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

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

The essence of the discourse then is to cast PRC policies in Africa as promoting human rights violations or "colonialism."[4] Some PRC activities

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* We thank the Hong Kong Research Grants Council for its generous support.

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

2 Ironically, the discourse is most developed in the US, yet the US stood alone in refusing to recognize a right to development when the United Nations adopted it in 1998. "US Votes Against Development as Basic Human Right," Inter Press Service (IPS), 10 December 1998.

3 "Patron of African Misgovernment," *New York Times* (NYT), 19 February 2007.

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

in Africa do violate the human rights of Africans—not in ways that Western elites claim, but in much the same manner that Western policies do, through disadvantageous terms of trade, the exploitation of natural resources, oppressive labour regimes, and support for authoritarian rulers, all common features of the modern world system. These are practices that China's elites used to denounce, but now come close to extolling as dynamic capitalism. For example, in 2007, a PRC international publication ran an article by Jian Junbao, a scholar from top-ranked Fudan University, on 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."[5]

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

Africa's Development and China's Imports

China-Africa trade is rising sharply. Only US$3 billion in 1995, it was $74 billion in 2007, balanced slightly in Africa's favour. While China's 2006 trade

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[5] Jian Junbao, "China's Role in Africa," *Beijing Review* 50:6 (8 February 2007).

[6] The US government has noted the appeal of China in Africa. James Swan (Dep. Ass't. Sec. of State), "Remarks to Columbia University's Third Annual China Symposium," 20 April 2007, <http://www.state.gov/p/af/rls/rm/83474.htm>; Warren Taylor, "African Respect for Chinese Expatriates Grows," VOA News, 8 May 2007, available online at <www.voanews.com/english/Africa/African-Respect-for-Chinese-Expatriates-Grows.cfm>.

with Africa was merely 3 percent of its US$1.76 trillion foreign trade and less than the US's $91 billion Africa trade, the PRC was in third place, behind the US and France, among Africa's trade partners.[7] China asserts that its trade is responsible for 20 percent of Africa's economic growth.[8]

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

Ten percent of Sub-Saharan African exports went to China in 2005; five oil and mineral exporting countries accounted for 85 percent of PRC imports from Africa. In 2004, oil and gas accounted for 62 percent of Africa's exports to China, ores and metals 17 percent, agricultural raw materials 7 percent.[10] This profile is not unusual: apart from South Africa, the continent's manufacturing is largely confined to textiles and clothing, which China also produces in abundance. In fact, oil accounted for 80 percent of 2005 US imports from Sub-Saharan Africa; apparel was less than 3 percent, with minerals most of the remainder. Petroleum products accounted for 92.3 percent of the value of goods imported under the US's preferential African Growth & Opportunity Act (AGOA) in 2005.[11]

About 47 percent of the oil China consumed in 2006 was imported. PRC imports were 6.8 percent of the world oil trade and supplied 12 percent of all energy China consumed.[12] China's 2005 oil imports from Africa provided 4 percent of China's energy needs. Of the 31 percent of PRC oil imports that came from Africa, Angola's share was 14 percent, Sudan's 5 percent, Congo (B)'s 4 percent, and Equatorial Guinea's 3 percent.[13] African oil supplied

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[7] Robyn Dixon, "Africa Holds Attractions for China Leaders," *Los Angeles Times* (LAT), 31 January 2007; "China," Mbendi: Information for Africa, 2007, available online at <http://www.mbendi.co.za/land/as/cj/p0005.htm>; "Foreign Firms are Driving our Surplus," Xinhua (XH), 12 March 2007.

[8] "World must do more for Africa, China's Premier says," Agence France Presse (AFP), 15 May 2007.

[9] Hany Besada, "China in Africa—a Reliable Friend?" *Taipei Times*, 25 March 2007, p. 8.

[10] Harry Broadman, *Africa's Silk Road: China and India's New Economic Frontier* (Washington: World Bank, 2006), pp. 11-12, 81. Some 21 percent of PRC imports of cotton and 26 percent of imports of diamonds came from Africa in 2005. About 15.4 percent of Africa's exports of logs went to China. Ron Sandrey, "The African Merchandise Trading Relationship with China," *Inside Asia*, 2006 (3-4), pp. 8-10.

