in terms of purchasing power parity China's economy is in second place. China's exports in 2005 totalled \$762 billion, in third place behind the USA and Germany.

Soon after coming to power in 1978, Deng Xiaoping promoted the concept of *xiaokang*, a Chinese historical term referring to an ‘ideal society that provides adequately for its citizens’. Deng set as his *xiaokang* objective an annual per capita income of \$800 by the end of the 20th century.<sup>38</sup> To achieve this goal he unleashed China’s entrepreneurial potential by declaring that China’s post-Mao economic policy would be guided by the pragmatic slogan: It does not matter what colour the cat is, as long as it catches the mouse.<sup>39</sup> Deng’s cat slogan has allowed the Chinese people to foresee a prosperous future with elevated annual growth rates of between 8 and 10 per cent, while his per capita income goal has been achieved well within the target period.<sup>40</sup> China’s GDP has grown to over \$2,3 trillion from only \$106 billion in 1970, while population growth has stabilised at 1 per cent, down from a high of 3 per cent during the 1960s. Consequently, the number of Chinese living on less than one dollar a day fell by 150 million during the 1990s, the fastest reduction in poverty levels ever witnessed in world history.<sup>41</sup> In addition, the infant mortality rate has fallen to 26 per 1 000 live births and the literacy rate of those aged 15 or above has reached 90 per cent, remarkable achievements given China’s situation at the beginning of the 1980s.<sup>42</sup>

China’s economic reform programme initially began in the rural areas during 1978 when a system of household contract responsibility was introduced.<sup>43</sup> In terms of this system, farmers were given full use of the land with regard to planning production and independent sale of produce. This allowed more choices for farmers and resulted in increased output. The state monopoly on the purchase and marketing of agricultural products was ended, allowing greater flexibility in production and marketing with significantly increased production as the main outcome. Before the initiation of major economic reforms and opening began in 1978, China was governed by a planned economy with limited opportunity for entrepreneurial initiative. At that time a key objective of the government was to make China’s economy self-sufficient. Thus foreign trade was limited to obtaining only those products which could not be manufactured within China itself. The pre-1978 economic system was characterised by a lack of profit incentives for companies or farmers and the absence of competition, while price and production controls caused widespread distortions in the economy. Consequently, living standards in China were significantly lower than those of many other developing countries.

Deng’s economic reform philosophy is encapsulated in the following observation by Deng himself:

In carrying out our modernization programme we must proceed from Chinese realities. Both in revolution and construction we should also learn from foreign countries and draw on their experience, but mechanical copying and application of foreign experience and models will get us nowhere.<sup>44</sup>

Deng initiated a broad-based reform programme designed to revitalise the Chinese economy. After decades of economic stagnation, exacerbated by international isolation, an unmotivated workforce and an inheritance of foreign invasion and revolutionary strife, Deng set China on the road to economic reconstruction and development. The reform programme has been a resounding success with China achieving an annual average growth in gross national product (GNP) of over 9 per cent since 1980, exceeding the growth rates of the 'Asian Tigers' – South Korea, Taiwan, Hong Kong and Singapore – while personal income has increased by 700 per cent.

Underpinning the phenomenal growth of the Chinese economy has been a series of reforms targeting key areas of government policy across a range of sectors, which have served to bolster the momentum towards rapid development. In particular, the government's approach to foreign policy and trade liberalisation, foreign investment, the formation of human capital and demographic issues have all complemented and reinforced the broader economic objectives. For all developing countries seeking economic growth and prosperity, China serves as an important model. In 1978 China faced many problems relating to poverty and underdevelopment similar to those which Africa now faces. Although significant differences remain, China has confronted and overcome, or is in the process of overcoming, comparable economic problems and challenges. A careful study of the Chinese experience of transformation and economic prosperity would be helpful to African policy makers and business leaders.

With its focus unwaveringly fixed on achieving the developmental objectives contained in the 'four modernisations' (industry, agriculture, defence, science and technology), China's economic reform programme has progressed through three main stages. From late 1978 to 1984 the process concentrated on the rural areas. The introduction of wages linked to production (the household responsibility system referred to above), stimulated growth by motivating farmers. An enthusiastic rural workforce led to a very significant increase in food production and, in time, the growth of a range of rurally based small and

medium enterprises. By 1993 rural based industries were employing over 100 million workers and generating one third of China's GNP. Concurrent with these developments was the creation of growth centres linked to the neighbouring economies of Hong Kong, Macau and Taiwan. Four special economic zones were established in 1979 which sought to emulate the experience of export processing zones in other parts of Asia.

**Table 1** China's average annual real GDP growth rates, 1960–2005

Time period	Average annual % growth
1960-1978 (pre-reform)	5,3
1979-2005 (post-reform)	9,7
1990	3,8
1991	9,3
1992	14,2
1993	14,0
1994	13,1
1995	10,9
1996	10,0
1997	9,3
1998	7,8
1999	7,6
2000	8,4
2001	8,3
2002	9,1
2003	10,0
2004	10,1
2005 (estimate)	9,8

*Source Official Chinese government data. Chinese Ministry of Commerce at <http://www.mofcom.gov.cn/> (accessed 5 March 2008)*

The second stage of economic reform process (1984–1992) was characterised by a shift in focus from rural to urban areas. The opening of 14 port cities to

foreign investment while concurrently granting each city a measure of autonomy in economic affairs, demonstrated the government's growing confidence in the reform process. Emphasis was placed on strengthening industrial competitiveness through pricing reforms and new management structures. To promote long-term growth of the economy, the education system was changed to include a greater emphasis on scientific and technological achievement. The third plenary of the Twelfth Central Committee of the Chinese Communist Party (CCP), held in October 1984, set the goal of quadrupling the country's gross annual industrial and agricultural production by the year 2000.

The objective of stage three, which officially began at the third plenary session of the CCP's Fourteen Central Committee in November 1993, was to establish a 'socialist market economy'. According to official statements, the main focus was to move away from 'renovating' the old economic system to comprehensive and co-ordinated reform which would promote economic development in all areas of the economy. In 1994 Deng stated that the minimum target of China's economic modernisation was to 'achieve a comparatively comfortable standard of living by the end of the century'.

Deng's economic reform programme has been a resounding success thus far. During the period 1980 to 1992, China's GNP grew at an average rate of almost 10 per cent per annum. In the area of foreign trade, China's trade increased from \$38 billion in 1980 to \$115 billion in 1990. This impressive increase turned foreign trade into an engine for economic growth in the Chinese economy. Moreover, by 1990 China had secured over \$20 billion in foreign investment for use in more than 30 000 new projects. During the 1980s China attracted the lion's share of emerging market foreign investment, placing it ahead of all other developing countries.

Deng's economic reform programme has obviously not solved all of China's problems, but the standard of living for the vast majority of ordinary people has improved significantly, with per capita income averaging \$1 709, up from the 1980 figure of only \$250.<sup>45</sup> Moreover, despite rising inflation, the prospects for short- to medium-term growth of the Chinese economy remain good, with growth for the next five years expected to be between 7 and 10 per cent.<sup>46</sup> Reforms designed to further stimulate the economy over the next few years have already begun. The emphasis is on increased restructuring of state-owned enterprises, improving the overall environment for economic activity, and cutting inflation. China's road to future economic prosperity will certainly not be easy,

but most observers remain optimistic, forecasting that China's economy will become dominant in both Asia and the world within the next 30 years.

For China, trade liberalisation has involved two key elements, namely a decentralisation of authority and new goals for trade export earnings. The 12 state foreign trade corporations began to grant greater autonomy to their regional branches which had the effect of an almost immediate and significant increase in trade volumes. In an effort to further promote trade, China also concluded a range of new agreements in the 1980s. These included a US-China mutual trade pact (the first since the CCP came to power), a Japan-China agreement with a value of \$60 million, and a textile export agreement with the European Union (EU), effectively doubling China's annual quota. The overarching goal of trade liberalisation was to provide China with a comparative advantage in key areas such as labour costs, along with the lure of the Chinese market of over one billion potential consumers which would attract foreign capital technology, both crucial elements for China's long-term development goals.

During the 1980s trade reforms continued with the establishment of new product-specialised foreign trade corporations. This provided a major boost for both imports and exports. Furthermore, cities and provinces were permitted to form their own export organisations and to establish their own export contacts, while retaining between 25 and 30 per cent of foreign currency export earnings. The ethnic minority regions, Xinjiang, Ningxia and Guangxi, were permitted to retain 50 per cent and Tibet and the special economic zones retained 100 per cent. To further promote trade, the central and local governments established over 180 local export production districts which received special assistance in the form of loans and tax incentives. Trade decentralisation has been supported by a series of laws designed to protect the interests of both Chinese and foreign contractors involved in trade agreements.

The liberalisation of China's foreign trade policy has produced impressive results in a short period. China has moved from a closed, isolated economy to a dynamic exporter country, thus providing a substantial foundation for economic growth and long-term prosperity. In effect, by building a competitive economy China has become a hyper-growth economy in a globalised environment. A central objective of China's export policy has been to increase the percentage share of manufactured goods in China's total exports. Since 1980 the product range and the quality of goods have shown a significant improvement. With Hong Kong serving as the principle export centre for the mainland,

**Table 2** China's merchandise world trade (\$-billion), 1979–2005

Year	Exports	Imports	Trade balance
1979	13,7	15,7	-2,0
1980	18,1	19,5	-1,4
1981	21,5	21,6	-0,1
1982	21,9	18,9	2,9
1983	22,1	21,3	0,8
1984	24,8	26,0	-1,1
1985	27,3	42,5	-15,3
1986	31,4	43,2	-11,9
1987	39,4	43,2	-3,8
1988	47,6	55,3	-7,7
1989	52,9	59,1	-6,2
1990	62,9	53,9	9,0
1991	71,9	63,9	8,1
1992	85,5	81,8	3,6
1993	91,6	103,6	-11,9
1994	120,8	115,6	5,2
1995	148,8	132,1	16,7
1996	151,1	138,8	12,3
1997	182,7	142,2	40,5
1998	183,8	140,2	43,6
1999	194,9	165,8	29,1
2000	249,2	225,1	24,1
2001	266,2	243,6	22,6
2002	325,6	295,2	30,4
2003	438,4	412,8	25,6
2004	593,4	561,4	32,0
2005	762,0	660,1	101,9

*Source* International Monetary Fund, at <http://www.imf.org/external/pubs/cat> Direction of Trade Statistics (accessed 4 March 2008) and official Chinese statistics.China Trade Statistics Chinese Ministry of Commerce at <http://www.mofcom.gov.cn/> (accessed 5 March 2008).

Chinese manufacturers have become effective competitors in the world market place. A consequence of the importation and development of new technologies is that there has been a shift to more advanced manufactured products such as machinery, electronics and transport equipment. Moreover, significant foreign investment in capital-intensive industries has promoted a major surge in the exportation of electronic products. China's exports increased from \$4 billion to \$20 billion between 1989 and 1993 and in 2005 reached \$762 billion, with an all time high trade surplus of \$102 billion.<sup>47</sup> The range of exports included textiles, footwear, machinery, electronic goods, transport equipment, chemical products, toys, metals and minerals. China's growing trade surpluses with the US, the EU and Japan testify to the success of this policy.

Early on, the Chinese government identified foreign investment as a crucial element in its overall reform programme. At a meeting of the CCP's Central Committee in December 1978, a decision was taken to open China to foreign investment. A few months later, the Law on Chinese-Foreign Joint Ventures was passed by the National People's Congress, which opened the way for investment from abroad. The Chinese leadership realised that investment was a vital component for the development of the economy and therefore the investment policy was first and foremost designed to promote export production. A second goal was to obtain access to the new technology that was desperately needed for development in some sectors of the economy, as well as to raise foreign capital to fund domestic development projects. The first goal has been realised by means of joint ventures, which are expected to make advanced technologies available for transfer to Chinese ownership in the long term, while making substantial profits for foreign investors in the short term. Other advantages include job creation, training for workers, stimulation of the economy and an improvement in the skills of international business negotiation. The implementation of comprehensive foreign direct investment incentives has also made China one of the world's most attractive foreign investment targets.

The consistent and unequivocal support that the Chinese government offered foreign investment over the last two decades, has fostered a positive political and economic climate which has enhanced the capacity of investors to meet their requirements and has accordingly been an essential feature in attracting foreign capital. Furthermore, Beijing's recognition that autonomy of decision making by local authorities was central to effective utilisation of investment potential further confirmed its commitment to genuine reform. By bolstering

these policies through legislative fiat as well as continuing to promote reformers to senior ministerial posts, the Chinese government has proved that it is indeed dedicated to the continuation of existing policies. Clearly, transformation of the economy is strongly supported by the CCP, based on the realisation that economic reform and a more open economy are essential ingredients for long-term development. A key factor in the success of China's economy has been an increasing openness to the global economy, leading to changes in the domestic market and more competition. In effect, China has embraced globalisation, rather than seeking to shield itself from this process. Trade liberalisation has thus made China's economy one of the most open in the developing world.<sup>48</sup>

**Table 3** Major foreign investors in China, 1979–2004\*

Country	Cumulative utilised foreign direct investment: 1979–2004		Utilised foreign direct investment in 2004	
	Amount (\$-billion)	Percentage of total	Amount (\$- billion)	Percentage of total
Hong Kong	241,6	42,9	19,0	29,7
United States	48,0	8,5	3,9	6,1
Japan	46,8	8,3	5,5	8,6
Taiwan	39,6	7,0	3,1	4,8
British Virgin Islands	36,9	6,5	6,7	10,5
South Korea	25,9	4,6	6,2	9,7
<b>Total</b>	<b>563,8</b>	<b>100,0</b>	<b>64,0</b>	<b>100,0</b>

\* Top six investors according to cumulative foreign direct investment from 1979 to 2004.

*Source* Chinese government statistics. Chinese Ministry of Trade Statistics, Ministry of Commerce, at <http://www.mofcom.gov.cn> (accessed 4 March 2008).

China has a wealth of human potential which underpins economic progress. Improvements in the education system, as part of Deng's reforms, have provided a productive and highly trainable workforce. While the rural areas have problems in finding skilled workers, there is an abundance of potential employees in the urban areas, many of whom have completed technical training

courses. In 1984 Deng launched a computer literacy campaign designed to provide personnel for high-tech industries. Personnel required by foreign companies or joint ventures are recruited through open selection procedures and serve for a probation period before being accepted as permanent staff. When necessary, staff from other areas are recruited, usually with the help of local labour authorities. Foreign investment enterprises often sign limited period contracts with employees. There are also no restrictions on the dismissal of employees who do not perform their duties satisfactorily. According to statistics provided by the Ministry of Foreign Trade and Economic Cooperation, by the end of 1994 only 10 per cent of the foreign funded enterprises in China had established trade unions. Wages for factory workers are low by international standards, ensuring that Chinese products remain globally competitive. Moreover, workers are highly productive and as a consequence of Deng's reforms, are now motivated and enthusiastic participants in the production process.

In order to promote an investment-friendly environment, the Chinese government reduced company taxes and developed a number of tax incentive schemes. A standardised tax rate of 33 per cent (30 per cent for the central government and a 3 per cent local surcharge), is applied to all foreign investments and foreign enterprises, although there are enterprises which attract lower rates, particularly in the special tax concession areas. The tax concession areas are taxed at 15 per cent in the special economic zones and 24 per cent in the coastal economic zones. In addition, foreign companies, with the exception of those involved in services and tourism, are entitled to a two-year tax exemption which start in the first profit-making year, followed by a 50 per cent reduction in the amount of tax payable during the next three years. Foreign investors are not liable for a withholding tax on profits remitted abroad. In an effort to promote investment in high-tech projects, which would involve the transfer of new technologies to China, 27 cities have established high technology industry development zones with significant tax incentives. Foreign companies established in these zones pay tax at a rate of only 15 per cent and companies which export more than 70 per cent of their annual production are taxed at a rate of only 10 per cent.

In terms of article 18 of the Constitution of the People's Republic of China, promulgated on 4 December 1982, the lawful interests of foreign investors are protected. The government guarantees independent ownership and management

of joint venture enterprises and their decision-making authority in terms of their own business plans and needs. During the 1980s over 400 laws and regulations relating to foreign business involvement in China were enacted in an effort to establish a comprehensive legal system attractive to foreign investors. Article 2 of the Law of the PRC on Chinese-Foreign Joint Ventures ensures that any agreements, contracts and articles of association signed between foreign investors and Chinese enterprises, once they are approved by the government, are legally binding. Articles 10 and 11 of the same Act guarantee the remittance of profits to a foreign country. The different elements of China's investment formula have helped to create an environment extremely attractive to foreign investors and it is not surprising that many companies consider China to be a prime investment option. The flow of foreign capital to China over the last 20 years has provided the essential foundation for economic growth and long-term prosperity. Foreign direct investments in China has been a key source of China's capital growth, with inward investment flows growing from \$636 million in 1983 to over \$60 billion by 2005.<sup>49</sup>

## **ECONOMIC REFORM – PROGRESS AND PROSPECTS**

Growing personal wealth has had a positive impact on consumer sales, resulting in a high penetration rate for a wide variety of goods and services in China. There are colour television sets in almost every urban home, refrigerators and washing machines in more than 80 per cent, DVD players and air conditioners in 50 per cent, microwave ovens in almost a third and computers in 20 per cent of Chinese homes. Motor vehicles are the only consumer item with a low market penetration rate, but with sales growing at an annual rate of 45 per cent, privately owned cars will become common in China within the next few years. Residential real estate sales in Shanghai, Beijing and Guangdong have more than doubled in the last few years, while two thirds of housing is now privately owned. Government guarantees of housing, food and social services under the old so-called 'iron rice bowl' system have been replaced by a rapidly expanding private market for housing, education, health care and other services. The private sector now produces almost 50 per cent of the nation's output as state-owned factories play an increasingly less important role within the overall economy.<sup>50</sup> The private sector employs approximately half of all urban residents and the rural sector is now largely outside government control.

**Table 4** China's top five trading partners in 2004 (\$-billion)

Country	Total trade	Chinese exports	Chinese imports	China's trade balance	Trade balance as reported by partner
European Union	177,3	95,9	63,4	32,5	-90,7
United States	169,7	125,0	44,7	80,3	-162,0
Japan	167,9	73,5	94,4	-20,9	-20,5
Hong Kong	112,7	100,9	11,8	89,1	-3,9
ASEAN	105,9	42,9	63,0	-20,1	N/A

*Source* Official Chinese trade data. Chinese Ministry of Commerce at <http://www.mofcom.gov.cn/> (accessed 6 March 2008).

The number of fixed telephone lines in China totals almost 400 million, while 70 million Chinese citizens have access to the Internet, a significant increase on the 8,9 million subscribers in 2000. More than 200 million Chinese households now have cable television, making China the biggest cable TV market in the world and this number is expected to double within the next few years. China is now the world's biggest market for cell phones, with 200 million in use and monthly sales totalling more than one million. Chinese citizens are rapidly becoming major consumers of both computer hardware and software. Hardware sales have increased from \$759 million in 1995 to almost \$10 billion in 2003, while software sales increased from \$819 million in 1995 to almost \$4 billion in 2004. Significant improvements to China's high-tech industries are expected to boost production of electronic components being produced, making China (with Hong Kong) the world's biggest producer for eight out of 12 key consumer electronic products.

US consumers now display an almost insatiable appetite for Chinese-made products, such as bicycles, clothes, toys (China is now the producer of seven out of every ten toys manufactured in the world) and electronic items. In 1992 China had captured less than 10 per cent of the US electronics market, but by 2000 the figure had doubled. As China expands and upgrades its product lines, it is likely to capture an ever-increasing share of international markets. Greater China now accounts for almost 10 per cent of global merchandise exports, with further rapid growth expected in the next few years.<sup>51</sup> The global economy is systematically shifting towards China-based manufacturing, motivated by low labour costs, the

economies of scale and a modern infrastructure. Any resistance to Chinese products will be driven by political (trade unions), rather than economic factors.

Within the next few years, China is expected to produce more than half the world's DVD players and digital cameras, more than a third of all DVD-ROM drivers, personal desktop and notebook computers, and a quarter of the world's mobile phones, colour TVs, personal digital assistants and car stereos. China already accounts for over 30 per cent of East Asia's electronics exports and places increasing pressure on traditional market leaders such as Japan, Taiwan and South Korea. China's technology exports are expected to increase significantly over the next few years, particularly given growing Taiwanese investments on the mainland. Almost 60 per cent of Taiwan's large electronics companies are already operating in China. The largest electronics exporter from China in 2002 was Honhai Electronics, a Taiwanese manufacturer of computer components which sold almost \$5 billion to global markets. The ongoing migration of Taiwan's electronics companies to the mainland (attracted by lower production costs) is expected to completely transform global computer hardware production during the next decade. The combination of Taiwan's lead in computer production and China's massive labour force is expected to impact significantly on the production and cost of hardware and related components.

The reform of state-owned enterprise is widely regarded as the key to maintaining economic growth in China. But China can restructure such enterprises only as long as its economy grows fast enough to absorb retrenched workers. Concern about joblessness thus determines the pace of economic reform in China. State-owned enterprise reform is expected to continue largely within Zhu Rongji's framework of *zhuada fangxiao* (taking a firm grip on major state-owned enterprise and letting minor ones go free) and foreign investors will increasingly be called on to participate in industrial restructuring. China is now openly inviting foreigners to invest in banks and major industrial enterprises, previously the reserve of the state.<sup>52</sup>

Like Deng and Jiang before him, President Hu Jintao must focus on *xiaokang* and continue to raise the living standards of the Chinese people. His goal is an annual per capita GDP of \$3 000 by 2020, an achievable task but not an easy undertaking given the challenges facing China. Economic reforms have clearly had a dramatic impact on China, transforming the country into a dynamic market, characterised by extraordinary growth and growing prosperity. China's leadership is united in a common belief that China's main and urgent priority

is continued rapid economic development. The consensus under Deng and Jiang was that China had to maintain an 8 per cent annual growth rate driven by exports of manufactured products, supplemented by the continued attraction of foreign direct investment and foreign technology. Foreign direct investments are attracted by tax concessions, access to the Chinese market and low labour costs.<sup>53</sup>

President Hu continues to promote ‘reform and opening’ with the objective of advancing Deng’s socialist market economy. Premier Wen Jiabao’s urgent task is to find ways to maintain continued high levels of economic growth. Beijing hopes that WTO membership will give Chinese exports a boost over the short term, as well as encourage new flows of foreign direct investments. However, in the longer term growth will have to be based on the expansion of domestic demand. Such expanding domestic demand will simultaneously diminish dependence on exports to the American market and allow for a more flexible foreign policy. The plan for boosting the domestic economy is based on the ‘five combines’, namely strategic readjustment of the economy, further economic reforms, increased employment, improvement in the standard of living, and sustainable development.

The longer term objective of economic growth is to raise the living standards of the Chinese people and to reverse poverty in rural areas.<sup>54</sup> As a result of the extensive economic reform process, China now ranks as a world leader in terms of both production and consumption. Moving from the production

**Table 5** Major Chinese imports (\$-billion), 2002–2004

Commodity	2002	2003	2004	Percentage change, 2004/03
Electrical machinery, equipment and parts; Sound recorders and reproducers; Television recorders and reproducers, parts and accessories	26,4	41,9	61,4	46,8
Boilers, machinery, mechanical appliances and parts	21,2	29,8	38,6	29,5
Crude oil	12,8	19,8	33,9	71,1
Plastics	17,4	21,0	28,1	33,4
Organic chemicals	11,2	16,0	23,8	48,8

Source Global Trade Atlas, [www.gtis.com/gta/](http://www.gtis.com/gta/) (accessed 5 March 2008).

**Table 6** Major Chinese exports (\$-billion), 2002–2004

Commodity	2002	2003	2004	Percentage change, 2004/03
Boilers, machinery, mechanical appliances, and parts	50,9	83,4	118,3	41,8
Electrical machinery and equipment and parts; Sound recorders and reproducers; Television recorders and reproducers, parts and accessories	65,2	89,0	129,7	45,7
Apparel	36,6	45,8	54,8	19,7
Furniture, bedding and lamps	9,9	12,9	17,3	34,3
Optical, photo and medical equipment and parts	7,4	10,6	16,3	53,9

Source Global Trade Atlas, [www.gtis.com/gta/](http://www.gtis.com/gta/) (accessed 5 March 2008).

of low-cost items in the 1980s, China today produces a range of both low- and high-tech items for domestic and international consumption.<sup>55</sup> Extensive technology transfers to China, via foreign direct investment, has significantly boosted China's production capacity and empowered local producers.<sup>56</sup>

## THE CHINA 'DEVELOPMENT MODEL'

China's dramatic economic transformation has been driven by a number of key factors which have proved to be extremely successful in the Chinese context and it may be possible to apply these factors in Africa's development process. The Chinese leadership fully understands that they have to provide economic growth to keep its citizens satisfied and they also clearly understand that the best wealth creation process is a free market economy.<sup>57</sup> Human capital formation has been identified as one of the central ingredients in the phenomenal success of East Asian countries, from Japan and Korea to China. Greater investment in education, both in terms of quantity and quality, produced substantial results which allowed these countries to make the transition from excessive reliance on low value, labour-intensive methods of production to the capital-intensive and information-based technologies of the late 20th century. China,

in fostering the conditions for this transition, has itself gone through a series of experiments with regard to its national education policy.

Under Deng, the CCP attached significant importance to education. Deng often stressed that if necessary, China would have to ‘sacrifice speedy construction in other sectors’ to ensure the success of educational reform. President Jiang Zemin strongly emphasised the role of education, arguing that education should be elevated to a ‘strategic position’ within the economic development process. This was accomplished by an improvement in educational standards and the quality of school teachers and university lecturers, with a renewed emphasis on respect for teachers and their role in Chinese society as well as increased remuneration for educators. One of the most important lessons to be learnt from China’s economic success, as that of East Asia as a whole, is that it is the primary position of education which underpins economic growth.

The need to address population growth is a second important lesson stemming from the Chinese experience. The internationally acclaimed economist, Jacob Viner, warned that despite substantial improvements in a country’s overall economic indicators, the failure to curb population growth would result in ‘the numbers of those living at the margin of subsistence or below, illiterate, diseased, undernourished [growing] steadily and consistently with a rise in the average income of the population as a whole.’<sup>58</sup> Recognition of this fundamental link between economic development and a higher living standard for the majority of the population and the crucial matter of population control is one of the central features of China’s developmental strategy today. By the 1970s it had become clear that China was unable to support continued demographic growth. The government responded with a family planning and population control policy which over time has become very effective. China’s birth rate declined from 34,11 per thousand in 1969 to 18,24 per thousand by 1992. The population growth rate over the same period decreased from 26,08 per thousand to 11,6 per thousand.

However, the already significant size of the Chinese population means that even with a low birth rate the overall size of the population increases by approximately 15 million each year. This increase undermines the benefits of economic growth in China, placing severe strain on social services as well as employment opportunities. Because of its already substantial population, China is unable to accomplish the ‘demographic transition’ that follows industrialisation, which results naturally in a fall in birth rates as the economic growth rate increases. In response to this problem, China’s family planning

policy includes a number of key elements: encouraging late marriage, encouraging married couples to delay having a child and advocating one child per couple. In the rural areas couples who want to have more than one child are encouraged to wait several years between births. Ethnic minorities are also encouraged to practice family planning, but specific policies are drawn up by local governments. Family planning is promoted by intensive and ongoing publicity programmes throughout China, focusing on the existing population crisis, state policy and statistical comparisons with other countries. In addition, the state provides information on contraception, child rearing and related health issues.

China's birth control efforts have had a significant impact on the country's economic growth and improved the standard of living. The effect of a 'demographic transition' resulting from the expansion of China's economy will in the long term naturally result in later marriages and fewer children as young people devote themselves to their careers. At the same time, many would argue that China is correct in taking measures to solve its population problem immediately. In the short term, the driver for a higher standard of living in developing countries demands a strong emphasis on family planning.

China's reconstruction and development programme is acknowledged as a major success. However, this programme was not the product of a single policy but rather a macro-economic strategy that developed through trial and error. It has been characterised by the incremental implementation of a series of reforms and, concurrently, a willingness on the part of officials to abandon policies that do not work. This incrementalist approach deliberately focused on the production side of the economy and neglected implementation of significant fiscal reforms.

The Chinese development strategy holds great relevance for Africa, which is travelling a very similar development road. Using the Chinese example as a guide, there are four key ingredients for a successful economic growth and development formula.

First, the development of export markets is vital for economic growth. China's ability to participate successfully in the markets of the world has been a key factor in the country's long-term economic development strategy. Export success has been supported and promoted by an open and positive foreign policy which includes non-involvement in the internal affairs of other states.

Second, innovative and adventurous investment incentives have made China the world's key investment target. Since the early 1980s China has attracted

more than \$600 billion in foreign investment. The establishment of special economic zones, which provide internationally attractive investment options, has opened the door to a flood of investments upon which China's economic miracle has been built. The message is clear: any country seeking economic growth must provide the correct investment environment.

Third, China's education policy focuses on high standards, science and technology. Nations seeking rapid economic progress must accept that only the highest standard of education will prepare citizens for participation in a highly competitive international economic system.

Fourth, any developing nation wishing to improve standards of living must, like China, implement a strict family planning policy. China's historical experience clearly shows that the absence of family planning undermines the very objectives of development, namely the eradication of poverty and human misery.

Other characteristics of China's economic model include a move from central planning to markets, significant improvement in agricultural output (via profit incentives), a strategic shift from agriculture to manufacturing and an opening to the outside world to foster trade and foreign direct investments.<sup>59</sup>

In addition, World Bank research points to the following factors

- Almost a third of China's post-1979 economic growth has been the result of increases in organisational and productive efficiency
- Technological growth has averaged more than 2 per cent a year, much higher than international standards, and has made a major contribution to economic growth
- Mobilisation of additional capital and labour through the reform process were the key factors in driving economic growth
- China's initial economic growth process was based on the shift from agriculture to manufacturing, while improvements in resource allocation have been important in China's economic development<sup>60</sup>
- Technology absorption has boosted production processes, while increased availability of capital (domestic and foreign) has provided an ongoing foundation for economic growth<sup>61</sup>
- A dedicated, highly motivated and hard-working labour force has been crucial, as has full integration with the global economy, in which globalisation has been harnessed rather than opposed

- China has for many years had the highest savings rate in the world, providing an opportunity to generate an even higher growth rate without the risk of a balance of payment crisis
- Prioritisation of the establishment of key transport and communications infrastructure provided a solid foundation for economic development (for example, China has 30 000 km of expressways, ten times more than India)
- The establishment of a new business in China is far easier (75 days) than in many other developing countries, and China has also been far more successful in restraining corruption than most other developing countries
- China's economic success has been primarily export driven. China is expected to become the world's biggest exporter within the next few years<sup>62</sup>
- The emphasis has been on increased organisational and production efficiency along with factor accumulation, in terms of both capital and labour

China's development model has thus been diversified, well planned and systematically implemented. Moreover, the development process has been adjusted and refined in response to changing circumstances and new opportunities. China's rapid advancement up the value chain has also been impressive, as Ted Fishman observes:

China is ascending even higher still, moving quickly and expertly into biotech and computer manufacturing. No country has ever before made a better run at climbing every step of economic development all at once. No country plays the world economic game better than China. No other country shocks the global economic hierarchy like China.<sup>63</sup>

Overall, China's development model provides an excellent blueprint for all developing countries seeking to transform from agricultural production to a more advanced economic system. The Chinese experience offers hope for all developing countries in an era of globalisation and an integrated international economy.

## **AFRICA AND THE CHINA DEVELOPMENT MODEL**

While China's development model cannot be transferred and applied to Africa without modification, it provides key elements of economic success for developing countries. Moreover, China's achievements are an inspiration and

encouragement to other developing countries seeking to escape from poverty and hardship. China's economic miracle is the foundation of the emerging Platinum Age (as opposed to the past Golden Age) of global economic growth. China's economic growth has resulted in a significant expansion of its own domestic markets, which provides other countries with opportunities for entering a new period of economic expansion through trade and investment in China itself. Global commodity prices have reached historic highs and China's international investments have created new employment opportunities and contained interest rates. The systematic integration of China's domestic market with international markets has benefited the global economy as well as China itself.<sup>64</sup> The US and China accounted for over 40 per cent of total global economic growth in the past five years, leading to job creation in America, too. Moreover, China provides US consumers with a wide range of choices and access to a highly productive and efficient global supply chain. British traders and investors look to China for long-term economic prospects and the United Kingdom government has offered London as a base for China's \$200 billion sovereign wealth fund.<sup>65</sup> The strength and vitality of the global economic system is sustained and underpinned by China's ongoing successful development process.<sup>66</sup>

China's dramatic success in advancing economic growth and reducing poverty provides a convincing model to the developing world and an alternative path to development. The Beijing Consensus is a model driven by a desire for equitable, peaceful and sustainable growth that favours stability, self-determination and flexibility. China's approach has turned the established development doctrine on its head by favouring 'leading edge', rather than 'trailing edge' technologies. China has shown that creating high growth hubs (special economic zones) is more important than moving sequentially and systematically up the value chain. For example leapfrogging to fibre optics, rather than wiring a country with copper as the first phase, is an approach that has paid off. Moreover, China's present drive for equality and sustainability, as opposed to promoting luxuries, provides the foundation for further growth and prosperity.

