The Forest for the Trees: Trade, Investment and the China-in-Africa Discourse

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Introduction

An international discourse of China-in-Africa has emerged in the past few years and is most prominent in the main Western countries, whose links to Africa are densest, i.e. the US, UK and France. Because significant elites in these states see China as a rival for resources and influence in Africa, it is unsurprising that many Western politicians and journalists negatively portray China-in-Africa and, through their domination of global mass communications, spread such representations to the rest of the world.

The discourse is in part about the effects China's presence has on governance in Africa and thus about her alleged indirect support for human rights abuses. A concomitant argument is that China's activities obstruct Africa's development, an argument that can be placed within a right to development framework. Emphasis on that right is ironic, however, given that the discourse of China-in-Africa is most developed in the US and it was the US government that famously stood alone in refusing to recognize a right to development when the United Nations adopted that right in 1998.[1]

A 2007 *New York Times* editorial is emblematic of how the discourse is being played out in Western media. Its title, "Patron of African Misgovernment," refers to China.[2] The editors argued that if African states agreed to put their natural resources "in long-term hock" to the PRC, China would write them big checks, without questions about authoritarianism or corruption. China was said to engage in "callous yuan diplomacy,"

[1] "US Votes Against Development as Basic Human Right," Inter Press Service (IPS), Dec. 10, 1998
[2] "Patron of African Misgovernment," *New York Times* (NYT), Feb. 19, 2007.

enjoy "an ugly partnership" with the "genocidal" Sudanese government, and to have made Zimbabwe's president Robert Mugabe its "favorite," contributing to Zimbabweans lack of free elections and "sane economic policies." The *Times* averred that China is pushing the poorest African workers deeper into poverty by flooding Africa with cheap manufactured goods and lending money to African states without insisting on compliance with social and environmental standards for investments that Western states purportedly promote through their Extractive Industries Transparency Initiative (EITI). *The Times* editors also expressed outrage at a Chinese company's exploitation of Zambian miners.[3]

The essence of the discourse then is that many Western opinion leaders cast PRC trade and investment policies in Africa as promoting "colonialism" or human rights violations.[4] PRC officials deny such characterizations and portray China-Africa links in "win-win" terms. With regard to trade, China's Minister of Commerce has stated that "Some African leaders believe it is China's entry into Africa and China's increasing trade with the continent that have helped some African resources show their true market values."[5]

Some PRC activities in Africa do violate the human rights of Africans, but not in the ways that Western elites claim. Rather, China's policies violate Africans' rights in much the same ways that Western policies do, through disadvantageous terms of trade, the exploitation of natural resources, oppressive labor regimes, and support for authoritarian rulers. These are practices that China's elites used to denounce, but now come close to extolling as dynamic capitalism. For example, in 2007, the PRC government's main

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[3] A frequent trope in the discourse involves allusions to the negative views of "critics" of China's role, followed by examples that support those views. See, e.g. Chris McGreal, "Thanks China, Now Go Home," *Guardian*, Feb. 5, 2007 (critics say China is engaged in "little more than another round of foreign plunder as Beijing extracts minerals and other natural resources at knock-down prices while battering the continent's economies with a flood of subsidized goods and surplus labor").

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

[5] "African People Won't Welcome Colonialists: Chinese Minister," *Daily Trust* (Nigeria), Mar. 13, 2007.

international publication ran an article by Jian Junbao, a scholar from top-ranked Fudan University on Western charges of "Chinese colonialism" in Africa. He stated that "more and more companies from China are entering Africa, but they simply focus on profits regardless of their harmful influences on African society, such as environmental pollution, excessive development and exploitation of local labor." Jian nevertheless argued that the path taken by China is "consistent with the logic of market capitalism-liberal trade" and makes China not a colonialist, but "a successful capitalist in Africa."[6]

While commonalities of Western and Chinese behavior impacting the well-being of Africans are thus fundamental, there are differences. China's experience as a semi-colony, its socialist legacy, and its developing country status, make PRC policies presumptively less injurious to African sensibilities about rights than those of the main Western states. That may change, but China's current activities in Africa are often more appealing to Africans than the continent's links with the US, UK and France.[7] In what follows, we focus on the PRC trade and investment activities in Africa most often denounced as harming African interests. Conclusions are drawn about why the discourse of China-in-Africa has emerged as it has and whether Africans endorse its main tenets.

Africa's Development and China's Imports

China-Africa trade is rising sharply. Only US$3 billion (b) in 1995, it was $55b in 2006, balanced slightly in Africa's favor. While China's 2006 trade with Africa remains far less than the US's $91b, the PRC is in third place, behind the US and France, among Africa's

[6] Jian Junbao, "China's Role in Africa," *Beijing Review* 50:6 (February 8, 2007).
[7] The US government has noted the appeal of China and Chinese in Africa. James Swan (Deputy Assistant Secretary of State), "Remarks to Columbia University's Third Annual China Symposium," Apr. 20, 2007, www.state.gov/p/af/ris/rm/83474.htm; Darren Taylor, "African Respect for Chinese Expatriates Grows," VOANews, May 8, 2007, www.voanews.com/english/Africa/African-Respect-for-Chinese-Expatriates-Grows.cfm

trade partners[8] and asserts that its trade is responsible for 20% of Africa's economic growth.[9] The trade aspects invoked in the China-in-Africa discourse concern both China's imports from and exports to Africa. On imports, it overwhelmingly focuses on oil and charges that China fosters Africa's dependence on earnings from raw materials. A researcher at Canada's University of Waterloo has noted the frequent assertion that "Beijing's demand for African oil and other raw materials has inevitably helped to perpetuate Africa's reliance on oil exports and, is so doing, further prevent the growth of more labor-intensive industries, such as agro-business and manufacturing."[10]

Ten percent of Sub-Saharan African exports went to China in 2005; five oil and mineral exporting countries accounted for 85% of PRC imports from Africa. In 2004, oil and gas were 62% of Africa's exports to China, ores and metals 17%, agricultural raw materials 7%.[11] This profile is not unusual: apart from South Africa, the continent's manufacturing is largely confined to textiles and clothing, which China also produces in abundance. Thus, in 2005, oil accounted for 80% of US imports from Sub-Saharan Africa; apparel was less than 3%, with minerals most of the remainder. Petroleum products accounted for 92.3% of the value of goods imported under the US's preferential African Growth & Opportunity Act (AGOA) in 2005.[12]

About 47% of the 7.2 million (m) barrels per day (bpd) of oil China consumed in 2006 was imported. PRC imports were 6.8% of the world oil trade and supplied 12% of all

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[8] Robyn Dixon, "Africa Holds Attractions for China Leaders." *Los Angeles Times* (LAT), Jan. 31, 2007; "China," Mbendi: Information for Africa, 2007, http://www.mbendi.co.za/land/as/cj/p0005.htm.
[9] "World must do more fro Africa, China's Premier says," Agence France Presse (AFP), May 16, 2007.
[10] Hany Besada, "China in Africa – a Reliable Friend?" *Taipei Times*, March 25, 2007:8.
[11] Harry Broadman, *Africa's Silk Road: China and India's New Economic Frontier* (Washington: World Bank, 2006):11-12, 81. Some 21% of PRC imports of cotton and 26% of imports of diamonds came from Africa in 2005. Some 15.4% of Africa's exports of logs went to China. Ron Sandrey, "The African Merchandise Trading Relationship with China," *Inside Asia*, 2006 (3-4):8-10.
[12] US Department of Commerce, *U.S.-African Trade Profile* (Washington: International Trade Administration, 2006):1, 2, 12.