[11] US Department of Commerce, *U.S.-African Trade Profile* (Washington: International Trade Administration, 2006), pp. 1, 2, 12.

[12] "Analysis of China's Energy Import and Export," XH, 19 March 2007; "China Oil Demand Seen at 7.01 mln bpd," XH, 10 November 2006; "China's Thirst for Energy Complicating Global Policy," Petroleumworld. com, 18 January 2006, available at <www.petroleumworld.com/story06011809.htm.

[13] Erica Downs, *China* (Washington: Brookings Institution, 2006), p. 31. Similarly, Nigeria accounts for 11 percent of US crude imports. Paul Ohia, "US Warns of Terrorist Attacks," *This Day* (TD) (Nigeria), 7 September 2007.

14.5 percent of all oil China consumed in 2006, hardly different from US imports from Africa of 13.2 percent of all oil it consumed, imports that provided 5.2 percent of US energy needs.[14] China imports oil largely to fuel its production: 70 percent of its demand is for industrial uses, while 70 percent of US demand is for motor vehicles.[15] In 2006, China received 8.7 percent of Africa's oil exports; Europe took 36 percent and the US 33 percent.[16] China thus hardly dominates Africa's oil markets. The China-in-Africa discourse, however, represents the PRC as aspiring to be the chief taker of African resources and as interested in Africa only on that account.[17]

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

China is in Africa for oil because 80 percent of the world's proven conventional oil reserves are state-owned and account for two-thirds of oil production. Most remaining reserves are sown up by Western oil firms.[21] China takes oil in Africa differently than Western states: it often packages oil deals with infrastructure project loans.[22] From the 1970s, developed states and in-

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

15 David Nason, "Troubled Waters Over Oil's Future," *The Australian*, 20 June 2005.

16 "China Defends Oil Trade with Africa," Reuters, 12 March 2007.

17 See, e.g., Peter Brookes, "Into Africa: China's Scramble for Influence and Oil," *Heritage Lectures* no. 1006 (Washington: Heritage Foundation, 2007), p. 2; Hamish Macrae, "We Fail to Work with China at our Peril," *The Independent*, 14 February 2007, p. 32.

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

19 Peter Custers, "Unequal Exchange and Poverty in African Countries Exporting Primary Commodities," European Conference of People's Global Action, 2 September 2002, Amsterdam, available online at <http://www.nadir.org/nadir/initiativ/agp/pgaeurope/leiden/poverty_africa.htm>.

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

21 Lynn Cook, "Big Oil Hashes Out Issues with State-Run Firms," HC, 17 September 2004. Oil pumped by Chinese national oil companies abroad accounted for less than 1 percent of global production in 2006 and at least two-thirds of that was sold on the international market. Erica Downs, "China's Quest for Overseas Oil," *Far Eastern Economic Review* (September 2007), pp. 52-56.

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

ternational financial institutions (IFIs) largely abandoned African infrastructure projects, which also receive little private and almost no public-private financing.[23] International investment in infrastructure in Africa amounted to 4 percent of all such investment outside North America from 1992-2003, even though lack of infrastructure is blocking Africa's development.[24]

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

China's approach to acquiring oil in Africa is exemplified in the China-in-Africa discourse by a 2004 agreement with Angola. The discourse fixes on it because the deal involved infrastructure loans to the corrupt Angolan government, unaccompanied by a requirement to report how the funds were spent. The initial loan of US$2 billion was to be used for railroad repair, road building, office construction, etc. It was to be repaid with oil from a former Shell Oil block that generates 10,000 bpd. The block had been sought by the largest Indian oil firm, but secured by China because of its infrastructure loan, which was set at 1.5 percent interest, to be recouped over 17 years, including

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[23] Robert Shephard et al., "Financing Infrastructure in Africa," *Gridlines* no. 13 (September 2006), p. 2.

[24] Tony Elumelu, "Obstacles and Opportunities to Financing Infrastructure Projects in Sub-Saharan Africa: the UBA Experience" (Washington: UBA 2006), available online at <www.africacncl.org/downloads/2006_IC/Elumelu.pdf>;

United Nations, *World Economic Situation and Prospects 2007* (New York: UN DE&SA, 2007), p. 105.

