

**“China in Africa: Implications for U.S. Policy”
Senate Committee on Foreign Relations Subcommittee on African Affairs**

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June 4, 2008

The Landscape of China in Africa

China’s active diplomatic, economic and military engagement in Africa dates back more than a half century. Yet over the past decade, the relationship between China and much of Africa has expanded so rapidly that both sides—not to mention the rest of the world—have been left struggling to understand the new rules of engagement.

Why Africa matters to China is no mystery. China’s top priority is acquiring access to the natural resources—copper, timber and oil, among them—that are plentiful in Africa and critical to China’s future economic development. China currently accounts for approximately one-fourth of world demand for zinc, iron and steel, lead, copper, and aluminum. Africa also offers a growing market for inexpensive Chinese consumer goods, such as textiles and electronics. Politically, African countries often play a pivotal role in support of China’s broader interests: supporting its case against greater international recognition for Taiwan (although this may become less important given the recent warming in Taiwan-PRC ties) and protecting it from censure in various human rights fora.

On all fronts, the relationship between China and Africa is exploding with activity. During 2001- 2007, trade between China and Africa jumped from \$8.92 billion to a reported \$73 billion; China anticipates that bilateral trade will reach \$100 billion by 2010. More than eight hundred Chinese companies are formally registered to do business in Africa and have officially invested \$12 billion. Much of this investment is tied into larger investment, aid and loan packages structured by the Chinese government, such as a recently inked \$9 billion deal with Congo exchanging resource rights to copper, cobalt and nickel mines for extensive assistance in infrastructure development. The Congo deal also typifies China’s strategic thinking about the region: it will develop a special

economic zone in Congo that will be the hub of an industrial distribution system linking Congo by rail and highway to Zambia and Angola, all of which will benefit China's export capacity.

China's economic activity is matched and supported by an extraordinary level of diplomatic initiative. There is an endless stream of highly polished diplomatic forays by China's top leaders to Africa, the establishment of an Africa+China institution, the Forum on China Africa Cooperation, and China maintains the largest number of embassies, consulates and diplomats in Africa of any country. China is also expending significant energy in its cultural and educational diplomacy, establishing 11 Confucius institutes to promote Chinese language and culture throughout Africa and promoting a wide range of student, medical and technical exchanges.

In contrast to its expansive economic and political efforts, China is only gradually expanding its military role and influence in Africa. As of 2006, there were only 15 permanent military attaches and 26 bilateral mil-to-mil exchanges. China's only permanent military dialogue is with South Africa.

For the United States, China's engagement in Africa poses a clear challenge to America's stated commitment to promoting good governance in the region and, according to some U.S. businesses, to American competitiveness. Importantly, China's "go out" strategy is a global not merely a regional one. China in Africa looks very much like China in Southeast Asia and Latin America, suggesting that any U.S. response to China's growing role in Africa will have broader applicability throughout much of the developing world. Second, while China is clearly at the forefront of redefining how outside powers engage in other regions of the world, India, and in some cases, Russia are close behind. Thus, a U.S. strategy designed to meet the challenges or take advantage of the opportunities posed by China's Africa initiatives should account for the future challenges and opportunities posed by other rising global powers.

Emerging Challenges for China in Africa

China's initiatives in Africa have generally been heralded by senior African officials and businesspeople for their focus on providing Africa with what it needs—namely no-strings investment and infrastructure. At the same time, there is a growing sense of disquiet among some African governments and sectors of civil society

concerning how China does business, including rampant corruption, poor environmental and labor standards, the influx of hundreds of thousands of Chinese workers, and, perhaps most importantly in some instances, a perceived mismatch between China's oft-stated principles of non-interference and not mixing business with politics and African interests in better governance and regional security.