energy China consumed.[13] China's 2005 oil imports from Africa provided 4% of China's energy needs. Of the 31% of PRC oil imports that came from Africa, Angola's share was 14%, Sudan's 5%, Congo (B)'s 4%, and Equatorial Guinea's 3%.[14] African oil supplied 14.5% of all oil China consumed in 2006, hardly different from the US's importing from Africa of 13.2% of all oil it consumed, imports that provided 5.2% of US energy needs.[15] The China-in-Africa discourse however represents the PRC as aspiring to be the chief taker of African resources, especially oil, and interested in Africa only on that account.[16]

In 2006, China received 8.7% of Africa's oil exports, while Europe took 36% and the US 33%.[17] China thus hardly dominates Africa's oil markets. It does however participate in an oil business in Africa widely understood as exploitative. The price of oil and other internationally-trade primary products, relative to that of industrial commodities, has been historically determined in large measure by asymmetries in political power.[18] Apart from "unequal and disparate exchange" that affects oil and primary products generally,[19] the oil industry is capital intensive and creates few jobs. It is environmentally damaging,

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[13] "Analysis of China's Energy Import and Export," Xinhua (XH), Mar. 19, 2007; "China Oil Demand seen at 7.01 mln bpd," XH, Nov. 10, 2006; "China's Thirst for Energy Complicating Global Policy," Petroleumworld.com, Jan. 18, 2006, www.petroleumworld.com/story06011809.htm.

[14] Erica Downs, "China." Washington: Brookings Institution Foreign Policy Studies Energy Security Series, Dec., 2006:31.

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

[16] See, e.g., Peter Brookes, "Into Africa: China's Scramble for Influence and Oil," *Heritage Lectures* No. 1006 (Washington: Heritage Foundation, 2007):2 (China wants exclusive access to Africa's resources); Hamish Macrae, "We Fail to Work with China at our Peril," *The Independent*, Feb. 14, 2007:32 (PRC interest in Africa only involves resources).

[17] "China Defends Oil Trade with Africa," Reuters, Mar.12, 2007.

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

[19] Peter Custers, "Unequal Exchange and Poverty in African Countries Exporting Primary Commodities."
European Conference of People's Global Action. Sept. 2, 2002, www.nadir.org/ nadir/iniativ/agp/ pgaeurope/leiden/poverty_africa.htm.

including to human ecology. It induces pervasive corruption in producing states. People in oil-rich regions, such as southern Sudan and Nigeria's Niger Delta, have received so few benefits from their patrimony that violent conflict has ensued.[20]

China imports oil largely to fuel its production: 70% of PRC oil demand is for industrial uses, while 70% of US demand is to run motor vehicles.[21] China is in Africa for oil because about 80% of the world's proven conventional oil reserves are owned by states, which account for two-thirds of oil production. Much of the remaining oil reserves have been sown up by the large, long-established private Western oil companies.[22]

China takes oil in Africa differently than the main Western states: it often packages its oil deals with loans for infrastructure projects. From the late 1970s, developed states and the international financial institutions (IFIs) largely abandoned financing infrastructure projects in Africa, which also receives little private and almost no public-private financing for infrastructure projects.[23] International investment in infrastructure in Africa amounted to only 4% of all such investment outside North America from 1992-2003, even though lack of infrastructure is a major factor blocking Africa's development.[24]

China has worked on African infrastructure for four decades and is now becoming the continent's pre-eminent infrastructure builder. The World Bank (WB) has estimated that as of mid-2006, China's Export-Import Bank infrastructure loans to Africa were valued at

[20] Terry Lynn Karl, "The Social and Political Consequences of Oil," in Cutler Cleveland (ed.), *Encyclopedia of Energy* (San Diego: Elsevier, 2004); Nicholas Shaxson, *Poisoned Wells: the Dirty Politics of African Oil* (New York: Palgrave, 2007). Angolan oil creates twice as many jobs per millions of boe (barrels of oil equivalent) in the US than in Angola. Keith Myers, "Petroleum, Poverty and Security," (London: Chatham House Africa Programme Briefing Paper 2005):6.
[21] David Nason, "Troubled Waters Over Oil's Future," *The Australian*, June 20, 2005.
[22] Lynn Cook, "Big Oil Hashes Out Issues with State-Run Firms," HC, Sept. 17, 2004.
[23] Robert Shephard, et al., "Financing Infrastructure in Africa," *Gridlines* No. 13 (Sept., 2006):2.
[24] Tony Elumelu, "Obstacles and Opportunities to Financing Infrastructure Projects in Sub-Saharan Africa:
the UBA Experience" (Washington: UBA 2006), www.africacncl.org/downloads/2006_IC/Elumelu.pdf; United Nations, *World Economic Situation and Prospects 2007* (New York: UN Department of Economic and Social Affairs, 2007):105.

over $12.5b.[25] In 2006, China made more than $8b in loans to sub-Saharan Africa[26] and in 2007 pledged to provide $20b in infrastructure and trade finance loans to Africa over the next three years, loans that come on top of the $5b China-Africa Development Fund announced in late 2006 to encourage PRC investment in Africa.[27] G8 finance ministers have criticized China's loans, on the ground that a "lend and forgive cycle" should be avoided. NGOs pointed out however, that only $2.3b of the additional $25b in aid pledged to Africa by rich countries in 2005 had been delivered.[28]

China's approach to acquiring oil in Africa has been exemplified in the China-in-Africa discourse by a 2004 agreement with Angola. The discourse has fixed on that deal because it involved infrastructure loans to the notoriously corrupt Angolan government, loans not accompanied by a requirement that Angola report how the funds are spent. The initial loan was for US$2b that Angola would spend on railroad repair, road building, office construction, a fiber-optic network and oil exploration. It was guaranteed by oil sales from a former Shell Oil block that generates 10,000 bpd. The block had been sought by the largest Indian oil firm, but secured by China because of the size of its infrastructure loan package. The loan was set at 1.5% interest, to be recouped over 17 years, including a 5-year interest free period, and reserved for Angolans 30% of the value of infrastructure

[25] Bates Gill, et al., *China's Expanding Role in Africa: Implications for the United States* (Washington: Center for Strategic and International Studies, 2007):8. As of 2005, 80% of Ex-Im Bank loans to Africa went to five countries: Angola, Mozambique, Nigeria, Sudan and Zimbabwe, with 40% of loans for power-generation infrastructure. Bates Gill and Jamie Riley, "The Tenuous Hold of China Inc. in Africa," *Washington Quarterly* (Summer 2007):37-52.

[26] Geoffrey York, "China, Africa Forging Closer Ties," G&M, Nov. 6, 2006:A12. The US gave $3.5b in loans to sub-Saharan Africa in 2004, France lent $3b and the World Bank lent $2.3b in 2006. Such loans are not "aid" per se, as often involve a higher than prime rate of interest.

[27] "Financial Collaboration a New Focus in China-Africa Economic Cooperation," XH, May 17, 2007.