China's continued economic development and growing power will be the defining feature of international affairs in the 21st century.<sup>67</sup> The FOCAC process offers a mechanism by which China could transfer to Africa the knowledge and tools for economic growth and prosperity. At the same time, Africa's effective interaction with a rising China offers both challenges and opportunities. Africa's leadership needs to devise appropriate commercial strategies to engage China

and benefit from the opportunities offered by China's phenomenal growth. As observers have pointed out:

China's huge demand for Africa's commodities is creating a new opportunities for Africa governments to realise the hopes of their people for a better life. Countries that set their house in order, can position themselves to benefit and those that do not will find their resources continue to simply be a 'curse' – with or without China.<sup>68</sup>

As Su Zhenyu, Chinese ambassador to the WTO has suggested, China's economic growth brings both opportunity and challenge, but the emphasis of analysis and action should be on the enormous number of opportunities. For example, China's total imports have increased from \$243 billion in 2001 to \$791 billion in 2006, an annual increase of almost 45 per cent. This clearly provides enormous opportunities for all of China's trade partners to increase market share in China. Over the same period, China's imports from developing countries increased from \$123 billion to \$472 billion, an annual increase of over 50 per cent. For example, China's massive importation of cotton has significantly boosted the incomes of poor cotton farmers in Africa, who have suffered as a consequence of subsidies paid by the developed countries to their own producers.<sup>69</sup>

As far as fighting poverty is concerned, China provides a model for Africa. The success of China's poverty alleviation programme is based on a government-led approach, backed by sufficient and appropriate resources. China is willing to share its experiences with other developing countries through its China International Poverty Alleviation Centre. The centre works with the United Nations Development Programme to inform and assist developing countries in the fight against poverty. Through FOCAC, China has organised and conducted seminars and workshops to inform and guide African governments in a common struggle to uplift the poor.<sup>70</sup>

China is well positioned for an extended period of economic growth, based on the enormous economic potential of post-1980 economic reforms and restructuring. High savings rates and good returns on investment will underpin impressive economic performance in China for the foreseeable future. Impressive economic growth over the long term will be based on an abundant supply of labour, China's continued attraction of foreign direct investments along with a very significant expansion of the country's service sector. In

international terms, wages are expected to stay low, making China the chosen destination for labour intensive manufacturing and assembly. More and more, developing countries will be forced to advance market-friendly reforms in order to compete effectively with China. Based on expected continued spectacular growth, forecasts suggest that China will before long overtake the US as the largest economy in the world.

Naming the 21st century as Chinese century, Oded Shenkar points out that:

China will soon become the dominant manufacturer and exporter in industries ranging from the labour intensive to the technologically driven. It will also be a strong contender, though not yet a leader, in product lines associated with advanced technology and will start to play an important role in the higher end of the market. Chinese made cars will become a common sight on American and European roads, sporting not only the familiar name brands of Ford and VW, but also the marks of SAIC and Dongfeng Motors. Made-in-China aircraft will enter commercial aviation and Chinese missions to space will cease to be a news item.<sup>71</sup>

China's labour intensive advantage will facilitate leverage into high-tech production and knowledge intensive areas. This process will transform China into the leading economy in the world, posing both challenges and opportunities to other states.<sup>72</sup> The results of China's economic transformation will have an enormous impact on the economies of both developed and developing nations. China's economic development model needs to be urgently investigated by developing countries. Given that Africa and China share a battle against poverty, China's experience is directly relevant to the African agenda. As Ted Fishman points out: 'China is providing more upward mobility than the rest of the developing world put together.'<sup>73</sup>

Africa needs to identify both the challenges and opportunities in response to China's economic success and develop an appropriate commercial engagement strategy as a matter of urgency.<sup>74</sup> Given China's willingness to work with Africa both at bilateral and multilateral levels through FOCAC, African states have a unique opportunity to build commercial interaction with China in which they can take advantage of new opportunities. China's willingness to extend a hand of friendship to Africa as a fellow developing region, holds a promise for all African states and a chance to participate more directly in China's

economic rise with a mutually beneficial outcome. FOCAC has provided a start for knowledge transfer on China's economic development and poverty reduction programmes. The challenge for African states is to further exploit FOCAC and to take advantage of China's offer to provide guidance and assistance on economic transformation.



# 4 China–Africa relations

## THE EVOLUTION OF CHINA–AFRICA RELATIONS

Although the FOCAC process is a relatively new element in China’s African diplomacy, Sino-African interaction has a long and complex history. Fully comprehending FOCAC and related Chinese interaction with the continent requires a historical perspective. Moreover, many of the historical features of China’s Africa policy remain applicable today and help to explain China’s interaction with the African continent. Western commentators suggest that China has ‘retuned to Africa’ in recent years, primarily to seek energy, raw materials and trade and to advance narrow geopolitical interests. China is characterised as a capital-driven competitor of the West, determined to advance a zero-sum game to achieve narrow commercial objectives. Many of the commentators holding this perspective advance the idea that China has initiated a ‘new scramble for Africa’ and they tend to view China through a reinvented cold war prism.<sup>75</sup> Superficial, ahistorical and event-led analysis labels China as a neo-colonial intruder into a world (Africa) previously dominated by Western powers.<sup>76</sup> These pessimistic studies predict a new Cold War between China and the West on the African continent. For example, in his book *China in Africa*, Chris Alden seeks to determine

whether China is a ‘partner, competitor or colonizer’ in Africa.<sup>77</sup> Almost all of these studies are grounded in an American/European paradigm and completely ignore African views, analyses and opinions. African opinion on China’s involvement on the continent is systematically ignored, or simply dismissed.

Obviously, China’s growing economy demands an expanded international trade and investment footprint, not only in Africa but across the globe. But focusing on China’s narrow economic objectives, which are part of the globalisation process in any event, neglects the broader dimensions of Sino-African relations and presents only a rudimentary analysis of interaction. Moreover, viewing China through a re-invented Cold War prism distorts the form and content of China’s foreign policy as well as its African engagement and erroneously predicts a new East-West cold war in the form of a competition for hydrocarbons/resources on the African continent. China–Africa relations should be analysed in their historical context and understood in terms of China’s economic reform programme and peaceful development objectives. Moreover, China–African relations are underpinned by a 60-year relationship based on equality of treatment, respect for sovereignty and a desire for common development. While specific Chinese policies towards Africa have changed over time in response to changing circumstances, key principles have remained largely the same and have continued to guide Beijing’s broadening interaction with the continent.

In the last 50 years of China–Africa diplomatic relations, over 800 high-level visits (670 African leadership visits to China and 160 Chinese visits to Africa), involving 51 African countries, have taken place. Prior to 1990, China granted ‘goodwill aid’ to numerous African countries for the building of roads, railways, power plants and stadiums. Two-way trade amounted to only \$4 billion in 1995, but increased to almost \$40 billion by 2005, with a trade surplus of \$2,3 billion in favour of Africa. By 2005 China’s foreign direct investment in Africa totalled \$1,18 billion and more than 800 Chinese companies were active on the continent. During the period 1949 to 1978, China’s Africa policy focused on support for Africa’s liberation struggles, but moved beyond moral encouragement to the provision of training and material support. After the initiation of national independence in Africa, China sought to mobilise the continent as an ally against hegemony and imperialism. Despite China’s own development needs, it provided significant economic assistance to many African countries. The strong ideological content of China’s foreign policy encouraged Beijing to offer support for the African struggle against colonialism, imperialism and revisionism.<sup>78</sup>

During the Cultural Revolution China's interaction with the African continent was characterised by the 'export of revolution' to Africa within a specific Maoist framework.

During the 12th Chinese Communist Party (CCP) national assembly in 1982, China's global policy shifted from support of wars of national liberation to an emphasis on peace and development, intended to support and advance China's new economic opening and development. Also in 1982, the Chinese premier visited Africa and announced the four principles of economic and technological cooperation with Africa, shifting China's Africa focus from a largely strategic-political engagement to an economic agenda along with a spirit of 'developing together'. The changed emphasis to China's domestic development and the need to promote global peace and stability to achieve this end, translated into a new Africa policy embedded in commercial interaction and practical economic goals. The new approach facilitated a shift from goodwill aid freely provided, to aid intended to advance mutual benefit.

From December 1963 to January 1964, on his tour of ten African countries, Premier Zhou Enlai stressed the five principles guiding China's relations with African and Arab countries, and the eight principles underlying China's economic and technological aid to foreign countries. At a farewell banquet in Ghana he confirmed Beijing's support for African struggles against imperialism and set the stage for Africa as an ideological battleground with both Washington and Moscow. Zhou's announcement followed Mao Zedong's 8 August 1963 speech on colonialism and racism which indicated the desire of the PRC to lead the developing world and confirmed the breakdown of the Sino-Soviet relationship. Zhou also declared that Africa's potential for revolution was 'excellent', effectively calling for a second, post-colonial struggle against the new ruling African bourgeoisie.

However, domestic economic and social difficulties as well as China's own second revolution, the so-called 'cultural revolution', undermined the PRC's efforts to implement foreign policy objectives in Africa. Preoccupied with reviving the Chinese economy under the post-Mao leadership of Deng Xiaoping, Africa policy shifted from support for Maoist inspired revolution to a search for new commercial engagements which would strengthen the PRC's economy. Deng adopted a non-interference approach, encouraging African countries to find political and economic models of development to suit their own particular circumstances.<sup>79</sup>

## The five principles outlined by Premier Zhou

- China supports the African and Arab peoples in their struggle to oppose imperialism and old and new colonialism and to win and safeguard national independence
- China supports the pursuance of a policy of peace, neutrality and non-alignment by the governments of the African and Arab countries
- China supports the desire of the African and Arab peoples to achieve unity and solidarity in the manner of their own choice
- China supports the African and Arab countries in their efforts to settle their disputes through peaceful consultations
- China holds that the sovereignty of the African and Arab countries should be respected by all other countries and that encroachment and interference from any quarter should be opposed

## The eight principles of China's engagement with Africa

- The Chinese government always bases itself on the principle of equality and mutual benefit in providing aid to other countries. It never regards such aid as a kind of unilateral aid but as a mutual event
- In providing aid to other countries, the Chinese government strictly respects the sovereignty of the recipient countries, never attaching any conditions nor expecting any privileges
- China provides economic aid in the form of interest free or low interest loans and extends the time limit for repayment when necessary so as to lighten the burden of the recipient countries as much as possible
- In providing aid to other countries, the purpose of the Chinese government is not to make the recipient countries dependent on China but to help them embark step by step on the road of self-reliance and independent economic development
- The Chinese government tries its best to help the recipient countries build projects which require less investment while yielding quicker results, so that the recipient government may increase its income and accumulate capital
- The Chinese government provides the best quality equipment and material of its own manufacture at international market prices. If the equipment and material provided by the Chinese government are not up to the agreed

specifications and quality, the Chinese government undertakes to replace them

- In giving any particular technical assistance, the Chinese government will see to it that the personnel of the recipient country fully masters such technique
- The experts dispatched by China to help in construction in the recipient countries will have the same standard of living as the experts of the recipient country. The Chinese experts are not allowed to make any special demands or enjoy any special amenities

Chairman Mao Zedong expressed his view on differentiating the ‘three worlds’ in a talk with President Kenneth Kaunda of Zambia in February 1974: ‘I hope the third world unites. In Asia, all countries except for Japan belong to the third world. The whole of Africa belongs to the third world, and Latin America also belongs to the third world.’<sup>80</sup> For Mao, the international focus was on building alliances in the third world based on the belief that wars of national liberation would weaken and destroy the imperialist system. This in turn would ‘divert the enemy’s pressure’ on China itself. Thus in advancing Mao’s anti-imperial struggle, China provided support for Africa’s liberation struggles and the anti-apartheid movement, despite China’s own urgent economic and development needs.<sup>81</sup> During the early 1970s, over 70 per cent of the military aid provided to African liberation movements came from China. To this day, African leaders show appreciation for China’s historical support and consider China their most reliable friend and ally. The central element in China’s aid policy was ideological idealism, intended to advance Africa’s liberation, while economic outcomes were considered secondary.

Premier Zhao Ziyang visited 11 countries in Africa (Egypt, Algeria, Morocco, Guinea, Gabon, Zaïre, Congo, Zambia, Zimbabwe, Tanzania and Kenya) during the early 1980s. During his visit he proposed four principles for developing economic, as opposed to political, cooperation with African countries, namely equality and mutual benefit, an emphasis on practical results, diversity in the form of economic interaction, and the goal of common progress towards economic development. This was an important shift in China’s Africa policy, away from strategic-political issues towards a more commercially based interaction. In the period 1949 to 1978 China’s policy towards Africa focused mainly on strategic-political issues, with an emphasis on supporting anti-imperialist

struggles. Post-imperialism in Africa brought a shift in China's policy towards a broader economic interaction. Despite its own urgent developmental needs China still provided significant aid to Africa. However, China realised that aid is an inefficient tool for advancing economic development and during the 1980s changed the focus of its economic assistance to self-development. The evolution of China's interaction with Africa thus moved from an ideologically motivated approach through political pragmatism to the present economic pragmatism which is now the central feature of China's engagement with Africa.

Despite China's policy modifications in response to changing international circumstances, the key principles which underpin Beijing's approach towards Africa have remained constant. The principles of equal treatment, respect for sovereignty, non-interference, mutual benefit and common development continue to guide and underpin China's interaction with Africa. In line with the principle of non-interference sovereignty is a central feature of international relations, which means that all countries have an equal standing and no country has the right to interfere in the domestic affairs of another. A common experience of colonialism and imperial oppression underpins a Sino-African emphasis on respect for sovereignty as a central feature of international relations. Thus China's resistance to collaboration in Western humanitarian interventions in Africa is based on long held principles, which are also strongly respected by Africa's own leadership. Where the AU seeks China's support on a specific issue, Beijing can offer friendly persuasion as a diplomatic tool, rather than sanctions, admonishments and direct interference, as occasionally occurs in the case of Western diplomacy. For example, China's diplomatic interaction with Sudan has advanced peacekeeping efforts in Darfur through positive interaction, rather through the threat of sanctions or diplomatic coercion. Beijing's insistence on non-interference is grounded in China's wish to treat Africans as equals and to respect the decisions of Africa's leaders.

The concept of 'mutual benefit' has also been a long held key principle of China's African engagement. Historically, this was manifest in China's support for Africa's liberation struggles and efforts to counter neo-colonial relationships. China's active support for Africa resulted in African support for China in the UN and elsewhere. When China took its seat on the UN Security Council in 1971, Chairman Mao declared that 'we were brought back into the United Nations by our African friends'.<sup>82</sup> Since that time, Africa has consistently supported China on the issue of human rights and Taiwan.

Following China's opening to the world, the focus of Sino-African mutual relations has shifted to economic cooperation and commercial interaction. China's business objective is to assist in the development of African countries in exchange for the purchase of raw materials. Where possible, China seeks to advance the development of African partners while at the same time engaging in normal commercial interaction. For example, China's road construction in Africa benefits ordinary citizens and strengthens growth potential, unlike the traditional colonial pattern of building roads only to facilitate resource extraction.<sup>83</sup> Efforts of mutual benefit are also evident in China's trade policies towards Africa, by providing incentives for poorer African countries to enable access to the Chinese market. Overall, the China–Africa trade balance favours Africa with African exports to China totalling almost \$29 billion and imports \$26 billion. While some African countries face the challenge of resource depletion over the longer term, this economic phenomenon is inevitable given Africa's stage of economic development. China's growing economy provides a market for African commodities and if managed effectively, Africa can translate this opportunity into long-term growth and prosperity. Mutual benefit is further advanced by China's willingness to cancel African debt and provide technical assistance. For example, collaboration between China and Nigeria has led to the launch of a communications satellite, Nig-Sat I, to assist Nigeria's telecommunication sector. China has also provided advanced engineering assistance to Sudan for the identification of new oil deposits.

High-level diplomatic interaction between China and Africa has been designed to promote Beijing's relations with Africa against the background of its key principles. Summit diplomacy has sought to promote equality and build confidence with Africa's leadership. In the immediate post-Cold War period, China intensified its interaction with Africa through regular high-level diplomatic visits in an effort to build solid Sino-African relationships. The Chinese leadership sought to show their respect for African leaders and to establish real friendships as a basis for positive interaction. These high-level visits laid the foundation for a transformation of China–Africa diplomacy into a more formalised FOCAC structure with a view to deepening and broadening political and economic interaction.

During a conversation with UN Secretary-General, Javier Perez de Cuellar, in August 1982, Deng confirmed that his central foreign policy objective was support for China's 'economic development'. Later, in an important policy

speech delivered on 4 June 1985, Deng laid the foundation for China's post-Maoist foreign policy, largely unchanged to this day, in which he stressed that the PRC would concentrate on economic development in order to become a modern, powerful socialist economy. He stressed that economic development was China's primary objective and everything else must be subordinated to it. Deng's domestic economic reforms and opening to the rest of the world effectively terminated the strong Maoist ideological content of China's foreign policy, elevating instead the two objectives of promoting trade and investment, both regarded as essential for China's future economic development. Jiang Zemin's 1996 Africa visit was undertaken within the context of Deng's new foreign policy framework, but was also intended to advance China's 'Africa first' approach. During the visit Jiang signed 23 economic and technical co-operative agreements with six African countries.<sup>84</sup> Driven by Deng's foreign policy goals, Jiang sought a new, commercially based rather than ideologically motivated, partnership with Africa by developing Africa's economic rather than revolutionary potential.

On meeting Ugandan President Museveni, Deng Xiaoping, chief architect of China's reform programme, said:

We are closely following Africa's development and progress towards prosperity. We are pleased to see that many African countries have become independent since the Second World War, creating the best conditions for development. After years of struggle, the international situation is becoming more relaxed, and a world war can be avoided. The African countries should take advantage of this favourable peaceful environment to develop. They should work out strategies and policies for development in accordance with actual conditions in each country, and they should unite so that all their people can work together to promote economic development.<sup>85</sup>

In January 1999 Hu Jintao, then vice-president of China, said while visiting Africa:

China will, as always, adhere to the Five Principles of Peaceful Coexistence, respecting independent choices of political system and development road by African nations according to their realities; supporting the just struggle of African nations to safeguard national independence, sovereignty

and territorial integrity; supporting these nations' efforts to maintain domestic stability and unity, invigorate national economy and promote social progress. In international affairs, China will actively support African nations' participation in international affairs, strengthen bilateral consultations and cooperation, and make concerted efforts to safeguard the just rights of the developing nations, trying to help establish a fair and reasonable international political and economic order at an early date. China also urges the international community, especially the developed countries, to respect and show concern for Africa, pay attention to Africa's peace and development, and adopt effective measures to promote stability in Africa, help Africa develop its economy, eradicate poverty, and narrow the gap in development between Africa and the rest of the world.<sup>86</sup>

In June 2003, during talks with the visiting President Azali Assoumani of the Comoros Union, President Hu Jintao pointed out that consolidating and strengthening unity and cooperation with all African countries are key characteristics of China's foreign policy. Moreover, he confirmed that China would abide by the basic principles of sincere friendship, equal treatment, unity and cooperation, common progress and looking forward into the future in dealing with Africa. He dedicated China to building a long-term, stable new partnership based on equality and mutual benefit. Since the early 1990s, China has focused on the important role of Africa in both global political and economic terms.

A Sino-African common understanding on many international issues is partly underpinned by a shared history of struggle against imperialism and colonialism, which promotes a sensitivity and special understanding in Beijing's policies towards Africa. In the post-colonial, post-Cold War international system, both China and Africa have prioritised sovereignty and non-interference as key guiding principles in international relations. Furthermore, both have advanced African development guided by a commitment to mutual development and a common prosperity. In this context the compatibility of the Chinese and Africa economies can be found in China's capacity to export manufactured products and need for African raw materials, while Africa's growing consumer market and significant raw material reserves are attractive for Chinese economic interests. Both China and Africa face the challenge of taking advantage of their strengths and crafting a mutually beneficial and sustainable commercial relationship.

Motivated by a respect for national sovereignty and non-interference in the domestic affairs of other states, China's Africa policy is based on cooperation without intervention. This translates into treating African countries as equals, non-interference in domestic affairs and respecting African choices in their development approaches. China demands no political or economic reforms as a pre-condition for commercial engagement. Unlike Western nations whose donations are driven by complex conditionalities and policy requirements, China's pragmatic approach is widely and robustly supported in Africa. China's only pre-condition is that African states adhere to a 'one-China policy' which precludes diplomatic relations with Taiwan.

Moreover, in contrast to Western commercial operations, Chinese companies are prepared to undertake high-risk operations in order to identify and access scarce resources in Africa. Chinese workers accept the difficulties of living and working under harsh conditions to develop the continent. China's commitment to engage Africa and work with Africa's leadership provides a welcome alternative to Africa's traditional Western partners. Moreover, China's expected future global positioning as a challenger to the international dominance of the United States and a power balancer appeals to Africa's leadership who on the whole are opposed a unipolar world order.<sup>87</sup> The strengthening of Sino-African relations advances South-South cooperation and the multi-polarisation of world politics, two trends of direct concern and importance to Africa.

The following are the central principles of China's Africa policy, grounded in the liberation struggle period, but adjusted for an economic focus

- Respect for the choice of political system and development pattern made by the people of each individual African country and non-interference in the countries' internal affairs
- Treatment of all countries as equals and avoidance of chauvinism
- Support for African countries in their just struggle to maintain national independence, state sovereignty and territorial integrity and opposition to foreign interference
- Promotion of African solidarity and support for the settlement of their differences or disputes through peaceful negotiations
- Upholding of justice in international affairs to safeguard the legitimate rights and interests of the African countries

- Provision, within its means, of economic assistance without any political conditions
- Active development of various forms of economic and trade cooperation with Africa on a basis of equality and mutual benefit

## CHINA'S INTERNATIONAL RELATIONS

Given that Beijing was excluded from the creation of many post-World War II global institutions, China has traditionally been a vocal opponent of the fora and international political and economic order established after 1945 (UN, WTO, IMF, non-proliferation regime, etc). However, since the early 1980s, China has adopted a more accommodating position and is now considered to be a 'dissatisfied' participant in the international system, rather than a 'revolutionary' actor seeking to overthrow the existing world order. China's dissatisfaction is motivated by a belief that the global order favours the wealthy Western powers to the disadvantage of China and the developing world. However, in contrast to the revolutionary policies of Mao Zedong, China no longer displays any intention to radically restructure international politics through force, or revolutionary violence. Rather, China is a reluctant but increasingly contented participant in the international system and focuses instead on its own economic advancement through peaceful development.

In his report to the 16th party congress in November 2002, former President Jiang Zemin suggested that the first 20 years of the 21st century would be a 'period of important strategic opportunities' (*zhongyao zhanlue jiyu qi*) which China should 'grasp tightly' to accomplish its main goal of building a well-off society in China. Hu Jintao reiterated this point in his speech at the close of the 10th national people's congress in March 2003, confirming this concept as the foundation of China's foreign policy agenda. The strategic opportunities which the Chinese leadership have in mind are to expand China's influence in Asia and the world, while in the African context the objective is to become an active extra-regional power with the capacity to effectively access Africa's key raw materials and growing consumer markets.

While some Western commentators suggest that China's growing political influence threatens to bring Beijing into a power struggle with both the US and Japan, China's commitment to a 'peaceful development road' should ensure China's economic growth and long-term prosperity without any confrontation.<sup>88</sup>

However, the management of the China-US-Japan trilateral relationship will be the dominant theme in international politics for the next 50 years.<sup>89</sup> In an age of globalisation, China's rise provides major challenges and opportunities. China's manufacturing capacity challenges high-cost production facilities throughout the globe, while increasingly wealthy Chinese consumers provide almost unlimited opportunities for new commercial engagement.

Given the need for China to grow its economy and expand its political prestige, China's global engagement is motivated by three key objectives: First, accessing key raw materials – accelerated economic growth is driving the demand for critical raw materials, many of which will be sourced in Africa.<sup>90</sup> Longer-term trends suggest that China will become the world's largest consumer of a number of key commodities.<sup>91</sup> Second, gaining access to markets worldwide – China's burgeoning manufacturing industries require access to the markets of the world. China's membership of the WTO was motivated by a need to expand access to the European Union, North American and Japanese markets. Market access is vital to maintain high levels of employment in China and continued economic prosperity.<sup>92</sup> And third, to play a greater role in international politics – China's desire to become a key global player is driving Beijing's efforts to mobilise support from African countries in the major multilateral fora. In the WTO China seeks support from other developing countries to advance a new agenda intended to allow greater access to consumers in developed countries. China's global economic agenda is no different from those of other large economies which are also driven by the demands of the market and raw material access.<sup>93</sup> In recent years, one of the central thrusts of China's global economic strategy has been to obtain guaranteed access to oil. China is expected to import almost 50 per cent of its oil requirements within the next few years, with at least one quarter of this sourced in Africa. Other important African raw materials required by China include timber, copper, non-ferrous metals and iron ore. Continued spectacular economic growth in China will not be possible without guaranteed access to key raw materials.<sup>94</sup>

The Chinese government has also begun to develop new strategies to protect oil supplies as a consequence of increased instability and uncertainty on oil markets. China is developing a comprehensive plan to prevent disruption to its oil supplies. Purchases of oil from the Middle East now account for half of all China's oil imports. Three key issues are expected to dominate China's oil strategy: First, increasing supplies from Russia, second, the development of a

national stockpile, and third, faster development of alternative sources of supply. Against this background Africa's oil reserves are expected to gain steadily in importance.<sup>95</sup> Given Africa's proven reserves of over 60 billion barrels, China's active engagement in this market is inevitable (as is the engagement by other growing economies).<sup>96</sup> The challenge is for African governments to manage this wealth effectively to the benefit of their own people while taking advantage of China's commercial engagement. The so-called 'resource curse' can be transformed into a tool for economic development and poverty reduction if a nation's leadership effectively manages the rewards of commodity trading.

## THE CHANGING CHINA–AFRICA RELATIONSHIP

While China continues to provide aid to selected African countries, Beijing has shifted its Cold War emphasis to the provision of official loans with government-subsidised interest rates and to development of partnerships or joint ventures between companies from Africa and China. Through a process of pragmatic economic engagement, Beijing hopes to stimulate African economies and thereby increase the demand for Chinese products. African economies will benefit from this process and at the same time it creates an opportunity for Chinese enterprises to establish a viable base in Africa. China is determined to encourage companies from both China and Africa to cooperate with each other directly through joint ventures and other arrangements. The long-term goal for Sino-African cooperation has been outlined by Beijing as commercial interaction, with private enterprises from both sides becoming the main actors in economic cooperation, opening a new avenue for South-South interaction. China encourages increased imports from Africa, especially from poor countries which have been granted tariff free access on a range of products to the Chinese market. China also participates in the economic development of African countries through contracted projects, technology transfers and management cooperation. Beijing's broad approach towards Africa has been to jointly explore new ways to interact in an effort to expand economic and trade cooperation. Moreover, Chinese authorities are advocating increased trade along with agreements on the encouragement and protection of investments and the avoidance of dual taxation.

The effect of China's African engagement has at times been criticised as counter to the Western-centric globalisation process, but is not necessarily disadvantageous to Africa's long-term interests.<sup>97</sup> China's ability to compete

effectively with other extra-regional actors provides new opportunities and options for African governments.<sup>98</sup> China's engagement in the Sudan, Angola and Zimbabwe have raised questions, as China has provided financial and political support without questioning good governance or human rights.<sup>99</sup> The China critics contend that China's engagement with Africa should be guided by Western values and should conform to established patterns of Western involvement on the continent.<sup>100</sup> Moreover, China is expected to place restrictions on itself in terms of economic competition and political engagement.<sup>101</sup>

However, China's African activities are best understood in the context of China's own political and economic development process, its foreign policy which emphasises non-interference in the domestic affairs of other states, as well as China's role within the framework of South-South relations. Given China's own urgent developmental needs, Beijing's necessary pragmatic approach to Africa requires a direct and focused engagement. Moreover, it would be unrealistic to expect China to imitate Western approaches in its African engagement. Overall, China's active involvement in Africa makes a solid contribution to the continent's development. China is involved in almost a thousand social and economic projects intended to benefit specific communities in African countries.<sup>102</sup> The following table provides examples of interaction:

**Table 7** Chinese assistance to Africa

Country	Chinese assistance and projects
Angola	Debt relief, \$2-billion loan
Benin	Stadium, government office building, conference centre, hospital
Burkina Faso*	–
Burundi	Textile mill, hydro-electric power station, highway
Cameroon	Conference building, hydro-electric power station, hospitals
Cape Verde	Government office building, conference hall
Chad*	–
Central African Republic	Agricultural technological station, radio station, training centre, clinics
Republic of Congo (RoC)	Stadium, hydro-electric power station, broadcasting station, hospital, factory
DRC	Stadium, trade centre, people's palace, factories
Comoros	Government office building, water supply project, people's palace
Djibouti	Stadium, government office building, people's palace, housing project
Equatorial Guinea	Hydro-electric power station, radio station, highways

Country	Chinese assistance and projects
Eritrea	Humanitarian assistance, hospital
Ethiopia	Highway, veterinary centre, power station, water supply project
Gabon	Health care centre, primary school, assembly building
Gambia*	Stadium, hostel, health centres
Ghana	National theatre, irrigation project, vocational training centre, hospital
Guinea	People's palace, hydro-electric power station, cinema, presidential palace
Guinea Bissau	Housing project, power-generating equipment, technical cooperation
Côte d'Ivoire	Theatre, water conservation project
Lesotho	Vegetable planting, convention centre, industrial park
Liberia	Sugar mill, rice project, sports stadium, hospital renovation, office building
Malawi*	–
Mali	Stadium, conference centre, textile mill, sugar refinery, leather-processing factory, pharmacy
Mauritius	Stadium, bridges, airport terminal building
Mozambique	Textile mill, passenger cargo vessel, water supply project, shoe factory, parliament building, housing project
Namibia	Water supply project, civil housing project
Niger	Stadium, water supply project, textile mills, housing project
Nigeria	Railway upgrade
Rwanda	Highways, cement factory, veterinary school
São Tomé et Príncipe*	–
Senegal	Stadium, water conservation project
Seychelles	Swimming pool, housing projects, schools
Sierra Leone	Road bridges, stadium, sugar complex, office building, hydro-electric power station, civil housing
Somalia	Medical teams, medicines, disaster relief materials
South Africa**	–
Sudan**	–
Swaziland*	–
Tanzania	Tan-Zam railway, textile mill, rice project, sugar factory, coal mine
Togo	Conference centre, sugar refinery, stadium, hospital, irrigation project
Uganda	Rice projects, stadium, factories
Zambia	Tan-Zam railway, roads, factories textile mill, water supply project
Zimbabwe	Stadium, hospitals, dams, factories

\* These countries have diplomatic ties with Taiwan

\*\* The total amount of aid is unknown

Source Foreign Ministry, China, [www.fmprc.cn/eng/](http://www.fmprc.cn/eng/) (accessed 4 March 2008).

The list confirms China's active engagement with many countries in Africa covering a wide range of economic activities that offer opportunities for development.<sup>103</sup> As the Chinese economy grows, increased commercial engagement with Africa will offer the continent even more prospects for trade and investment. The challenge is for Africa to grasp the opportunities offered by China and take full advantage of investment and assistance programmes. China's growing commercial interaction with Africa clearly offers many new challenges and opportunities.<sup>104</sup> However, the key to success for Africa in this context depends on Africa's appropriate response to address its own impediments to growth, such as low levels of productivity, high transaction costs, poor market access and an unfavourable investment climate. Indeed, the central challenge for Africa is to be more like China in terms of economic reform and especially in creating favourable conditions for inward foreign direct investment flows.<sup>105</sup> The framework for Africa's successful development agenda would include pro-growth policies, democratisation and inclusive systems of government, improved political and corporate governance, conflict resolution, and more competitive labour practices.<sup>106</sup> Africa's new and dynamic relationship with China offers many new possibilities, but the 'shape of things to come lies overwhelmingly in Africa's own hands'.<sup>107</sup>

## CHINA'S AFRICA POLICY OBJECTIVES

Beijing's policy objective of strengthening and developing friendly cooperation with all developing countries, including and especially African countries, has long been an important component of the China's foreign policy. The principles governing relations between China and African countries, originally proposed by the late Premier Zhou Enlai during his visit to Africa in 1960s, continue to broadly serve as the foundation for Sino-African friendship. During their African visits in the early 1980s Chinese leaders proposed four principles on economic and technological cooperation between China and African countries, namely equality and mutual benefit, stress on practical results, diversity in forms of interaction, and attainment of common progress. The principles guiding China's interaction are intended to build Sino-African friendship and consolidate economic relations for mutual benefit.

China attaches importance to cooperation with the AU and other regional organisations in Africa, and supports their efforts to advance economic

integration and the peaceful resolution of regional conflicts.<sup>108</sup> Beijing has sought to consolidate on-going dialogue and consultation with the AU as part of a programme to expand interaction with the African continent. In recent years there has been significant progress in Sino-African trade and other areas of economic cooperation. Moreover, since 1956 China has provided assistance to African countries in a range of fields such as agriculture, fishery, food processing, textile and other light industries, energy, transportation, broadcasting and communication, water conservancy and power industry, machinery, public buildings and housing, culture, education, health, arts and the handicrafts industry.<sup>109</sup>

Many African countries have begun to restructure their economies and China, too, has also initiated a period of economic reform and restructuring. In order to support economic development in China, Beijing is currently developing new forms of assistance. China does still provide inter-governmental aid to selected African countries, but Beijing has shifted its emphasis to the provision of official loans with government-subsidised interest rates and to the development of partnerships or joint ventures between companies from Africa and China. Through this process, Beijing hopes to stimulate African economies and thereby increase the demand for Chinese products. At the same time, it creates an opportunity for Chinese enterprises to establish a viable base in Africa through partnerships with local companies. China has indicated that it intends to continue providing economic aid to African countries within its 'capacity to do so', but Beijing is increasingly determined to encourage companies from both sides to co-operate with each other directly. The long-term goal for Sino-African cooperation has been outlined by Beijing as commercial interaction with private enterprises from both sides becoming the main actors in economic cooperation, opening a new dimension for South-South interaction. The China–Africa economic policy framework thus provides a foundation for mutual benefit by means of commercial interaction.