- *Inequitable Trade and Investment Deals*—African officials raise several concerns on the trade and investment front: 1) China imports primarily raw commodities from Africa, but exports finished textiles and electronics. Ghanaian Trade Minister Alan Kyerematen has argued that Africa needs to be far more aggressive in identifying market opportunities for finished products in China. 2) China's extraction of resources to benefit its continued industrial development will prevent African industry from developing. As a senior economist for Mozambique's largest business association stated, "The Chinese are building things in exchange for mining rights, timber rights, fishing rights, and these are absolutely bad deals." 3) China is undermining domestic industries in textiles and wood processing (e.g. while timber rich countries export finished wood products to Europe and the United States, Chinese imports are 85% logs).
- *The Export of Chinese labor to Africa*—An estimated 750,000 – 1,000,000 Chinese now reside in Africa; Chinese infrastructure deals often mandate up to 70% Chinese labor. As a result, Africans complain that they receive little benefit from these large deals. In addition, within African cities and towns, Chinese often establish their own restaurants, small hotels/dormitories, and stores to serve the needs of the Chinese workers, thereby limiting the value of the new labor to the local economy.
- *Corruption*—Complaints about Chinese corruption arise from both government and non-governmental actors. Both raise the issue of the significant role Chinese companies play in illegal logging and mining, depriving both locals and the government of legal revenues. The government of Congo, for example, revealed that as much as 75% of the minerals such as copper and cobalt are illegally exported via black market miners, many of whom are indentured to Chinese middlemen and financiers, who then smuggle the minerals to China on cargo

ships via South Africa or Tanzania. Non-governmental actors are also concerned about the lack of transparency in China's back-room, large-scale aid/trade and investment projects, believing that much of the potential economic windfall is siphoned off by senior government leaders in their own countries.

- *Poor Labor and Safety Standards*—Chinese extractive resource industries in Africa have earned a reputation for weak labor and safety standards, as well as low levels of pay, a situation reflected within China itself. (More than 300 people die every day in China because of unsafe working conditions.) Cheng Siwei, Vice Chairman of the Standing Committee of China's National People's Congress, has warned that the lack of CSR by Chinese companies operating abroad is harming China's reputation. (In at least one case, in Zambia, the issue of Chinese business practices became an issue in the national election.)
- *Environmental degradation*—Chinese companies' CSR deficit extends to their environmental practices. Mining companies have come under fire in Zambia for groundwater contamination and failure to undertake mandated environmental impact assessments. The Chinese oil company Sinopec lost its drilling rights in Gabon for its environmentally unsound practices in a national park. Chinese timber exporters are funding extensive illegal logging in Mozambique and Gabon. (Between 70-90% of all exports are illegal.) International and domestic environmental nongovernmental organizations have also condemned poor environmental practices surrounding Chinese dam construction in Sudan and now Mozambique.
- *Regional governance concerns*—China has generally trumpeted its principles of sovereignty, non-interference, and not mixing business with politics as a strong selling point in its relations with Africa. Increasingly, however, African leaders have begun to pressure China to play a more responsible role in regional security affairs. They have called on China to cease arms sales to Zimbabwe, for example, arguing that they are fueling an already highly explosive situation. The African Union has also argued for intervention in the case of humanitarian disasters, as well as supporting democracy, and has called on China to be supportive of its efforts.

China's New Thinking

Chinese officials in Africa and scholars who work on relations between China and Africa are highly attuned to these emerging problems. In speeches, writings and private discussions, these diplomats and scholars suggest that while overall they feel their Africa strategy is quite successful and should stay the course, some aspects will require adjustment. Some of the lines of continuity and potential change include the following:

- **Continue and expand economic, technical and educational ties:** In 2006, Chinese President Hu Jintao set forth an eight point proposal to support future African development, including \$5 billion to support Chinese business investment in Africa, \$5 billion in preferential loans and credits to establish Sino-African trade and economic zones, the doubling of 2006 levels of assistance by 2009, expanding the range of tariff-free items Beijing will import from Africa from 190-440 before the end of 2009, and the provision of technical assistance. China will also increase the number of government scholarships for African students from 2000-4000. (Some scholars argue that much of African elites' commitment to multiparty democratic values, etc. comes from studying in the west and that China should similarly stress its political and economic comparative advantages through educational opportunities.)
- **Overseas Development Assistance:** There has been some debate within China over the lack of untied aid to Africa between those who believe Beijing needs to increase its efforts in this area while others argue that western-style aid projects are not effective. One scholar has suggested that Chinese aid projects allow Africans their dignity and are more stable and equal than those offered by the West.
- **Gradual Reform of Sovereignty Principles:** As the African Union has begun to push China to do more to ensure regional security, China is very gradually assuming a more responsible role (largely through its support of UN peacekeeping missions). China's official position remains that it is limited in what it can and should do as an outsider, that sovereignty must be respected and that with regard to human rights, China, as is true of other countries, has its own human rights problems and shouldn't criticize others. Still, there is now