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

contracts paid for with its funds. The remaining 70% were open for bids, although most contracts have likely gone to PRC firms.[29] The interest rate was later lowered to 0.25%. By 2007, China had lent Angola as much as $6b for infrastructure projects and Angola was in turn providing China with almost half the oil that it imports from Africa.[30]

The Angolan and other PRC loans elicited from then-WB head Paul Wolfowitz, the International Monetary Fund (IMF), and the UK government, comments about China's activities threatening to plunge Africa into deep debt. The US Treasury termed China a "rogue creditor."[31]Africa remains however in a debt trap created by Western states and the IFIs. It owes more than $300b, on which it pays significant interest.[32] In contrast, as the US Africanist Deborah Brautigam has noted, China "regularly cancel[s] the loans of African countries, loans that were usually granted at zero interest [and] without the long dance of negotiations and questionable conditions required by the World Bank and IMF."[33] For example, a highway opened in 2006 between Ghana's two major cities, Accra and Kumasi, was built with a PRC no-interest loan.[34]

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[29] "Angola: Oil Backed Loan Will Finance Recovery Projects," Integrated Regional Information Networks (IRIN), Feb. 21, 2005, www.irinnews.org/ report.asp?ReportID=45688; IRIN, "Angola: Cautious Optimism for 2005, Jan. 14, 2005, www.irinnews. org/report.asp?ReportID=45077; "Angola/China: an Example of South-South Cooperation," Angolan Press Agency, Mar. 25, 2004; Cindy Hurst, *China's Oil Rush in Africa* (Washington: Institute for the Analysis of Global Security 2006):10.

[30] Lucy Corkin, "Angola Flexes New-Found Muscle,"*Business Day* (BD)(South Africa), Mar. 23, 2007; Gill, "*China's Expanding Role* . . . , 2007:9.

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

[32] "It's Trade Not Aid that will Lift Africa from Poverty," *East African* (Kenya), November 8, 2005. Sub-Saharan Africa paid $8.3b in interest in 2003; George Kerevan, "So we all Take to the Streets. Will it Work?" *Scotsman*, June 2, 2005. Until 2005, some countries, such as Nigeria, Kenya, and Zambia, were spending as much as 40% of their national budgets on debt repayment. "Debt in Africa," Mbendi, www.mbendi.co.za/land/af/p0060.htm.

[33] Deborah Brautigam and Adama Gaye, "Is Chinese Investment Good for Africa?" Council on Foreign Relations, Feb. 14, 2007, http://www.cfr.org/region/143/africa.html.

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

China's leaders know corrupt officials will siphon off part of their infrastructure loans. OECD researchers have concluded however that increased PRC activities in Africa have not deepened corruption among African governments.[35] It is questionable to accuse China of undermining self-proclaimed Western efforts to stem corruption in African countries afflicted by the "resource curse" of abundant resources, but impoverished populations because the packaged loans China offers are likely less likely than Western aid to being drained by corruption. As a Hong Kong journalist has observed, because China's loans and aid are tied to infrastructure projects, "corrupt rulers cannot somehow use it to buy Mercedes Benzes."[36]A close US observer of PRC activities in Africa has argued that China's aid is more effective than Western aid because much is used for "hydroelectric power dams, railroads, roads and fiber-optic cables, which have the potential to benefit ordinary people, no matter how corrupt the regime under which they live."[37]

Despite promoting a rhetoric of transparency regarding African oil-producers, Western states have not bound their citizens to it. Bids for oil blocks in Africa typically feature "signature bonuses," paid to governments, which often run into the hundreds of millions of dollars. Foreign oil companies know that the difference between what they have paid and what host governments retain after skimming can be striking. In a rare instance of disclosure, Western oil firms told the IMF that they had paid some $400m in 2001 for an Angolan oil tract, but the Angolan government claimed it had received only $285m.[38]

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[35] Andrea Goldstein, et al. *China and India: What's in it for Africa?* (Paris: OECD 2006):53.
[36] Frank Ching, "Cosy Ties, but China Needs to do more for Africa." *Business Times*. July 13, 2005.
[37] Jennifer Brea, "China's New Scramble for Africa," *American.Com: a Magazine of Ideas Online*, www.american.com/archive/2006/november/chinas-new-scramble-for-africa.
[38] "Signing On," *Petroleum Economist*, Oct. 2004:1.

In Angola, oil earnings are controlled by the state oil company and the president's office. Investigators have traced hundreds of millions of dollars in bonuses and bribes paid by Western multinationals to Angolan officials' private offshore accounts. Not surprisingly, most multinationals refuse to publish what they pay. Western governments have not compelled the oil companies, which are their own citizens, to make such disclosures. Instead, they demand corrupt governments publicize their own corruption.[39]

Western policy interventions moreover have not actually diminished the resource curse.[40] A group of African scholars have argued that promotion of transparency is far from sufficient as a mechanism to end oil-related corruption in the continent. Instead, the primary source of corruption is what they term "human factor decay"; that is, corruption cannot be dented as long as African officials and the (mainly Western) oil executives who corrupt them tolerate such criminality. Their actions can hardly be policed through the UK government's EITI, because it is voluntary.[41] The campaign to require firms to Publish What You Pay (PWYP), promoted by NGOs, is aimed at mandatory disclosure by publicly-traded natural resource companies, but not non-traded or state-owned firms and PWYP has been resisted by most Western oil companies, especially US firms.[42]

The example of a supposedly successful external policy intervention to curb oil-based corruption often cited in Western media is the WB-Chad agreement to ameliorate the resource curse and spur poverty alleviation. In exchange for a modicum of WB financing to construct the Chad-Cameroon Pipeline -- the largest single private sector investment in

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[39] John McMillan, "Promoting Transparency in Angola," *Journal of Democracy* 16:3 (2005)155-169.
[40] See John Ghazvinian, *Untapped: the Scramble for Africa's Oil* (New York: Harcourt 2007).
[41] Although China is typically said to have no regard for promoting transparency, Baroness Whitaker observed in a House of Lords debate that because of its connections with international organizations, "It seems that China may be interested in supporting the principles of EITI." "Africa: Chinese Investment," *Lords Hansard*, Feb. 6, 2007: Column 670.
[42] Afeikhena Jerome, et al., "Addressing Oil Related Corruption in Africa: Is the Push for Transparency Enough?" *Review of Human Factor Studies* 11(1) (2005):7-32.

Sub-Saharan Africa -- Chad has since 2003 deposited in a London bank account most royalties received from Exxon-Mobil and other oil consortium firms that operate the pipeline. The account is monitored by foreign overseers, who disperse funds to Chad, mainly for poverty alleviation programs. At the time the pipeline was built, the price of oil was low and multinationals were unwilling to risk building the pipeline without WB backing. A study has found that the WB-Chad agreement was "a unique one-off event determined by a particular set of historical circumstances that no longer hold." With high prices and tight supplies, oil firms no longer need to shelter under WB approval for projects. The WB-Chad agreement moreover is judged to be very limited in geographical scope and duration and not likely to do much to alleviate poverty.[43]

The China-in-Africa discourse will probably continue to focus overwhelmingly on oil in discussing China's imports from the continent. American analysts particularly see the US as in strategic competition with China in Africa, one aspect of which concerns oil.[44] By February, 2007, Africa was supplying 24% of US daily oil imports, ahead of the Middle East's 18.6%.[45] The US government estimates African oil production will grow 91% in 2002-2025, while world oil production will grow only 53%. Armed forces in a new Africa Command will have as a main task protecting US access to oil.[46]

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

[44] Joshua Eisenman and Joshua Kurlantzick, "China's Africa Strategy," *Current History* 105 (691) (2006):219-224; Michael Klare and Daniel Volman, "The African 'Oil Rush' and American National Security," *Third World Quarterly* 27:4(2006):22-35; Gregory Kane, *The Strategic Competition for the Continent of Africa* (Carlisle PA: US Army War College 2006); Donovan Chau, *Political Warfare in Sub-Saharan Africa: US Capabilities and Chinese Operations in Ethiopia, Kenya, Nigeria, and South Africa* (Carlisle, PA: USAWC, 2007).

[45] "U.S. Military to Help Secure Oil," *Vanguard* (Nigeria), May 22, 2007.