[25] "Financial Collaboration a New Focus in China-Africa Economic Cooperation," XH, 17 May 2007. By mid-2007, China's Exim Bank had provided more than $13.2 billion in loans for Africa-related projects; those still outstanding were 20 percent of the bank's business. "Briefing: Asia Banking," *Asia Pulse*, 30 July 2007. The loans went 40 percent to the power sector, 20 percent to transport, 12 percent to telecom, 4 percent to water and 24 percent to multi-sector commitments; see Broad (2005), p. 275. Most of the $20 billion pledged in 2007 will finance exports of Chinese "high-tech" products used to build infrastructure in Africa. Wang Jian-Ye, "What Drives China's Growing Role in Africa?" (Washington: International Monetary Fund, 2007), p. 10; "The Export-Import Bank of China," available at <http://english.eximbank.gov.cn/profile/introduction.jsp>.

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

a 5-year interest-free period. It reserved for Angolans 30 percent of the value of infrastructure contracts paid for with its funds; the remaining 70 percent was open for bids, although most contracts have likely gone to PRC firms.[27] The interest rate was later lowered to 0.25 percent. By 2007, China had lent Angola at least $6 billion for infrastructure projects.[28]

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

OECD researchers have concluded moreover that increased PRC activities in Africa have not deepened corruption among African governments.[33] China's leaders know corrupt officials will siphon off part of the infrastructure loans, but its packaged loans are less likely than Western aid to be drained by corruption. As a Hong Kong journalist has noted, because China's loans

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

28 Lucy Corkin, "Angola Flexes New-Found Muscle," *Business Day* (BD) (South Africa), 23 March 2007; Gill, "China's Expanding Role," p. 9. A reviewer has informed us of unpublished information that China's loans to Angola total as much as $13 billion.

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

30 "It's Trade Not Aid that will Lift Africa from Poverty," *East African* (Kenya), 8 November 2005. Sub-Saharan Africa paid $8.3 billion in interest in 2003; George Kerevan, "So we all Take to the Streets. Will it Work?" *Scotsman*, 2 June 2005. Until 2005, countries such as Nigeria, Kenya and Zambia were spending as much as 40 percent of their national budgets on debt repayment. "Debt in Africa," *Mbendi*, 4 July 2005, available at <www.mbendi.co.za/land/af/p0060.htm>.

31 Deborah Brautigam and Adama Gaye, "Is Chinese Investment Good for Africa?" Council on Foreign Relations, 14 February 2007, available at <http://www.cfr.org/region/143/africa.html>. Former WB economist William Easterly has argued that debt relief presents a moral hazard by encouraging relieved countries to expect additional relief after future borrowings. See William Easterly, *The White Man's Burden: Why the West's Efforts to Aid the Rest Have Done So Much Ill and So Little Good* (New York: Penguin Press, 2006). Of course, the fact that China has so far consistently provided debt relief to African states does not guarantee it will continue to do so in the future.

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

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

and aid are tied to infrastructure projects, "corrupt rulers cannot somehow use it to buy Mercedes Benzes."[34]A close US observer of PRC activities in Africa has argued that China's aid is more effective than Western aid because much is used for "hydroelectric power dams, railroads, roads and fiber-optic cables, which have the potential to benefit ordinary people, no matter how corrupt the regime under which they live."[35]

Despite promoting a rhetoric of transparency regarding African oil-producers, Western states have not bound their citizens to a code of conduct. Bids for oil blocks in Africa typically feature "signature bonuses," paid to governments, which often run into the hundreds of millions of dollars. Foreign oil firms know there are striking difference between what they pay and what host governments retain after skimming. In a rare instance of disclosure, Western oil firms told the IMF that they paid $400 million in 2001 for an Angolan oil tract, but the Angolan government claimed it received only $285 million.[36]

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

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

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

35 Jennifer Brea, "China's New Scramble for Africa," *American.Com: a Magazine of Ideas Online*, 23 November 2006, available online at <www.american.com/archive/2006/november/chinas-new-scramble-for-africa>.

36 "Signing On," *Petroleum Economist*, 2 October, 2004, p. 1.