Over the past 60 years China has consistently promoted positive relations with Africa. While the complexities of the Cold War period promoted changes and adaptations to China's Africa policy, the commitment to the liberation of Africa never faltered.<sup>110</sup> In the post-Cold War period, China's response to African issues has specifically taken into consideration the opinions of African countries themselves, while promoting 'African solutions for African problems'. Moreover, China has consistently appealed to the international community to work together for peace, stability and development in Africa. In the

current international context it is even more important for China and Africa to strengthen consultation and coordination on global affairs to advance South-South cooperation and multi-polarisation. In the present circumstances China and Africa have an opportunity to intensify joint efforts to take up the challenges resulting from globalisation, to safeguard legitimate rights and interests of developing countries and to strive for a just and fair international political and economic order. An effective China–Africa partnership offers the hope of being a powerful force for positive change in the international system. The FOCAC process offers an ideal instrument for developing this partnership and building a strong Sino-African alliance that will benefit both in the long term.

# 5 FOCAC I 2000 – Beijing

## **JIANG ZEMIN'S AFRICA VISIT – OPENING THE WAY FOR FOCAC**

During his visit to six African countries in May 1996, Chinese President Jiang Zemin outlined a 'five-point proposal' for developing a long-term and stable Sino-African relationship based on comprehensive cooperation and interaction.<sup>111</sup> The proposal included fostering sincere friendship, interaction based on equality, respect for sovereignty and non-interference in internal affairs, common development on the basis of mutual benefits, the enhancement of consultation and cooperation in global affairs and the long-term creation of a 'more splendid world' (by means of a just and fair new economic and political international order).<sup>112</sup> Jiang's new Africa policy, building on Deng's economic development emphasis and opening approach, laid the foundation for strengthening and consolidating Sino-African relations. This has subsequently been advanced through the Forum on China–Africa Cooperation (FOCAC) with ministerial level meetings in Beijing in 2000 and Addis Ababa in 2003, and the Beijing summit in 2006. In addition, Jiang's 1996 African visit provided the framework for the establishment of a new diplomatic relationship with South Africa.<sup>113</sup>

Jiang's African visit recast and refocused China's Africa policy following a long and sometimes contradictory period of political engagement with the continent.<sup>114</sup> The Bandung conference, held in Indonesia from 18 to 24 April 1955, had marked the beginning of an international campaign, strongly supported by Beijing, for Afro-Asian solidarity. At the conference contacts between Chinese and African diplomats lead to amongst others the establishment of a Chinese embassy in Egypt, the first on the African continent. The institutional embodiment of Bandung was the Afro-Asian People's Solidarity Organisation in which China played a leading role. However, the organisation failed to translate words into action, thus frustrating the vast potential of Afro-Asian solidarity.

Beijing's broad approach since Jiang's visit has been to jointly explore new ways to interact in an effort to expand economic and trade cooperation with Africa. Beijing proposed that both sides make greater use of and further improve bilateral relations. At the same time, increased trade should lead to agreements for the protection of investment and the avoidance of dual taxation. Beijing indicated that with the development of its economy and the increase in national strength, China would continue to offer economic and technological assistance to African countries, including extending favourable conditions for preferential loans. Jiang's Africa visit also confirmed Beijing's recognition that the quest for peace and development was the main priority for the African continent and that countries had to rely on themselves for the resolution of their problems. China's response to Africa's plight has been the suggestion that Africa will be unable to achieve prosperity without stability and that African countries need to develop in ways that suit their national conditions, work closely with each other and mobilise international assistance and cooperation, such as through collaboration with China. Thus Jiang's approach offered Africa a new framework for political and economic cooperation suited to African conditions and designed to advance both Chinese and African interests for mutual benefit.

In October 2000, President Jiang Zemin spoke at the opening ceremony of the ministerial conference of the China–Africa Cooperation Forum being held in Beijing. He suggested that China and Africa should make a concerted effort to establish a new international political and economic order. This would be advanced by:

- Strengthening solidarity and actively promoting South-South cooperation
- Enhancing dialogue and improving North-South relations

- Taking part in international affairs on the basis of equality and in an enterprising spirit
- Establishing a new long-term stable partnership of equality and mutual benefit

Thus from its inception, FOCAC was grounded in a broader South-South cooperation framework, offering Africa a new avenue for a pursuit of its political and economic objectives.

## THE BEIJING CONFERENCE

The first FOCAC ministerial conference was held in Beijing from 10 to 12 October 2000. Over 80 ministers from China and 44 African countries, along with representatives of 17 regional and international organisations, were in attendance. The specific aim of the event was to provide a road map for the development of a new, stable and long-term relationship between China and Africa. Discussion was organised into four separate work sessions that focused on trade, China's economic reform programme, poverty eradication and sustainable development and cooperation in education, science technology and health care.

FOCAC was originally conceived as a mechanism to strengthen and consolidate Sino-African relations. By the end of the 1990s China had provided economic aid in one form or another to almost every African country and was involved in over 800 construction projects. However, in terms of trade and investment China–Africa interaction was still limited, making up less than 2 per cent of China's global trade. Therefore a mechanism was needed to advance economic links to supplement China's bilateral engagement with the continent.<sup>115</sup> It was envisaged that China and Africa would be able to jointly meet the challenges of the post-Cold War world and globalisation through a formal diplomatic process.<sup>116</sup> Strengthening and formalising Sino-African relations through FOCAC was widely welcomed in Africa, for as many African leaders have pointed out, China and Africa have no essential conflict of interest, and the historical relationship is viewed as a positive foundation for closer cooperation.

In his comments on the long-term China–Africa relationship Tanzanian President Benjamin Mkapa said that FOCAC 'captures not only the spirit of the long established and cherished bond of friendship, but also consolidates the

already existing wider cooperation in political, social, economic, technical and cultural fields'. He also expressed his 'faith' that China and Africa could work together for a 'shared vision' in the future. Moreover, he stressed that China's active and material support for the de-colonisation of Africa would forever bind the two sides together. Mkapa praised China for its economic successes and suggested that they be used as guidelines for Africa's own development and modernisation. Representing the broad African perspective at the conference, he said that FOCAC provided the framework for the construction of a new China–Africa partnership intended to make a positive contribution to the struggle against poverty, disease, indebtedness and globalisation.<sup>117</sup> From the African perspective FOCAC was thus seen as an important opportunity to consolidate Sino-African political cooperation, build a partnership and enlarge the scope of commercial and cultural interaction to promote modernisation.

From China's perspective, FOCAC is a forum for facilitating collective consultation and for working together through pragmatic cooperation based on equality and mutual benefit.<sup>118</sup> The forum was expected to promote political dialogue and economic cooperation, with the long-term aim of economic development and prosperity for both China and Africa. The first FOCAC meeting focused on developing a common approach for dealing with the post-Cold War international system and the strengthening of China–Africa trade and investment links.<sup>119</sup> Four workshops were held along with the conference dealing with China–Africa trade and investment, reform experiences of China and Africa, poverty eradication and sustainable development, and cooperation on education, science, technology and health.<sup>120</sup>

The conference concluded with the adoption of the Beijing declaration of the Forum on China–Africa cooperation and the programme for China–Africa cooperation in economic and social development.<sup>121</sup> The Beijing declaration outlined common positions on key international issues, specifically the drive to restructure the global economic architecture. With regard to this China and the African participants agreed to commit themselves to a new comprehensive long-term relationship intended to promote common interests. The programme for China–Africa cooperation outlined a number of measures for cooperation in the areas of economics, trade, agriculture, tourism, science, education, culture, health and the environment. The two documents outlined a proposed new relationship between China and Africa, based on Deng Xiaoping's broad foreign policy framework and Jiang's Sino-African vision, crafted during his 1996 visit.<sup>122</sup>

The central purpose of the Forum was to strengthen economic cooperation and to consolidate areas of common interest. The conference was seen by Beijing as a meeting of 'natural allies' on the road to economic development and the long hoped for restructuring of the global economic architecture. Jiang Zemin set the tone for future Sino-African relations by committing China to closer South-South cooperation and the creation of 'an equitable and just new international political and economic order'.<sup>123</sup> Premier Zhu Rongji confirmed that economic interaction with Africa had taken centre stage and would define future relations. Specific aspects of the plan included an expansion of trade, investment, joint projects and increased cooperation in the fields of agriculture, transportation, medical care, the exploitation of natural resources and banking.

During the October 2000 meeting, two-way trade was emphasised as an area of future expansion and development. The Beijing programme called on Sino-African business leaders to 'vigorously explore' all the opportunities offered by the respective markets. The establishment of a China-Africa joint business council was proposed as a mechanism to further promote trade. The renewed emphasis on trade followed on the statement of Foreign Trade Minister Shi Guangsheng on 9 June 2000 that Beijing would encourage Chinese companies to expand trade links with the African continent. Shi was encouraged by the record growth in manufactured exports to Africa, especially in television sets, air conditioners, refrigerators, washing machines, textiles and light machinery. Beijing promised to promote investment in selected African countries through special funds for the establishment of joint ventures, facilitated through China and the African Development Bank as well as the Eastern and Southern African Trade and Development Bank. In addition, the exploitation and effective utilisation of natural resources and energy sources on the African continent, long identified as extremely important for promoting continued growth of China's economy, were singled out for renewed focus.

During the October 2000 conference, Zhang Qiyue, a representative of the Chinese Ministry of Foreign Affairs, told a press conference that strengthening unity and cooperation with African countries constituted a major component of China's foreign policy. As Beijing pointed out, promoting a multi-polar global system and establishing a new international political and economic order were key goals of the international community and particularly the developing countries. According to Zhang, 'with the goal of fostering equal consultation, furthering understanding, expanding consensus, strengthening friendship and

promoting cooperation, China and Africa will jointly explore the establishment of a just and fair international political and economic order and strengthen Sino-African economic and trade cooperation under the new situation.<sup>124</sup> Deputy Foreign Minister Ji Peiding stressed that the two documents accepted at the conference would serve as the framework for Sino-African relations in the new century.

An international conference on Sino-African ties was held as a follow-up to the Beijing meeting to address the issue of strengthening bilateral cooperation, especially with regard to economic and trade ties. In addition, China established a follow-up action committee to implement the decisions taken at the Beijing conference. The Deputy Minister of Foreign Trade and Economic Cooperation, Sun Guangxiang, stressed that the Chinese government encouraged two-way trade between China and Africa and would introduce more policy initiatives intended to galvanise support for Sino-African trade within the rules of the WTO. He confirmed that Beijing would also encourage Chinese companies to invest in Africa, with a view to significantly expanding China's investment profile on the continent. Foreign Minister Tang Jiaxuan's description of the key elements of Sino-African relations, outlined in official Chinese documents, include the following elements:

- Mutually respecting and strictly observing the principles of sovereignty, independence and non-interference in each other's internal affairs, and respecting the other side's social system and development options
- Treating each other equally, adhering to the principle of mutual benefit, and conducting diversified forms of cooperation in economic and trade fields without any attached political conditions
- Trusting each other and handling bilateral affairs through consultation in a spirit of friendliness and sincerity

Supporting each other, consulting and cooperating with each other closely in international and regional affairs and jointly safeguarding the legitimate rights and interests of the developing countries<sup>125</sup>

Jiaxuan pointed out that furthering the consolidation and development of Sino-African relations was in the national interest of both China and Africa. He also emphasised Beijing's determination to work hard and explore with African countries the establishment of a new long-term, stable and mutually beneficial

partnership within the framework of South-South cooperation, and to make the relationship an example of South-South cooperation.

In order to develop the new South-South partnership, Beijing proposed that both China and Africa should promote relations on a number of levels. Strengthened top-level contacts and increased communication and exchange between leaders were identified as ways to consolidate the Sino-African friendship. China also proposed the establishment of a range of consultative and cooperative mechanisms along with expanding dialogue and co-ordination in international affairs and bilateral issues in order to foster more efficient cooperation in bilateral and multilateral affairs. The promotion of economic and trade cooperation was prioritised. China proposed a joint effort on exploring new ways and fields for cooperation to advance commercial exchange. At the same time, the Chinese government promised to adopt measures to guide and support domestic enterprises to enter the African market.

Apart from official diplomatic contact, China sought to promote contacts between political parties and parliaments and between non-governmental groups of workers, youth and women as well as in cultural and education, health, news media, sports and academic circles, and give full play to these organisations, thus forming an 'omni-directional setup' for exchange at various levels.<sup>126</sup>

## FOCAC AND AID TO AFRICA

The 2000 FOCAC meeting confirmed China as an attractive partner for Africa in the context of both trade and development. China's economic reform and opening to the world underpinned this process, while the ideology of South-South cooperation formed the intellectual framework for positive interaction.<sup>127</sup> FOCAC thus offered the promise of China as a collaborative external actor, rather than an interventionist power. In this regard FOCAC opened the way for a new wave of Chinese aid to Africa. Historically, the largest proportion of China's aid has gone to Asian countries as China has sought to stabilise its immediate regional environment, but since the 1950s China has provided aid to foreign countries throughout the world with more than 160 countries having received some form of assistance from China and more than 2 000 projects being completed with direct Chinese assistance.

Since the 1980s China has worked with the UN within the framework of technical cooperation among developing countries to complete technical assistance

programmes in foreign countries. Through this process over 10 000 persons have received technical and professional training in China. Despite China's own developmental needs, it has provided assistance to other countries based on a philosophy of 'mutual assistance among friends' within the context of South-South cooperation. Aid has been dispensed in terms of China's eight principles of foreign aid initially outlined by Premier Zhou Enlai in 1964 (see appendix). The principles are intended to promote economic development in recipient countries through the provision of Chinese financial and technical assistance. China hopes to advance mutual development and common long-term prosperity through the provision of foreign aid. China classifies its aid to other countries into nine separate categories:

- Turn-key projects: China provides all the planning, management, materials and labour for a specific project
- Technical cooperation: This include the dispatch of specialists, or a cooperative project focusing on specific technical issues
- Cooperation on human resource development projects: China provides the training of technical and managerial specialists with a view to assisting foreign countries
- Medical assistance: China sends medical personnel to (African) countries on both short-term and long-term assignments
- The provision of grants or interest-free loans: China provides financial assistance for construction, or other projects
- Emergency humanitarian aid: China provides assistance in response to humanitarian disasters and natural emergencies
- Foreign currency assistance: This includes special currency transfers in response to unfavourable currency fluctuations
- Preferential loans: These loans are used to fund construction or industrial projects
- Youth volunteers: Youth volunteers are sent to selected countries to provide direct assistance in the fields of education and medical care<sup>128</sup>

More than half of China's aid continues to be provided to Asian countries. At the same time, aid to Africa has increased significantly, with an estimated \$5,5 billion being provided from 2000 to 2007, along with a significant cancellation of African debt. In terms of the FOCAC process, aid to Africa is set to increase significantly over the next few years.

However, China's aid to Africa should be viewed against the background of four key factors. First, China is itself a developing country with its own urgent development needs. Second, China has limited experience in aid disbursement, management and monitoring in Africa. Third, the Chinese government departments responsible for aid have yet to develop an effective coordination system. Fourth, given China's own level of economic development and stage of engagement with Africa, it cannot be expected to conform to Western development practices or procedures.<sup>129</sup> Nevertheless, the shortcomings and significant failures of the West's aid policies have created a space and opportunity for China on the African continent. Empirical evidence confirms that Western aid programmes have had a minimal impact on poverty reduction and economic development. Some observers have even suggested that aid has in fact undermined development prospects in a number of African countries.<sup>130</sup> Moreover, the complex economic and political conditionalities attached to Western aid packages complicate and in many cases undermine development in Africa. Against this background it would be ill-advised to expect China to conform to a Western designed aid system which has not produced results.

**Table 8** Donor spending on Africa as a percentage of total international aid

	Estimated aid to Africa	Estimated aid to Africa as a percentage of total international aid
<b>2004</b>		
China	\$2,7 billion	26%
<b>2005</b>		
Japan	\$2,01 billion	15,3%
United Kingdom	\$3,05 billion	28,4%
United States	\$3,90 billion	14,1%

*Source Gill Bates et.al Assessing China's Growing Influence in Africa, China Security, Vol.3, No. 3, Summer 2007, p. 12.*

By the end of the 1990s, China had provided approximately \$110 million in aid to Africa, but by 2004 this figure had increased to almost \$3 billion, accounting for 26 per cent of China's total international aid. Chinese assistance to Africa

**Table 9** Export-Import Bank of China and China–Africa Development Fund, major projects in Africa (2000–2008)

Year	Country	Main project	Amount
2000	Republic of China	Cement	\$24,15 million
2000	Democratic Republic of Congo	Telecommunications	\$9,66 million
2000	Mali	Cement	\$18,12 million
2000	Mauritius	Sewage	\$18,12 million
2001	Sudan	Power	\$110 million
2001	Zimbabwe	Infrastructure	\$7,45 million
2002	Mauritius	Housing	\$12,07 million
2002	Morocco	Dam infrastructure	\$6,03 million
2002	Sudan	Power	\$150 million
2003	Congo	Dam infrastructure	\$280 million
2003	Djibouti	Telecommunications	\$12 million
2003	Ethiopia	Dam infrastructure	\$224 million (total)
2003	Zambia	Dam infrastructure	\$600 million
2004	Angola	Transport infrastructure	\$2 billion
2004	Botswana	Housing	\$24,13 million
2004	Sudan	Dam infrastructure	\$1,8 billion
2004	Tunisia	Telecommunications	\$16,89 million
2005	Angola	Energy	\$1–3 billion
2005	Botswana	Roads	\$18,29 million
2005	Egypt	Plant repair and conference centre repair	\$16,3 million and \$20 million
2005	Egypt	Textiles	\$15,85 million
2005	Kenya	–	–
2005/06	Mozambique	Dam and plant infrastructure	\$2,3 billion
2005/06	Mozambique	Dam infrastructure	\$300 million
2005	Namibia	Transport	\$19 million
2005	Togo	–	–
2006	Benin	Economic and technological cooperation	–
2006	Cameroon	Military	\$1,1 billion

Year	Country	Main project	Amount
2006	Democratic Republic of Congo	–	–
2006	Eritrea	Telecommunications	\$20,80 million
2006	Kenya	Electricity	\$20,17 million
2006	Kenya	Telecommunications	\$29,94 million
2006	Nigeria	Dam and power infrastructure	\$2,5 billion
2006	Tunisia	Telecommunications	\$6,26 million
2006	Zambia	Tanzania-Zambia railway	–
2006	Zimbabwe	Agricultural equipment	\$25,06 million
2007	Angola	Safe drinking water project	\$230 million
2007	Democratic Republic of Congo	Infrastructure and mining	\$8,5 billion
2007	Eritrea	Mining	\$60 million
2007	Eritrea	Cement	\$45,28 million
2007	Ethiopia	Hydropower/irrigation and expansion of cement factory	\$208 million
2007	Ghana	Dam infrastructure	\$292 million (total committed over \$600 million)
2007	Ghana	Power	\$137,2 million (total cost)
2007	Mozambique	Infrastructure	\$40 million
2007	Namibia	Electronics	N\$1 billion
2007	Nigeria	Communications and education programme	\$100 million
2007	Uganda	ECT backbone	\$106 million
2007	Zambia	Plant infrastructure	\$206,55 million
2007	Zimbabwe	Agriculture	\$200 million
2008	Democratic Republic of Congo	Fibre optic	\$33,6 million
2008	Ethiopia	Glass factory	Part of a \$90 million contribution to projects in three African countries
2008	Zimbabwe	Mining	Part of a \$90 million contribution to projects in three African countries

*Source* Centre for Chinese Studies, Stellenbosch University. H Edinger, *How China delivers development assistance to Africa*, The China Monitor, Stellenbosch: Centre for Chinese Studies (April 2008).

has essentially focused on four key areas. First, China has started to fund infrastructure projects, an area which the World Bank and international donors stopped funding in the 1990s. In view of the fact that sustainable development is impossible without infrastructure, China's contribution in this area has been widely welcomed. China essentially came to the rescue of African economies long neglected by external actors, while the World Bank and other donors have responded to Chinese initiatives by again providing funding for road and rail construction. However, China has implemented a highly competitive business model resulting in work usually being completed on time or even ahead of schedule at a cost of 25–50 per cent less than that of Western companies. A second key area of China's interaction has been in building relations with regional banks in Africa, such as the African Development Bank. These regional banks afford China an opportunity to play a key role in advancing commercial engagement with Africa. This business strategy provides an alternative and competitive advantage to working with or through the World Bank. Third, China has sought to improve Africa's economic management capacity by providing professional training via its African Human Resource Development Fund. Lastly, with a view to expanding and strengthening communications, China has facilitated the teaching of Mandarin Chinese in Africa through the establishment of Confucius Institutes at local universities and tertiary institutions.

The provision of aid to Africa has produced positive developmental results in a number of countries. In Ethiopia, for example, China has been involved in road construction and Ethiopian authorities consider China to be highly responsive to the country's developmental needs. China's assistance with the construction of the Bui Dam in Ghana as well as a number of other infrastructure development programmes is having a positive outcome in that country. In Zambia, China has contributed to over 30 aid projects, including the establishment of a special economic zone. Angola has been a major recipient of Chinese aid (and investment), including a \$3 billion credit line to the Angolan government, a long-term development assistance loan of \$6 billion for construction of roads, bridges, railways, schools, hospitals, houses and water projects, a 70 per cent credit facility for Chinese companies and an investment of \$400 million by China's ZTE corporation to develop Angola's telecommunications system. China's aid footprint in Tanzania has a long history with over \$2 billion in disbursements since the early 1960s. The focus is on construction, with almost 50 per cent of country's registered construction companies owned by Chinese

**Table 10** Chinese provincial health bureau medical team cooperation with African countries\*

Chinese province	African state
Fujian	Botswana
Gansu	Madagascar
Guangdong	Equatorial Guinea
Guangxi	Niger, Comoros
Henan	Zambia, Eritrea, Ethiopia
Hubei	Algeria, Lesotho
Hunan	Sierra Leone, Cape Verde, Zimbabwe
Inner Mongolia	Rwanda
Jiangxi	Tunisia
Ningxia	Benin
Qinghai	Burundi
Shaanxi	Mauritania, Guinea, Sudan
Shandong	Tanzania, Seychelles
Shanghai	Morocco
Shanxi	Togo, Cameroon, Djibouti
Sichuan	Mozambique, Guinea-Bissau
Tianjin	Republic of Congo (Brazzaville), Gabon
Yunnan	Uganda
Zhejiang	Mali, Namibia, Central Africa

\* Tibet, Xinjiang, Guizhou and Hainan do not dispatch medical teams abroad. Other Chinese provinces not listed here dispatch medical teams to developing countries outside Africa.

*Source D Thompson, China's soft power in Africa: from the 'Beijing consensus' to health diplomacy.*

investors. Chinese and Tanzanian banks cooperate in funding a range of construction projects.<sup>131</sup>

However, studies have confirmed the need for African countries to improve their ability to more effectively negotiate, manage, implement and monitor Chinese (and other donor) assistance. African countries should also improve regional coordination, communications with the donor and cooperation among different donors, strengthen project proposals and improve transparency if they are to benefit optimally from aid in general and from China in particular.<sup>132</sup>

The value of Chinese aid to Africa targeted at \$8 billion in 2007, now significantly surpasses offers from the World Bank which was pegged at only \$2,3 billion. Thus in terms of aid China has become Africa's key partner. Obviously, the challenge for Africa's leadership is to ensure that aid is translated into positive developmental outcomes for the benefit of their citizens. Through the FOCAC process China's ministries of foreign affairs and commerce are aligning their responsibilities in the implementation of aid to Africa. China has initiated a process to modernise and improve the effectiveness of its aid programmes, which includes direct interaction with foreign aid agencies of other countries to share information on arrangements and processes. In this regard China has sent officials to the UK and Sweden to exchange ideas on how to effectively manage aid, a dialogue continues with the British Department for International Development, (DIFID) and collaboration with Canada on technical assistance has commenced. China has also signed a memorandum of understanding with the International Finance Corporation on collaboration on environmentally sustainable projects in Africa.

China is a signatory to the Paris declaration on aid effectiveness, and within Africa itself China participates in donor coordination groups and mechanisms to review how its aid is used and programmes implemented. It has initiated talks with the United States Agency for International Aid (USAID) and the New Millennium Challenge Corporation aimed at improving donor coherence in the interests of advancing development in Africa. However, the way forward should include an offer by the West to increase China's say in the World Bank, the IMF and the G8 group. This would facilitate a streamlining of aid disbursement to Africa with a more positive outcome for African citizens. At present the West hypocritically urges China to be a 'responsible stakeholder' while effectively excluding it from the systems and institutions they want it to protect and promote.<sup>133</sup>

To advance assistance to Africa, China has lifted tariffs on imports from Africa's 25 poorest countries and agreed to limit textile imports to South Africa in order to protect South Africa's textile industries. China's concession also includes significant financial assistance and a transfer of knowledge to help South Africa to upgrade its textile industry and make it more competitive in a global international economic system. The entry of construction companies into African markets has opened the way for expanded people-to-people contact across the continent. Chinese business people are now active and highly visible

**Table 11** Number of Chinese in selected African countries, c 2001 and 2002-2007

Country	Ohio University database 2001	Estimate for 2003-2007
Algeria	2 000	8000+(2006)
Angola	500	20 000 – 30 000 (2006)
Benin	–	4000 (2007)
Botswana	40	3 000 – 10 000 (2006–7)
Burkina Faso	–	1 000 (2007)
Cameroon	50	1 000 – 3 000 (2005)
Cape Verde	–	600 – 1 000(2007)
DRC	200	500 (2007)
Côte d'Ivoire	200	10 000 (2007)
Egypt	110	6 000 – 10 000 (2007)
Ethiopia	100	3 000 – 4 000 (2006)
Ghana	500	6 000 (2005)
Guinea	3 000	5 000 (2007)
Kenya	190	5 000 (2007)
Lesotho	1 000	5 000 (2005)
Liberia	120	600 (2006)
Madagascar	30 000	60 000 (2003)
Malawi	50	2 000 (2007)
Mali	–	2 000 (2007)
Mozambique	700	1 500 (2006)
Namibia	–	5 000 – 40 000 (2006)
Nigeria	2 000	100 000 (2007)
Senegal	–	2 000 (2007)
South Africa	30 000	100 000 – 400 000 (2007)
Sudan	45	5 000 – 10 000(2004–2005)
Tanzania	600	3 000–20 000 (2006)
Togo	50	3 00 (2007)
Uganda	100	5 000 – 10 000 (2007)
Zambia	150	4 000 – 6 000 (2007)
Zimbabwe	300	5 300 – 10 000 (2005–2007)

*Source* Sautman and Hairong: *Friends and interests*, *African Studies Review* 1(4) 2007, 89.

in many African countries, including Nigeria, Sierra Leone, Cameroon, Liberia, Zambia and South Africa. Chinese migrant populations have consequently increased significantly in a number of African countries, bringing new skills and a strengthened entrepreneurial spirit to the continent.

Chinese migration patterns to Africa differ distinctly from those of the West. Chinese workers in Africa are far less privileged and exploitative than those from the West, and live under basically the same conditions as Africans and do not demand special treatment. Moreover, salaries of both Chinese managers and workers are far lower than those of their Western counterparts. China's migration to Africa, thus far, has consequently on the whole resulted in a positive attitude among African peoples. Obviously, if migration increases dramatically or is too heavily concentrated, this attitude could change (see table below).<sup>134</sup> However, according to a recent programme on an international policy attitudes poll, 63 per cent of South Africans believe China is having a positive influence in Africa and the world.<sup>135</sup>

## FOCAC FOLLOW-UP

In 2000, the then secretary-general of the Organisation of African Unity, Salim Ahmed Salim, welcomed FOCAC on behalf of Africa and described the forum as a system to broaden and strengthen Sino-African cooperation, while offering the promise of a more dynamic partnership. He was particularly complimentary on the establishment of specific mechanisms to follow up FOCAC undertakings and implement promises.<sup>136</sup> This ensured that FOCAC would not be another dialogue process without concrete actions or results. China's commitment to follow-up processes and procedures effectively transformed FOCAC into a positive and constructive force on the African continent. Unlike many Western fora, such as the G8 which make promises and undertakings but have no effective implementation or follow-up procedure, FOCAC does have such a mechanism for agreement implementation. FOCAC is thus not a Western-style donor talk-shop, but rather a robust dialogue system which produces concrete results and specific outcomes. At the same time, given that China is a developing country with its own economic challenges, FOCAC's results should be in line with reasonable forecasts and expectations.

Following the Sino-African meeting in Beijing, Premier Zhu Rongji's office suggested a number of guidelines for China–Africa relations. These included

the expansion of bilateral trade, development of investment cooperation, improvement of China's aid work in African countries, expansion of cooperation in various fields and working together to facilitate the settlement of the African debt issue. A FOCAC follow-up mechanism was established after the conference, with meetings to assess progress held in Lusaka during 2001 and in Addis Ababa in 2002.

With regard to implementing FOCAC's year 2000 promises up until 2003, China was successful in a number of areas. There were high-level exchanges, offering opportunities to articulate and advance a common global agenda. Chinese leaders visited Africa on 20 separate occasions and more than 30 African leaders paid official visits to China to discuss issues of mutual concern. China followed up FOCAC promises by dispatching peacekeeping troops to Africa for the first time, fulfilling an undertaking to contribute to advancing peace on the continent. In response to requests made at the FOCAC meeting, Beijing strengthened its political support for the AU and NEPAD.<sup>137</sup>

Significantly, the Chinese government honoured its promise (ahead of schedule) to reduce African debt. By the middle of 2002 Beijing had concluded debt exemption agreements with 31 African countries, totalling approximately \$1.3 billion. China's efforts in this regard set an example for Western creditors to also begin a new process of debt cancellation. The outcome was a major boost for African countries. China–Africa trade totalled \$18.5 billion in 2003, a 49.7 per cent increase on 2002 and an almost 75 per cent increase since 2000. A steady increase in African exports to China was also reported during the period under review. In general, the FOCAC process accelerated two-way trade, producing a positive outcome for Africa. Following FOCAC I, bilateral investment agreements were concluded with 20 African countries and investment promotion centres established in 11 African countries. Between 2000 and 2003, 117 new enterprises backed by investments from China were established in Africa.

China concluded 245 new economic assistance agreements with African countries, amounting to almost 50 per cent of China's international assistance programme. Furthermore, China's African Human Resources Development Fund sponsored almost 300 training courses, training more than 6 000 Africans in the fields of economic management, national defence, agriculture, medicine, education, diplomacy, science and technology. At the same time, over 500 Chinese specialists and teachers were dispatched to Africa. China made a significant contribution to the African Capacity Building Foundation, sponsoring

20 vocational courses specifically designed for African participants, while the number of scholarships for African students to study in China was increased. In the health field, Beijing concluded protocols with 40 African countries to send Chinese medical teams and provide medical equipment and pharmaceuticals. China–Africa tourism was initiated with Egypt, Morocco and South Africa listed as possible destinations for Chinese tourists. (In 2005, Chinese tourists to Africa doubled to more than 110 000 to the total of 16 African states listed as approved destinations for Chinese tourists.) Thus the FOCAC process produced positive results and a clearly measurable outcome.

The concrete results of FOCAC were widely welcomed and on the continent China now has a very positive reputation for keeping its promises. China is considered a highly reliable economic partner and a committed development collaborator. China’s political support for Africa has also been widely welcomed. African leaders have embraced China as an alternative external actor to the former colonial powers, where the patterns of paternalistic and conditional interaction are well established. The unipolar world order ended US-Soviet proxy wars in Africa, but provided little space for Africa to advance its interests on the world stage. The systematic undermining of multipolarism and the arrogance of the US in the international arena has alienated African governments. African leaders have been excluded from building a new post-Cold War international order and humiliated by the unbridled exercise of US power.

China’s emergence as a possible competitor to the US has thus been welcomed in Africa, and is seen as an opportunity to craft a South-South alliance to counter unipolar dominance. Moreover, China and Africa are united in a long-term goal to transform the existing global order into a multi-polar system which would give developing countries a greater say in international fora and international relations in general. Nigerian leaders, for example, have welcomed China’s interest in Africa for providing new opportunities and protecting the country from the dominance of the West. China’s engagement with Africa offers the prospect of a ‘Look East’ approach, rather than being forced to accept the only option of an ongoing neo-colonial relationship with the US, or Europe.<sup>138</sup>

# 6 FOCAC II 2003 – Addis Ababa

## **PRAGMATIC AND ACTION-ORIENTED COOPERATION**

The second FOCAC ministerial conference was held in Addis Ababa, Ethiopia, on 15 and 16 December 2003. The conference was attended by Chinese Premier Wen Jiabao, along with seven African presidents. More than 70 government ministers from China and 44 African countries attended the proceedings. The central theme of the second ministerial conference was ‘pragmatic and action-orientated cooperation’. Premier Wen proposed a four-point programme for the further consolidation of Sino-African relations through mutual support, democratisation of international relations, meeting the challenge of globalisation together, and enhanced cooperation at all levels. The conference resulted in the FOCAC Addis Ababa Action Plan for 2004–2006 in which a programme for future China–Africa cooperation was outlined.