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

US prominence in taking African oil is accompanied by its backing of authoritarian rulers in almost all African oil producing states.[47] The partial exception is Sudan: the US cooperates with and protects Sudan's military and intelligence leaders, but opposes its Islamist politicians.[48] US leaders and media however use that partial exception and PRC involvement in Sudan's oil industry to keep the discourse focused on China's supposed "scramble for oil." This is so even though China is still far from having the capability to compete with Western multinationals for control of the key aspects of African oil production[49] and even though much of the oil which China takes from Africa (especially Sudan) is not brought to China, but traded on the open market.[50]

Africa's Development and China's Exports

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

[48] "The Twisted Triangle: America, China, and Sudan," Sept. 11, 2006, http://chinamatters.blogspot.com/2006/09/twisted-triangle-america-china-and.html; "Oddest Bedfellows," *African Confidential* 47:9 (April 28, 2006):8. China has supplied 20% and Russia 40% of arms Sudan has received. Mark Bromley and Andrea Goldstein, "What China Model can do for Africa," *Financial Times*, Feb. 16, 2007. France and other countries also sell arms to Sudan. One specialist has remarked that "following the implementation of the UN Security Council arms embargo in December 2005, Chinese arms sales to Sudan are likely to have been halted altogether." Yitzhak Shichor, "China's Darfur Policy," *China Brief* 7:7 (2007):5-8. The US has armed and trained Chad's army, which arms Darfur rebels. F. William Engdahl, "Darfur: Forget Genocide, There's Oil," Asia Times, May 25, 2007, www.atimes.com/atimes/China_Business/IE25Cb04.html. Despite Darfur, after the peace agreement between southern Sudan rebels and Khartoum, US oil firms have renewed their interest in Sudan's oil. Matthew Chen, "Chinese National Oil Companies and Human Rights, *Orbis* (Winter 2007):41-54. India, which partners with China and Malaysia in developing Sudan's oil, has supported the Sudan government's position on Darfur. Luke Patey, "A Complex Reality: The Strategic Behavious of Multinationa Oil Corporatios and the New Wars in Sudan" (Copenhagen: Danish Institute for International Studies, 2006):37.

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

[50] Darren Taylor, "Concerns Mount about Chinese Oil Interests in Africa, VOANews, May 3, 2007, www.voanews.com/english/Africa/Concerns-=Mount-about-Chinese-Oil-Interersts-in–Africa.cfm; Nicholas Freeman, *The Dragon on the Nile: China's Pursuit of Energy Security in Sudan* (Annapolis: US Naval Academy 2006):79 ("the overwhelming majority of Sudan's oil is not shipped back to China but rather sold on-the-spot to international buyers") .

While China's imports from Africa are not substantially different from the West's imports, her purchases of natural resources are at least often tied to provision of low or no-cost funds for infrastructure vital to Africa's development. China's exports to Africa have also been sharply criticized, however. They are portrayed as low quality goods that poorly serve consumers and foster the decline of African manufacturing.[51]

In much of Africa, many basic consumer items are expensive imports from developed countries, yet because poor infrastructure and corruption in Africa create high production costs, these are often cheaper than locally-made goods.[52] Chinese goods are cheaper than both and thus appeal to grassroots Africans. PRC goods in Madagascar are 2-3 times lower than that of local or imported goods.[53] As more Chinese go to Africa and compete with each other, prices fall. In the Congo capital, Kinshasa, PRC merchants first sold shoes at US$12 a pair; as more Chinese arrived, the price fell to $6.[54] In Ghana, as more PRC bikes were imported, the price fell from $67 to $25 in two years.[55]

If in most African states the affordability of PRC imports is an obvious benefit to grassroots African consumers,[56] there are in any case only seven countries that receive a

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[51] Michael Wines, "China's Influence in Africa Arouses Some Resistance," NYT, Feb. 10, 2007:3 (China "frequently seen . . . as coveting Africa . . . as a dumping ground for cheap Chinese goods"); "Frankenstein in Africa: China Sets Out to Destroy Africa's Manufacturing Sector," Jan. 1, 2007, http://pundita.blogspot.com/2007/01/frankenstein -in-africa-china-sets-out-html ."

[52] "Zambia to Initiate Campaign to Boost Local Products Consumption," XH, Aug. 16, 2005. Due to poor infrastructure, if Africans worked for free in manufacturing, their goods would still not compete with PRC goods. Nigel Harris, *The Return of Cosmopolitan Capital: Globalization, the State and War* (London: Taurus, 2003). For the same reasons, many African countries cannot compete with Latin American states in the production of items like T-shirts. See Uma Subramanian and Matthias Matthijs, "Can Sub-Saharan Africa Leap into Global Network Trade?" World Bank Policy Research Working Paper 4112 (2007).

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

[54] "Zhongguo Geti Shangren Taojin Feizhou: Jianku Chuangye Ganshang Gan Gan" (China's Individual Entrepreneurs' Gold Rush in Africa: Hardship in Building a Business; Dare to Think Dare to Do), Renmin Wang, Aug. 17, 2005, http://chinese.people.com.cn/GB/42316/3622666.html.

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

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

significant share of their imports (5-14%) from China.[57] Contrary to the China-in-Africa discourse moreover, basic consumer goods do not predominate among PRC exports, but rather "machinery, electronic equipment and high- and new-tech products."[58] A UK government study has determined that in only one African country, Uganda, are basic consumer goods more than a fifth of the value of all goods imported from China. The same study concluded that increased PRC imports to Africa mainly displace imports from elsewhere and have little or no effect on local production.[59]

The PRC government recognizes that some goods exported to Africa are of poor quality. Many Chinese goods are brought to Africa not by state-owned companies, but by private Chinese or African entrepreneurs, over whom the PRC government exercises little control. It has nevertheless reportedly "put in place stringent measures to ensure that its goods meet all the minimum quality standards for exports [and] has established a ministry to ensure that low quality goods are not exported."[60]

While most Chinese exports to Africa do not displace existing local producers, PRC exports to the world also have not had the commonly asserted crushing effect on African exports.[61] The Export Similarity Index, a measure of overlap between the value of

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

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

[59] Chris Edwards and Rhys Jenkins, *The Effect of China and India's Growth and Trade Liberalisation on Poverty in Africa* (London: UK Department for International Development, 2005):28-29, 38.

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

[61] This is not to argue that in some sectors and with regard to certain potentialities, the impact is not significant. See Raphael Kaplinsky, et al., "The Impact of China on Sub Saharan Africa," April 2006, http://www.ids.ac.uk/ids/global/AsianDriverpdfs/DFIDAgendaPaper06.pdf.

products countries export, is only 4% for China and Africa and almost exclusively involves the textiles and clothing (T&C) industry.[62] The China-in-Africa discourse features a constant stream of charges that China is gutting African T&C production.[63]

China's T&C exports to Africa began to rise sharply from around 2003, but in many African countries, the T&C industry had long been in decline. In Ghana, T&C employed 25,000 people in 1977, but only 5,000 in the year 2000.[64] In Zambia, 25,000 people worked in T&C in the 1980s, but only 10,000 in 2002. During the 1960s and 1970s, many African countries practiced import substituting industrialization, raising T&C production to eventually involve 20-30% of formal sector employment. By the 1980s and 1990s however, when most African countries had lost their ability to service their debt, the IFIs insisted that they open up to foreign goods. As a result, some countries experienced de-industrialization, particularly with regard to the T&C industry.[65]

The influx of second-hand clothing from developed countries particularly reduced domestic markets for African T&C producers.[66] WB/IMF-mandated structural adjustment programs (SAPs) in Kenya from the 1990s, for example, opened up the textile sector to foreign competition. That resulted in an influx of second-hand (*mitumba*) and new garments from the US and EU, whose increased subsidization of their own cotton farmers