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

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

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

or state-owned firms. PWYP has been resisted by most Western oil companies, especially US firms.[40]

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

The China-in-Africa discourse will likely continue to focus overwhelmingly on oil in discussing PRC imports from the continent. American analysts particularly see the US as strategically competing with China for African oil.[42] By February 2007, Africa was supplying 24 percent of US daily oil imports, ahead of the 18.6 percent from the Middle East.[43] The US government estimates African oil production will increase by 91 percent in 2002-2025, while global production will increase by 53 percent. Armed forces in a new Africa Command will be tasked with protecting US access to oil.[44]

US prominence in taking African oil is accompanied by its practice of

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

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

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

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

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

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

Africa's Development and China's Exports

China's exports to Africa have also been sharply criticized, as low-quality goods which poorly serve consumers and foster the decline of African

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

[46] Paul Moorcraft, "Strange Bedfellows in Khartoum," BD, 22 June 2007; Greg Miller, "U.S. Relies on Sudan Despite Condemning It," LAT, 11 June 2007 (US-Sudan intelligence "liaison visits every day"); US State Department, *Country Reports on Terrorism,* 30 April 2007, available online at <http://www.state.gov/s/ct/rls/crt/2006/82736.htm> (Sudan is "a strong partner in the war on terror"). China has supplied 20 percent and Russia 40 percent of Sudan's arms imports. Mark Bromley and Andrea Goldstein, "What China Model can do for Africa," *Financial Times*, 16 February 2007. France and other states also arm Sudan; see F. William Engdahl, "Darfur: Forget Genocide, There's Oil," *Asia Times*, 25 May 2007, available online at <www.atimes.com/atimes/China_ Business/IE25Cb04. html>. On China's role in persuading Sudan to accept UN peacekeepers in Darfur, see Jonathan Holslag, "China's Diplomatic Victory in Darfur" (Brussels Institute of Contemporary China Studies, 2007). Despite Darfur, after the 2005 Khartoum-southern Sudan peace deal, US oil firms have renewed their interest in Sudanese oil. See Matthew Chen, "Chinese National Oil Companies and Human Rights, *Orbis* (Winter 2007), pp. 41-54. India, which partners with China and Malaysia in developing Sudan's oil, supports Sudan's position on Darfur. See Luke Patey, "A Complex Reality: The Strategic Behavior of Multinational Oil Corporations and the New Wars in Sudan" (Copenhagen: Danish Institute for International Studies, 2006), p. 37.

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

[48] Darren Taylor, "Concerns Mount about Chinese Oil Interests in Africa," VOANews, 3 May 2007, available online at <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), p. 79. Less than 9 percent of oil imports into China in 2006 was equity oil. Euro-Asia Group, "China's Overseas Investments in Oil and Gas Production" (Washington: US-China Economic and Security Review Committee, 2006), p. 3. Oil from Sudan was about a third of all equity oil reaching China (in 2004). Erica Downs, "China" (Washington: Brookings Institution Energy Security Series, 2006), p. 43. In 2006, a maximum of one-fourth of China's equity oil production in Sudan reached China. Erica Downs, "The Fact and Fiction of Sino-African Energy Relations," *China Security* vol. 3, no. 3 (Summer 2007), pp. 42-68.

manufacturing.[49] In much of Africa, many basic consumer items are expensive imports from developed countries, yet because poor infrastructure and corruption in Africa create high production costs, these are often cheaper than locally made goods.[50] Chinese goods are cheaper than both and thus appeal to poor Africans. PRC goods in Madagascar are two to three times cheaper than local or imported goods.[51] As more Chinese go to Africa and compete with each other, prices fall. In the Congo capital of Kinshasa, PRC merchants first sold shoes for the price of US$12 a pair; as more Chinese arrived, the price fell to $6.[52] In Ghana, as more PRC bikes were imported, the price fell from $67 to $25 in two years.[53]

If the affordability of PRC imports benefits African consumers,[54] there are in any case only seven countries that receive a significant share (5 to 14 percent) of their imports from China.[55] Basic consumer goods do not predominate among PRC exports, but rather "machinery, electronic equipment and high- and new-tech products."[56] A UK government study found that in only one African country, Uganda, are basic consumer goods more than a fifth of the value of all goods imported from China, and that PRC imports into Africa mainly displace imports from elsewhere and have little effect on local production.[57] The PRC government recognizes that some exports are of

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49 Michael Wines, "China's Influence in Africa Arouses Some Resistance," NYT, 10 February 2007, p. 3; "Frankenstein in Africa: China Sets Out to Destroy Africa's Manufacturing Sector," 1 January 2007, available online at <http://pundita.blogspot.com/2007/01/frankenstein-in-africa-china-sets-out-html>.