In his welcoming address Ethiopian President Meles Zenawi confirmed the strength of the China–Africa relationship and pointed out that mutual respect and equality provided the foundation for positive interaction. Moreover, China’s willingness to make significant concessions to Africa, while itself a developing nation facing numerous economic challenges, had

won widespread praise and respect in Africa. Premier Wen committed China to a further expansion of high-level exchanges to advance the goals of FOCAC and to deepen and broaden the Sino-African relationship. He pointed out that China and Africa both shared the same long-term objectives for promoting the democratisation of international affairs, along with a strengthening of multilateralism. Premier Wen also committed China to assist Africa in leveraging benefits from globalisation, rather than being marginalised. He promised China's active participation in the North-South dialogue to further the interests of the developing world. In this context he proposed that China take the lead in coordinating the positions of African countries in the process of rules formation and multilateral trade negotiations, to safeguard and promote the interests of developing countries.

The assembled delegates responded with loud applause as Premier Wen announced China's intention to increase its aid to Africa within the FOCAC framework. He also promised to expand the opening of China's market to Africa and to encourage Chinese companies to increase investment on the continent. Wen also dealt with tourism to Africa, cultural exchanges, cooperation in preventing and treating infectious diseases and human resource development in his address. He concluded with a call for China and Africa to strengthen cooperation, based on past friendship and collaboration, and to build a new positive long-term relationship based on common interests and objectives.

The 2003 FOCAC meeting also confirmed China's long-term interests in Africa. These interests include:

- Access to Africa's raw materials, especially oil. Hence Beijing's efforts to develop close relations with African oil-producing countries such as Algeria, Angola, Nigeria and the Sudan. China is expected to import increasing quantities of its oil requirements from Africa over the next twenty years. Other African raw materials identified in official statements are timber, copper, non-ferrous metals and iron ore. Continued economic growth will not be possible without access to key raw materials. On the other hand, Beijing's growing demand for raw materials offers Africa new opportunities for export and commercial engagement with China
- Access by Africa's markets to Chinese-manufactured products that cost less, yet are of a reasonable quality, which are considered ideal for African consumers. New opportunities for Chinese exports to Africa are growing

constantly and China's Ministry of Foreign Trade and Economic Cooperation has identified Africa as a key market for Chinese consumer products

- Investment opportunities in African economies, which would benefit both African and Chinese companies, such as mineral extraction, telecommunications and construction. This process is largely advanced through joint ventures, backed by loans from China
- African support in the UN, for Chinese officials have often stressed the importance of African votes in the UN. One third of the voters in the UN General Assembly and nearly half the members of the Non-Aligned Movement are African. China seeks African support especially on human rights issues and in this regard Nigeria has for example has often been a regular and vocal defender of China
- African support for China's 'anti-hegemonism', as China and Africa share a common goal aimed at advancing multilateralism and preventing dominance of the international system by any single state, or group of states
- Support for the concept of non-interference in internal affairs, where China and Africa share a concern about the primacy of sovereignty and non-interference in domestic affairs
- Promoting the idea of 'equal treatment' in international relations, because China and Africa share a desire for equality of treatment in international affairs<sup>139</sup>
- Advancing the 'one-China' policy, as Beijing clearly hopes to further isolate Taiwan in Africa. Unification of the PRC and Taiwan was identified by Jiang Zemin as one of China's 'three primary tasks' for the new century – the other two being to continue the modernisation of China's economy and safeguard peace. Beijing is expected to increasingly encourage the African countries which at present recognise Taiwan to consider new political and commercial opportunities in a relationship with China

At the conference China thus complemented its traditional anti-colonial, anti-imperial Africa policy by an emphasis on advancement of economic interests, in line with the foreign policy announced in 1982 by Deng Xiaoping.<sup>140</sup> At the same time Chinese leaders referred to the Cold War ideological solidarity between Africa and the PRC which lies at the heart of Sino-African relations. In an increasingly globalised international environment, it is inevitable that the China–Africa relationship will be driven by economic concerns. Growing

expectations in China require an active international economic engagement to ensure that healthy economic growth can continue. For Africa, the fight against poverty demands a positive and enthusiastic response from the commercial opportunities offered by China's engagement.

FOCAC provides an effective diplomatic tool to advance commercial links between China and Africa and gives Beijing an advantage over more competitive and internationally experienced multinationals operating from Britain, France, the USA and Japan. Some commentators suggest that the growing competition for Africa's resources will lead to a collision between the West and China, but this view is founded on an outdated Cold War perspective. In effect, China's African engagement offers enormous opportunities for African commodity suppliers and for new commercial ventures. Moreover, the FOCAC process offers African governments an opportunity to effectively manage China's so-called 'African invasion' for mutual benefit.<sup>141</sup>

There are clear indications that many African countries have benefited from the China's involvement, within the FOCAC framework, over the last few years. Beijing has provided assistance in a number of areas such as agriculture, health services and training. At the same time China promotes African interests at the UN and in other international fora, mainly by urging the developed countries to do more for Africa. Many African leaders expect a great deal of assistance from China, but this has to be tempered by the appreciation that China is also in a process of economic development.<sup>142</sup> In a competitive international investment environment, both China and Africa need to improve investment incentives to attract inward foreign direct investment and development assistance.

## THE ADDIS ABABA ACTION PLAN

The purpose of the second ministerial conference was to review progress on implementation of the agreements reached at the October 2000 Beijing meeting, and outline a new, more focused action plan.<sup>143</sup> The political framework of the 'Addis Ababa Action Plan' provided for continued high-level exchanges and enhanced political dialogue along with a renewed promise from Beijing to participate actively in African peacekeeping operations, and to cooperate on a range of security related issues. Cooperation in the field of social development included China's promise to expand its African Human Resources Development Fund to train up to 10 000 African technicians over the next three years.<sup>144</sup> This would

be complemented by China's agreement to assist in the areas of medical care and public health, cultural exchanges and people-to-people exchanges.

A central feature of the Addis Ababa Action Plan was the promotion of Sino-African two-way trade. China's trade with Africa during 2004 totalled over \$29 billion, a significant increase on the 2003 figures and an indication that the FOCAC process had served as an impetus for advancing trade (see 2005 trade figures in table 12). The China–Africa Business Conference, arranged by the China Council for the Promotion of International Trade (CCPIT) and held simultaneously with FOCAC, was specifically intended to boost Sino-African trade and investment. CCPIT facilitated the signing of 20 agreements to the value of \$460 million, involving 17 Chinese companies in 17 African countries.<sup>145</sup> Moreover, CCPIT organised Chinese business exhibitions in prioritised African markets, such as Egypt, Nigeria, Kenya and South Africa. The goal was to significantly boost trade with those key countries from which commercial links to other African countries would be expanded. China later concluded trade agreements with 40 African countries.<sup>146</sup>

In 2003, the Chinese Academy of International Trade and Cooperation (CAITC), the official think-tank for the Ministry of Commerce, completed a detailed study on the question of increased Chinese trade with Africa over the longer term. Their study suggested a significant potential for new Chinese exports to Africa in the areas of agriculture, light industry, machinery, construction, tourism and telecommunications. CAITC predicted that a number of African countries would enter a strong growth period within the next three to five years which would create a healthy demand for Chinese manufactured products. In the context of promoting trade into the Chinese market, Beijing announced that it would grant zero-tariff status to some commodities from the least developed African countries, a decision that was widely welcomed by African nations.<sup>147</sup>

Given the pressures of globalisation and the different stages of economic development in China and Africa, structural imbalances in Sino-African trade are inevitable. The challenge for both sides is to recognise the problem and work together to identify appropriate solutions. At same time, given the low overall volume of Sino-African trade, which accounts for only 2.6 per cent of China's total trade volume, there is significant potential for growth. The main Chinese exports to Africa have been machinery, electronics, textiles and apparel, hi-tech products and finished goods, while imports from Africa have consisted mainly

**Table 12** China's top ten African trading partners (\$)

	Year	Total trade	China exports	China import	Annual bilateral trade growth (%)	Annual China export growth (%)	Annual China import growth (%)
Africa	2005	39,75 bn	18,68 bn	21,63 bn	34,9	35,3	34,6
South Africa	2005	7,27 bn	3,83 bn	3,44 bn	23,0	29,6	16,4
Angola	2005	6,95 bn	372 m	6,58 bn	41,6	92,7	39,5
Sudan	2005	3,91 bn	1,29 bn	2,61 bn	55,0	58,5	53,3
Nigeria	2005	2,83 bn	2,30 bn	527 m	29,7	34,0	13,8
Republic of China	2005	2,42 bn	144 m	2,28 bn	45,8	55,5	45,2
Egypt	2005	2,15 bn	1,93 bn	211 m	36,1	39,3	12,3
Algeria	2005	1,77 bn	1,41 bn	364 m	42,7	43,3	40,4
Morocco	2005	1,48 bn	1,21 bn	277 m	28,2	27,9	29,6
Equatorial Guinea	2005	1,46 bn	19 m	1,44 bn	44,7	85,7	44,3
Libya	2005	1,30 bn	360 m	942 m	93,9	41,4	126,0

*Source* 2005 China trade statistics, Chinese Ministry of Commerce statistics, [www.mofcom.gov.cn](http://www.mofcom.gov.cn) (accessed 3 March 2008).

of oil, iron ore, cotton, diamonds and natural resources (see tables 13 and 14). Particularly in the case of African countries which have no resources to trade, a trade imbalance favouring China has developed.

The removal of quotas on textiles and clothing by the World Trade Organisation in 2005 resulted in a global surge in consumer demand for low cost, reasonable quality Chinese textiles. The competition in productive output is the natural outcome of globalisation and a central feature of the international economic system. China's highly competitive industrial system is thus the inevitable winner in a free market system. The challenge for higher cost producers is to diversify, move up the value chain or target niche markets. As China's economy grows, an emerging middle class provides new opportunities for niche market targeting.<sup>148</sup> Alternatively, African economies have to move faster to create real regional economic groupings which can compete more

effectively and establish larger economies of scale.<sup>149</sup> Criticism that China is flooding global markets needs to be tempered by the fact that almost 60 per cent of China's exports are produced by foreign owned, or partly foreign owned corporations operating from China. This is the consequence of massive foreign direct investment transfers to China over the past 20 years.

While Chinese imports (and imports from other highly competitive economies) do pose a challenge for Africa, China is playing an increasingly important

**Table 13** Key African states with regard to Chinese imports and exports

	Importers	Exporters
<b>Product groups – Chinese imports</b>		
Aluminium oxide		Guinea
Chemicals	Nigeria, South Africa	Niger
Cobalt		Democratic Republic of Congo, South Africa
Copper articles		South Africa, Zambia
Feed		Burkina Faso, Ethiopia, Nigeria, Sudan, Tanzania
Ferrous metals	Angola, Ghana, Kenya, Nigeria, Sudan	Mauritania, South Africa, Zimbabwe
Lead ores		
Sulphur	South Africa	
<b>Product groups – Chinese exports</b>		
	Importers	Exporters
Clothing	Angola, Benin, Cameroon, Chile, DR Congo, Ghana, Guinea, Mozambique, Nigeria, Sudan, Tanzania, Togo, Uganda	Kenya, Madagascar, Malawi, Mauritius, South Africa
Leather and leather articles	Mauritius, South Africa	Ethiopia, Nigeria
Textiles	Angola, Benin, Congo, Ghana, Kenya, Madagascar, Mali, Mauritania, Mauritius, Niger, Nigeria, Senegal, Sudan	Zambia

**Table 14** Africa's top ten exports to China: products and leading exporters (average for 2002 to 2004)

Product Share in total African exports to China (\$9,171 million)	Export country Share in total export value of the product from Africa to China				
Cotton (and other linters) 3,28%	Benin 21,54%	Burkina Faso, 17,26%	Mali 15,14%	Côte d'Ivoire 13,70%	Cameroon 8,14%
Crude oil 62,20%	Angola 46,80%	Sudan 24,66%	Republic of Congo 13,00%	Equatorial Guinea 9,17%	Nigeria 3,07%
Diamonds 3,33%	South Africa 99,27%				
Iron or steel coils 1,38%	South Africa 100,0%				
Iron ore and concentrates 4,59%	South Africa 94,03	Mauritania 3,54%	Liberia 1,31%	Mozam- bique 1,12%	
Manganese ores and concentrates 1,31%	Gabon 46,53%	Ghana 25,87%	South Africa 25,61%	Côte d'Ivoire 1,99%	
Ores and concentrate of other nonferrous base metals 1,75%	South Africa 30,95%	Republic of China 26,73%	Democratic Republic of Congo 26,52%	Rwanda 5,90%	Nigeria 4,10%
Platinum 1,34%	South Africa 100,0%				
Swalogs and veneer logs 4,91%	Gabon 4,17%	RoC 17,81%	Eq Guinea 16,30%	Cameroon 8,17	Liberia 7,21%
Tobacco 1,51%	Zimbabwe 99,56%				

Source UN Comtrade, [www.comtrade.un.org](http://www.comtrade.un.org) (accessed 5 March 2008).

role as an importer to Africa. Studies by the IMF confirm China's critical role in generating global economic growth through its increasing prominence as an importer of commodities, goods and services. Developing countries benefit directly from increased exports to China and are able to generate new growth as a consequence of expanding demand in China. In terms of a purchasing

**Table 15** Africa's top ten imports from China: products and leading exporters (average for 2002 to 2004)

Product Share in total African imports from China (\$7,407 million)	Importing country Share in total value of the product from China to Africa				
	Cotton fabrics (woven) 8,45%	Benin 29,73%	Togo 10,67%	Gambia 8,21%	South Africa 7,52%
Footwear 5,34%	South Africa 41,11%	Nigeria 13,47%	Ghana 6,95%	Benin 4,82%	Togo 3,55%
Motorcycles 4,10%	Nigeria 68,48%	Togo 9,71%	Mali 4,38%	Cameroon 3,67%	Guinea 2,38%
Batteries and accumulators 3,08%	Benin 27,88%	Nigeria 10,5%	Togo 7,76%	Ghana 7,12%	Kenya 6,97%
Fabric woven of continuous synthetic textile material 2,46%	South Africa 23,38%	Nigeria 22,71%	Togo 16,23%	Nigeria 10,00%	Côte d'Ivoire 6,54%
Rice 1,64%	Côte d'Ivoire 77,16%	Liberia 6,63%	Tanzania 4,10%	Nigeria 3,31%	Ghana 2,22%
Travel goods, handbags, briefcases, purses 1,48%	South Africa 31,46%	Nigeria 25,14%	Ghana 8,60%	Kenya 6,34%	Tanzania 3,63%
Tulle, lace, embroidery, ribbons, and other small wares 1,32%	Nigeria 45,70%	Benin 22,66%	Togo 14,50%	South Africa 5,50%	Gambia 3,60%
Outer garments and clothing, knitted 1,32%	South Africa 58,72%	Nigeria 6,59%	Sudan 5,20%	Ethiopia 5,16%	Madagascar 4,83%
Electric line telephonic and telegraph apparatus 1,24%	Nigeria 19,35%	Zambia 15,18%	Ethiopia 13,82%	Angola 10,54%	South Africa 8,38%

Source: UN Comtrade (2007) [www.comtrade.u.org/](http://www.comtrade.u.org/) (accessed 5 March 2008).

power parity-based GDP, China has annually contributed approximately 25 per cent to global economic growth over the last ten years<sup>150</sup> and was the world's third largest market for exports from developing countries in 2004. From 1999 to 2004 Africa's exports to China grew by almost 50 per cent annually. The margins on African commodities are a direct result of increased demand in

China. Higher mineral prices can, if properly managed, translate into massive benefits for African countries. Long-term growth in China will provide a solid foundation for economic development, countering commodity exporters' terms of trade. At their respective stages of development, the Chinese and African economies are highly complementary. Each has a clear comparative advantage which, if managed effectively, can translate into a mutually beneficial economic outcome. China's gradual economic opening to the world has resulted in an accelerated growth in Sino-African trade. Today China is Africa's third largest trading partner after the US and France and the second largest exporter to Africa after France.

Given Africa's lack of industrialisation, China–Africa trade patterns are not without controversy. However, suggestions that China is overwhelming Africa markets appear largely exaggerated (see tables 16 and 17). China's trade intervention now offers Africa an opportunity to adjust economic growth strategies for long-term benefit. The World Bank has suggested that China's growing trade with Africa provides a foundation for the continent to become a processor of commodities and a supplier of labour-intensive goods and services. The challenge is for African countries to design and implement appropriate business models to add value to raw materials, before they are exported to China. Africa has an immense opportunity to take advantage of market demand in China and to turn this into real economic growth. Globalisation inevitably produces trade friction and this is also evident in Sino-African trade from time to time. China's response in this is to solve trade disputes through 'friendly consultations' and negotiated win-win solutions. For example, China agreed to limit textile exports to South Africa after a surge in demand for Chinese products, to the detriment of local products. China made a major concession, outside WTO rules, by offering to assist South African producers and employees. China also offered to provide skills upgrading and training to improve South Africa's competitiveness in global textile markets. At the same time, as a member of the WTO it is incumbent on South Africa to abide by the 'rules of the game' which require structural changes and increased competitiveness to compete effectively in global markets.

China's growth provides commercial options for Africa and an important alternative to ongoing centre-periphery, neo-colonial relationships with Europe. Less reliance on former colonial powers offers Africa new choices for advancing its own development. Former South African President Mbeki welcomed China's

**Table 16** Share of exports to China of 21 African countries, 2003

Country	Percentage
Angola	23,2%
Botswana	0,1%
Cameroon	4,4%
Democratic Republic of Congo	2,2%
Ethiopia	0,7%
Ghana	1,6%
Kenya	0,3%
Lesotho	0,0%
Malawi	0,0%
Mozambique	2,3%
Namibia	2,9%
Nigeria	0,5%
Rwanda	4,2%
Senegal	1,4%
Sierra Leone	0,0%
Somalia	5,6%
South Africa	4,6%
Sudan	40,9%
Tanzania	2,6%
Uganda	0,2%
Zambia	1,7%

Source Direction of Trade Statistics, International Monetary Fund, [imf.org/external/pubs/cat](http://imf.org/external/pubs/cat) (accessed 27 June 2007).

**Table 17** Imports from China as a share of total imports, 2003

Country	Percentage
Angola	3,5%
Botswana	0,9%
Cameroon	4,8%
Democratic Republic of Congo	2,7%
Ethiopia	6,4%
Ghana	9,1%
Kenya	6,4%
Lesotho	2,2%
Malawi	1,9%
Mozambique	2,8%
Namibia	1,9%
Nigeria	7,1%
Rwanda	1,1%
Senegal	2,7%
Sierra Leone	3,1%
Somalia	1,0%
South Africa	5,9%
Sudan	14,2%
Tanzania	9,1%
Uganda	5,1%
Zambia	2,7%

Source Direction of Trade Statistics, International Monetary Fund, [imf.org/external/pubs/cat](http://imf.org/external/pubs/cat) (accessed 27 June 2007).

growing trade with Africa, pointing out that this provided an opportunity for Africa's long-term development.<sup>151</sup> The challenge is to work towards a balanced Sino-African trade over the longer term. The study entitled *The rise of China and India: what's in it for Africa?*<sup>2</sup> by the Organisation for Economic Cooperation

and Development suggested that Sino-African trade threatened Africa's modest manufacturing capacity. China's leadership has responded to this by actively seeking to balance China–Africa trade. Allowing some products to enter China duty free was the first step in the direction of concrete measures to alter trade patterns. Limiting textile sales to South Africa constituted a second. But for a more sustainable balance, African exporters will have to diversify and more aggressively target the Chinese market. China's efforts to balance trade with Africa were welcomed at the FOCAC III summit and African leaders commended China for tariff reductions and other concessions. Ethiopian Prime Minister Meles Zenawi also praised China for opening their market to a range of agricultural products which were given unfettered access to the Chinese market.<sup>152</sup>

Chinese investors have established 800 businesses in 49 African countries covering a wide range of commercial activities, such as agriculture, manufacturing and minerals extraction. Chinese companies have made a contracted investment of over \$7 billion to Africa and are presently involved in over 300 projects on the continent covering construction, pharmaceuticals, chemicals, light industry and textiles.<sup>153</sup> China has signed bilateral investment protection agreements with 30 African countries. These agreements also include avoidance of double taxation, fair treatment for foreign investors and protection of assets. Beijing has also stepped up efforts to encourage and support Chinese companies wishing to invest in Africa through a special fund to assist companies with new investments in selected countries. This will increasingly provide advantages to Chinese enterprises seeking new opportunities in Africa. Moreover, the Chinese government has indicated its intention to consolidate the already established business centres in 11 African countries. The centres are expected to serve as focal points for increased Chinese trade and investment initiatives in Africa.<sup>154</sup> The FOCAC process has been instrumental in advancing and consolidating China's investment in Africa.

The Addis Ababa Action Plan specifically proposed cooperation in the following areas:<sup>155</sup>

- *Science and technology*: China's experience in increasing agricultural output could support African farmers
- *China's participation in peacekeeping operations*: This was widely welcomed as a positive contribution to peace in Africa<sup>156</sup>
- *Non-traditional security issues*: China promised to do more to counter drug trafficking and illegal migration

- *Terrorism*: China committed itself to combating global terrorism
- *Increased consultation*: This was expected to have a positive impact on advancing Sino-African links
- *Restructuring of the UN, WTO, and similar organisations*: China's support for restructuring of the UN was seen a key element in advancing the political agenda of the developing world
- *Struggle against poverty*: China is seen as a model and inspiration to African governments
- *Support for the AU*: China's strong endorsement of and support for the AU is considered to be a key element in Sino-African relations
- *Support for NEPAD*: Beijing's vocal support for NEPAD gave the initiative a strong South-South context and opened the way for increased Chinese support for African development.<sup>157</sup> China undertook to coordinate the FOCAC process with NEPAD through infrastructure development, treatment of infectious diseases, human resource development and agricultural training
- *Agriculture*: China promised to expand agricultural support to African countries in the form of technical support and training. This promise was welcomed by African governments, especially those seeking to restructure agricultural production. (Since the early 1960s, China has assisted over 40 African countries with building agro-technology pilot or demonstration farms, in terms of 200 cooperation programmes)<sup>158</sup>
- *Tourism*: Zambia received approved destination status for Chinese tourists after the 2003 conference. Other African countries which have the status are Ethiopia, Kenya, Mauritius, Seychelles, South Africa, Tanzania, Tunisia and Zimbabwe. African governments identified significant potential for Chinese tourism to Africa given the continued and rapid growth of the Chinese economy
- *Debt relief*: China's decision to cancel outstanding African debts was widely welcomed in Africa and seen as a positive step in the revitalisation of economic development on the continent
- *Development assistance*: Beijing indicated its intention to provide African countries with 'unconditional assistance within its capacity'<sup>159</sup>
- *Cultural exchanges*: China has concluded more than 60 cultural exchange agreements with 45 African countries and organised over 200 cultural exchange delegations to visit Africa
- *Medical assistance*: Since 1963, when China sent its first medical team to Algeria, Beijing has dispatched doctors to 47 countries who in turn have

provided 170 million consultations to African patients. China has also provided significant assistance in the training of African medical personnel

- *Natural resources and energy development:* Given the increasing demand for oil to supply the growing Chinese economy, Beijing prioritised oil and other raw material extraction as a central element in the expansion of commercial links with Africa<sup>160</sup>

The action plan thus provided a comprehensive and clear road map for China–Africa relations with a range of incentives for Africa to engage Beijing more directly and intensively. China in turn confirmed its commitment to advancing Africa’s economic and social development.

## POST-FOCAC II – PRESIDENT HU’S AFRICA VISITS

In 2004 President Hu Jintao followed up the FOCAC agenda with a nine day visit to Africa. His visit was seen as an effort to add momentum and focus to the FOCAC agenda and to advance China’s development as a key economic partner of the continent. China’s efforts to expand commercial interaction with Africa were strengthened by Hu’s visits to Egypt, Gabon and Algeria. While in Libreville, the capital of Gabon, he called for the strengthening of Sino-African cooperation ‘free of political conditionality and serving the interests of both Africa and China’.<sup>161</sup> He committed China to promoting a new duty-free scheme for poorer African countries, which would open the Chinese market for products made in Africa. Hu pointed out that China and Africa could exploit the complementarity of their respective economies and the huge potential for commercial interaction. Africa’s enormous mineral wealth and human resources provide the capacity for effective engagement with the world’s fastest growing economy. Hu offered Africa an invitation to engage more actively and directly in China’s economic miracle.

President Hu confirmed an interest in continuing to promote high-level visits as a central element of China’s international diplomacy. This has long been a feature of Chinese diplomacy, intended to consolidate and advance friendly relations with African leaders. During his visit to Algeria he emphasised the need to develop trade links between China and Africa, thereby confirming China’s interest in expanding exports to Africa, a priority for the ongoing expansion and development of China’s economy. At the same time, Hu indicated

that Beijing would assist African countries through new construction projects, the development of communications, agricultural development and human resource training. In China's planning, the long-term consolidation of trade links thus holds the promise of expanded cooperation with China, which is also expected to translate into major economic benefits for many African countries.

President Hu confirmed that Beijing would focus on health care, culture, science and technology and education in advancing relations with African countries, indicative of Beijing's intention to 'broaden and deepen' links with Africa. He confirmed that China was well satisfied with the progress of commercial and other interaction with Africa and sought to build on past successes with a view to expanding and consolidating relations in a number of key countries. Where Beijing has important, long-term economic objectives in countries such as South Africa, Egypt and Nigeria, efforts are under way to increase interaction on all levels. Hu also specifically referred to strengthening of Sino-African relations through interaction between legislatures, political parties, non-governmental organisations and youth organisations.<sup>162</sup> He confirmed the need to continue party-to-party contacts, thereby consolidating historical links with key African political parties.

Hu also referred to the need for Africa and China to increase cooperation with a view to jointly exploring oil and natural gas fields. Given China's expanding economy and need for increased energy supplies, interests in Africa's oil and natural gas are becoming more urgent. China will have to significantly increase both oil importation and domestic production to meet the needs of its economy. Thus China's Africa policy is expected to increasingly focus on oil and gas exploitation over the next few years. Hu's visit to Algeria and Gabon, two important oil producers in Africa, was seen as part of Beijing's renewed efforts to consolidate the supply of critical raw materials for its own economic growth.

Hu proposed a new global vision by stressing that China and Africa should 'hold more consultations' on important regional and global issues, to promote the 'democratisation' of international relations. Clearly, Beijing hopes to win support from African countries in promoting the establishment of a more fair, open and just international system. President Hu specifically referred to FOCAC as a key mechanism for the advancement of Sino-African relations. He pointed out that the forum had voiced support for the objectives of the AU and NEPAD. He undertook to align China's Africa policy with NEPAD objectives and to give full support to the AU. Hu raised the issue of China-Africa solidarity, suggesting that

a common history of struggle against colonialism remains a central Chinese tenet with regard to its relations with Africa. This reminder was welcomed in Africa as a central feature of Sino-African interaction and served to corroborate the historical link between Africa and China.<sup>163</sup> Hu sought to strengthen the Sino-African link by pointing to the ‘equality’ of all nations and confirmed China’s efforts to defend developing countries against external criticism and interference.<sup>164</sup>

President Hu confirmed that China would continue to use its UN Security Council seat to advance the interests of developing nations. Beijing would expend efforts to safeguard the rights and interests of developing nations because economic globalisation should benefit citizens in both developed and developing countries. This statement in Gabon complemented his speech in Algiers in which he had pointed out that the people of the developing world make up over 90 per cent of the world’s population and constitute 84 per cent of the UN. China’s efforts to advance the objectives of developing countries in international fora were widely welcomed in Africa. Beijing’s commitment to advance the developing world’s agenda was seen as a positive contribution to Africa’s efforts to combat poverty and economic hardship.

Overall, Hu’s 2004 visit and policy statements confirmed trends in China’s Africa policy in line with Jiang Zemin’s approach, first enunciated during Jiang’s visit to Africa in 1996.<sup>165</sup> However, Hu consolidated, strengthened and advanced Jiang’s policy with a view to expanding Sino-African cooperation and diplomatic interaction. Hu emphasised that building relations with developing countries, especially African countries, was a key element of China’s foreign policy. He went so far as to suggest that relations between China and the developing countries formed a cornerstone of China’s foreign policy. The importance which Hu attached to African countries was widely welcomed on the continent and identified as a major opportunity for a strengthening of traditional links, while offering significant potential benefits for both Africa and China.

During his 2006 visit to Africa, President Hu confirmed and strengthened the themes outlined during his visit two years earlier. However, he sought to deepen and broaden China’s engagement with Africa by proposing a strategic partnership with the continent. To this end he announced a five-point proposal on promoting a closer, more productive long-term China–Africa relationship, as follows

- A strengthening of mutual trust, via high-level meetings and the effective functioning of FOCAC

- Advancing ‘win-win’ economic cooperation through trade, investment, technology transfers and project contracting (at the same time China would continue to provide aid to African countries where possible)
- Developing a ‘new type of strategic partnership’ through broad-based interaction, including cultural and academic exchanges, art and sport as well as media cooperation
- Strengthened security cooperation, including cooperation in the combating of infectious diseases and participation in UN-mandated peacekeeping operations
- Close co-ordination in international affairs with a view to advancing common positions on key international issues in order to promote South-South cooperation and a more balanced globalisation process<sup>166</sup> (such as the development issues associated with WTO reform)<sup>167</sup>

Hu’s visits confirmed China’s commitment to Africa and consolidated a framework for effective Sino-African cooperation. Moreover, Hu offered Africa a range of new co-operative possibilities, opening doors for Africa’s interaction with the world’s fastest growing economy. His visits also confirmed the importance of Africa within the Chinese foreign policy framework and offered Africa a strategic alliance in advancing mutual economic development and long-term prosperity. The mechanism to give form and content to this opportunity was FOCAC, in which Chinese and African leaders are able to directly engage on issues of mutual concern.

## FOCAC II FOLLOW-UP PROCESS

Through the FOCAC process, China has confirmed its support for NEPAD’s aims and objectives. In this context, there is clear scope for a FOCAC-NEPAD synergy to support priority sectors and projects identified by NEPAD. With a view to advancing synergy, a memorandum of understanding was signed between the NEPAD secretariat and the FOCAC secretariat in July 2006. China also contributed \$500 000 to the NEPAD secretariat to support NEPAD programmes and activities. Beijing has confirmed that both China and Africa have agreed to pursue a ‘structured dialogue (through FOCAC) on Africa and to explore avenues for practical cooperation in partnership with Africa, including the support of NEPAD initiatives, with the aim of attaining the [Millennium Development Goals] MDGs’.<sup>168</sup>

Professor He Wenping, director of African studies at the Chinese Academy of Social Sciences, has identified important similarities in the FOCAC and NEPAD processes.<sup>169</sup> First, both seek to advance economic development and mutual prosperity. Second, identified sectoral priorities, such as infrastructure, human resource and agricultural development, are similar. These commonalities provide a solid foundation for cooperation between FOCAC and NEPAD. Expanded cooperation could be facilitated by increased dialogue between the two secretariats, high-level interaction focusing on common priorities, identification of projects for possible joint development and adoption of common positions on development initiatives.

The follow-up actions based on promises made in Addis Ababa were progressing well by the time of the 2005 review. High-level political exchanges with African leaders accelerated in the wake of the Addis Ababa meeting and interaction between Chinese and African leaders provided an avenue for improved cooperation and policy coordination. It also advanced China's objective to build a lasting friendship with Africa. In fulfilment of a FOCAC undertaking, China had dispatched 838 peacekeeping personnel to Africa by 2005. Given China's growing military capacity, assistance to advance peace and stability in Africa through peacekeeping and peace support operations offers an area of great potential. China concluded 127 economic assistance agreements with African countries and by the end of 2004, China's direct investment in Africa totalled \$625 million. By the end of 2004, two-way trade had reached \$29.4 billion, an increase of almost 60 per cent on the previous year. Thus in terms of the commercial objectives set by FOCAC II, progress was well advanced by the end of 2005. Other areas in which progress was good included human resource training programmes, the implementation of China's promise to exempt tariffs on products from Africa's 25 least developed countries, while memorandums of understanding were concluded with eight African countries covering approved destination status for Chinese tourists.

In October 2006, ahead of the FOCAC III summit in Beijing, China's ambassador to South Africa addressed the Royal African Society in London on the question of China's contribution to Africa's development. He provided a concise overview of China's engagement in Africa that covered trade, investment, aid, medical assistance and technical training. He also provided an outline of China's fulfilment of FOCAC promises and undertakings, showing that China was ahead of schedule on its debt exemption commitment to Africa, amounting

to a total of \$1,3 billion to 31 African countries. Given China's own status as a developing nation which was also struggling to overcome poverty, this demonstrated a sincere commitment to assisting Africa with its development agenda. With a view to opening its market to Africa, China had completed the documentation required to exempt tariffs on 190 taxable items exported from 30 African countries to China.