discussion within Beijing about how to adjust to the AU's belief in conditional intervention.

- **Develop a System of Corporate Social Responsibility**—Raising the labor, safety and environmental standards of Chinese companies in Africa has become a top priority for Ministry of Foreign Affairs officials, who believe that these corporations are seriously damaging China's reputation. (In some cases, MOFA officials must establish a temporary residence in areas where Chinese companies are based in order to help with community relations.) This will be a challenging task: Chinese companies have no tradition of CSR and introducing it in Africa will come only after they address the problem domestically; responsibility for CSR rests with the Ministry of Commerce, which has no experience in these issues; increasingly, the Chinese companies going to Africa are not simply the large state-owned enterprises with financial and political ties to Beijing but rather smaller enterprises from the provinces or private entrepreneurs over whom Beijing has virtually no leverage.
- **Rethink Security Interests**—China has only low-level and limited military engagement with most of Africa. Several factors are prompting a growing interest in a broader security engagement: the safety of Chinese workers, who have been abducted and killed in southern Sudan, Nigeria, Zambia, Ethiopia, and Chad; the increasing presence of India, which has a strong and growing naval presence in maritime shipping lanes; concern over the security of China's supply lines; and the U.S.'s AFRICOM initiative, which some Chinese military experts argue is directed at China's growing role in the region.

Policy Implications for the United States

China's successes and its emerging challenges offer the United States the opportunity to increase its own engagement in the political and economic development of Africa. There are several avenues the United States could pursue in conjunction with China and/or Africa to enhance the U.S. role:

- Bring pressure to bear on Chinese multinationals to improve their environment, labor and safety standards. China's new-found desire to improve the reputation of its businesses operating in Africa provides both the United States and African

countries the opportunity to press Chinese state-owned enterprises to join the Extractive Industries Resource Initiative and/or other global corporate governance efforts such as the global Compact. The United States could also use its Strategic Economic and Political Dialogues with China to raise issues of cooperation on areas of joint concern, such as illegal logging.

- Take advantage of growing Chinese government concern over the security and stability of African states and the Chinese citizens who reside there to engage in broad security cooperation. This might include in some instances joint support for police and military; most certainly it should include the advancement of international standards on transparency and good governance.
- Assist Africa in taking a page from China's own economic development playbook. Throughout China's economic takeoff, the country's leaders have ensured that western assistance and investment benefited Chinese companies and Chinese workers, with domestic labor and sourcing requirements. In addition, they insisted on broad corporate social responsibility, with multinationals required to fund infrastructure such as roads, schools and hotels, as part of the price of doing business.
- Recognize that Africa's leverage with China is often greater than that of the United States. China can often dismiss U.S. pressure by pointing to shortcomings in America's own governance and human rights practices or by claiming that the U.S. is simply trying to contain China. Africa, however, provides China with both resources and international legitimacy. There are significant reputational costs to China when it ignores Africa's requests for good corporate governance or support for regional security.
- Ensure that America's Africa strategy is meeting Africa's perceived needs as well as those of the United States. China gets high marks across the developing world for listening to the interests of its prospective partners. Moreover, its broad and deep diplomatic and economic engagement ensures that even as it falls short in meeting African expectations and needs, it is constantly reassessing and adapting its policies. The United States could likely benefit from the type of broader and

deeper political/economic and strategic integration that China's political and business leaders have brought to their Africa strategy.