50 "Zambia to Initiate Campaign to Boost Local Products Consumption," XH, 16 August 2005. Due to poor infrastructure, even if Africans worked for free in manufacturing, their goods would still not be able to compete with PRC goods. Nigel Harris, *The Return of Cosmopolitan Capital: Globalization, the State and War* (London: Taurus, 2003). Many African countries similarly cannot compete with Latin American states in the production of items like T-shirts. See Uma Subramanian and Matthias Matthijs, "Can Sub-Saharan Africa Leap into Global Network Trade?" World Bank Policy Research Working Paper no. 4112 (2007).

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

52 "Zhongguo Geti Shangren Taojin Feizhou: Jianku Chuangye Ganshang Gan Gan" [China's Individual Entrepreneurs' Gold Rush in Africa: Hardship in Building a Business; Dare to Think Dare to Do], *Renmin Wang*, 17 August 2005, available online at <http://chinese.people.com.cn/GB/42316/3622666.html>.

53 "Is the Awakening Giant a Monster," *The Economist*, 13 February 2003, p. 56.

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

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

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

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

poor quality. Many Chinese goods are brought to Africa by private Chinese or African entrepreneurs whom the PRC government does not control. It nevertheless has "in place stringent measures to ensure that its goods meet all the minimum quality standards for exports [and] a ministry to ensure low quality goods are not exported."[58]

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

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

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

[59] This is not to argue that in some sectors and with regard to certain potentialities, the impact is not significant. See Raphael Kaplinsky et al., "The Impact of China on Sub Saharan Africa," April 2006, available online at <http://www.uneca.org/eca_programmes/acgd/Overview_Report.pdf>.

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

[61] See, for example, Karen Palmer, "Asian Imports Gutting African Textile Trade," SCMP, 14 December 2005, p. 9. Africa's 2003 T&C exports were worth US$2.3 billion, less than 1 percent of a $400 billion world trade. "How Many Will Closure of Textile Company Affect?" *New Era* (Namibia), 22 January 2007.

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

[63] Rudolf Traub-Merz, "The African Textile and Clothing Industry: From Import Substitution to Export Orientation," in Rauch and Traub-Merz, *The Future*, pp. 9-35. The 2001 film *T-Shirt Travels* (http://www.pbs.org/independentlens/tshirttravels/film.html) shows that after the 1991 opening of Zambian markets to trade in second-hand clothes, every clothing factory closed. Claims have been made that Chinese goods destroyed the textile industry in Zimbabwe. See Brigitte Weidlich, "Cheap Chinese Goods Destroyed Zim Economy," *The Namibian*, 28 August 2007. However, the head of the

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

Meanwhile, by 2001, Chinese T&C exporters were in the midst of a period of vast growth.[67] Despite strong competition and massive job losses, PRC-based firms' share of world T&C exports grew from 9 percent in 1990 to 24 percent in 2005.[68] T&C exports accounted for 70 percent of China's 2006 $177b global trade surplus.[69] From 1974, the Multifibre Arrangement (MFA) restricted China's T&C exports to developed countries. The 1994 WTO Agreement on Textiles and Clothing (ATC) kept MFA quotas until January 1, 2005, after which African T&C exports to the US initially fell 20 percent.

International Textile Garment and Leather Workers Federation pointed out in 2004 that "in Zimbabwe some 20,000 textile and clothing jobs have disappeared directly or indirectly due to imported used clothing from the West." See "Western Charity Undermines African Textiles," *New Internationalist* no. 373 (November 2004), p. 1. T&C manufacturers in Zimbabwe attributed de-industrialization to second-hand clothing imports, the impact of Western-imposed structural adjustment programmes and drought. See Simone Field, *The Internationalisation of the Second-Hand Clothing Trade: the Case of Zimbabwe*, unpublished PhD dissertation, Coventry University, 2000, p. 301.