In terms of the African Human Resources Development Fund, China had completed the training of almost 10 000 Africans during the previous three years.<sup>170</sup> Through this process, China's own experience in economic development could be transferred to Africa to the benefit of Africa's own development process. Chinese youth volunteers had begun work in Ethiopia and were planning to expand operations to other countries. Thus despite China's own development challenges, it has been diligent in fulfilling FOCAC promises and undertakings, thereby strengthening the process and providing a solid foundation for the strengthening of Sino-African relations.



# 7 FOCAC III 2006 – Beijing

## ADVANCING THE FOCAC VISION

At the 2006 China–Africa summit of FOCAC in Beijing, which was attended by 48 African countries, President Hu Jintao stressed the long history of China–Africa cooperation in the struggle for liberation and the common objective of economic development and prosperity. President Hu summed up the spirit of the gathering as follows:

We hold that the world today is undergoing complex and profound changes and that the pursuit of peace, development and cooperation has become the trend of the times. We declare that the development of our friendly relations and cooperation are in accordance with the Five Principles of Peaceful Coexistence as well as all the international principles that promote multilateralism and democracy in international relations.<sup>171</sup>

While addressing the opening ceremony of FOCAC III in Beijing, Ethiopian Foreign Minister Seyoum Mesfin stressed that the China–Africa relationship was grounded on a ‘firm foundation of trust and confidence’ which served as

a basis for accelerated cooperation. The strength of the China–Africa relationship lay in China’s historical contribution to Africa’s anti-colonial struggle and Africa’s post-liberation effort to maintain independence. Djibouti’s President Ismail Omar Guelleh Sunday echoed Mesfin’s sentiments, pointing out that ‘China has been with Africa since it fought for independence’ and has provided support for and solidarity to Africa’s economic and political development. Algerian President Abdelaziz Bouteflika identified FOCAC as an ‘effective platform for enhancing mutual understanding’ between China and Africa, while strengthening South-South cooperation. According to Bouteflika the FOCAC process helped to advance Sino-African understanding, provided a basis for common development and made a significant contribution to promoting global peace. FOCAC also served as an effective mechanism to commonly confront the new challenges of globalisation and economic interdependence.<sup>172</sup>

In his address to the summit, President Hu Jintao alluded to the historical Sino-African relationship, emphasising the alliance in the struggle for freedom and independence. He stated:

During these years, China firmly supported Africa in winning liberation and pursuing development. China has trained technical personnel and professionals in various fields for Africa. It has built the Tanzara Railway and other infra structural projects and sent medical teams and peacekeepers to Africa. All this testifies to the friendship cherished by the Chinese people towards the African people. We in China will not forget Africa’s full support for restoring the lawful rights of the People’s Republic of China in the United Nations. Nor will we forget the sincere and ardent wish of African countries and people for China to realize complete and peaceful reunification and achieve the goal of building a modern nation.<sup>173</sup>

Prior to the FOCAC summit China had declared 2006 an ‘African year’ and sought to deepen and broaden political and economic links across the continent by means of new initiatives to strengthen South-South friendships. In January 2006 Foreign Minister Li Zhaoxing visited Cape Verde, Senegal, Mali, Liberia, Nigeria and Libya, consolidating relations with those countries and providing \$30 million dollars for construction projects in Liberia. President Hu Jintao followed with a visit in April to Morocco, Nigeria and Kenya. In Nigeria, Hu offered \$4 billion in assistance for construction, while China’s National Offshore Oil

Corporation (CNOOC) concluded an investment of \$2,3 billion in an off-shore oil field. In Kenya he concluded an agreement for oil exploration rights, while offering \$7,5 million in aid and grants for malaria medicines, rice production and a sports stadium. Hu's visit also included 28 accords with African countries. Premier Wen Jiabao conducted a visit to Egypt, Nigeria, Congo, Angola, South Africa, Tanzania and Uganda during June. Wen provided Egypt with a \$50 million loan and signed ten oil, natural gas and telecommunications agreements, and made a \$10 million investment. While in Angola Wen concluded a \$1,4 billion investment to develop off-shore oil fields. Despite the obvious commercial value of China's engagement with the continent in 'Africa's year,' it also served to advance and strengthen the Sino-African relationship.

The emphasis on South-South cooperation has long been a key element in China's efforts to oppose unipolarism.<sup>174</sup> In this context South-South cooperation is defined as the promotion of economic interaction among developing nations at the bilateral, regional and global level to achieve the goal of collective self-reliance. Cooperation envisaged by this process includes increased trade and investment along with technology transfers and appropriate political and economic cooperation through policy synchronisation. Through broad-ranging cooperation with Africa, China hopes to build a stronger political relationship which will support Beijing's diplomatic opposition to 'hegemonism'.<sup>175</sup> China and Africa thus form a loose alliance for contesting unipolarism. This strategy is not entirely new, as Mao Zedong argued in favour of challenging the capitalist system by mobilising revolutionary forces in the Third World. However, Beijing's present policy is designed to use economic and political cooperation rather than ideological congruence as the means of strengthening and advancing the South's political and economic agenda and building a more just and equitable international order. A priority for China's foreign policy is to mobilise African support in the international arena, especially at the UN. Given that China and Africa both belong to the developing world and have no disputes but only common strategic interests along with a shared view on major international issues, greater unity and policy synergies are inevitable. Beijing consistently argues that China and Africa should support each other in close cooperation on key global issues and thus seeks to mobilise and maintain African support on key international issues.<sup>176</sup>

To this end, China is improving existing consultative mechanisms and making greater use of these channels of dialogue to strengthen contacts

between governments. In addition China seeks to update and sign agreements to provide a legal framework for bilateral cooperation, while broadening contact channels and expanding trade.<sup>177</sup> Beijing also favours the strengthening of Sino-African cooperation and consultation in international multilateral fora, such as the WTO and UN Conference on Trade and Development to coordinate positions and strengthen the negotiating position of developing countries as a group in formulating a multilateral economic and trade system and related rules. In this way, Beijing argues that China and Africa could jointly make a concerted effort to establish a new, fair and reasonable international economic order.

At the G77 summit in Cuba (the so-called ‘South Summit Meeting’) presided over by President Olusegun Obasanjo of Nigeria, the head of the Chinese delegation advised developing countries to strengthen South-South cooperation in order to keep pace with the world’s scientific and technological development and enable it to cope effectively with the challenges of the knowledge economy. China’s emphasis on South-South cooperation has found broad support in Africa and especially South Africa. One of the central elements of former South African President Thabo Mbeki’s global foreign policy was to advance such cooperation as the key to unlocking a new political and economic international system within which developing countries have a better chance of accelerated economic development and prosperity.<sup>178</sup>

At FOCAC III President Hu Jintao addressed the theme of South-South cooperation in the context of globalisation and advancing technologies as follows

The world today is in profound and complex changes. But peace, development and cooperation remain the calling of the times. There is a growing trend towards multipolarity and economic globalization. Science and technology are making daily advance, regional cooperation is deepening and there is increasing interdependence among nations. All this has created rare development opportunities for the international community. On the other hand, imbalance in global development, widening gap between North and South, the combination of traditional and non-traditional security threats as well as increasing factors of instability and uncertainty stand in the way of peace and development. They pose a daunting challenge to developing countries in their pursuit of sustainable development.<sup>179</sup>

President Hu thus firmly grounded China–Africa relations in the context of co-operation within the developing world and sought to provide a framework for advancing positive interaction on this basis. He also extended China’s support to Africa from the economic to the security realm by his offer to enhance Africa’s efforts to build peace and security.

## CHINA’S AFRICA POLICY DOCUMENT

FOCAC III conformed to a major Chinese policy statement on Africa in the form of a white paper on Sino-African relations released early in 2006. China’s Africa policy document provided a detailed foundation for the development of a long-term relationship with the African continent. The document consists of six sections, each focusing on a particular aspect of China–Africa relations. The introductory comments emphasise Beijing’s intention to advance an ‘independent’ foreign policy and to develop relations with all countries based on China’s long-held five principles of peaceful co-existence. China’s commitment to ‘peaceful development’, implying no threat to any other nation as its economy expands, is also emphasised as a central component of China’s international relations. The policy document is largely based on previous Chinese policy papers, such as the FOCAC’s ‘Beijing declaration,’ the ‘programme for China–Africa cooperation in economic and social development’ (October 2000) and the ‘Addis Ababa Action Plan’ (December 2003). While some new elements were introduced in the policy paper, China’s basic approach to relations with Africa remained largely unchanged.

The policy paper predicted ongoing economic development in Africa and outlined an optimistic future for the continent. Africa is expected to overcome present economic difficulties and play a more important role in international affairs. China’s optimistic forecast stands in stark contrast to the West’s bleak and cynical portrayals of Africa as a continent wavering between calamity and collapse. For the West, Africa poses significant dangers and challenges, while for China Africa offers opportunity and prospect. Obviously African leaders would choose to work with China, whose vision is an encouragement and an incentive for Chinese entrepreneurs to enter the continent. The paper further emphasised the shared China–Africa historical experience and stated that future relations would be based on ‘sincerity, equality, mutual benefit, solidarity and common development’, which were identified as the ‘driving

force’ of the relationship. The third section of the paper outlined the key principles of China’s Africa policy intended to promote a win-win exchange. The principles included sincerity, friendship and equality, mutual benefit, mutual support and close coordination, learning from each other and common development. The importance China attaches to African adherence to the ‘one-China principle’ (in other words, no diplomatic recognition of Taiwan) was also emphasised.

The fourth part of the paper identified six areas for strengthening China–Africa cooperation, namely high-level visits, exchanges between legislative bodies, exchanges between political parties, consultation mechanisms (such as bilateral committees), cooperation in international affairs (at the UN), and exchanges between local governments. These elements had been common in previous Chinese engagements with Africa, but there the emphasis on cooperation between political parties and local governments was new. This suggested that China intended to broaden and intensify political relations with African countries. The cooperative framework provides a solid foundation for comprehensive interaction at all levels and the Chinese communications framework confirms an intention to engage Africa at various levels and maximise commercial and political outcomes.

Part five of the paper specifically identifies areas for future improvement in economic relations, including a Chinese promise for greater access to its market, an undertaking to expand Chinese investments in Africa, increased state financing for investment, expanded agricultural cooperation, a broadening of Chinese construction activities in Africa, advancing the exploitation of Africa’s natural resources, increased Chinese tourism to Africa, debt reduction and relief. Further debt relief programmes are to be discussed, economic assistance to selected African countries will be extended and Beijing has undertaken to enhance consultation with Africa on the multilateral trading system. All of the areas identified form part of China’s ongoing programme to broaden links with Africa. To date China’s approach has been highly effective and its economic agenda has been incorporated into the FOCAC process.

In the fields of education, science, health and culture, China has undertaken to continue training for African students in China, expand science and technology cooperation, increase cultural exchanges, increase exchanges of medical personnel and information, greater media and administrative cooperation, including the training of African government personnel, consular cooperation to

ensure the safety of nationals, people-to-people exchanges, especially of youth, environmental cooperation and disaster relief in the form of assistance and training. These proposals largely build on China's previous interactions with Africa, and offer Africa a large menu for fruitful cooperation.

Under the heading of peace and security, China proposed four key areas for future cooperation with African countries, namely military cooperation, including the training of African militaries, assistance for UN peacekeeping operations in Africa, exchanges between judicial and law enforcement agencies, specifically to address immigration issues and increased intelligence exchanges on terrorism, drug trafficking and other transnational crimes. China proposed some new avenues for expanded cooperation, such as the law enforcement agency exchanges and information sharing which have not appeared in other official Sino-Africa policy documents. The proposals for an expansion of security cooperation have laid the foundation for China to provide greater assistance in promoting peace and stability on the African continent. Given China's need for economic engagement with Africa, greater security and market stability is clearly in China's long-term interest.

China undertook to implement promises to Africa made within the context of FOCAC and importantly, to seek further cooperation between FOCAC and NEPAD. Beijing confirmed its support for African regional organisations as well as the AU as important actors in advancing economic development and political stability on the continent. Overall, the policy document thus suggests a wide menu of possible future Sino-African initiatives and offers a challenge to Africa's leadership to engage Beijing efficiently and effectively on these areas of potential and on-going cooperation. The document confirmed China's intention to build a comprehensive and long-term relationship with Africa. Importantly, China's policy was grounded on an encouraging and optimistic forecast for Africa, thus providing a positive framework for Sino-African interaction. The AU should respond appropriately with specific and comprehensive guidelines on responses to China to enable African countries to maximise the opportunities which Beijing has offered.

## **SUMMIT OUTCOME**

At the FOCAC III summit President Hu proposed a new Sino-African partnership built on a common history of struggle, a shared development agenda and

a common vision for a future multi-polar international system. He articulated the Sino-African collaboration process as follows:

In this new era, China and Africa share increasing common interests and have a growing mutual need. The forging of a new type of China–Africa strategic partnership is determined by the dynamics of China–Africa cooperation, and it represents our wish to promote global peace and development. Building strong ties between China and Africa will not only promote development of each side, but also help cement unity and cooperation among developing countries and contribute to establishing a just and equitable new international political and economic order. To enhance this new type of strategic partnership, China will strengthen cooperation with Africa.<sup>180</sup>

China's positive relationship with Africa is part of an effort to build peace and stability in the world and to strive for a just and equitable international political and economic order. According to President Hu the road map for building the strategic partnership with Africa and achieving common international objectives consisted of an expansion of high-level dialogue to build communication, trust and advance common objectives, an expansion of win-win cooperation for mutual benefit, an increase in cultural and people-to-people exchanges, a promotion of South-South cooperation with the common objective of advancing economic development, and the strengthening of cooperation and mutual support through the mechanisms of the UN.

During the two-day summit leaders exchanged views on a number of regional and international issues, and reached consensus on key issues. The process was driven by a commitment to joint support and a determination to defend the interests of developing countries. The summit laid a solid foundation for the strengthening of a strategic partnership between China and Africa. Moreover, China committed itself to stand with African countries in advancing national and continental interests. The philosophical framework of the FOCAC process was based on 'pragmatic cooperation' to strengthen the already strong China–Africa links and 'equity and mutual benefit' with a common objective of economic development and prosperity.<sup>181</sup> Moreover, as state councillor Tang Jiaxuan pointed out:

After African countries won independence, China has continued to support them in upholding sovereignty, safeguarding independence and

promoting economic development. By doing so, China has contributed to Africa's political stability and socio-economic development.<sup>182</sup>

President Hu reconfirmed the importance of Africa in China's foreign policy and global vision, while he outlined eight specific proposals to 'forge a new type of China–Africa strategic partnership'

- Doubling of China's assistance to Africa by 2009
- Provision of \$3 billion in preferential loans and \$2 billion preferential buyer credits to Africa over the next three years
- Establishment of a China–Africa development fund, valued at \$5 billion, to encourage Chinese companies to invest in Africa
- The building of an AU conference centre to assist in the advancement in the objectives of African unity
- Further debt cancellation of interest-free loans in the heavily indebted poor countries
- Further opening of China's market through an increase from 190 to 440 in the number of export products from the least developed countries receiving zero-tariff treatment
- Establishment of a number of new trade and economic cooperation zones in Africa
- Training of 15 000 African professionals, building of hospitals, malaria prevention centres and schools and doubling the number of Chinese scholarships offered to African students<sup>183</sup>

President Hu's commitment to Africa reconfirmed China's solid friendship with the continent and laid the foundation for further building out a common development agenda. Speaking on behalf of SADC, Lesotho's Prime Minister Pakalitha Mosisili referred to the Beijing summit as 'a landmark of hope' for Africa in developing relations with China. He promised a new effort by SADC to promote a more positive investment environment to attract Chinese business interests in Africa.<sup>184</sup> Then UN Secretary-General Kofi Annan welcomed China's undertaking to increase aid to Africa and urged Africa to learn from China's successful development experience. Annan also identified the FOCAC process as a unique mechanism for advancing South-South cooperation.<sup>185</sup>

Ethiopian Foreign Minister Seyoum Mesfin confirmed Africa’s partnership with China in fighting poverty and promoting development, while Egypt’s Foreign Minister Aboul Gheit described China–Africa interaction as important in promoting peace and security on the continent. Egyptian President Mubarak described the China–Africa strategic partnership as an arrangement based on common interests which would serve the long-term objectives of both China and Africa. World Bank vice-president for Africa, Gobind Nankani, predicted that the trade relationship between China and Africa would give African economies a ‘major boost’ over the next few years.<sup>186</sup> Botswana’s President Festus Mogabe observation at the conclusion of the summit, that ‘China treats us as equals, while the West treats us as former subjects. That is the reality. I prefer the attitude of China to that of the West’ sums up the African sentiments about China’s involvement in Africa.<sup>187</sup>

The key elements of the 2006 Beijing Declaration are the following:

- A China–Africa ‘strategic partnership’ based on political equality and mutually beneficial commercial interaction
- Enhanced South-South cooperation to advance coordinated and sustainable economic development
- Reform of the UN to give greater representation to African countries
- Support for efforts towards African unity
- A call to developed countries to increase support to achieve the UN’s millennium development goals
- An African commitment to the ‘one-China’ policy
- Improved high-level dialogue and cultural exchanges
- An expansion of two-way trade and investment and the exploration of new avenues of cooperation
- A commitment to consultation in order to deal with any challenges which may arise in China–Africa relations<sup>188</sup>

Thus the Beijing Declaration largely confirmed previous FOCAC undertakings, while at the same time proposing a broader framework for future cooperation. In the context of advancing a common global agenda within the framework of South-South cooperation, the following elements of the Beijing Declaration are particularly relevant:

- Enhanced dialogue through bilateral commissions, foreign ministries' political consultation as well as commissions on economic and trade cooperation
- Improved information sharing and pragmatic cooperation in areas of common interest
- A strengthening of consultation and cooperation on international issues with a view to developing policy synergies
- Reconfirming the central role of the UN in global affairs
- Enhanced cooperation in advancing global peace and security through disarmament programmes, including the illicit trade in small arms and light weapons<sup>189</sup>

Within the framework of the 2006 FOCAC agreement, a solid foundation has been laid to advance a comprehensive South-South agenda through which common political and economic goals can be achieved.

A central element of FOCC III was China's renewed interest in expanding foreign direct investment to Africa. By early 2006 China's investment in Africa totalled \$6,27 billion, based on investment protection agreements with 28 African countries. By the end of 2006, 800 Chinese enterprises had established a presence in Africa, with a total investment of \$11 billion. At FOCAC III China's Ministry of Commerce announced \$1,9 billion in new investment proposals, including an aluminium plant in Egypt (\$938 million); highway renovation in Nigeria (\$300 million); a mining contract in South Africa (\$230 million); a copper extraction project in Zambia (\$200 million); textile production in the Sudan (\$60 million); cement production in Cape Verde (\$55 million) and telephone lines in Ghana (\$30 million).<sup>190</sup> In response Charles Sanga, Tanzania's ambassador to China, said that Sino-African cooperation in resource development and infrastructure has generated more jobs in Africa and higher incomes for African people.<sup>191</sup>

Traditionally, most of Africa's foreign direct investment has come from Europe, the US and South Africa. In 1990 China had invested \$49 million in Africa and the figure grew to only \$600 million in 2003. Partly as a result of the FOCAC process, China's foreign direct investment in Africa grew to almost \$12 billion by the end of 2006. China's portfolio of investments include natural resource extraction, construction, manufacturing, industrial processing and agriculture. Given that the Chinese government offers tax incentives, loans, credits and ready access to foreign exchange to enterprises undertaking foreign direct investment projects,

**Table 18** Top 20 destinations for Chinese overseas direct investments, year ended 2004

Rank	Country	Cumulative total (\$-million)
1	Hong Kong	30 393
2	Cayman Island	6 660
3	Virgin Islands	1 089
4	United States	670
5	Macao	625
6	South Korea	562
7	Australia	495
8	Singapore	241
9	Bermuda	185
10	Thailand	182
11	Sudan	172
12	Vietnam	160
13	Zambia	148
14	Japan	139
15	Germany	129
16	Peru	126
17	Mexico	125
18	Spain	123
19	Russia	123
20	Malaysia	123

Source Global Insight/world markets analysis, <http://globalinsight.com>, accessed 27 June 2007

China is set to become Africa's leading foreign investor.<sup>192</sup> In 2007 Chinese investors spent \$29,2 billion acquiring foreign companies, while investors from the rest of the world spent only \$21,5 billion on investment in Chinese companies (see table 18 and 19). This was the first time Chinese companies spent more on foreign assets than foreigners spent on Chinese acquisitions.<sup>193</sup>

**Table 19** China's biggest overseas acquisitions

Date announced	Target	Acquirer	Value (\$-billion)
1 February 2008	Rio Tinto	Chinalco-Alcoa	14,1
25 October 2007	Standard Bank	ICBC	5,6
19 December 2007	Morgan Stanley	China Investment Corp	5,0
22 August 2006	Petro	CNPC	4,0
10 August 2007	Kazakhstan	Sinopec	3,5
20 May 2007	OAU	China Investment Corporation	3,0
23 July 2007	Udmurtneft	China Development Bank	3,0
8 January 2006	Blackstone	CNOOC	2,7
28 November 2007	Barclays NNPC-OML 130 Fortis	Ping An Insurance	2,7

Source Deutsche Bank Research, [www.dbresearch.com](http://www.dbresearch.com), accessed 5 March 2008.

**Table 20** Foreign direct investment (FDI) stock in selected African economies in 2002

	Total stock (\$-million)	China's share	
		Amount (\$-million)	Percentage
Cameroon	1 505	16	1,1%
Ghana	1 610	19	1,9%
Mozambique	1 505	15	1,0%
Nigeria	22 570	44	0,2%
South Africa	29 611	125	0,4%
Tanzania	2 335	41	1,8%
Zambia	2 241	134	6,0%

Source UN Conference on Trade and Development, [www.unctad.org](http://www.unctad.org), accessed 27 June 2007.

**Table 21 Chinese investment in Africa**

Since 1996	Sudan	The state-owned China National Petroleum Corporation (CNPC) invests in oil exploration and production and transportation infrastructure in Sudan. CNPC owns a 40 per cent stake in the Greater Nile Petroleum Operating Company Sinopec is currently constructing a 1 500-kilometre pipeline to Port Sudan  In 2001 Harbin Power Engineering Company (HPE) constructed the Sudan Power Station with the help of a \$110 million loan by China Eximbank
Since 1997	Zambia	Chinese businessmen have invested \$24 million in a textile mill China has poured more than \$300 million into mines, manufacturing projects, construction companies and agriculture
Since 2003	Algeria, Niger and Chad	Prospecting by Chinese companies
Since 2004	Tunisia and Mali	Prospecting by Chinese companies
2004	Mauritania	CNPC agrees to invest \$1 million in an oil and gas exploration project
2004	Angola	A \$2 billion China Eximbank credit line to Angola to rebuild infrastructure helps Sinopec to get concessions for further oil exploration in Angola  The loan is connected to the guaranteed delivery of 10 000 barrels of oil per day
2004	Gabon	Sinopec signs technical evaluation deal for three onshore oilfields in Gabon for possible production-sharing contract
2006	Equatorial Guinea	CNOOC signs production-sharing contract
2006	Nigeria	CNOOC buys a 45 per cent take in a Nigerian oil and gas field for \$2,3 billion

*Source Development Bank Research Report, www.dbsa.org, accessed 4 March 2008.*

African countries should respond to China's new investment capacity with incentives to attract capital. South Africa has for example sought to attract foreign direct investment by creating appropriate investment conditions. In March 2008 South Africa was identified as the world's 18th most attractive destination for foreign direct investment. China has contributed to this trend with new investments in South Africa. In October 2007 China's largest bank,

the state-owned Industrial and Commercial Bank of China (ICBC) bought a 20 per cent stake in Standard Bank for \$5,5 billion. This was the largest single foreign direct investment transaction in South Africa's history and set the stage for increased Chinese foreign direct investment flows to the African continent. Given that this is usually accompanied by technology transfers, skills transfers and job creation, Africa has an opportunity to work towards increasing Chinese capital flows. The key to unlocking foreign direct investment lies in the Chinese experience which has relied on special economic zones with specific tax breaks and investment incentives for foreign companies.

Foreign direct investment to Africa doubled between 2004 and 2007 to almost \$40 billion, based on the drive to exploit new resources. However, Africa's share of global foreign direct investment in 2006 was less than 3 per cent. Nevertheless, prospects for foreign direct investment to Africa remain positive because of high global commodity prices and foreign companies seeking to take advantage of good returns. The OECD has predicted a growth of 6,7 per cent for Africa in 2008, providing an incentive for new investors. At the same time UN reports show a gradually expanding South-South investment pattern, from a low of \$2 billion in 1985 to \$60 billion in 2004. The expanding South-South investment flows within which China is expected to play a dominant role is promising for African development, too. Recent improvements in economic growth trajectories and greater stability on the continent have improved Africa's risk profile. Africa's annual GDP performance has grown from 3,5 per cent in 1997 to 6 per cent in 2007, providing a solid foundation for attracting investments.<sup>194</sup> However, to ensure longer-term growth, Africa needs greater economic diversity and increased manufacturing focusing on raw material beneficiation.

China's foreign direct investment in Africa offers new prospects for economic development and in the light of declining investment interest from the West, provides a welcome source of capital. As Linsey Hilsom observed, 'most European companies abandoned Sierra Leone long ago, but where Africa's traditional business partners see only difficulty, the Chinese see opportunity ... They are the new pioneers in Africa, and – seemingly unnoticed by aid planners and foreign ministries in Europe – they are changing the face of the continent.'<sup>195</sup> Western foreign direct investment in Africa has generally been short-term risk averse and designed to maximise profit, but Chinese state-owned corporations are coming to Africa with a different business model.

Chinese companies are willing to operate at lower profits and have a much longer investment horizon. Thus Chinese companies are better able to deal with risks and offer a welcome alternative to the profit-focused Western business model. Chinese investment in Africa holds the promise of job creation, while technology transfers from China open new commercial opportunities on the continent. Moreover, China's urgency in responding to opportunities in Africa is welcomed. As Johnny Sahr, Sierra Leone's ambassador to Beijing, put it: 'The Chinese are doing more than the G8 to make poverty history ... If a G8 country had wanted to rebuild the stadium, we'd still be holding meetings. The Chinese just come and do it.'<sup>196</sup> The business-to-business contacts which are facilitated by FOCAC provide an excellent opportunity for Africa to boost Chinese inward foreign direct investment. Through this process new commercial synergies can be identified and business processes developed for mutual benefit. In this context, the critical success factor is that African countries should develop into an attractive investment environment, in the same way China has done.

The FOCAC summit confirmed a range of China–Africa agreements concluded over the previous two years:

- *February 2004*: Gabon to sell oil to China for the first time
- *June 2004*: New trade deal with South Africa to enhance two-way trade
- *January 2005*: China provides a \$3-billion loan to Angola
- *July 2005*: China-Nigeria conclude a \$800-million oil deal and the Nigerian National Petroleum Corporation agrees to supply 30 000 barrels of crude oil per day to China
- *January 2006*: CNOOC agrees to pay \$2,3 billion for a stake in an oil and gas field in Nigeria
- *April 2006*: An agreement is concluded to build a 1 300-kilometre highway from Tunisia to Morocco
- *April 2006*: Offshore exploration deal with Kenya for CNOOC to explore six oil blocks covering 115 343 square kilometres
- *May 2006*: Sinopec concludes an agreement for 40 per cent of Angola's offshore Block 18 amounting to \$1,4 billion
- *June 2006*: Construction deal in Senegal totalling \$35 million and \$20 million debt relief for Senegal
- *June 2006*: China agrees to a \$2 billion credit line to Angola

Over the longer term, the more specific and practical results of the 2006 FOCAC summit are expected in the following areas:

- *Trade*: China–Africa trade totalled over \$40 billion, confirming the dramatic and ongoing increase in trade over the last five years. Premier Wen Jiabao proposed an increase to \$100 billion within the next five years, via new Chinese trade zones to be established in Africa. A China–Africa trade corridor has been established in Shenzhen to facilitate African trade with China, while China is publishing an African products catalogue in support of African companies which are seeking to access the Chinese market
- *Aid projects*: By the end of 2005 China had undertaken over 700 aid-related projects in Africa, offered more than 18 000 government scholarships, dispatched 15 000 medical practitioners to Africa and treated 170 million patients. China’s total aid to Africa will be doubled by 2009. Assistance to combat the spread of malaria amounts to \$37,5 million. Within the framework of FOCAC, China undertook to complete 176 turnkey projects in Africa relating to construction of schools, roads, hospitals and stadia in 42 African countries
- *Agriculture*: Since 1960 China has implemented almost 200 cooperation programmes in over 40 African countries to build demonstration farms and agro-technology processes. During this period China also dispatched more than 10 000 agro-technicians to train African farmers. In terms of the 2006 FOCAC undertakings, China promised to continue support in this area<sup>197</sup>
- *Debt cancellation*: By late 2006, China had cancelled debt totalling \$1,4 billion owed by the heavily indebted poor countries in Africa. At FOCAC China 2006 undertook further debt cancellation for African countries
- *Loans*: China will provide \$3 billion in preferential loans and \$2 billion in export credits. China has selected 30 programmes in 20 African countries for preferential loans, including Chad, Cameroon, Namibia and Mozambique
- *Focus areas*: Apart from the extractive sectors, new focus areas include tourism, finance and telecommunications
- *Commerce facilitation*: A China–Africa joint chamber of commerce was established to advance trade and investment interaction. The FOCAC process specifically encourages new Chinese investment in Africa.
- *Culture*: China has concluded 65 cultural agreements with 45 African countries and completed 151 cultural exchanges. China has educational

exchanges with 50 African countries. In terms of these exchanges, China has sent 530 teachers to 35 African countries to develop both mid-level and higher-level education programmes. Further cultural exchanges form part of the FOCAC arrangements. China has offered to train school heads and teachers in China and continue government official training programmes.<sup>198</sup> Three Confucius Institutes, which include Chinese language teaching, are being established in Africa<sup>199</sup>

- *Tourism*: The number of Chinese tourists to Africa in 2005 totalled 110 000, more than double the figure for 2004. China has now granted approved destination status to 26 African countries and nine new members – Algeria, Cape Verde, Cameroon, Gabon, Rwanda, Mali, Mozambique, Benin and Nigeria – have recently been added to the list

Thus FOCAC III confirmed the priorities of the earlier meetings and provided an expanded and comprehensive agenda for future China–Africa interaction. A concerted African response to the FOCAC agenda would open numerous new commercial opportunities for Africa and advance the continent’s development.

## AFRICA’S RESPONSE TO FOCAC

Most of the literature on China–Africa relations ignores the view of Africans, with a Euro-centric approach dominating analysis. However, this approach fails to offer an adequate understanding or evaluation of this relationship. African leaders have been strongly supportive of FOCAC and have offered convincing explanations for their views and provided compelling reasons for their commitment to the process and to advancing Sino-Africa relations more generally at the FOCAC III summit.<sup>200</sup> For example, the Namibian Minister of Trade and Industry, Immanuel Ngatjizeko, pointed out that ‘China’s economic rise and in particular its contribution to the increase in the global demand for resources such as aluminium, steel, nickel, copper, oil and gas have contributed to Africa’s importance as a provider of these resources’. China’s spectacular economic growth is driving demand for commodities, which in turn boosts African economies and opens new opportunities for Africa to export more to China. Criticism of the growing Sino-Africa relationship comes mainly from those who previously enjoyed unfettered access to African markets. The Burundian foreign minister, Antoinette Batumubwira, described FOCAC as

enabling African countries and China to ‘reinforce their existing cooperation and friendship’.

Togolese President Faure Essozimna Gnassingbe described FOCAC as a ‘platform’ for both China and Africa to build better cooperation. He said that because of China’s ‘unselfish cooperative attitude’, it has gained influence in Africa, elevating the importance of historical links. He also suggested that ‘Africa’s future lies with China’ and strongly welcomed China’s efforts to protect developing countries at the UN. With regard to South-South cooperation Gnassingbe said that ‘in building a fairer world for our people, China is a front-runner’. Tanzanian Foreign Minister Asha-Rose Migiromi described FOCAC as the best way for China and Africa to ‘exchange views and work out common development programmes’, and that ‘equal participation in decision making’ underpins the process, ensuring that Chinese and African participants are equally involved in the drafting of FOCAC declarations and plans of action. As such, FOCAC was a ‘model for South-South cooperation’ through which developing countries could constructively participate in crafting and implementing a comprehensive development agenda.

Navin Ramgoolam, the Mauritian prime minister, described the FOCAC process as a mechanism to review and assess China–Africa relations while offering an opportunity for further advancing positive interaction. FOCAC provided for positive China–Africa interaction ‘based on mutual trust, independence and respect for each other’s sovereignty and territorial integrity’. The president of the Comores, Ahmed Abdallah Mohamed Sambi, described FOCAC as a model for South-South cooperation which illustrated China’s determination to ‘promote friendship and cooperation’ between China and Africa. According to Guinea-Bissau’s prime minister, Carlos Gomes, the FOCAC process has the potential to transform China into Africa’s ‘greatest investor’ which in turn would assist African states in realising the Millennium Development Goals. President Festus Mogae of Botswana described FOCAC as an ‘ideal forum’ for discussion of trade and investment issues with a view to advancing mutual interests.