[62] Inter-American Development Bank, "How China and Latin America Compete in the Global Marketplace", 2006:8, www.iadb.org/INT/Trade/1_english/2_WhatWeDo/Documents/c OtherPubs/AdditionalPubs/China/ Chapter%205.pdf.
[63] See, e.g., Karen Palmer, "Asian Imports Gutting African Textile Trade," SCMP, Dec. 14, 2005:9. Africa's 2003 T&C exports were worth US$2.3b, less than one percent of a $400b world trade. "How Many Will Closure of Textile Company Affect?" *New Era* (Namibia), Jan. 22, 2007.
[64] Peter Quartey, "The Textile and Clothing Industry in Ghana," in Herbert Rauch and Rudolph Traub-Merz (eds.), *The Future of the Textile and Clothing Industry in Sub-Saharan Africa* (Bonn: Friedrich-Ebert-Stiftung, 2006):135-146. By March, 2005, the industry only employed 3,000. Ibid, p. 136.
[65] Rudolf Traub-Merz, "The African Textile and Clothing Industry: From Import Substitution to Export Orientation," in Rauch and Traub-Merz, *The Future* . . ., 2006:9-35.
[66] Second hand clothing was 26.8% by value of Sub-Saharan Africa's imports in 2003. Sally Baden and Catherine Barber, "The Impact of the Second Hand Clothing Trade on Developing Countries," Oxfam Briefing Paper (2005):5, http://www.maketradefair.com/en/assets/english/shc_0905.pdf. The 2001 film *T-Shirt Travels* shows that after the 1991 opening of Zambian markets to trade in second-hand clothes, every clothing factory closed. See http://www.pbs.org/independentlens/tshirttravels/film.html.

also shrunk the Kenyan cotton industry, reducing supplies to Kenyan T&C producers. Neo-liberal reforms in Kenya included raising the cost of electricity and other inputs, making it still more difficult for T&C firms to produce at low prices. While *mitumba* distribution came to involve 500,000 Kenyans, the country's T&C industry, which in the early 1980s employed 200,000, nearly collapsed. Up to 70,000 factory and mill jobs alone were lost.[67] By 2004, even with effect of the US's AGOA, less than 35,000 people worked in the export-oriented Kenyan clothing sector.[68]

Meanwhile, in China from the mid-1990s, massive investment in capacity helped create very high T&C industry productivity. By 2001, a vast expansion in the number of Chinese T&C exporters began.[69] While experiencing strong competition and massive job losses, PRC-based firms' share of world T&C exports grew from 9% in 1990 to 24% in 2005.[70] T&C exports accounted for 70% of China's 2006 $177.5b global trade surplus.[71]

From 1974, the Multifibre Arrangement (MFA) restricted China's T&C exports to developed countries. The 1994 WTO Agreement on Textiles and Clothing (ATC) kept MFA quotas until January 1, 2005. The MFA's expiry allowed PRC firms to take market share from African and other T&C firms. African clothing exports to the US initially

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

[68] Raphael Kaplinsky and Mike Morris, "Dangling by a Thread: How Sharp are the Chinese Scissors?" (Brighton: IDS 2006):vi, http://www.ids.ac.uk/ids/global/AsianDriverpdfs/ RKDanglingbyathread.pdf. There are also 230,000 Kenyans employed in small and medium T&C workshops that produce only for the domestic market. Otieno, "Trade Liberalization . . .," 2007:19.

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

[70] "Lesotho Shows Textile Woes are About More than China," BD, July 1, 2006. About one third of China's textile exports are made by "foreign"-owned firms. Most are Hong Kong- or Taiwan-owned. "E-TV Interview with Charge d'Affaire Mr. Zhou Yuxiao," PRC Embassy, South Africa, April 13, 2006, www.fmprc.gov.cn/eng/wjb/zwjg/zwbd/t246214.htm; Mills Soko, "The Lessons of China's Rag Trade Revolution," *Cape Argus* (S. Africa), Feb. 1, 2007.

[71] "Poorer Nations Feel China's Weight," *International Herald Tribune*, Apr. 3, 2007:14. Latin America has been much more affected than Africa. Before 2005, China and Latin America both had a quarter share of the US clothing market. In 2006, China's share climbed to 30%; Latin America's declined to 18%. Ibid.

dropped 20%. In several countries, T&C employment dropped sharply in 2005-2006.[72] Job losses through competition with China and other Asian producers were predictable.

> Sub-Saharan Africa suffers from several . . . drawbacks as an apparel producer, including relatively high utility and transportation costs and long shipping times to the United States. The region also has lower productivity and less skilled labor than Asia, and it has fewer sources of cotton yarn and higher-priced fabrics than China and India.[73]

African T&C-producing states have featured in the China-in-Africa discourse as hard-hit by Chinese competition, notably Lesotho, Madagascar, Morocco, and South Africa. Yet, these industries (except in South Africa) were already *in extremis* by 2000[74] and eventual outcomes have also been at odds with the discourse's portrayal of the PRC as gravedigger of Africa's T&C industry. In most of the countries often discussed in the discourse, the T&C industry has now largely recovered from its post-MFA debacle.

In Lesotho, T&C bosses have been foreign (mainly from Taiwan and Hong Kong) and employ most of the country's formal sector workers. In 2006, they re-branded themselves as producers of "ethical clothing" for the US market, allowing an almost full employment recovery.[75] In Madagascar, which lost about 5,000 of 100,000 T&C jobs in 2005, the industry found a niche in higher-end T&C, held its own in 2006, and is expected to grow in 2007-2008.[76] Moroccan textile exports began to recover as producers moved up the

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

[73] John Miller, "Nike to the Rescue? Africa Needs Better Jobs, Not Sweatshops," *Dollars & Sense*, Oct. 21,2006. About 85% of cloth used in African apparel exports to the US is made with third country, mainly Chinese, fabric. "Textile Sector: AGOA – its Future in Africa". *L'Express* (Mauritius), Aug. 3, 2005; "Kituyi's Vision for Africa's Place in Global Trade." EAS, May 30, 2006.

[74] Job shrinkage in T&C industries has been ongoing in many parts of the world: the Scottish textiles industry employed 57,000 in 1984, 34,000 in 1997, and 22,000 in 2005. Hamish Rutherford, "Quality Replace Quantity in Scottish Textiles," *The Scotsman*, Feb. 14, 2007:40.

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

[76] Ralaivelo Maminirinarivo, "The Textile and Clothing Industry of Madagascar," in Jauch and Traub-Merz, The Future . . . 2006:178-192; "A Nice Dairy Tale," *Economist*, Dec. 9, 2006; "International Textile Markets Rushing on for Eco-Friendly Fabrics," *World Trade Review*, Apr. 1-15, 2007; "Madagascar:

value chain and oriented themselves to just-in-time production for the European market, 50-60% of whose requirements cannot be fulfilled by an exporter as far away as China.[77]

From 2003 to 2006, South Africa's T&C industry purportedly shed 55,000 jobs, 18,000 of them since late 2004. The influx of PRC products was not the only factor. The rand appreciated some 50% from 2002 to 2004, making South Africa, Lesotho and Swaziland exports more expensive.[78] South African T&C manufacturers, unlike most producers from the continent, also cannot source cheaper fabric from Asia if they want their goods to enter the US at AGOA preferential tariffs.[79] According to University of Cape Town economist Mike Morris, South Africa's T&C industry suffers moreover from little capital investment and poor management. Its increasingly informality has lead to deskilling and compromises in the quality of goods.[80]

The employment effect of the influx of PRC T&C goods into South Africa also should be put into a wider context. A University of Johannesburg economist has written that his research shows that the effect of Chinese T&C imports "is positive as far as total employment and output growth in South Africa are concerned, since the growth rate in South Africa has been based on the retail sector's expenditures." The availability to the retail sector of cheap Chinese T&C imports has considerably increased its turnover and

Outlook for 2007-08: Economic Growth," Economist Intelligence Unit, Mar. 7, 2007.