In his address to the summit Ethiopian Prime Minister Meles Zenawi challenged Western media reports that China is selling low-priced and poor-quality products in Africa. But, as Zenawi pointed out, if African producers cannot compete in global markets, China’s products will become more popular – ‘this is globalisation’. At the same time, the wide availability of Chinese-made products in Africa has improved the quality of life for the African people, providing

as it does a range of products to low-income households which were not previously available. In response to accusations that China is exploiting Africa's resources, Zenawi pointed out that Africa has been selling commodities globally long before China became a key market. The only difference now is that China is buying more commodities, more often and at higher prices – a process which must obviously benefit African economies. The president of Uganda, Yoweri Museveni, outlined eight positive factors promoting FOCAC and the China–Africa relationship in general, namely that China's remarkable economic success serves as a model for and inspiration to other developing countries, China's economic progress offers new opportunities for beneficial engagement by developing countries, the unity of China serves as an inspirational model to the balkanised African continent, Africa's liberation struggles are supported by China, China has for many years made a major contribution to the building of infrastructure on the African continent, China has displayed 'real solidarity' with Africa by opening its markets to the least developed African countries, the rise of China offers an alternative to the 'unhealthy phenomenon of a unipolar world' and that the FOCAC process provides a positive framework for strengthening South-South cooperation and progress.

At the conclusion of the Beijing summit, President Denis Sassou-Nguesso of the Republic of Congo described the FOCAC process as a key element in the development of China–Africa cooperation. He said that the documents agreed to in Beijing provided a solid foundation for China to expand its assistance to Africa in the context of NEPAD, the Millennium Development Goals and the WTO Doha round. During the FOCAC summit China and Zambia signed a number of contracts, including a memorandum of understanding on the Chambishi copper smelter, a project intended to add value to Zambia's copper industry and create jobs. Zambia's President Levy Mwanawasa praised China's efforts to build closer economic links and rejected suggestions that China's involvement in Zambia was in any way a form of so-called 'second colonialism'. Instead he contended that China's involvement in Zambia had created jobs, help reduce poverty and strengthened economic growth through a China-Zambia partnership based on 'friendship and mutual respect'.<sup>201</sup> Lesotho's Prime Minister, Pakalith Mosisili, described FOCAC as a 'landmark full of hope' and as the official representative of SADC, he thanked China on behalf of Africa for China's long-standing contribution to the continent. Given that Africa constituted only 2,1 per cent of China's total trade volume, he called on China to use

FOCAC as a mechanism to advance two-way trade for mutual benefit. With regard to the area of inward foreign direct investment, Mosisili acknowledged that Africa needs to do more to attract foreign investors.

Foreign commentators on FOCAC III provided few new insights, but Jeffery Sachs, special advisor to Kofi Annan, UN secretary-general at the time, offered China's rapid economic development as a model for Africa. Moreover, in Sachs' assessment China's technology and investment into Africa provides enormous potential for addressing Africa's most pressing concerns. According to Sachs, China is perfectly positioned to assist Africa's rural poor, given its own recent experience in transforming agriculture. In this context China's knowledge, technology and expertise in rice cultivation could triple Africa's food output, and uplift the lives of millions of people. Moreover, China's success in almost completely eradicating malaria from its own country, partly through the development of Chinese medicines, could be decisive in halting the disease in Africa. Other elements of the China development model which Africa should urgently consider include transforming Africa's coastal cities into export zones for food and agro-processing and the application of strict population growth policies in order to prevent poverty and hardship from spreading. Chinese investment in Africa should be welcomed as a mechanism for the transformation of local economies and transference of China's developmental knowledge and experience. Significantly, Sachs rejected Western criticism of China's African engagement, stating that the global economic shift presently underway brought about by China's economic growth is bound to cause some 'misunderstandings and tensions'.<sup>202</sup>



# 8 FOCAC

## A win-win formula for China–Africa cooperation

The China–Africa relationship has elicited a range of criticism from the media and academic circles. Some critics simplify the issue by asking if China’s African involvement is ‘good or bad’, while others adopt a patronising approach which completely disregards African perspectives and opinions. Much of this criticism is driven by established interests, while the scholarly discourse is often skewed by the neo-liberal prism and a lack of knowledge concerning African conditions. Suggestions that China’s African engagement is a form of neo-colonialism are unsupported, for whereas the European colonisation of Africa was a broad-based process driven by conquest, Christianity, ‘civilisation’ and commerce, China’s activities in Africa are narrower and are conducted on an equitable basis with sovereign governments perfectly capable of articulating and defending their own national interests.<sup>203</sup> African governments are in a position to craft a win-win relationship with China and to take up the challenge of engaging China for mutual benefit. FOCAC is ideally suited to this process and offers a forum for negotiating a co-operative long-term agenda for Sino-African interaction.

At the China-South Africa Business Forum held in Cape Town in June 2006, South Africa’s Minister of Trade and Industry, Mandisi Mphahla, offered an African perspective of China’s engagement with the continent:

I believe China understands where we are coming from, as it has long been a supporter of our struggle for freedom. I believe China understands that we must redress the imbalances of our past through broad-based black economic empowerment and rapid skills development in order to be successful. I also believe that China is willing and able to assist us through investment, technology and skills transfer as well as constructive partnerships.<sup>204</sup>

The solidarity of common liberation struggles for freedom from colonial control underpins the positive energy of the China–Africa relationship. Africa looks to China as a natural ally in a new struggle against a perceived neo-imperialism which continues to undermine Africa’s economic development. Both are also natural allies in the struggle for a multi-polar world and a fair, equitable global economic and political system.

At the same time, an assessment of China’s engagement in Africa suggests a significant range of benefits and potential benefits. Increased African raw material exports to China clearly benefit national economies.<sup>205</sup> The IMF has reported that Africa’s increasing growth rate is partly due to increased commodity demand from China.<sup>206</sup> African analysts suggest that ‘the impact of trade and bilateral relations between China and Africa have been immensely beneficial’.<sup>207</sup> Raphael Kaplinsky’s research on China–Africa trade suggests that China is driving up the demand for oil, gas and other primary products which has ‘positive direct and indirect benefits on resource-exporting African economies’.<sup>208</sup> As the Chinese economy grows and the Chinese middle class expands, the range of export opportunities to China will become enormous.<sup>209</sup> In effect, China’s economic growth offers new opportunities to the whole world.<sup>210</sup> Success in this context will be driven by the ingenuity and resourcefulness of African exporters.<sup>211</sup> The World Bank has confirmed that China’s growing trade with Africa has given the continent a ‘major boost’ and the process of increased trade also holds significant benefits for both sides over the longer term.

Chinese investments in Africa clearly benefit local economies and create new commercial opportunities in local markets, while regulation of investments for maximum benefit is the responsibility of national governments. Foreign direct investment as a percentage of Africa’s gross fixed capital formation increased 19 per cent in 2005. Specifically, China’s investments in hydrocarbons, mining, infrastructure and telecommunications are immensely beneficial for Africa’s development<sup>212</sup> and will over time promote the establishment of small enterprises

in Africa and concomitant employment opportunities. The IMF estimates that Africa's growth overall is close to 6 per cent, the highest in 30 years, due in large part to China's growing investments. Moreover, China's investment drive is encouraging for the development of local economies.

Chinese exports to Africa benefit consumers who cannot afford higher cost imports from other parts of the world. Suggestions that Chinese imports undermine local manufacturing are exaggerated, as in most cases there is little evidence of competitive manufacturing capacity.<sup>213</sup> Moreover, the central challenge to Africa's diminutive industrial capacity is from globalisation in general, rather than specifically from China. This conclusion is largely supported by research on the global textile markets and the impact on African producers.<sup>214</sup>

Chinese construction companies are active across the continent, filling the gap left by the IMF and the World Bank who gave up financing infrastructure years ago (they are now returning in response to China's efforts). Obviously, this is a major benefit for African countries which require infrastructure for sustainable development. China's willingness and ability to build roads and railway lines in Africa provide a solid foundation for future development and benefit the populations of all countries involved. The same is true for China's involvement in the development of Africa's communications networks. Chinese agricultural and technical assistance is limited, but makes a highly positive contribution in many African countries. China's own experience in transforming agriculture and increasing production is a model for Africa.

China's willingness to provide aid, where feasible, is welcomed throughout Africa (almost 50 per cent of China's total overseas development assistance goes to Africa). China's aid packages are relatively easy to negotiate and offer African states many new opportunities for rewarding project development. China's involvement in Africa is most welcome, for it fills the gaps left by unfulfilled promises from the West. African leaders have embraced China's enthusiastic approach and ability to get the job done.<sup>215</sup> The West's many years of 'aid, advice and admonishments' have had only limited impact on Africa's economic development, whereas China's active engagement offers new opportunities for developing resources and economic progress. Chinese and African leaders agree that 'neo-colonialism' refers to economic restrictions and arrangements imposed by the former colonial powers on Africa. In contrast, China respects the views and policies of African leaders, and does not impose unrealistic conditionalities on its African engagement, which means there is no political risk for African governments to engage Beijing.

China's pragmatism is a welcome alternative to the West's restrictive and patronising approach. There are no specific political strings attached to China's friendship with African countries, with the exception that they must not accord diplomatic recognition to Taiwan. China's engagement in Africa also differs from the US and Western approach of insisting on African conformity with narrow externally defined objectives, such as the global war on terrorism.<sup>216</sup> Moreover, Western 'hegemonic' conceptions of human rights are not imposed by China on African governments. China and Africa largely agree that human rights issues are not above sovereignty, thus interference in each other's internal affairs is not countenanced.<sup>217</sup> China's functional engagement with Africa is welcomed as a 'breath of fresh air', and offers African countries new opportunities for commercial engagement.<sup>218</sup> China's entry into the African market place offers Africa an alternative to the already established external players. A wider option list allows Africa the opportunity to pick from among the maximum number of options.<sup>219</sup> African governments are interested in developing relations with a country that has 'never oppressed them, never stolen their people, or their resources' and is willing to engage on the basis of equality and mutual respect.<sup>220</sup>

China's enthusiastic endorsement of the AU and NEPAD provides a solid foundation for future cooperation. Beijing's support for Africa in multilateral fora helps drive the continent's development agenda and keeps international attention focused on African needs. China's obvious interest in Africa has been a key motivator for the West's new initiatives aimed at advancing interaction with the continent. At the UN, China has been supportive of various African proposals on a range of issues. Moreover, Chinese Premier Wen Jiabao has stressed that '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'.<sup>221</sup> Beijing's commitment to the promotion of peace and stability in Africa, manifested in the dispatch of peacekeepers, has made a positive contribution to peacebuilding on the continent. China is now poised to become Africa's main UN peacekeeping contributor. China's commitment to a common South-South vision offers hope and encouragement to African governments seeking to break out from the pressures of globalisation and oppressive economic institutional manipulation. Moreover, South-South cooperation offers a more welcome, progressive and less selfish approach than the traditional hegemonic and at times condescending North-South relationship.

Critics predict growing competition in Africa between a so-called Beijing Consensus (China's economic and political model) and the Washington Consensus (economic conditionalities imposed by the World Bank and IMF as well as demands for transparency, good governance and democratisation).<sup>222</sup> However, given China's firm commitment to non-interference in domestic affairs, this prediction is overstated. China imposes no political or economic model on Africa, nor does it actively oppose democratisation.<sup>223</sup> Although China does interact with non-democratic African governments (as do many other countries), Beijing cannot be blamed for poor governance on the African continent. China's common history with that of Africa as a former colony of European powers allows for the sympathy of a shared colonial past and underpins Beijing's sensitivity to the dignity of African countries. Moreover, the stricter definitions of the Washington Consensus (see table 22) emphasise economic and not political conditionalities. Given that China, like the West, is an external investor, its interests in the long-term economic success (hence greater capital formation and profits) of the host country must surely be similar if not identical.

**Table 22** The Washington Consensus and the Augmented Washington Consensus

Washington Consensus	Augmented Washington Consensus (additions to the original ten-point list)
<ul style="list-style-type: none"> <li>■ Reduction of budget deficit to a non-inflationary level</li> <li>■ Redirection of public expenditure to areas such as education, infrastructure, etc</li> <li>■ Tax reforms to lower marginal rates, broadening the tax base</li> <li>■ Transitions to market-determined interest rates (financial liberalisation)</li> <li>■ Sufficiently competitive exchange rates which induce a rapid growth in non-traditional exports</li> <li>■ External trade: removal of quantitative trade restrictions, tariff reductions</li> <li>■ Abolition of barriers to foreign direct investment</li> <li>■ Privatisation of state-owned enterprises</li> <li>■ Deregulation for 'start-ups', general abolition of restraints on competition</li> <li>■ Better protection of property rights, particularly in the informal sector</li> </ul>	<ul style="list-style-type: none"> <li>■ Corporate governance</li> <li>■ Anti-corruption</li> <li>■ Flexible labour markets</li> <li>■ Adherence to WTO discipline</li> <li>■ Adherence to international financial codes and standards</li> <li>■ 'Prudent' capital account opening</li> <li>■ Non-intermediate exchange rate regimes (completely fixed or completely flexible exchange rates, corner solutions)</li> <li>■ Independent central bank/inflation targeting</li> <li>■ Social safety nets</li> <li>■ Targeting poverty reduction (for example the heavily indebted poor countries initiative)</li> </ul>

*Source* H Herr and J Priewe, *Beyond the Washington Consensus: macroeconomic policies for development*, International Politics and Society 2 (2005), 84.

For Africa, the Euro-centric criticism of China lacks moral authority, given the European history of African exploitation through slavery, colonialism and neo-liberalism. Western commentators are quick to criticise China, without objectively comparing China's present African engagement with the legacy of Euro-American interaction. Moreover, both China and Africa reject Western critiques on human rights and democracy on the grounds that they are based on 'neo-imperialist arrogance'.<sup>224</sup> The imposition of Western worldviews and value systems on China and Africa as well as current Sino-African interaction is considered unfair, inappropriate and pernicious. The hypocrisy of Western governments has scaled new heights as they encourage their own multinationals to seek market share in China, but admonish African leaders to contain Chinese actions on the African continent. Moreover, the actions of Chinese multinationals are condemned, but their business models are not very different from those of the Western companies which have long engaged Africa. At the same time, the Chinese government cannot be held responsible for the day-to-day actions of Chinese multinationals in Africa.

Unlike European actors in Africa, China carries no colonial baggage and unlike the US it carries no reactionary Cold War baggage, either.<sup>225</sup> China offers a new partnership, grounded in support for Africa's liberation and untainted by historical political or economic exploitation. China is the only developing country with a permanent seat on the UN Security Council, able to represent the concerns of Africa at the highest level on the world stage. China's strategic alignment with the G77 offers the developing world hope of structural change in the global order and of new opportunities for African development. China's opposition to an inequitable unipolar world order, underpinned by Washington's perception of political, social and economic progress, is widely welcomed in Africa. African leaders look to China to take the lead in South-South fora to accelerate change in the global system.

China's economic rise is systematically transforming the global economy, shifting global growth and influence away from the Atlantic to the Pacific Ocean. Asia, with China as the core of economic progress, increasingly offers a counterweight to the US-Europe power centre. Growth in future trade for Africa is more likely to come from Asia than US-Europe. China furthermore offers a non-intrusive and equal relationship which avoids prescription and admonishments, or a patronising approach. China's engagement agenda, including mutual coexistence, mutual respect for territorial integrity and sovereignty,

mutual non-aggression, mutual non-interference in internal affairs, equality and mutual benefit and peaceful coexistence, is widely welcomed in African capitals as a fair and effective method for diplomatic and commercial interaction. Apart from insisting that African countries do not recognise Taiwan, China imposes no complex conditionalities on its aid or economic interaction. This is in strong contrast to Western donor countries which insist on a Eurocentric approach and an increasingly complex list of conditionalities, before aid is dispensed.<sup>226</sup> Evidence of good governance, respect for human rights and democratisation are required to unlock Western donor support. In contrast, China's aid is instantly and unconditionally accessible. The West's complex aid system, endless bureaucracy and poor track record in achieving positive outcomes have opened a substantial space for China's growing presence in Africa. The economic lacuna which China is now filling in Africa was largely created by the inefficiencies and failures of Western aid policies towards Africa.<sup>227</sup> Moreover, given China's recent success in tackling poverty, Western donor agencies could learn much from the Chinese experience and help to apply some of these lessons, in cooperation with China, in Africa.

In effect, China offers a no strings attached approach to Africa, while at the same time encouraging African countries to develop their own economies through their own choice of economic development model, without dictating the form and terms of political or economic development. China provides an alternative to the unhealthy economic dependency which has grown between Africa and its former colonial masters. The 'China alternative' must be beneficial to Africa as it seeks to find new markets and development partners. To date, China's 'no questions asked, no interference' approach has proved successful in fostering an increasingly close relationship with a number of African states. Thus China offers a very convincing engagement package to Africa, consisting of 'an alternative consumer for resources, a model for successful development and trade policies that are more benign than Western initiatives'.<sup>228</sup>

## OIL AND DARFUR

As a consequence of its rapidly growing economy, China's need for energy is growing faster than that of any other country in the world. Demand now consistently outstrips domestic supply, forcing Beijing to seek supplies from

foreign countries. China is now the world's second largest energy consumer, behind the US. China has thus begun to implement a broad-based global acquisitions policy intended to ensure long-term supplies of oil for its expanding economy.<sup>229</sup> In terms of that policy, China has accelerated efforts to access oil supplies in Africa (as have a number of other Asian countries as well as the US). At present, Africa provides China with almost 30 per cent of its energy needs and Beijing is implementing a plan to expand supplies. These efforts include \$3 billion invested in Nigerian oil fields; over \$10 billion in Sudan and approximately \$5 billion in Angola. Some criticise China for investing in Sudan and Angola, but others point out that Western oil corporations are reluctant to invest in high-risk areas and Chinese oil extraction adds to world supplies and lowers prices.

China's renewed interest in Africa is, according to some accounts, driven primarily by a need for oil and natural gas. Beijing's actions are interpreted as essentially 'oil diplomacy', and observations and explanations are simplified to fit the paradigm.<sup>230</sup> Africa's oil and gas reserves (see table 23) are significant and are thus of interest not only China, but all industrialised nations. The same would apply for other raw materials (see tables 24 and 25).

**Table 23** Regional breakdown: oil production and proved reserves

	Proved reserves (billions of barrels)			Production (thousands of barrels per day)		
	1994	2004	Change	1994	2004	Change
Africa	65	112	72%	7 004	9 264	32%
Middle East	662	734	11%	20 118	24 571	22%
Asia	39	41	5%	7 184	7 928	10%
Europe	80	139	74%	13 657	17 583	29%
Latin America	90	101	23%	5 347	6 764	27%
North America	82	61	-32%	13 807	14 150	2%
<b>World</b>	<b>1 018</b>	<b>1 189</b>	<b>17%</b>	<b>67 116</b>	<b>80 260</b>	<b>20%</b>

*Source* BP Global, Statistical review of world energy 2005, 14 June 2005, (accessed 12 June 2006).

**Table 24** Proved natural gas reserves

Country	Natural gas (trillion cubic feet) BP statistical review year end 2004	Natural gas (trillion cubic feet) CEDIGAZ, 1 January 2005	Natural gas (trillion cubic feet) Oil and Gas <i>Journal</i> , 1 January 2006	Natural gas (trillion cubic feet) World oil year end 2004
Algeria	160,439	161,743	160,505	171,5
Angola		13,067	1,62	4
Benin		0	0,04	
Cameroon		3,496	3,9	
Republic of Congo (Brazzaville)			3,2	4,15
Democratic Republic of Congo		4,061	0,035	
Côte d'Ivoire			1	
Djibouti	0	0	0	0
Egypt	65,452	0,918	58,5	66
Equatorial Guinea		0	1,3	3,4
Ethiopia		66,004	0,88	
Gabon		2,472	1,2	3,425
Ghana		0,883	0,84	
Libya	52,632	1,059	52,65	51,5
Morocco		0,848	0,06	
Mozambique		51,313	4,5	0
Namibia			2,2	0
Nigeria	176,394	2,19	184,66	180
Rwanda		2,472	2	
Somalia		178,517	0,2	
South Africa		0,353	0,001	
Sudan		3 037	3	4
Tanzania		0,989	0,8	
Tunisia		2 649	2,75	3,885
Others (country not specified)	41 513	0,177	N/A	8,899
<b>Africa total</b>	<b>496,43</b>	<b>498,86</b>	<b>485,841</b>	<b>500,759</b>

**Table 25** Africa's mineral reserves versus world reserves

Commodity	Africa (reserves)	World (reserves)	Africa relative to world (%)
Platinum group metals (t)	63 000	71 000	89
Diamonds (million carats)	350	580	60
Cobalt (t)	3 690 000	7 000 000	53
Zirconium (t)	14	38	37
Gold (t)	10 059	35 941	28
Vanadium (t)	3 000 000	13 000 000	23
Uranium (t)	656	4 416	15
Manganese (kt)	52 000	380 000	14
Chromium (1 000 t)	100,000	810 000	12
Titanium (kt)	63 000	660 000	10
Nickel (kt)	4 205	62,000	7
Coal (mt)	55 367	984 453	6

*Source* Presentation by Sam Jonah, former president of AngloGold Ashanti, University of South Africa, 2005, quoted in J Rocha, *A new frontier in the exploitation of Africa's natural resources: the emergence of China*, in F Manji and S Marks, *African Perspectives on China*, Cape Town: Fahamu, 2006.

It is noteworthy that China's international oil ventures are not limited to Africa (see table 26). However, given that US and European multinationals dominate oil production in many parts of the globe, China has been forced to pursue higher risk options in Africa.<sup>231</sup> Moreover, sources of supply vary and are not concentrated in Africa (see table 27). In any event, China's search for oil in Africa is a natural extension of China's opening to the world and implementation of free market policies which have been strongly encouraged by the West.<sup>232</sup> While oil booms have enriched Africa's elites and not ordinary citizens, this is a phenomenon not solely linked to Chinese investments, as the Brenthurst Foundation has argued: "The benefits Africa generates from such investment depend on what Africans do for themselves more than what China and the US can do for them."<sup>233</sup>

**Table 26** Chinese overseas oil ventures, 1992–2005

Middle East and North Africa	Sub-Saharan Africa	Americas	Pacific	Former Soviet Union
Algeria	Angola	Argentina	Australia	Azerbaijan
Egypt	Central African Republic	Bolivia	Brunei	Kazakhstan
Iran	Chad	Brazil	Indonesia	Kyrgystan
Iraq	Republic of Congo	Canada	Mongolia	Russia
Kuwait	Democratic Republic of Congo	Cuba	Myanmar	Tajikistan
Libya	Côte d'Ivoire	Equador	Papua New Guinea	Turkmenistan
Morocco	Equatorial Guinea	Mexico	Philippines	Uzbekistan
Oman	Gabon	Peru	Taiwan	
Saudi Arabia	Kenya	Venezuela	Thailand	
Syria	Madagascar		Vietnam	
Tunisia	Mali			
United Arab Emirates	Mauritania			
	Mozambique			
	Niger			
	Nigeria			
	Sudan			

*Source* DOE 'China study' in P Hatemi and A Wedeman, *Oil and conflict in Sino-American relations*, *China Security*, 3(3) (Summer 2007), 107.

**Table 27** Top ten sources and respective peak years

China (2003)	Imports (%)	Peak year
Saudi Arabia	16,57	2012
Iran	13,62	1974
Angola	11,10	1998
Oman	10,18	2003
Sudan	6,87	2005
Russia	5,77	1987
Congo	3,72	2000
Indonesia	3,66	1977
Malaysia	2,23	2000
Australia	1,96	1977
Percentage of total imports	75,68	2000
Percentage of total past peak	59,12	

*Source* DOE 'China study', in P Hatemi and A Wedeman, *Oil and conflict in Sino-American relations*, *China Security*, 3(3)(Summer 2007), 108.

China's growing appetite for oil and raw materials has been a major boost for African producers. Higher commodity prices have directly benefited African economies and provided a foundation for further economic development. However, in terms of drafting and implementing a comprehensive and sustainable economic development programme, the onus is on African governments and not China. Breaking the so-called 'products-for-resources' model is an economic challenge for Africa's leadership, the first step of which is to provide a positive environment for foreign investment, not only in the resource sector but in other areas of the economy as well.<sup>234</sup> So too is controlling the effects of 'Dutch disease' (export-driven currency appreciation) which impact negatively on the competitiveness of other sectors of the economy. China's search for resources offers suppliers new options and new possibilities for commercial expansion to their benefit.

Conflict in the Darfur region of Sudan has resulted in widespread criticism of China. Critics complain that China has not effectively used its perceived leverage over Khartoum to halt the violence in the region. However, China is

only one of the Asian countries to invest in the Sudan's oil sector (see table 28). Moreover, as a recent Crisis Group study pointed out: 'China cannot single-handedly solve the Darfur crisis. Nor is the Sudanese government easy to influence. It has a wide network of supporters, including a number of Arab countries and has benefited from powerful voices in the AU supporting the need for its consent to any peacekeeping operation.'<sup>235</sup> Suggestions that China is a major weapons supplier to Sudan are exaggerated, for over the period 2003 to 2007, Sudan received 87 per cent of its major conventional weapons from Russia and only 8 per cent from China.<sup>236</sup> China clearly has an interest in promoting

**Table 28** CNPC's exploration and production assets in Sudan

Block(s)	Year acquired	Share (%)	Partners	%
13	2007	40	Pertamina Sudapet Dindir Petroleum International Express Petroleum Africa Energy	15 15 10 10 10
15	2005	35	Petronas Sudapet Express Petroleum HiTech	35 15 10 5
3/7	2004	41	Petronas Sudapet Sinopec Al-Thani Corporaton	40 8 6 5
1/2/4	1997	40	Petronas ONGC Sudapet	30 25 5
6	1995	95	Sudapet	5
Countries of origin of partner companies				
China (Sinopec) India (ONGC) Indonesia (Petramina) Malaysia (Petronas) Nigeria (Africa Energy, Express Petroleum)			Sudan (Dindir Petroleum International, HiTech Group, Sudapet) United Arab Emirates (al-Thani Corporation)	

*Source* Erica Downs, *The fact and fiction of Sino-African energy relations*, *China Security*, 3(3) (Summer 2007), 59.

peace and stability in Sudan so as to promote commercial interaction. China has nothing to gain from political instability and economic failure in Sudan. However, China's approach differs from that of the West. Based on its long-held policy of non-interference, China has encouraged an internal, or regional, solution rather than internationalising the dispute and imposing harsh sanctions which could exacerbate tensions.<sup>237</sup> Despite China's reservations, it has played a key role in opening the way for the deployment of a peacekeeping force to Darfur. China has also stepped up efforts to provide humanitarian support for Sudan to ameliorate the effects of the crisis.<sup>238</sup>

## OPPORTUNITIES FOR COOPERATION WITHIN FOCAC

The central challenge for African governments is to ensure that interaction with China is both politically and economically mutually beneficial. While China bases its policy on friendship and historical solidarity and seeks a win-win relationship with Africa, the management of relationships to achieve this is not undemanding. The key to advancing a such a relationship is to ensure both international and national cooperation for mutual benefit. At the global level, a joint effort to reshape globalisation and international economic institutions can advance the interests of both Africa and China. However, the reform of multilateral institutions cannot be achieved overnight, thus developing countries must in the meantime take responsibility for their own well-being.<sup>239</sup>

Developing a win-win relationship demands that Africa maximise rewards from any external relationship with China (or with any external actor). To ensure a constructive and rewarding partnership with China suggests relations should be advanced on two levels: the continental/regional level and the national level.

At the continental/regional level the focus of Sino-African engagement should be on

- Increased symmetry between FOCAC and NEPAD
- AU prioritisation of areas where China's assistance is most needed
- Closer Sino-African collaboration on Africa's development agenda
- SADC prioritisation of needs
- Closer policy synchronisation on the global economic reform agenda
- Increased cooperation on UN reform

At the national level, it is up to African governments to maximise the benefits of China's involvement. The process of ensuring a win-win relationship with China should include the following:

- Appropriate investment laws
- Effective tendering processes
- Improved corporate governance
- Stronger anti-corruption legislation
- Increased accountability for sales
- Joint venture options
- Local procurement
- Support for local small to medium enterprises
- Job creation opportunities
- Technology transfers
- Skills enhancement programmes
- Transparent commercial transactions
- An investment code (such as the Sullivan Code for US businesses)<sup>240</sup>
- Beneficiation processes

African states should individually or collectively negotiate better deals with China to ensure more local labour, or more technology transfers.<sup>241</sup> Akwe Amosu has suggested that:

To maximise the benefits of the Chinese windfall, Africa needs to deepen its commitment to better governance and cut a more advantageous deal with Beijing ... Moreover, African non-governmental stakeholders need to be empowered and encouraged to hold both the Chinese and their own governments to account. Ultimately this will improve both the quality of African governance and Africa's relationship with China.<sup>242</sup>

A comprehensive approach to foreign investment (from China, or elsewhere) implemented by African governments would go a long way to ensuring a win-win relationship. Ineffective African governance and commercial regulation will inevitably yield a poor result from any foreign involvement option. African nations need to be more steadfast in pursuing their national interests and achieving long-term goals. For example, few African countries took full

advantage of the framework created by the African Growth and Opportunity Act and market penetration of African products in the US remains low.

South Africa's former President Thabo Mbeki warned of 'an unequal relationship' between Africa and China and that Africa needs to ensure a mutually beneficial outcome in its dealings with China and build local capacity to meet the challenge. As many observers have pointed out, China has a clear strategy for Africa, but Africa has no strategy for China. Greater coordination at the level of the AU could ensure that African values, interests and developmental objectives are factored into interaction with China.<sup>243</sup> Hany Besada argues that the China–Africa relationship should be carefully managed 'at ministerial level' to ensure a mutually beneficial outcome.<sup>244</sup> The onus is thus on individual African countries and African institutions to provide appropriate regulatory frameworks and good governance. The responsibility does not lie with Beijing.

## OPPORTUNITIES FOR ENGAGING CHINA

Given the impressive growth of the Chinese economy and the prospects for continued growth into the future, Africa's challenge is to effectively engage China and to seek opportunities for profiting from interaction with the world's fastest growing market.<sup>245</sup> Increased trade with China, with an emphasis on African exports to China, would be the initial starting point. Most economists would agree that trade brings mutual benefits to participants, even when not completely in balance. At the same time, the growing Chinese market offers numerous opportunities for effective engagement by African entrepreneurs in a wide variety of areas:<sup>246</sup>

- Agriculture – increased exports of agricultural products to China (citrus fruits, beef, fruit juices and wine have been identified) offers new prospects, while the production of new plant species and flowers from Africa in China itself offers export opportunities.<sup>247</sup> China's 2004 intake of 63 million tons of meat has risen far higher than the 37 million tons consumed in the US annually. China is now importing vast quantities of grain and soybeans
- Mining and quarrying – prospecting and the application of new technologies (South African companies are already active in this area)
- Manufacturing industries – opportunities in joint venture in tobacco processing, leather goods and lumber

- Tourism – Chinese tourism to Africa holds enormous potential (there are now 8 993 travel agencies in China employing 33,35 million people)
- Foreign trade companies specialising in specific trading ventures offer many new opportunities
- Foreign direct investment from China – China’s overseas direct investment now amounts to almost \$40 billion (mainly telecommunications, construction and petrochemicals)
- South Africa’s exports to China, for example, include ores, slag and ash, iron and steel, copper, organic chemicals, wood pulp, aluminium, wool, machinery and mechanical appliances, fish, building materials, paper, inorganic chemicals and electrical machinery. There is potential for increased exports in all these areas
- Africa is ideally suited to take advantage of China’s growing demand for commodities, given the continent’s reserves of raw materials. This demand has resulted in a significant price increase, highly beneficial to African producers. In terms of steel consumption, for example, China now uses twice that of the US (258 million tons to 104 in 2003) and China now also leads the world in the use of aluminium and copper. China’s demand for commodities will increase dramatically over the next ten years as urbanisation takes off<sup>248</sup> and its share of global raw materials consumption is expected to rise to almost 40 per cent. This could be good news for African producers
- China’s growing demand for African oil (Africa’s oil output now totals approximately 3,4 million barrels per day and is set to increase to 6 million by 2010) provides a solid foundation for strengthened trade relations. China has displaced Japan as the world’s second largest consumer of petroleum, with consumption expected to rise to over 10 million barrels per day by 2015. Over 30 per cent of that consumption is likely to be based on imports from African producers
- China has signed over 30 investment protection agreements with African countries, confirming the potential for significant Chinese investment on the continent
- China’s WTO accession provides significant market opportunities across a wide range of possible areas, too.<sup>249</sup> China’s ‘Go West’ economic development initiative opens numerous possibilities for new trade and investment in its vast and still to be developed western regions. South African trade officials have suggested that Africa should ‘stop trying to compete with China

at what it does best – producing cheap goods for export – and find other ways to compete instead<sup>250</sup>

- In view of China’s household consumption in 2005 of 3,8 per cent of the global total and rising rapidly, and of a growing Chinese middle-class with households that can afford a range of products imported from all over the world (400 million urban consumers),<sup>251</sup> general opportunities that comes to mind<sup>252</sup> include
  - Water resource management, production and supply of power, gas and water, communications and transportation, infrastructure, storage, post and telecommunications services, wholesale and retail trade
  - Real estate industry, social service industry, public health, sports and social welfare, higher education, scientific research and poly-technical services industries, financial services, banking and insurance industries<sup>253</sup>
- The Shanghai expo in 2010 could provide specific opportunities for traders from all parts of the globe
- In *World Business*, Geoff Dyer identified as ‘hot opportunities’ in China retail/consumer products targeting the Chinese middle class, IT outsourcing, property (over the next ten years 300 million rural residents will move to the cities), construction (the world’s tallest building is under construction in Shanghai, while China has built the highest railway line in the world in Tibet), and engineering (Siemens has 70 different businesses in China employing 36 000 people)<sup>254</sup>

Regardless of the challenges of the China–Africa relationship, there is enormous space to produce a positive, win-win outcome. FOCAC provides the environment for negotiation of a win-win formula for China–Africa relations and for building a quality long-term relationship. A comprehensive and determined response from Africa can reshape the ‘unequal relationship’ former President Mbeki has alluded to. Through FOCAC, Africa can help to shape the Sino-African agenda and build a common foundation for mutual development.

# 9 Prospects for FOCAC IV – Cairo

## **CHINA'S AFRICA POLICY PAPER**

China's 2006 Africa policy paper provides a framework agenda for advancing and expanding Sino-African relations over the longer term. The paper underpins the FOCAC process and provides a comprehensive agenda for mutually beneficial interaction between China and Africa. A number of specific areas where relations could be expanded and improved are identified. China has committed itself to improved consultation via formal high-level bilateral committees, thus offering a new impetus for African countries to engage China on issues of mutual concern. Where the African leadership has clearly defined agendas and long-term goals, high-level exchanges could produce positive outcomes (see table 29). Beijing has promised greater access to China's market for African products, which opens the door for new export opportunities. Given Africa's level of industrial development and China's highly competitive market, obviously this poses major challenges for African countries. However, African farming and processed agricultural goods offer prospects for an expansion of exports to the growing middle class in China.

China has undertaken to investigate new ways for promoting investment cooperation with African countries. African governments should grasp this

opportunity to ensure that Chinese investments are in the form of joint ventures, or alternatively provide labour, value added processes and other benefits for Africa. Some African countries could benefit from China’s renewed promises to expand agricultural cooperation, construction, tourism, debt relief and aid. China’s willingness to undertake construction projects in Africa offers enormous opportunities for providing African countries with an infrastructural basis for future development. A renewed commitment to ‘enhance consultation and coordination’ with Africa in the context of South-South cooperation opens the door for initiatives which could benefit Africa. However, Africa needs to make specific, realistic proposals to China, for example with regard to China’s commitment to advance peacekeeping. China’s ability and willingness to deploy peacekeeping forces to Africa could become a key factor in advancing peace and security on the continent.

Beijing’s promise to expand exchanges in judicial and law enforcement agencies, specifically to discuss immigration issues, provides a new foundation to address any concerns relating to Chinese migration to Africa. Through expanded interaction and consultation, China and Africa can develop effective and functional immigration processes to ensure protection for the migrant and benefits for the host country. Beijing’s undertaking to increase intelligence exchanges on terrorism, drug trafficking and transnational crime could provide avenues for complementing Africa’s security building efforts. China has promised to investigate ways of aligning FOCAC objectives with those of NEPAD, which could also lead to expanded cooperation on economic development and poverty reduction.

**Table 29** Chinese visitors to Africa

Prc leaders	
Hu Jintao	President
Wen Jiabao	Premier, Member, Standing Committee, Politburo, 16th & 17th CPC Central Committees
Wu Bangguo	Member, Standing Committee, Politburo, 16th and 17th CPC Central Committees
Jia Qinglin	Member, Standing Committee, Politburo, 16th and 17th CPC Central Committees Chairman, People’s Political Consultative Conference
Li Changchun	Member, Standing Committee, Politburo, 16th and 17th CPC Central Committees

Foreign ministers	
Yang Jiechi	Minister of Foreign Affairs (2007-)
Li Zhaoxing	Minister of foreign Affairs (2003-2007)
Tang Jiaxuan	Member, 16th CPC Central Committee, Minister of Foreign Affairs (1998-2003)
Other leaders	
Bo Xilai	Member, Politburo, 17th CPC Central Committee: Minister of Commerce (2004–2007)
Cai Wu	Director, Central International Communication Office
Cao Gangchuan	Minister of National Defence
Cheng Siwei	Director, National Natural Science Foundation of China, Science management Division
Dai Bingguo	Vice-Minister, Ministry of Foreign Affairs
Du Qinglin	Member, 16th and 17th CPC Central Committees: Minister of Agriculture (2001–2006)
Gao Qiang	Member, 17th CPC Central Committees: Minister of Health (2005-2007)
Guo Boxiong	Vice-Chairman, Central Military Commission, 16th and 17th CPC Central Committees
Huang Ju	Vice-Premier (2003–2007), Member, Politburo, 16th CPC Central Committee
Hui Liangyu	Vice-Premier (2007–), Member, Politburo, 16th and 17th CPC Central Committees
Jia Chunwang	Procurator-General, Supreme People's Procuratorate
Li Jinjun	Vice-Minister, International Department, CPC Central Committee
Ma Kai	Member, 16th and 17th CPC Central Committees, Minister, State Development & Reform Commission
Ma Wenpu	Vice-Minister, International Department, CPC Central Committee
Raidi	Vice-Chairman, 10th Standing Committee, NPC, Chairman, Tibet Autonomous Region
Sheng Huaren	Secretary-general, NPC Standing Committee
Sun Jiazheng	Minister of Culture
Tan Jialin	Deputy Director, International Department, CPC Central Committee

Wang Dongming	Vice-Minister, Organisational Department, CPC Central Committee
Wang Jiarui	Minister, International Department, CPC Central Committee
Wang Lequan	Member, Politburo, 16th & 17th CPC Central Committees
Wang Taihua	Director, State Administration of Radio, Film and Television
Wang Yi	Vice Foreign Minister
Wang Zhongyu	Vice-Chairman, Chinese People's Political Consultative Conference National Committee
Wen Shizhen	Member, 16th CPC Central Committee
Wu Guanzheng	Member, Politburo, 16th CPC Central Committee, Secretary, 16th CPC Central Commission, Discipline Inspection
Xu Caihou	Vice-Chairman, Central Military Commission, 16th and 17th CPC Central Committees; Director-General, PLA General Political Department (2003–2005)
Yang Zhengwu	Member, 16th CPC Central Committee
Zeng Peiyan	Vice-Premier; Member, Politburo, 16th CPC Central Committee (2002–2007)
Zeng Qinghong	Vice-President (2003–2007)
Zhai Weihua	Vice-Minister, CPC Central Commission for Guiding Ethic and Cultural Progress
Zhang Dejiang	Member, Politburo, 17th CPC Central Committee
Zhang Zhijun	Vice-Minister, International Department, CPC Central Committee
Zhou Ji	Member, 17th CPC Central Committee; Minister of Education

**Note**

16th CPC Central Committee, November 2002 to November 2007

17th CPC Central Committee, November 2007 to

*Source* Africa-Asia Confidential London 1(3) (2008), 4–5.

From the above it is clear that the 2006 Chinese policy document presents prospects for unique diplomatic engagements with Beijing, and offers a strong foundation for long-term mutually beneficial cooperation. The solid historical foundation of China–Africa relations provides a basis for new creative initiatives and an opportunity to develop a more just sharing of power and prosperity in an international system in which all citizens of the world could have a better life. As Joseph Stiglitz has pointed out:

Globalization today is not working for many of the world's poor. It is not working for much of the environment. It is not working for the stability of the global economy. The transition from communism to a market economy has been so badly managed that, with the exception of China, Vietnam and a few East European countries, poverty has soared and incomes have plummeted ... The problem is not with globalization, but how it is managed.<sup>255</sup>

The real value of the Sino-African relationship, especially with regard to China's willingness to set a common agenda for interaction, lies in Africa's opportunity to work with China in a better management of globalisation for mutual benefit. As South Africa's former deputy foreign minister, Aziz Pahad, stressed: 'Unity and solidarity among countries of the South is an indispensable element in the defence of our right to development and for the creation of a more just and equitable international order and for preserving and nurturing the policy space necessary for developing countries to pursue their development objectives.'<sup>256</sup> China's generous offer to develop a process towards restructuring restrictive global economic institutions and ameliorating the worst aspects of globalisation gives Africa an opportunity to develop a mutually beneficial and effective South-South relationship. A common China-Africa programme to advance a 'post-Washington consensus' offers numerous prospects for improved developmental opportunities.<sup>257</sup> Africa's task is to rise to China's challenge and cooperate in the development of realistic and achievable objectives for common development and prosperity.

## FOCAC PROGRESS

At the most recent FOCAC follow-up meeting in Beijing, African countries expressed general satisfaction with the achievements of the FOCAC process and congratulated Beijing on the pace and content of implementation. However, as Ambassador Zhong Jianhua pointed out, FOCAC is a relatively new process and it is too early to judge the success of its outcomes.<sup>258</sup> China is moving speedily ahead with the implementation of promises, such as the planned economic zones in Africa, agricultural development centres and anti-malaria centres. The Ministry of Commerce has also sent delegations to more than ten African countries to investigate economic development priorities, with

training teams and medical personnel exploring joint projects in more than 20 African countries. Grant agreements have been concluded with a number of countries, laying the foundation for the initiation of 30 development projects, while preferential export credit agreements have been concluded and zero-tariff rating agreements on imported items to China have been concluded with 25 African countries.

However, Africa needs to strengthen its commitment to FOCAC by speeding up the implementation of FOCAC undertakings. Construction delays, caused by bureaucratic difficulties, are often experienced by Chinese companies seeking to implement FOCAC projects. Progress on other FOCAC undertakings include:

- Initiation of work on the African Union's conference centre in Addis Ababa (expected completion date: 2010)
- Establishment of 26 training courses, scheduled to be attended by 6 000 trainees from Africa
- Agricultural experts have been sent to 34 African countries
- Agreements for the establishment schools in 16 African countries have been concluded
- Plans to increase youth volunteers to African countries have been concluded
- Scholarships for African students are to be increased significantly

African heads of mission in Beijing have also suggested a range of new areas for expanded cooperation and proposed a range of regional initiatives to complement bilateral projects. Such projects are to be undertaken within the NEPAD framework and would seek to advance regional, rather than country specific, economic growth. The strengthening of Africa's infrastructure is seen as a priority for longer-term African development. In this context Africa is looking to China for new joint projects in the areas of energy generation, transport, information technology, telecommunications, environmental protection, anti-desertification and sea water desalination.

With regard to trade Africa is seeking greater access to the Chinese market through further relaxation of tariff barriers. Increased exports to China, apart from primary products, are a key element in addressing trade imbalances and developing a positive economic relationship with China. Africa has requested increased Chinese assistance in poverty alleviation advice, selected technology

transfers, advice on raising Africa's productivity and beneficiation for African products. African representatives are well aware that the 'raw materials for manufactured products' trade relationship provides short-term advantages, but need to be adjusted to ensure sustainable development. A more structured African secretariat to interact effectively with China's FOCAC secretariat is being considered.

Africa is also seeking an increase in China's support for peacekeeping, particularly with regard to capacity building, training and logistics support. Increased Chinese involvement in African regional or continental peacekeeping efforts would also be welcomed. Furthermore, China's active support for peace building and post-conflict reconstruction is now a priority. Additional agenda items to be discussed at FOCAC IV include water resource management, illegal migration, disaster management, refugee regulation and pandemic disease control. African representatives envisage FOCAC as a strategic alliance between China and Africa, but also favour integration with other initiatives in order to avoid fragmentation and contradictions.

## **FINE-TUNING THE FOCAC PROCESS**

African countries are generally positive about the FOCAC process, but interviews with African ambassadors in Beijing in January 2008 produced new perspectives on the form, content and future of FOCAC.<sup>259</sup> Seven separate African responses were discernable from these discussions.

First, a number of African countries are 'completely satisfied' with FOCAC. They see FOCAC as a very positive process which offers numerous opportunities for the constructive development of Sino-African relations and consider the aid projects which China provides to be appropriate, effective and 'most welcome'. This group sees no need to add to or change the FOCAC agenda and are happy to allow China to drive the agenda and come up with new proposals for cooperation.

A second group are seeking increased African input into the FOCAC agenda to finetune China's approach towards the continent. This group are seeking increased communication, at both high and technical levels, to expand and refine a common agenda. Enhanced Sino-African interaction would benefit from FOCAC planning, management and implementation and put Africa in a better position to choose from the list of Chinese aid projects and development initiatives.

A third group of African states have adopted a more inward, self-sufficient approach, arguing that Africa should limit interaction with China and with all external powers. This group considers Africa's relations with external powers to be inevitably neo-colonial in character and content, making it difficult for Africa to shape the agenda, or benefit significantly from the process. They argue that Africans should rather rely on their own strengths, develop their own economies through regional integration and counter globalisation on the basis of strengthened African unity and cooperation.

The fourth African group favours African solutions with Chinese support and cooperation. This group fear a longer-term dependency on China and would prefer to mobilise China, through FOCAC, to give support to an African development agenda. Africa should plan and shape both economic and political programmes independently and then mobilise China (and other external actors) to support financing and implementation.

The fifth group wants the AU to take the lead in developing a common African approach and then engage China through a specific AU-FOCAC process by means of an independent AU-FOCAC secretariat devoted entirely to developing and managing Sino-African interaction. They want the AU to set common African objectives and identify and prioritise development projects that would be supported by the Chinese. The AU would counsel African governments individually and develop common African positions on key Sino-African issues. Thus the central driving force of the FOCAC process would be a comprehensive and dynamic AU-FOCAC interaction.

A sixth African perspective argues in favour of a merger of FOCAC with NEPAD to advance continent-wide economic development. NEPAD is seen as a development agenda conceived by Africans and crafted by Africans for Africa. A merger between FOCAC and NEPAD is thus seen as the ideal option for Africa's long-term economic development. Given China's strengths in terms of construction and infrastructure development, NEPAD's objectives would be rapidly achieved by a Chinese commitment to help drive NEPAD's agenda. Moreover, as NEPAD is an African initiative, a FOCAC-NEPAD merge would dispel any suggestion that China is pursuing, by design or inadvertently, a neo-colonial agenda in Africa.

A seventh more Machiavellian African approach argues in favour of forcing foreign powers to 'compete for African resources' through the various Africa-external power dialogues and interactions. The aim of this approach would be

to maximise Africa's benefits as African states would reward the highest bidder and develop only those processes of diplomatic interaction which promote external competition and clear African benefits. However, the dangers of this approach are that it could provoke a potential cold war as external powers compete for space in Africa.

None of the seven perspectives dominates African thinking or group formation in Africa-FOCAC interaction. Thus the African approach to FOCAC is expected to remain fragmented, unorganised and contested.

The FOCAC secretariat attached to China's Ministry of Foreign Affairs is widely regarded as doing a good job on organising meetings with African ambassadors in Beijing and providing a comprehensive 'follow-up' on FOCAC implementation activities. The FOCAC secretariat sees FOCAC as a process aimed at supporting China's efforts to 'seek fair competition in Africa in an era of globalisation'.<sup>260</sup> China often has to balance 'unrealistic expectations' on the part of both the West and Africa, and while it can do more, it could only do so in accordance with its own capacity. Over time, as the Chinese economy grows further, China's contribution to Africa will expand accordingly.

The FOCAC secretariat is seeking expanded African input and cooperation in a number of areas, including increased investment cooperation to provide a positive investment environment for Chinese entrepreneurs. Africa should open their economies more to investors and provide comprehensive investment protection in order to attract increased investments from China and also provide more information on investment opportunities to attract new capital transfers. Increased input from Africa in advancing China-Africa business-to-business dialogue processes would significantly enhance commercial interaction within the FOCAC framework. Expanding the Sino-African trade and investment process, under the support and guidance of FOCAC, is viewed as a key longer-term objective, making FOCAC not only a 'dialogue platform' for political interaction but also a facilitator for commercial expansion.

According to the secretariat, advancing the FOCAC agenda requires expanded and enhanced inputs from Africa in the form of new proposals, new ideas and constructive contributions. Individual African countries should coordinate inputs and develop joint proposals and African regional organisations should offer suggestions and proposals to develop a regionally based vision for longer-term interaction with the FOCAC process. Given the relatively short history of FOCAC, China is seeking to strengthen intercourse with Africa at all

levels, enhance dialogue and build a mutually beneficial process of ‘pragmatic communication’, with the purpose of studying and investigating African conditions to ‘explore new possibilities’ for mutually beneficial engagement. In this process, China can learn from the West but is seeking a new form of engagement based on China’s own interpretations, conditions, capacity and interests. In effect, a China–Africa relationship based on ‘Chinese characteristics’ and not an imitation of the West’s approach which is grounded in a colonial legacy and a dependency framework.

According to officials at China’s Foreign Ministry, China’s comparative advantage lies in its own recent development experience and its level of development which offer similar possible solutions.<sup>261</sup> China is not afraid to come to Africa and help Africans overcome their difficulties. This is in sharp contrast to the West, which tends to focus on capital transfer as the key to all developmental problems. Chinese companies are more than willing to adapt to local conditions and experience the hardships of working in Africa. At the same time, China is seeking ‘workable conditions’ and a ‘favourable climate’ for Chinese commercial ventures in Africa to advance trade and investment. The long-term challenge is to develop a Sino-African process which promotes a ‘common prosperity’ for both sides in an ever increasing globalised world. The key to unlocking Africa’s future and attracting significant Chinese investment is ‘economic and social stability’. A stable and positive environment would attract Chinese investors and traders, opening the way for African growth.

Chinese officials emphasise that China–Africa relations are grounded in the ‘same fight against colonialism’ and the same struggle to develop economies in an era of globalisation dominated by American multinational corporations. Because of their solidarity China has a ‘soft spot for Africa – Africa is in our heart’, understands Africa’s ‘pain of colonialism’ and seeks to help Africa escape dependency and poverty. In the post-Cold War system China and Africa continue to need each other’s cooperation on many issues, especially in terms of economic interaction. China is willing to share its development experience and assist Africa in building a viable development road map.

Although the West’s approach to Africa is ‘understandably different’ from that of China, Western media criticism of China’s actions in Africa is often unfair and ill informed. China’s commercial engagement with Africa is a relatively recent occurrence and China cannot be expected to mirror the West’s approach which has a long, expansive and complex history. China’s unique

history of engagement and different culture must inevitably produce an alternative form and content of interaction. The West wants China to follow the same engagement methodology, but this is prescriptive and counter-productive. China wants to live in harmony, not in conformity with the rest of the world. Moreover, the West pursues a double standard in international relations, engaging non-democratic countries where national interests demand, but criticises China for doing the same. Obviously, the complexity of international affairs and the inconsistencies and alteration of African governments and local conditions complicate all interactions with Africa. China is well aware of the problems in Africa, but does not presume to have instant or easy solutions. Long-term interaction is intended to produce a win-win outcome for both sides, using the FOCAC process to provide the foundation for win-win negotiations and mutual prosperity.

Chinese officials point out that the problems in Africa are an international responsibility and not the responsibility of China exclusively. Peace and security issues should be addressed by African regional organisations, the AU and the UN. China can support and contribute to this process at all levels, but only within its ability and capacity as a developing country itself. China has a limited ability to effect major political and economic outcomes in Africa, but FOCAC is intended to advance positive Sino-African diplomacy and provide a framework for China's contribution to African problem solving in the long term. The FOCAC secretariat is tasked with coordinating the various Chinese government departments responsible for implementing different aspects of the FOCAC agreement (see appendix) and the depth of Chinese commitment to FOCAC, as evidenced by the broad range of government departments that are involved, is testimony to China's attention to this process. This wide involvement also offers an opportunity for a wide variety of interaction.

Generally, African representatives are of the view that China 'will deliver' on its promises. China is enthusiastic about the FOCAC process and determined to ensure that it is a success. Chinese officials at the FOCAC secretariat are seen to be well organised and committed to the implementation of FOCAC undertakings, while at the same time ensuring the long-term future of the process. However, Africa has no effective follow-up mechanism and cannot build a constructive relationship within the FOCAC framework. Some African diplomats argued that the AU Commission should engage with China on FOCAC as a stronger FOCAC-SADC relationship would advance greater

Chinese involvement in regional projects. Although FOCAC is a multilateral forum, most of its outputs are distinctly bilateral. A stronger FOCAC link with regional organisations, such as SADC and ECOWAS, would produce a bigger impact on regional economic growth and development.

African ambassadors complain that accurate data on China's FOCAC activities are not widely available and that they find it difficult to monitor progress on FOCAC. For example, there was no certainty on the number of schools built by China in terms of FOCAC promises. Although China does report back periodically, Africans would like more sharing of information. This would enable African ambassadors to provide more timely and useful comments and strengthen possibilities for greater synthesis with NEPAD and individual African development agendas. There is a perception among African ambassadors that China 'will deliver', but an increased exchange of more technical and detailed information would benefit the FOCAC implementation process. Moreover, the enormous goodwill generated by fulfilment of FOCAC promises will have a very positive spill-over effect for China.

There is widespread consensus among African diplomats that China's bilateral interaction with the continent has been very effective. China has been highly receptive to the specific development needs of various African countries and has been able to provide positive contributions in many cases. However, Africans would like to see a more 'continental approach' to broaden and strengthen FOCAC, based on stronger FOCAC–AU engagement and enhanced FOCAC–regional organisation interaction. The expected outcome would be a more effective developmental process favouring regional economic growth and the enhancement of economies of scale. A closer interaction with both the objectives and methodology of NEPAD would enhance FOCAC's ability to strengthen Africa's development agenda. The longer-term vision for Africa is a continental development approach where railways and roads criss-cross the entire continent, rather than being limited to country-specific transport systems. The latter are reminiscent of the colonial approach in that they are usually intended to transport specific raw materials from the source to a port for export to the (colonial) power. China could counter any accusation of imitating a colonial approach if it developed regional or continental African transport system, promoting economic growth more generally for Africa and allowing African economies to diversify.

Some African voices have suggested that the FOCAC-African senior officials meetings are 'too structured' and do not allow for candid discussion on

differences. Sino-African relations could be significantly enhanced at this level through expanded interaction and more functional communication so that African countries can raise specific issues and help to develop focused and relevant proposals. More effective technical cooperation would also lead to more effective diplomatic and political interaction. The feasibility of proposals and projects should be decided at a technical level. It would seem as if the FOCAC-Africa foreign ministers' meetings are not conducive to constructive and detailed interaction and are thus not very effective in driving the FOCAC agenda. An approach based on a 'workshop model' where issues can be unpacked, debated and refined is proposed as an improvement. The central objective of this approach would be to develop what some Africans call a 'true China-Africa partnership' for mutual benefit. This would of course require a much stronger preparation and commitment from Africa's side to develop and enhance the FOCAC process.

With a view to strengthening and empowering Africa through FOCAC, African representatives have proposed a number of new initiatives. These include greater commercial interaction with China through joint ventures which offer Africa an opportunity to mobilise and help direct China's strengths and competitive advantages in engaging Africa. Rather than seeking to counter Chinese competition, China's involvement in Africa should be embraced through a constructive and mutually beneficial joint venture approach. One such example is the ICBC-Standard Bank in which appropriate commercial competitive advantages were merged to the benefit the continent as a whole. South Africa seeks to promote this model with African countries providing the hands-on experience and market knowledge and China contributing new skills and capital. African 'complaints' about China's commercial focus and business acumen are counterproductive and Africa should rather seek to develop an approach which would benefit both sides. African representatives are also increasingly favouring a greater African effort to engage the Chinese market. The expanding Chinese market offers new opportunities for African producers and investors, and China is open to new ideas and welcomes commercial engagements from all parts of the world. There is a strong sentiment that African companies should stop complaining and concentrate on itself extracting the maximum advantage from the relationship with China, possibly through joint ventures and innovative strategies for market entry into China.

African representatives have argued that much of the criticism directed at China over its engagement with Africa is 'exaggerated and misdirected'.

Criticisms ignore China's foreign policy paradigm and developing country status, which means that it, too, has many challenges to overcome in its own development programme. It is unfair to compare and judge China with other external actors, such as the United States, United Kingdom, France and Germany, for Sino-African relations in general and FOCAC in particular should be judged in terms of China's developing country status and the internal economic and political problems it has to address. FOCAC is a diplomatic process of engagement between developing countries which offers Africa an opportunity to 'accept or reject' different aspects of China's engagement with the continent. As a relationship of equals, FOCAC provides opportunity for mutual advancement, in contradistinction to African relations with former colonial powers which tend to be unequal, prescriptive and domineering. The West has tried to maintain relationships of dependency with Africa, but FOCAC offers an opportunity to break those bonds and forge a new, more positive relationship.

A recurring theme in the African response to Western criticism of Sino-African relations is the need for Africa to manage their own political systems effectively and develop mutually beneficial external relations with China as well as with other powers. They contend that it would be 'unrealistic' to expect China to promote democracy in Africa. Moreover, the promotion of African good governance is an African project, not a Chinese obligation. For Africa, the development of Sino-African relations implies maximising opportunities and taking advantage of China's willingness to engage Africa on equal terms. The general sentiment of African representatives is that it is largely a 'waste of time' to engage in endless criticism of China's African engagement, and that Africa should rather work harder to identify and exploit the positive aspects of Sino-African interaction. In this context, the priority is to attract Chinese production to Africa to advance the industrialisation of the continent. To do this Africa needs to improve its investment environment and provide a sound foundation for commercial and industrial growth.

African voices have suggested that within FOCAC China is 'willing to listen' to Africa, but Africa 'must be specific about what it wants'. African governments should 'be specific and unified' and China's goodwill at the conference table must be matched by Africa's ability to articulate its goals and dreams. This requires increased preparations on Africa's part which could be enhanced if it was better able to track process. Non-governmental organisations could contribute to Africa's preparations for FOCAC meetings and help to identify

priorities and specific projects, as could China–Africa friendship associations and think-tank coalitions. African interaction and coordination with Western donor agencies could also help Africa to ‘maximise benefits’ from the partnership with China. African co-ordination of Western and Chinese engagement would also help to maximise positive outcomes. Some African representatives are seeking an expansion of Chinese investment zones and industrial parks in Africa to provide focused development areas, which would be intended to attract Chinese investments and be supported by Chinese technical training and technology transfers. To maximise Africa’s development potential, China should open its markets to African products further by providing special incentives for Chinese consumers who take up Africa’s offerings.

## ADVANCING THE FOCAC AGENDA

China has signed bilateral agreements with a number of African countries to encourage and protect investments. Chinese investment in Africa over the next few years is expected to increase very significantly and the focus is expected to be on raw material extraction and transportation.<sup>262</sup> Continued growth of the Chinese economy will increase the demand for raw materials, many of which will be sourced from Africa. Chinese companies have advantages over competitors in Africa because of the strong backing they receive from their government. The Chinese government has also initiated a new programme to encourage companies to expand their operations overseas. China’s Ministry of Foreign Trade and Economic Cooperation (MOFTEC) has suggested that there are good opportunities for new commercial ventures in a number of African countries.<sup>263</sup> China’s commitment to advance trade and investment in Africa holds out a promise for the future because Africa can obviously not base its economic development on aid and external assistance.

African representatives are aware that they are often ‘too slow’ and uncoordinated in their responses to Chinese initiatives. Increased dialogue and interaction among African countries is required to advance the FOCAC process and to ensure a win-win outcome in the long term. An increased sharing of information, ideas and objectives among African countries is required to build the process. Africa is seeking greater Chinese coordination with African priorities, both nationally and regionally, to support development. Africa is supporting China’s rise and Africa looks to China for effective support and investment

which will support ‘Africa’s rise’. At the same time, Africa’s rise is promoting accelerated external interest in the continent and a new interest in economic interaction. However, as Ministry of Foreign Affairs officials point out, this is not a ‘new Cold War’ (an ideological contest), but rather ‘cold competition’ (an economic contest) and an integral component of the West’s economic system of free markets and global economic integration.

Outside of the process of expanded political and economic interaction through FOCAC, African representatives have referred to ‘assistance priorities’ which can contribute significantly to Africa’s longer term success. These priorities include ‘targeted investments’ which create jobs in Africa and stimulate domestic economies. The establishment of industrial parks in Egypt, for example, offer numerous opportunities for developing the local economy. Technology transfers to Africa could be very effective in advancing development in specific economic sectors. China’s willingness to offer training to Africans is useful in this context, but the training programmes need to be appropriate for African conditions and requirements. For some African diplomats, the emphasis should be on ‘what we (Africa) want from China’. Africa’s list of requirements needs extensive debate and strong cooperation to clearly articulate aims and objectives.

## CONCLUSION

The FOCAC process has a high possibility of success, given that China is ‘willing to listen’ to African requests, but African governments should be specific and unified in advancing and expanding the FOCAC agenda to take advantage of the numerous possibilities for broader Sino-African interaction. Thus FOCAC should be more than a process of ‘repackaging existing bilateral arrangements’ and an expansion of multilateral opportunity and international cooperation.

The Sino-African Forum is widely regarded as an extremely valuable process for African diplomacy, but could be strengthened significantly if Africa ‘increased its ownership of the process’ through more direct involvement in FOCAC objectives.<sup>264</sup> Africa benefits significantly from regular and structured interaction, with Beijing building on past interactions and identifying new opportunities.<sup>265</sup> Chinese aid, especially in the form of medical assistance, agricultural management, construction and debt relief is extremely important to many African countries. China’s commitment to follow up on decisions reached at earlier meeting has been widely welcomed and Beijing incorporated many

government departments into their follow-up process.<sup>266</sup> The momentum of two-way trade is certain to accelerate in the years ahead given the evident complementarity of the Chinese and African economies, but African states must be more focused in identifying products which can be sold in China. The strong growth of the Chinese market offers opportunities for African producers, but they need to identify and grasp them. Growing opportunities for investments in Africa are expected to be attractive to Chinese enterprises, while the massive potential for investment in China cannot be ignored.<sup>267</sup> The economic objectives of the FOCAC process as originally outlined at the 2000 ministerial meeting are well advanced and provide the framework for common economic growth and prosperity.



# 10 FOCAC and strategic opportunities for cooperation

## AFRICA'S CHALLENGE

China's foreign reserves now stand at over \$1,5 trillion, while the establishment of a sovereign investment fund of \$200 billion provides the foundation for China's long-term engagement with the African continent. China has the political will and the economic capacity to advance Africa's development agenda, while benefiting from growing trade and investment opportunities on the continent. At the same time, China has an African track record of actions and not only words. China's engagement with Africa is markedly different to the Western based charity-business, conditional-aid and humanitarian-diplomacy approaches which have produced limited results over the last two decades. The West has offered much debate and media hype on Africa, but on the ground results are unimpressive. Inconsistencies and unfulfilled promises have been a feature of Western interaction with Africa, while Africa remains underdeveloped, without infrastructure and poverty levels increase. The Western engagement model has failed to either effectively assist Africa or provide the foundation for Africa's own development, hence the political and economic lacunae which China is now filling. As Garth le Pere has observed:

Fears about China's growing engagement with Africa are exaggerated. While there are legitimate concerns about how this relationship should be managed, the phobias about China's impact on Africa are largely products of Western inspired hypocrisy and arrogance that are increasingly being echoed by Africans themselves.<sup>268</sup>

China brings to Africa a development model that offers hope for poverty reduction and long-term prosperity without an army of external advisors, institutional instruction or paternalistic tutors. Chinese labourers on the continent are invited, disciplined, hardworking and committed to completing the contractual arrangement within the stipulated time frame. The philosophical differences which underpin the Washington versus the Beijing approaches are to be found in disparate interpretations of Africa's current phase of economic development. For the West, Africa is a continent outside the mainstream of globalisation afflicted with an enormous collection of political, economic, health and social problems. For China, Africa is a continent of opportunity, ready for development, with significant trade and investment potential. Moreover, the challenges which Africa face are not too dissimilar to the mountains which China has climbed in its own development since the early 1950s. Thus the West characterises Africa as a continent in crisis and actions are limited by pessimistic perceptions. On the other hand, China sees a continent of challenge and opportunity and is motivated by an optimistic vision.

China's empathy for Africa's economic plight has been confirmed by Beijing's action in cancelling the debt of 31 African countries. Thus China has followed action with words in tackling one of Africa's biggest economic problems and sets an example for the developed world. Moreover, a positive historical relationship underpins FOCAC. As Ethiopian Prime Minister Meles Zenawi commented at the 2003 FOCAC conference:

China's contribution was not only limited to the liberation of Africa, but also to the economic development of our continent. The people of China have always been reliable friends to the people of Africa, as Africa has always been a reliable friend of China and its people.

He added:

The first FOCAC conference held in Beijing during October 2000, was a significant watershed in the history of the fraternal relations between China and Africa. This forum has established a mechanism which has afforded us the opportunity to nurture and deepen our cooperation.<sup>269</sup>

For China the advancement of global peace and development is not possible without addressing the growing economic divide between North and South. China has therefore called on the developed countries to pay more attention to Africa and respond more energetically to the continent's socio-economic problems. Given China's similar colonial history and struggle against poverty, a Chinese understanding of Africa's economic dilemma lies at the root of Sino-African solidarity and serves as a strong foundation for cordial relations.

The challenge for African governments is to respond to China's engagement with effective and appropriate suggestions for the development of positive interaction. In this context the future of mutually beneficial interaction falls within the framework President Hu Jintao outlined during his visit to Gabon in 2004:

- Strengthen traditional friendships through high level contacts, seen by China as the starting point for interstate interaction
- Advance mutual assistance and mutual benefit by promoting the common prosperity of China and Africa through commercial interaction
- Jointly meet the challenges of globalisation through policy coordination and synchronisation
- Develop the cooperative network (FOCAC) to safeguard the rights and interests of developing countries through an international decision-making system that is democratic, transparent, fair and equitable<sup>270</sup>

China's challenge is to provide support and advance a win-win relationship with African states, while at the same time pursuing its own national interests. A stable, mutually beneficial relationship will translate into a long-term political and economic alliance providing the foundation for both Chinese and African economic prosperity.<sup>271</sup> The FOCAC process can develop a mutually rewarding economic subsystem linking Africa to China. The key is to avoid a 'structuralist' relationship which will lock Africa into a position of disadvantage, when the option China is proposing is a South-South strategic partnership.