[77] "Moroccan Textiles Manufacturers . . ." Reuters (TV), Mar. 28, 2007, http:rtv.rtvlondon.co.uk/2007-03-28/30fb69ca.html.

[78] Traub-Merz, "The African Textile . . .," 2006:17, 25. South Africa's unions estimated 60,000-70,000 jobs lost, but the University of Cape Town School of Economics found only a third of that number disappeared; other jobs were informalized. Dave Marrs, "Chinese Textile Quotas a Case of Too Little, Too Late," BD, Nov. 13, 2006. The decline of Swaziland's (Taiwanese-owned) T&C industry began in 2003, due to rand appreciation. "Swaziland: No End in Sight for Job Losses," IRIN, June 8, 2006.

[79] Kaplinsky, "The Impact . . .," 2006:13.

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

thus employment in that sector, which is the main contributor to South African GDP. The increase in retail employment more than compensates for job losses in T&C.[81]

In any case, the South African T&C industry, over retail sector objections, spurred the government to get the PRC to fix quotas for 2007-2008 on 31 types of T&C exports to South Africa. The government opines that the quotas will reduce PRC imports by one third and create 55,000 jobs -- roughly, perhaps, the number of jobs lost since 2003.[82] The PRC government has said it is “willing to help Africans improve the competitiveness of their textile products.” It agreed to finance a US$2.5 million training program in the South African T&C industry and indicated it will “mak[e] preferential loans available to South Africa in modernizing its textile industry if it is needed.”[83]

A balance of positive and negative impacts for China’s exports to Africa is not easily drawn. Yet, as to the focus of the China-in-Africa discourse, the T&C industry, the balance seems much less negative than the discourse makes it appear. As with the discourse’s preoccupation with China’s oil imports from Africa, its fixation on Africa’s T&C industry is deliberately non-comparative. If comparisons were drawn, China would not necessarily be the villain of the piece: it takes much less oil from Africa than the West and provides infrastructure benefits the West does not. China did not contribute to a steep decline in African T&C manufacturing through SAPs and Western states have not restricted their very substantial used and new clothing exports to Africa.

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[81] Lumengo Bonga-Bonga, “China Can Help Revive the African Textile Industry,” Univers Foreign Affairs, December 7, 2006, www.tilburguniversity.nl/univers/foreignaffairs/0607/12/bonga.html. E-mail message from Prof. Bonga-Bonga, April 4, 2007.

[82] “Quotas on Chinese Textile-Clothing Imports Start,” *China Monitor* (South Africa) No. 14 (Jan. 2007):16. Quotas were eased from March, 2007 because some T&C manufactures could no longer get fabric from China, leading to job losses quotas were intended to prevent. Mathabo Le Roux, “Minister Rows Back on Chinese Imports,” BD, Mar. 29, 2007:1. South African unions do however deem the quotas a success. “High Hopes as New Talks Start in Clothing Industry,” *Business Times*, May 13, 2007.

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

Africa's Development and China's Investments

Most foreign direct investment (FDI) inflows to Africa come from Europe (led by France, Netherlands, and UK), along with investment from South Africa and the US. These countries together have accounted for more than half of Africa's FDI inflows. China had only $49 million in FDI in Africa in 1990 and $600m in 2003. Its FDI stock in 2005 was $1.6b, of $57b in global PRC FDI. In 1979-2000, the most recent years for which figures are available, 46% of PRC FDI in Africa went to manufacturing (15% to textiles alone), 28% to resource extraction, 18% to services (mostly construction) and 7% to agriculture. The PRC has identified four areas in which it will encourage investment in Africa: industrial processing, infrastructure, agriculture, and natural resources.[84]

Investment that PRC firms have recently pledged to Africa is now being realized so quickly that China's FDI stock in the continent is thought to have reached $11.7b at the end of 2006 and includes manufacturing, trade, transportation, and agriculture.[85] China is forecast to be a major foreign investor in the developing world.[86] It is thus likely to soon be among the main sources of FDI for Africa, especially as the PRC central and provincial governments offer tax incentives, loans, credit, and ready access to foreign exchange for well-established enterprises to undertake FDI activities abroad.[87]

Because of China's rapidly expanding FDI in Africa, development and investments also figure in the China-in-Africa discourse.[88] Even more than with trade, the discourse is narrowly focused. Its primary focus has been on only one investment by one PRC state-

[84] United Nations Development Programme (UNDP), *Asian Foreign Direct Investment in Africa: Towards a New Era of Cooperation* (New York: United Nations, 2007):12, 19, 51, 56-57. For FDI stocks in Africa by source region, see Stephen Thomsen, "Foreign Direct Investment in Africa: the Private-Sector Response to Improved Governance," Chatham House Briefing Paper, IEP BP 05/006:3.
[85] "China Plays Increasing Role in Continent's Development," IPS, May 17, 2007.
[86] United Nations Conference on Trade and Development, *World Investment Report 2005* (New York: UN).
[87] UNDP, Asian Foreign . . . 2007:55-56.
[88] See, e.g., Brautigam and Gaye, "Is Chinese Investment . . ..," 2007.

owned enterprise (SOE), among the more than 800 major PRC enterprises in Africa, 100 of them large SOEs.[89] Western media reports devote hugely disproportionate attention to the Non-Ferrous Company-Africa (NFCA) Chambishi copper mine.[90] The upshot of these reports is that "the Chinese" are Africa's super-exploiters.

The question of whether the NFCA enterprise at Chambishi involves extraordinarily oppressive conditions is considered, although not directly answered, in a 2007 report produced for two Zambian NGOs. It points out that privatization has been the main cause for a sharp deterioration in Zambian miners' conditions. Noting that NFCA is commonly claimed to be the worst investor in Zambia's Copperbelt, that an Indian company, Vedanta, is judged the next worse, and that "Swiss, British, South African, Canadian, and other investors typically labeled 'white,'" are said to be the best, the report states

> The debate is clearly informed by racist assumptions, and mixed in with critique of the employment practices and health and safety failings of particular investors, there are usually plenty of comments on the personal attitudes or habits of Indian and Chinese businessmen, levels of social integration of workers and management in communities on the Copperbelt, and a fair sprinkling of frequently repeated urban myths.[91]

The purchase of the defunct Chambishi copper mine by NFCA in 1998 restored its operations and boosted its employment back from 100 to 2,200, of the 39,000 miners in Zambia.[92] The mine however was the site of the worst disaster in Zambian mining history when, in April, 2005, 52 Zambian workers were killed in a dynamite plant explosion.

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

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

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

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

During a 2006 wildcat strike over payment delays, two protestors were shot when miners demonstrated near the living quarters of the mine's Chinese managers.

Few of the mine's Zambian workers have permanent pensionable contracts, in contrast to its 180 Chinese employees. NFCA has made it hard for unions to represent its contract workers and it pays the lowest wages among private mining firms in Zambia. There are eleven Chinese, but only one Zambian, senior manager. Miners and their families had free health care when the mine was Zambian state-owned, but now find it hard to access mine hospitals. Although many miners and their families suffer from HIV/AIDS, there is little preventative health care. The townships where miners live are poorly serviced.