China's evolving Africa policy provides strategic opportunities for a significant advancement of Sino-African economic interaction. China's continued economic growth will open many new opportunities for Africa's commercial engagement with Chinese consumers.<sup>272</sup> In terms of trade, China's amicable agreement to open its markets to selected African products from the poorest African countries offers hope to African producers and sets an example for future broader free trade agreements. The compatibility of Chinese and Africa economies, exchanging primary products for manufactured goods, bodes well for accelerated trade over the longer term.<sup>273</sup> Investment flows to Africa from China are set to increase significantly as Beijing partners with African enterprises in the extraction and export of raw materials. Sino-African interaction confirms China's compassionate, friendly and supportive policy towards Africa and provides the foundation for an accelerated advancement of mutually beneficial commercial and political interaction.

The Afro-Asian solidarity, forged in the anti-imperialist struggles, provides the political foundation for the evolving China–Africa relationship. Now purged of any ideological content, China's engagement is largely an urgent commercial agenda intended to feed its burgeoning economy. The need to ensure continued economic growth and to satisfy domestic expectations drives a new relationship with Africa. At the same time, China carries a similar historical burden to that of Africa, described by the Chinese leadership as having overcome the 'three big mountains' of imperialism, feudalism and bureaucrat-capitalism. With similar historical experiences as the backdrop to Sino-African interaction, Beijing has a clear and empathic understanding of Africa's struggle against external influence and economic problems. China thus has the potential to become a true partner in Africa's economic renaissance. Moreover, the Beijing Consensus approach is not donor based but rather foresees that African countries will independently resolve their own problems. The philosophical underpinning of China's Africa policy is encapsulated in the notion of 'African solutions for African problems' and is carried out by treating African governments as equals and avoiding interference in domestic affairs. Mutual economic development in terms of 'prosperity for all' within a framework of win-win or mutual benefit, drives China's economic engagement philosophy, as opposed to Western, sometimes unrealistic and fanciful conceptions such as 'making African poverty history'.

Interviews with African officials in Beijing during January 2008, pointed to a number of shortcomings in the FOCAC process which African states feel

should be addressed as the process evolves. A greater Chinese interaction with regional organisations, such as SADC, and with the AU was identified as a priority. Increased Chinese interaction with regional groupings would broaden the development agenda and give China a regional, rather than a limited bilateral, impact. This would be in line with Africa's increasingly regionally focused development agenda which requires broader and more comprehensive interaction by external actors. The lack of an African based 'follow-up committee' was considered to be a key weakness in the FOCAC process. African states are unable to adequately monitor progress on FOCAC and suggest new areas of interaction and cooperation. Suggestions were made that such a follow-up committee be established within the AU to coordinate Africa's response to Chinese initiatives and programmes. With regard to the issue of following up on FOCAC undertakings, there was nevertheless a strong feeling that China would 'deliver on its FOCAC promises', as it has done in the past in the case of for example debt relief.

From the African side, there is clearly a need to strengthen Africa's contribution to shaping FOCAC and crafting a framework in line with African expectations and objectives. Africa needs to provide more concrete suggestions on how the FOCAC process can benefit African development programmes and economic growth trajectories. In other words, Africa needs to work harder to fulfil the win-win aim of Sino-African interaction. A more balanced relationship with greater input and ownership from Africa would silence suggestions that the China-Africa relationship approximates a new neo-colonial interaction. African should focus on its own competitive advantages in an era of increasing globalisation. Economic and political synergies mutually conceived would significantly strengthen the long-term viability of the FOCAC process. Moreover, Sino-African debate on issues of difference, such as non-intervention and humanitarian intervention, would strengthen and mature the relationship. The issue of sustainable development in Africa and how China's engagement with the continent can be adjusted to advance this outcome is another urgent agenda item for FOCAC.

## **FOCAC AND NEPAD**

For some African governments, a closer synchronisation between FOCAC projects and NEPAD is a priority. Given NEPAD's importance as an African originated development programme and Africa's endorsement of NEPAD's

objectives, a greater Chinese participation would be welcomed. Specific NEPAD projects on the drawing board could be brought to fruition through FOCAC aid programmes. For example, the planned Inga project to produce electricity from dams in the Democratic Republic of Congo could be implemented as a FOCAC-NEPAD joint initiative to open up the vast economic potential of the Central Africa Region for mutual long-term benefit. To realise this process, formal communication and consultation between the FOCAC and NEPAD secretariats should be institutionalised.

A FOCAC-NEPAD symmetry would be best pursued via a development strategy of collective and structural reform (South-South cooperation for a new economic order) while embracing globalisation through participation (neoliberal approach), rather than withdrawal and self-reliance (protectionism). Given NEPAD's ambitious agenda and limited progress to date, Africa's development process should focus on attracting foreign direct investment as the key to advancing an accelerated growth trajectory. This would require improved investment conditions, the establishment of special investment zones and specific investment criteria. Improving investment conditions would encourage an increase of American, European and Chinese investment in Africa, benefiting both the host economy and the investing states.

NEPAD provides an acceptable framework for collective action to promote economic development on the African continent. It is specifically designed to provide the foundation for Africa's economic development and effective integration into global markets. NEPAD is based on three key elements outlined as preconditions for development, priority sectors and the mobilising of resources, in terms of which an improvement in African governance is identified as a critical factor in initiating and advancing economic development. Regional cooperation and integration are intended to increase intra-African trade and encourage inward foreign direct investment. Development in the 'priority sectors' such as health, education and infrastructure have been identified as essential for sustainable long-term economic development. Economic success is to be advanced via a 'mobilisation of resources' such as increased domestic savings, improved management of public revenue as well as increased inflow of foreign capital in the form of investments or overseas development assistance.

Achievement of NEPAD's economic goals depends to a large degree on advancing good governance which in turn implies reducing corruption, increasing transparency and accountability and improving regulation of financial systems.

Good governance is seen as critical for increased investment from developed countries and for sustainable economic development over the longer term. The NEPAD Peer Review System is intended to advance the concept of good governance via a periodic review of African governments. However, a precondition for African development and for the success of NEPAD is the establishment of lasting peace and security, and this is accordingly the most urgent agenda item in many countries and regions.

Economists suggest that Africa would need about \$70 billion annually to attain its target of growing its economy by 7 per cent annually. NEPAD has raised new hopes for the future of the continent, but according to the UN, Africa's ongoing conflicts remain the biggest challenge. Former UN Secretary-General Kofi Annan has pointed out that 60 per cent of the UN Security Council's agenda focuses on conflicts in Africa, a situation which clearly undermines prospects for economic and political development. NEPAD recognises that Africa cannot promote economic development without external assistance. The 7 per cent growth rate needed to tackle poverty in a meaningful and sustainable way, will require private investment and contributions from industrialised countries. Thus Africa's longer-term development is to a certain extent dependent on support from industrialised nations. But to gain the support of external investors, NEPAD requires that African leadership build democratic governments and create the conditions for economic growth.

With regard to African leaders, it calls for:

- Effective conflict prevention and resolution strategies
- Agreement on minimum standards of governance (respect for the constitution, regular elections, separation of the powers of the legislature, executive and judiciary and independence of the judiciary, central bank and auditor-general)

With regard to governments, it requires

- Agreement on the role of regional organisations in monitoring and enforcing compliance with agreed standards
- Establishing and maintaining macro-economic stability, particularly by developing targets for fiscal and monetary policies
- Harmonising economic policies and joint planning and ownership of key regional public goods

- Promoting agricultural development and diversification into agro-industries and manufacturing
- Promoting infrastructural investment

This is seen as an important attempt to redefine the relationship between Africa and industrialised countries. From the latter it requires minimum standards on aid and market access, such as:

- Effective support for conflict prevention and resolution on terms agreed with legitimate African organisations
- Partnership in priority programmes on infectious diseases, information and communication technologies and market access
- Integration of aid into national budgets when agreed conditions are satisfied
- Increasing development finance and capital flows into Africa
- Agreements on a code of behaviour to reduce involvement of industrialised countries in conflicts in Africa
- Support for reform of multilateral institutions to ensure effective African participation

Unlike structural adjustment programmes imposed by the IMF or World Bank, NEPAD is a development programme drafted by Africans for Africa. In supporting the programme, African leaders have committed themselves to the pre-conditions for sustainable development which include the enhancement of economic governance, human development, access to the industrialised markets, promotion of regional integration and a fairer international trading regime. The unique feature of the plan is the possibility of increased and sustained peer pressure among leaders to enhance the credibility of policies and agreements. On balance, NEPAD provides a useful long-term objective for African development, but fails to suggest ways of ensuring that Africa's basic political and socio-economic building blocks are provided as a foundation for development.

Some critics have dismissed NEPAD as an ineffective and cumbersome mechanism for advancing African development. However, NEPAD still holds enormous promise for future development and prosperity on the African continent.<sup>274</sup> At the same time, NEPAD is a long-term project and should not be judged on short-term time frames. With continued international support (North-South and South-South) and African commitment to this process, NEPAD could provide

a successful foundation and economic road map for the prosperity of Africa's people. However, NEPAD has little chance of success without the commitment and clear political will of Africa's leadership. Given the complexity of the NEPAD initiative and the difficulties in simultaneous implementation on a continent made up of 53 sovereign states, the way forward for NEPAD should be a more narrow focus on realistic, achievable objectives. In this regard an emphasis on attracting more foreign direct investment to Africa, along with technology transfers, skills transfers and development of new infrastructure, will provide the opportunity for driving the next phase of Africa's development agenda.

Jeffrey Sachs points out that in the cases of India and China (and other east Asian economies), significant foreign direct investment transfers have resulted in 'unprecedented rates of economic growth'.<sup>275</sup> Sachs' evidence clearly shows that where countries have received high levels of foreign direct investment, GDP per capita has improved. Moreover, high rates of foreign direct investment inflows are associated with high growth rates. Africa's lack of development is not caused by economic exploitation, or neo-colonial interventions, but by a lack of effective integration with the international economic system. A similar pattern is evident in trade activities, and countries with open trading systems have grown faster than those with closed systems. Sachs concludes that 'there is simply no evidence whatsoever that trade protectionism, or the absence of multinational companies does a whit to end extreme poverty'. It is thus suggested that the way forward for Africa's development should be reform, or refocusing with greater emphasis on foreign direct investment as the key to unlocking a growth trajectory without complex political or economic policy changes which are costly and difficult to implement within a short time frame. To this end both Chinese (with regard to its planned special economic zones in Africa) and European investors could contribute to Africa's economic progress.

## **AFRICAN SCENARIOS AND FOCAC**

Whatever the plan for Africa's development, the approximate outcome is represented in the 'Africa renaissance scenario' of the South African Institute of International Affairs (SAIIA) and the Brenthurst 'Africa takes charge scenario' set out below. Both scenarios outline elements constituting a successful future for Africa which would underpin long-term economic growth and prosperity. The Africa success scenario is obviously the objective for both African governments

**Table 30 The SAIIA African renaissance scenario**

- **Globalisation drives greater inclusiveness for the SADC region**, boosts trade, improves competitiveness, increases information exchange, enhances governance and accelerates tourism and related infrastructure
- **HIV/AIDS, malaria and tuberculosis are treated effectively**, rates of infection are stabilised and then decline, the socio-economic and political impact of these diseases is commensurately diminished
- **SADC is effectively restructured and plays a central role** in the formulation, co-ordination and implementation of region-wide policies, from health and poverty eradication to security and finance. The Free Trade Agreement boosts intra-regional trade in a mutually beneficial manner
- **The Bretton Woods and international aid agencies** play a focused, progressive and supportive role. The enhanced heavily indebted poor countries initiative in particular delivers regional-wide benefits
- **The global economy** revives in the short term and the South African economy meets the 6–7 per cent growth target and thus acts as a positive driver for the region as a whole. Sound macro-economic policies are applied throughout SADC, thereby facilitating sustained economic growth
- **Trade, investment and infrastructure** in the SADC region grow strongly, boosted by the Free Trade Agreement, the Africa Growth and Opportunity Act, Cotonou, the South African-European Union Trade Agreement and the World Trade Organisation
- **Mining acts as a key positive driver in the region**, the considerable planned mining exploration, extraction and infrastructural developments come on stream and the industry continues to attract high levels of foreign direct investment
- **Regional security improves** through the ending of civil wars in Angola and the DRC as well as reduced conflict in Zimbabwe; human security improves amongst others through enhanced food security
- **Crime and organised criminal networks are brought under control and then reduced** through the positive impact of diminished regional conflict, improved regional policing, cooperation and intelligence
- **Political leaders strengthen and consolidate democracy** in the region; good governance, constitutionalism, political pluralism, the proliferation of civil liberties and the rule of law are entrenched
- **Tourism becomes a major positive driver in the region**, and has a significant multiplier effect on infrastructure and job creation
- **NEPAD delivers on its full potential** and thereby fundamentally alters African conditions and international relations in a profound, far-reaching and positive direction

Source SAIIA, Southern African scenarios 2015, Johannesburg: SAIIA, 2007.

and external actors. Both Africa and its trade and investment partners want African states to be strong and stable and to experience economic growth and increasing prosperity. Thus regardless of the exact form and content of FOCAC, both China and African participants need to craft a process which leads to the African success scenario. There is no long-term advantage in pursuing policies which do not promote growth and prosperity in Africa. Weak African states and increased social instability undermine trade and investment opportunities, while resource extraction may become impossible. Beijing clearly seeks a successful Africa with growing markets ready and able to trade with China and the world. The FOCAC process provides an ideal forum for China and Africa to work together in crafting a road map which would advance Africa's development and prosperity.

**Table 31** Brenthurst scenario 'Africa takes charge'

The growth agenda	<ul style="list-style-type: none"> <li>■ African countries develop pro-growth, pro-market, politically popular strategies</li> <li>■ Africa is able to gain access to the global economy and to create the domestic conditions for long-term benefit</li> <li>■ New technologies are adapted and there is African innovation</li> </ul>
The democracy agenda	<ul style="list-style-type: none"> <li>■ Africa develops its own democracy models that are appropriate and accepted</li> <li>■ Constitutions are designed to create national identity and inclusive systems of government</li> </ul>
The governance agenda	<ul style="list-style-type: none"> <li>■ African standards of governance are internationally accepted</li> <li>■ Corruption is reduced to acceptable levels</li> <li>■ Local and foreign investment is successfully encouraged</li> </ul>
The social agenda	<ul style="list-style-type: none"> <li>■ Africa's solutions for HIV/AIDS, gender relations, and education are supported and effective</li> </ul>
The security agenda	<ul style="list-style-type: none"> <li>■ Africa's conflict resolution and interventionist strategies prevent violent revolts</li> </ul>
The international economic agenda	<ul style="list-style-type: none"> <li>■ Africa plays a part in creating an international economic architecture allowing for greater trade access, rules-based trade, receipt of foreign direct investment and aid, and debt relief</li> </ul>
The international political agenda	<ul style="list-style-type: none"> <li>■ Africa lobbies successfully for greater recognition and representation in international institutions</li> <li>■ International intervention in Africa is always managed by African regional and/or continental organisations</li> </ul>

*Source* J Herbst and G Mills, Africa in 2020: three scenarios for the future, *Brenthurst Discussion Papers 2*, 2006, The Brenthurst Foundation, Johannesburg, [www.the.brenthurstfoundation.org](http://www.the.brenthurstfoundation.org) (accessed 4 March 2008).

As the Brenthurst study group concluded:

Contrary to the widespread perception that there is a contradiction between China's activities in Africa and improved standards of African governance and democracy, good governance is actually in China's long-term interest because it is the best way to ensure that investor interests are safeguarded.<sup>276</sup>

As an investor in Africa, China's long-term interests must mirror that of investors from other parts of the world who seek legal protection and market growth.

## FOCAC AND SOUTH-SOUTH COOPERATION

South-South cooperation offers a shield against exploitation by the industrialised nations and a realistic alternative to North-South trading patterns which have dominated global commerce since the colonial era. This 'emergent South-South relationship is a historical opportunity for African states to escape the neo-colonial ties to the West'.<sup>277</sup> South-South solidarity offers the promise of countering the increasingly negative consequences of globalisation, driven essentially by the vested interests of the wealthy industrialised nations. Therefore the real value of the Sino-African relationship, especially China's willingness to set a common agenda for interaction, lies in Africa's opportunity to work with China in managing globalisation better for mutual benefit. A successful outcome for South-South cooperation must be based on unity and solidarity among countries of the South with the long-term objective of creating a more just and equitable international order within which accelerated development for the poorer countries is possible.

The year 2005 marked the 50th anniversary of the inauguration of diplomatic relations between China and Africa. Since Premier Zhou Enlai's 1960 visit to Africa, there have been over 800 visits between Chinese and African leaders. Burgeoning trade links and the regular high-level dialogues have provided the substance and the mechanism for South-South cooperation in the context of Sino-African relations. Long-term forecasts predict that emerging economies will benefit from China's continued economic expansion.<sup>278</sup> Sino-African relations are driven by complementary trade patterns which hold the promise of significant upward expansion. Moreover, China's economic success benefits the global economy generally, with increased opportunities for commercial

engagement with the Chinese market. Increasing demand in China's domestic market and the emergence of a wealthy middle class in China in turn offer boundless possibilities for traders and investors.

China's growing interaction with Africa, both bilaterally and multilaterally (FOCAC) offers new hope for countries of the South to restructure inhibiting global economic institutions and ameliorate the worst aspects of globalisation. China's growth on the world stage forms a foundation for linkages with Africa through which an effective South-South relationship for mutual benefit can be crafted. The development of a common China–Africa programme, via FOCAC, to advance a 'post-Washington consensus' offers Africa numerous prospects for improved developmental opportunities and suggests a new agenda for both economic and political relations in the era of advanced globalisation. In response to the new opportunities provided by China's extraordinary economic achievements and a willingness to actively engage Africa as a partner, Africa's leadership needs to rise to China's challenge and cooperatively develop realistic and achievable objectives for common development and prosperity. Moreover, the agenda for transition from a unipolar to a multipolar world requires careful drafting and a consensual implementation plan.

The FOCAC process has evolved into a regular diplomatic dialogue between China and Africa on a number of levels. According to agreed procedures, FOCAC follow-up mechanisms operate on three levels: First, the ministerial conference which is convened every three years, second, the senior officials meeting which is convened one year before a ministerial conference and again immediately before it and third, meetings are held bi-annually between the heads of diplomatic missions of African countries in China and the secretariat of the Chinese follow-up committee, which is attached to the Chinese foreign ministry. The ministerial conferences and senior officials meetings are held alternately in China and Africa. The latter prepare reports on implementation of agreements reached at the previous ministerial conference and recommend draft agendas for the next meeting. The African heads of mission in Beijing have an important role to play in assessing FOCAC implementation and suggesting agendas for future meetings as does the FOCAC secretariat in Beijing in driving the process and ensuring China's full participation. The secretariat coordinates China's FOCAC response among 27 Chinese government departments with a view to maximising China's fulfilment of FOCAC promises and undertakings (see appendix).

As the FOCAC process unfolds in the years ahead, Africa will continuously be offered opportunities to escape the constraining neo-colonial ties to the West, crafted within the historically exploitative North-South paradigm, to build a more equal partnership with a resurgent and amiable China. As a starting point, a closer alignment of FOCAC with NEPAD priorities would go a long way to structuring a common development agenda. Africa's bargaining power is limited by its lack of industrialisation and dependence on primary products as its main source of export, but effective management of its competitive advantages can translate into benefits for China's economy and the citizens of Africa simultaneously. In effect, this requires that Africa transform the 'minerals curse' into a 'vector for socio-economic development'.<sup>279</sup> Africa's leadership must avoid switching from a dependency on the West to dependency on China and focus on building an authentic partnership with China's through bilateral interaction as well as the FOCAC process. Africa should develop a joint venture with China to address common development difficulties, while ensuring mutual benefit, rather than allowing a new asymmetrical relationship with China to replace old neo-colonial links with the West.

With regard to China, it has made the commitment to aid the African agenda. At the 2006 FOCAC Beijing summit China again renewed its commitment to expand consultation, support and co-ordination with Africa in international fora with a view to crafting a new more just global order. China undertook to continue advancing the interests of the developing world in general and Africa in particular within the UN system. Beijing's vision for future cooperation within the FOCAC framework provides a positive foundation for the long-term development of the China–Africa partnership. Africa's charge is to take advantage of China's willingness to engage the continent on a range of political and economic issues and to craft a process which brings benefits to the continent in conjunction with China's continued economic growth. Creative proposals and ideas on Africa's part could significantly expand and consolidate the China–Africa partnership for mutual benefit.

Advancing a shared vision of global political and economic transformation to a multi-polar system and accelerating economic interaction form the foundation of the Sino-African relationship in the context of South-South cooperation. A coordinated and carefully crafted African plan to advance the continent's economic and political interests requires elucidation, with a view to mobilising China as an effective partner to reform the existing global

order. The bonding of China and Africa in a common goal to eliminate the iniquities of the existing outdated economic and political system of global governance provides hope and inspiration to developing countries. The evolving China–African relationship, at the multilateral level via the FOCAC process and at the bilateral level, such as China–South African relations via a formally constituted bi-national commission, serves as a model for South–South cooperation and provides a new framework for effective participation in the North–South debate.

According to former Nigerian Finance Minister Ngozi Okonjo-Iweala, China offers Africa a range of solutions not provided by the traditional North–South relationship. In this context a number of factors are important. China has effectively tackled poverty and has developed a very successful wealth creation formula applicable to developing countries and is willing to share this formula with African countries. Africa needs approximately \$20 billion a year to develop infrastructure. China is rapidly becoming the leader in African construction and has both the technical capacity and capital base to make a major contribution in this area. China is willing to invest in a wide range of economic activity on the African continent while facilitating skills and technology transfers. As China’s economy grows, its ability to make an effective contribution will grow, too. China has shown a commitment to Africa – a sentiment lacking in the West.<sup>280</sup> China’s contribution to Africa has not been limited to the liberation of the continent, but also to economic development. China has consistently proved to be a reliable friend of Africa and Africa has responded positively. Given China’s similar colonial history and struggle against exploitation and poverty, a Chinese understanding of Africa’s economic dilemma and empathy for existing developmental challenges lie at the root of Sino–African solidarity and serve as a strong foundation for cordial relations.

The challenge for African governments is to respond to China’s engagement with effective and appropriate suggestions for the development of positive interaction.<sup>281</sup> China’s challenge is to provide support and advance a ‘win-win’ relationship with African states, while at the same time pursuing its obvious national interests. A stable, mutually beneficial relationship will translate into a long-term political and economic alliance and provide the foundation for both China and Africa’s economic prosperity.<sup>282</sup> The FOCAC process could be used to develop a mutually rewarding economic subsystem linking Africa to China for long-term benefit. However, both sides should be careful to avoid a ‘structuralist’

relationship which would lock Africa into a position of disadvantage, when the option China is proposing is a South-South strategic partnership.

## A PROPOSED SINO-AFRICAN COOPERATION AGENDA

The development of a common Sino-African development agenda requires a more concerted and vigorous diplomatic engagement on Africa's side. A partnership of equals demands a greater African input to the FOCAC agenda and into bilateral engagements. Enhanced South-South cooperation in the spirit of the 1955 Bandung Conference programme for African-Asian solidarity and collaboration offers the vision for future Sino-African interaction. A South African agenda for an expanded FOCAC was proposed by former President Thabo Mbeki at the 2006 summit in Beijing. He proposed a range of new issues, intended to strengthen Africa's role in the process. He argued in favour of developing a 'fair and equitable partnership' which would imply significantly increased African inputs in FOCAC agenda's and processes, amongst others an expanded business dialogue which would facilitate increased trade and investment, human resource development, specifically focusing on areas of greatest need in African development, technology transfers to Africa which could accelerate economic growth and development, and increased investment in Africa, specifically linked to minerals beneficiation to create jobs and stimulate growth in African economies. Overall the objective of Mbeki's framework would be a more sustainable and mutually beneficial trade and investment process. President Mbeki has also argued in favour of linking FOCAC development initiatives to the Millennium Development Goals and to closer cooperation to advance NEPAD (eradicate poverty, halt marginalisation of Africa and integrate African countries into the global economy). Broader, more ambitious goals for FOCAC were identified as a striving for a fair and equitable global trading system, conflict resolution and post-war reconstruction in Africa and reform of the UN.

Apart from the existing and well-established FOCAC agenda items, an expanded and all-embracing cooperation programme could strengthen and consolidate the FOCAC process. Such a 'cooperation agenda' could include joint China–Africa initiatives in the following areas:

- Closer FOCAC alignment with NEPAD, providing support for NEPAD elements and a major impetus to Africa's economic development

- The African Union, where Chinese political and financial support for the programmes and objectives of the AU would be a very welcome contribution to Africa's revival
- Promotion of peace in Africa, as China's decision to deploy increasing numbers of peacekeepers to Africa could alleviate the urgent need for greater peace and stability in Africa<sup>283</sup>
- Restructuring the UN, especially lobbying for permanent African representation to the UN Security Council, which would help to legitimise the organisation in the eyes of Africans<sup>284</sup>
- Reform of the global trading system, to improve access of developing countries to the markets of the developed, industrialised economies (market access and fair trade) and strengthen programmes to eradicate poverty<sup>285</sup>
- Re-shaping of global economic institutions, such as the World Bank and IMF<sup>286</sup>
- Addressing global injustice, discrimination and the marginalisation of developing countries, as outlined in the New Africa-Asia Strategic Partnership (to promote just global governance)
- Peaceful settlement of disputes (with expanded Chinese support for African peacekeeping)<sup>287</sup>
- Demilitarising Africa (and international society)
- HIV/AIDS programmes
- Improving the quality of aid
- Economic growth (with China's own spectacular growth serving as the model)
- Promotion of regionalism (such as a trade agreement with SADC)
- Improved African access to China's consumer market
- Expansion of business-to-business contacts<sup>288</sup>
- Addressing the issues of food and energy security in response to rising prices. Agriculture is expected to take centre stage in Sino-African relations in the future<sup>289</sup>
- Long-term planning to deal with environmental protection

Africa's leadership needs to table constructive, detailed proposals how China can facilitate effective South-South interaction to address the above issues. China's own very successful development programme offers Africa a wealth of experience and knowledge in advancing this process and provides the

model and inspiration for economic development in the post-Cold War era. Mechanisms for on-going policy formulation and synchronisation on key global issues should be established within the FOCAC framework aimed specifically at African requirements. This would be in line with President Hu's declaration at the 2006 Beijing FOCAC summit for advancing Sino-African, South-South cooperation: 'We unanimously agree to build a new type of strategic partnership between China and Africa on the basis of political equality, mutual trust, economic cooperation, win-win and cultural exchanges.'<sup>290</sup>

The key challenge for Africa's leadership is to maximise political and economic advantages from the Sino-African relationship and to ensure a future positive outcome for what is now being called the 'Chinese decade of Africa'.

If managed well by Africa's leadership, China's engagement with the continent could accelerate growth and improve stability across Africa. However, handled poorly, Africa could lose its resource wealth with few rewards, with no meaningful positive impact on security and no foundation for long-term sustainable development. This is why a more concerted and vigorous diplomatic engagement on Africa's part has been stressed time and again. To be a partnership of equals African input into the FOCAC agenda will have to increase, become broader and all-embracing, and directly inform the FOCAC process.

Africa's leadership needs to table constructive proposals detailing how China's commercial interaction or specific aid packages could assist Africa in addressing the above issues. In this regard African leaders should learn from China's own very successful development programme and poverty relief efforts. Mechanisms for on-going policy formulation and synchronisation on key global issues should be established within the FOCAC framework for effective encouragement of a common South-South agenda, with specific African requirements. However, African leaders should still bear in mind that FOCAC is an interactive process, not one based on assistance offered by China in the old Cold War diplomatic style.

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# Appendix

Soon after the first Ministerial Conference, the Chinese side established a follow-up committee of FOCAC comprising the following 27 members:

- |   |  |
|---|--|
| ■ Ministry of Foreign Affairs                       | ■ State Administration of Taxation   |
| ■ Ministry of Commerce                              | ■ General Administration of Quality Supervision, Inspection and Quarantine |
| ■ Ministry of Finance                               | ■ State Environmental Protection Administration                            |
| ■ International Department of CPC Central Committee | ■ General Administration of Civil Aviation                                 |
| ■ National Development and Reform Commission        | ■ State Administration of Radio, Film and Television                       |
| ■ Ministry of Education                             | ■ National Tourism Administration  |
| ■ Ministry of Science and Technology                | ■ Information Office of the State Council                                  |
| ■ Ministry of Land and Resources                    | ■ Chinese Communist Youth League   |
| ■ Ministry of Communications                        | ■ China Council for the Promotion of International Trade                   |
| ■ Ministry of information Industry                  | ■ Bank of China  |
| ■ Ministry of Agriculture                           | ■ Export-Import Bank of China  |
| ■ Ministry of Culture                               | ■ Beijing municipal government   |
| ■ Ministry of Health                                |  |
| ■ People's Bank of China                            |  |
| ■ General Administration of Customs                 |  |

Source: Beijing summit at <http://english.focacsummit.org>.

## THE EIGHT PRINCIPLES FOR CHINA'S AID TO FOREIGN COUNTRIES

Announced by the late Premier Zhou Enlai during his visit to ten African countries in 1964:

- The Chinese government always bases itself on the principle of equality and mutual benefit in providing aid to other countries. It never regards such aid as a kind of unilateral aim but as something mutual

- In providing aid to other countries, the Chinese government strictly respects the sovereignty of the recipient countries, and never attaches any conditions or asks for any privileges
- China provides economic aid in the form of interest-free or low-interest loans and extends the time limit for repayment when necessary so as to lighten the burden of the recipient countries as far as possible
- In providing aid to other countries, the purpose of the Chinese government is not to make the recipient countries dependent on China but to help them embark step-by-step on the road of self-reliance and independent economic development
- The Chinese government tries its best to help the recipient countries build projects which require less investment while yielding quicker results, so that the recipient governments may increase their income and accumulate capital
- The Chinese government provides the best quality equipment and material of its own manufacture at international market prices. If the equipment and material provided by the Chinese government are not up to the agreed specifications and quality, the Chinese government undertakes to replace them
- In providing any technical assistance, the Chinese government will see to it that the personnel of the recipient country fully master such techniques
- The experts dispatched by China to help in construction in the recipient countries will enjoy the same standard of living as the experts of the recipient country. The Chinese experts are not allowed to make any special demands or enjoy any special amenities

## **THE FIVE MEASURES TAKEN BY CHINA TO INCREASE ASSISTANCE TO OTHER DEVELOPING COUNTRIES**

Announced by President Hu Jintao during a UN session in September 2005:

- China will to apply zero-tariff treatment to some products from all the 39 least developed countries that have diplomatic relations with China, which covers most of the China-bound exports from these countries
- China will further expand its aid programme to the heavily indebted poor countries and least developed countries and, working through bilateral channels, write off or forgive in other ways, within the next two years, all the overdue parts as of the end of 2004 of the interest-free and low-interest

governmental loans owed by all the heavily indebted poor countries that have diplomatic relations with China

- Within the next three years, China will provide \$10 billion in concessional loans and preferential export buyer's credit to developing countries to improve their infrastructure and promote cooperation between enterprises on both sides
- China will, in the next three years, increase its assistance to developing countries, African countries in particular, providing them with anti-malaria drugs and other medicines, and help them to set up and improve medical facilities and train medical staff. Specific programmes will be implemented through such mechanisms as the Forum on China–Africa Cooperation as well as bilateral channels
- China will train 30 000 personnel of various professions from the developing countries within the next three years to help them speed up their human resources development

## **EIGHT ECONOMIC AND TRADE MEASURES TOWARDS AFRICA ADOPTED BY CHINESE GOVERNMENT**

Announced at the Beijing summit of the Forum on China–Africa Cooperation, 5 November 2006:

- Double 2006 assistance to Africa by 2009
- Provide \$3 billion in preferential loans and \$2 billion in preferential buyer credits to Africa in the next three years
- Set up a China–Africa development fund which will reach \$5 billion to encourage Chinese companies to invest in Africa and provide support to them
- Build a conference centre for the African Union to support African countries in their efforts to strengthen themselves through unity and support the process of African integration
- Cancel debt in the form of all the interest-free government loans that matured at the end of 2005 owed by the heavily indebted poor countries and the least developed countries in Africa that have diplomatic relations with China
- Further open up China's market to Africa by increasing from 190 to over 440 the number of export items to China receiving zero-tariff treatment from the least developed countries in Africa having diplomatic ties with China

- Establish three to five trade and economic cooperation zones in Africa in the next three years
- Over the next three years, train 15 000 African professionals, send 100 senior agricultural experts to Africa, set up ten special agricultural technology demonstration centres in Africa, build 30 hospitals and provide RMB300 million in grant aid for building 30 malaria prevention and treatment centres to fight malaria in Africa, dispatch 300 youth volunteers to Africa, build 100 rural schools in Africa, and increase the number of Chinese government scholarships to African students from the current 2 000 per year to 4 000 per year by 2009