Until recently, Zambia's government largely ignored conditions at Chambishi. More recently, it has threatened to punish NFCA and other owners who act "outside the normal" and "put the Government to ridicule." In July 2006, the lowest paid workers' wages were increased, but were still only about the minimum wage.[93] In any case, the Chambishi mine is not the only privatized mine in the country where conditions are highly oppressive. Many Zambians find conditions at all mines to be much worse than before privatization and blame the government for having acceded to WB demands to rapidly turn over the state-owned mines to multi-nationals. Indeed, the WB and IMF made release of more than a half billion dollars of balance of payments support conditional on Zambia's quick completion of privatization.[94]

The NGOs' report states that among Zambian mines there is "plenty of poor practice, particularly at Metorex," a white South African firm that owns 90% of the Chibuluma

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[93] Dixon, "Africans Lash . . . ," 2006.

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

mine, where it carries out exploitative activities detailed in the report.[95] A Canadian firm, First Quantum Metals (owner of the Nkana mine) and Metorex are resisting Zambian government efforts to raise royalty rates to 2.5-3%, to better support education and health programs. Most foreign mining firms now pay what are likely the lowest royalty rates in the world.[96] Metorex, which earned the highest mining profits in Zambia in 2006,[97] First Quantum, and Vendanta (owner of the large Konkola mine) all pay 0.6% royalties and a 25% corporate tax rate. NFCA, however, pays 2% royalties and 35% taxes.[98]

In 1992, when copper was $2,280 a ton, the state-owned the mines provided more than $200m to Zambia's treasury on 400,000 tons production. In 2004, with copper $2,868 and the same level of production, the now foreign-owned mines provided only $8m. In contrast to the pre-privatization years, the foreign-owned mines in Zambia also generally have no linkages that enrich local communities. Only a minority of firms still run health and education services for employees and their dependents.[99]

The Chambishi copper mine owners are surely harsh exploiters, but a hierarchy of bad (but "relatively good") white bosses, worse Indian mine operators, and super-exploiting Chinese is misleading, when a wider range of factors are compared. A Zambian politician who expounds that hierarchy is nevertheless repeatedly quoted by Western media. Guy Scott, a white farmer, ex-Minister of Agriculture, and now secretary general of the opposition Patriotic Front (PF), has stated "People are saying: 'We've had bad people before. The whites were bad, the Indians were worse, but the Chinese are worst of all.'"[100]

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[95] Fraser and Lungu, *For Whom . . .* , 2007:48.
[96] Charlotte Mathews, "Metorex Ramps Up its Copper Exposure," BD, Feb. 5, 2007; "Zambia: Conflict Looms Over Revision of Mineral Tax," Inter Press Service, Nov. 15, 2005.
[97] "State Gets $71 Million Tax from Mines," *Times of Zambia*, Feb. 22, 2007.
[98] Christian Aid, *A Rich Seam . . .*, 2007:22.
[99] Ibid: 24.
[100] Chris McGreal, "Chinese Influx Revives Colonial Fears," *Guardian*, Feb. 9, 2007.

PF head Michael Sata, runnig for president in 2006, said he would drive out the Chinese, Indians and Lebanese, who he called "infestors."[101] Sata reportedly received funds from Taiwan and said he would recognize it in place of the PRC. He visited Taiwan after he lost the race, while some of his followers attacked Chinese-owned shops in Lusaka.[102]

The Chambishi mine is by no means the largest Chinese-owned enterprise in Africa. A private, Chinese-owned conglomerate in Nigeria, with which many PRC SOEs partner with in manufacturing, construction and other projects, has 20,000 employees, including many Nigerian managers.[103] There are a number of large PRC-owned factories in Africa, e.g. the Urifiki Textile Mill in Tanzania, with 2000 workers, and shoe and textile factories in Nigeria that employ 1000-2000 workers.[104] Chambishi, however, has been burned into the minds of those exposed to the China-in-Africa discourse.

If the Zambian mining industry is anything to go by, a comparative study would likely reveal many cases of both PRC and Western enterprises in Africa with oppressive working conditions. In terms of profiting from that exploitation, however, there is no comparison. PRC investments in Africa are much less profitable than those of Western countries. The WB has observed that Africa provides "the highest returns on foreign direct investment of any region in the world."[105] In the 1990s, these returns already averaged 29% and have risen since then. They are much higher than the returns of US foreign affiliates elsewhere in the world, for example.[106] Returns on investments from

[101] Zambia Opposition Chief Files Complaint Over Amin Comparison, AFP, Sept. 17, 2006.
[102] Amos Malupeng and Brighton Phiri, "Sata Visits Taiwan," *The Post* (Lusaka), Feb. 6, 2007.
[103] Ni Yangshuo. 2006. "Servir d'intermediaire pour Faciliter les Rapports entre la Chine et le Nigeria" (To
serve as an intermediary to facilitate rapport between China and Africa), *Chinafrique*. No. 10, www.chinafrique.com/zf-2005/2006-10/2006.10-hz-1.htm.
[104] UNDP, Asian Foreign . . . 2007:59-60; Craig Timberg, "From Competitors to Trade Partners," *Washington Post*, Dec. 3, 2006.
[105] World Bank, *Global Development Finance Report* (Washington: WB, 2003):
[106] Ernest Harsch, "Foreign Investment on Africa's Agenda," *Africa Recovery* 17:2 (July, 2003):12-16; "Encouraging Businesswomen in Africa," 2002, www.cipe.org/publications/overseas0002/features/

Chinese foreign affiliates in Africa, however, are low compared to PRC businesses operating in other regions in the world. In contrast to much Western investment in Africa moreover, most PRC investments are in the form of equity joint ventures with African enterprises, who thus share in profits. They produce mainly for the local and other African markets and most are small and medium-size enterprises.[107] PRC firms are often flexible in responding to African development plans. For example, in 2007, the Democratic Republic of the Congo (DRC) banned cobalt concentrate exports. Chinese firms that previously bought concentrate, quickly sought opportunities to set up cobalt processing plants in the DRC to produce copper cobalt alloy for export to China.[108]

PRC investments seem also to concentrate less in natural resource extraction and more in infrastructure and manufacturing than Western investments. In part this is because "the United States and other Western countries ha[d] all but abandoned big infrastructure and industrial ventures in Africa decades ago, deeming them unprofitable or too risky."[109] Indeed, only 10% of the $22b of US FDI in Africa in late 2005 was in manufacturing.[110] Some 83% of US FDI is in five African states; all except South Africa are oil producers; US FDI in the four states is overwhelmingly in the oil industry. Even in the African oil sector, sharp differences exist between Western multi-nationals and China's parastatals: Shell and other "majors" have been in Nigeria for a half-century, but that oil-producing giant has to import most of the gasoline it uses. In Sudan however, PRC firms have built

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encouraging.html (profitability for US affiliates in Africa 25% in 1997, but 12% worldwide).
[107] UNDP, *Asian Foreign* . . . , 2007:57-59.
[108] "China Cobalt Firms Mull Congo Plants After Export Ban," Reuters, May 9, 2007.
[109] Shashank Bengali, "An African Building Boom Made in China," *Star Tribune* (Minneapolis), Sept. 18, 2006:13A.
[110] James K. Jackson, "US Direct Investment Abroad: Trends and Current Issues," Congressional Research Service, 2006:3

a full structure for exploration, production, refining, transport and sales.[111]China National Petroleum Company claims to have "provided jobs to more than 100,000 Sudanese while contributing to other employment sectors as the oil industry has grown."[112]

The China-in-Africa discourse in the West for the most part insists that Chinese have particularly positioned themselves to exploit Africa and Africans. For example, an analyst for a popular US business information service has remarked that

> China is scouring every country in Africa that has oil, copper, cobalt, chromium, timber and other raw materials . . . Many scholars and politicians maintain that China is a new colonizing power, exploiting Africa's natural resources and harming its movement toward democracy and human rights.[113]

Similarly, a well-known UK journalist has written of "China's indifference to Africa's authoritarian despots, as it courts the continent for energy and raw materials."[114]Western states, especially the US, are not indifferent to most authoritarian rulers, however: they directly support despots by providing military assistance and legitimacy.[115] China is thus not likely to fare worse than the West in any thoroughgoing evaluation of how foreign investments impinge on development and human rights in Africa.

Conclusion

Modalties of trade commonly examined for their development implications involve the import and export of goods. Other activities relevant to the China-in-Africa discourse can also be brought under a broad rubric of trade however. These include trade in money

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[111] US Department of Commerce, "US-African . . . ,"2006:13. For statistics on various Western oil firms' investments in Africa, see He Wenping, "Zhong Fei Guanxi Fazhan Chudongle Sheide Shenjing" (Whose Nerve has the Development of China-African Relations Touched), *Shijie Zhishi* No. 19 (2006): 30-32.
[112] "Good Man in Africa," *China Daily*, May 11, 2007.
[113] Kevin Kerr, "Into Africa: Commentary: China's Tentacles Reach Throughout the Continent," MarketWatch, Jan. 9, 2007, www.marketwath.com/news/story/africa/story.aspx?guid=%7b595AF38F-31C4-45A7-8048-168C. . .
[114] Will Hutton, "Does the Future Really Belong to China?" *Prospect* (Jan. 2007), www.prospect-magazine.co.uk/article_details.php?id=8174.
[115] William Hartung and Frida Berrigan, "Militarization of U.S. Africa Policy, 2000-2005," World Policy Institute Arms Trade Center, http://worldpolicy.org/projects/arms/reports/AfricaMarch2005.html.

and people. Western banks have traded secrecy and interest to the exporters of about 40% of Africa's private wealth. The accomplices of such capital flight and tax evasion by corrupt African officials are in London and Zurich, not Beijing.[116] The main Western states have traded citizenship for the skills of professionals, especially doctors and nurses, trained in, but now largely lost to Africa. Meanwhile, China has made a modest, but important contribution to the training of professionals who return to Africa after studying in the PRC.[117] These forms of trade, seldom alluded to in the China-in-Africa discourse, likely impinge as much as does commodity exchange on Africans' right to development.

The main problem with the China-in-Africa discourse then is not misleading criticisms of activities of China and Chinese in Africa;[118] rather, even substantial criticisms are de-contextualized for ideological reasons. Some analyses are superficial and inaccurate attempts to positively cast Western actions in Africa compared to China's activities. Others lack any comparative perspective in discussing negative aspects of China's presence, so that consumers of the discourse see a few trees, but not the forest. Both kinds of analysis reflect Western elites' perception of their national interests or moral superiority, especially as these impinge on putative strategic competition with China. A US official stated in 2007 that "To say that the subject of 'China in Africa' fascinates the

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[116] "African States Urged to Maintain Stability," EAS, May 6, 2004; Nick Mathiason, "Western Bankers and Lawyers 'Rob Africa of $150bn Every Year,'" *Independent*, Jan. 21, 2007, p.1; Africa All Party Parliamentary Group, *The Other Side of the Coin: the UK and Corruption in Africa* (London: AAPPG, 2006):20; "$11.5 Trillion Siphoned Offshore," *Public Agenda* (Ghana), Mar 10, 2006, www.ghanaweb.com/public_agenda/article.php?ID=4951.

[117] We discuss the African brain drain to the developed world and the training of African professionals in China in Barry Sautman and Yan Hairong, "Friends and Interests: China's Distinctive Links with Africa," forthcoming in *African Studies Review* (Sept. 2007).

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

US government and private sector is something of an understatement."[119] In this connection, many analysts scarcely question the rhetoric of the main Western states about "aiding African development" and "promoting African democracy," yet are quick to seize upon examples of exploitation or oppression fostered by PRC interests in Africa.[120]

To comprehensively interrogate Chinese *and Western* activities in Africa is to interrogate a global economic system that has de-developed Africa at every turn and into which China is increasingly integrated. Failing that, one is left with little more than a binary between a Western-promoted new "civilizing mission" on behalf of Africans and activities of the "amoral" Chinese, who refuse to fully endorse that mission, including by adopting trade and investment practices in the continent that are not wholly compliant with neo-liberalism. China, after all, can and does throw this binary back in the face of it proponents by portraying the West as seeking a new tutelage for Africans and China as eschewing the role of intermeddler, while promoting "win-win" trade and investment. So too do many Africans: Namibia's Minister of Trade and Industry has commented that

> Strangely, those who consistently at all costs rejected our pleas for independence have now appointed themselves as champions of Africa's economic interests . . . Unproductive sentiments bordering on xenophobia and outright narrow-mindedness not supported by historical and empirical evidence should not be entertained by Africans as regards our Chinese brothers, who supported us all these years without counter-demands.[121]

Similarly, the head of Nigeria's Centre for Law and Social Action, Dr. Ndubisi Obiorah, has observed that in his country,

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[119] Claudia Anyaso, "Remarks at the China in Africa Today Seminar," US Department of State, March 6, 2007, www.state.gov/p/af/rls/rm/81652.htm.

[120] While aid policies are beyond this paper's scope, China, a developing country, has given Africa $44b in aid over the past fifty years and 44% of China's foreign aid is devoted to Africa. Less than 1% of the US aid budget is spent in sub-Saharan Africa. Clarissa Oon, "Hu's Third Visit to Africa Keeps Close Ties Going," *Straits Times* (Singapore), Jan. 25, 2007; "Comoran President Praises China-Africa Cooperation as Model," XH, Oct. 23, 2006; Torcuil Crichton, "When it Comes to Africa, Bush has More on his Mind than Aid," *Sunday Herald* (Scotland), June 12, 2005.

[121] "China Means Well in Africa – Ngatjizeko," *The Namibian*, Apr. 3, 2007.

> The word China does not evoke Darfur or Zimbabwe; the first thing that comes to mind for Nigerian businesspeople when you mention China is business. They see China as a source of cheap consumer goods, of cheap and cost effective manufacturing technology, of cheap and cost effective expatriate technicians.[122]

The popularity of these and other features of China's presence in Africa, compared with the activities of the main Western states, goes well beyond businesspeople moreover.[123]

The China-in-Africa discourse can be expected to become increasingly heated, especially with regard to the effects of PRC trade and investment on development, as its audiences weigh competing claims. Those who follow the discourse as it is played out in Africa itself can already detect that many Africans are wary of attempts to cast it in Manichean terms. Many Africans moreover are now rejecting any efforts to use the discourse to distract from the reality of Africa's continued subordination within a world system that builds in exploitation and other systematic violations of rights.[124]

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[122] Taylor, "Chinese Aid . . ." 2007.

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

[124] An African newspaper editor has written that "the noise about China closing its eyes to atrocities in Sudan and Zimbabwe is but a minor distraction . . . The US and Britain have in the past supported regimes not much different because it suited their purposes. And should getting access to local resources require looking the other way as atrocities are committed (like the case in Nigeria), look away they will. Looking at US alliances with authoritarian governments in Africa, one can see that what plays best to the media is not always what works best in the world of realpolitik." "A Scramble for the Continent that We May Not Gain From," EAS, Mar. 27, 2007.