64 Second-hand clothing represented 26.8 percent in 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), p. 5, available online at <http://www.maketradefair.com/en/assets/english/shc_0905.pdf>.

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

66 Raphael Kaplinsky and Mike Morris, "Dangling by a Thread: How Sharp are the Chinese Scissors?" (Brighton: IDS, 2006),p. vi, available online at <http://www.ids.ac.uk/UserFiles/File/globalisation_team/asian_driver_docs/RKDanglingbyathread.pdf>.

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

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

69 "Poorer Nations Feel China's Weight," *International Herald Tribune* (IHT), 3 April 2007, p. 14.

In several countries, T&C employment dropped sharply in 2005-2006,[70] predictably due to "relatively high utility and transportation costs and long shipping times to the US . . . lower productivity and less skilled labor than Asia, and . . . fewer sources of cotton yarn and higher-priced fabrics than China and India."[71]

Lesotho, Madagascar, Morocco and South Africa have featured in the China-in-Africa discourse as especially hard-hit by Chinese competition. Yet except for South Africa their industries were already *in extremis* by 2000. Their eventual outcomes are also at odds with the discourse of the PRC as gravedigger of Africa's T&C industry. In Lesotho, 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 rebranded themselves as producers of "ethical clothing" for the US market, allowing almost full employment recovery.[72] In Madagascar, which lost 5,000 of 100,000 T&C jobs in 2005, the industry found a niche in higher-end T&C, held its own in 2006, and is expected to grow in 2007-2008.[73] Moroccan textile exports began to recover as producers moved up the value chain and oriented themselves to just-in-time production for the European market, 50 to 60 percent of whose requirements cannot be fulfilled by an exporter as far away as China.[74]

In 2003-2006, South Africa's T&C industry purportedly shed 55,000 jobs, 18,000 of them since late 2004. Besides the influx of PRC products, the rand appreciated 50 percent in 2002-2004, making South Africa, Lesotho and Swaziland exports more expensive.[75] South African T&C firms also cannot source cheap Asian fabric for goods sent to the US at AGOA preferential tariffs.[76] South Africa's T&C industry suffers from little capital investment

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

[71] John Miller, "Nike to the Rescue? Africa Needs Better Jobs, Not Sweatshops," *Dollars & Sense*, 21 October 2006, available online at <http://www.dollarsandsense.org/archives/2006/0906miller.html>.

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

[73] Ralaivelo Maminirinarivo, "The Textile and Clothing Industry of Madagascar," in Jauch and Traub-Merz, "The Future," pp. 178-192; "A Nice Dairy Tale," *Economist*, 9 December 2006; "International Textile Markets Rushing on for Eco-Friendly Fabrics," *World Trade Review*, 1-15 April 2007; "Madagascar: Outlook for 2007-08: Economic Growth," *Economist Intelligence Unit*, 7 March 2007.

[74] "Moroccan Textiles Manufacturers . . ." Reuters (TV), 28 March 2007, available online at <http:rtv.rtvlondon.co.uk/2007-03-28/30fb69ca.html>.

[75] Traub-Merz, "The African Textile," pp. 17, 25. South Africa's unions estimated 60,000-70,000 jobs lost, but the University of Cape Town School of Economics found that only a third of that number of jobs had actually disappeared; other jobs were informalized. Dave Marrs, "Chinese Textile Quotas a Case of Too Little, Too Late," BD, 13 November 2006.

[76] Kaplinsky, "The Impact," p. 13. About 85 percent of cloth used in African apparel exports to the US is made with Asian, mainly Chinese, fabric. "AGOA Forum 2006: Stakeholders Seek Ways to Broaden AGOA Opportunities," Trade Law Centre for Southern Africa, 12 June 2006, available online at <http://agoa.info/?view=.&story=news&subtext=687>.

and poor management. Its growing informalization has led to deskilling and compromises in quality.[77] The employment effect of the influx of PRC T&C goods should also be put into a wider context. A University of Johannesburg economist has shown that the availability to South African retailers of cheap Chinese T&C imports has greatly increased employment in that sector, which is the main contributor to South African GDP. The increase in retail jobs more than compensates for T&C job losses.[78] In any case, China fixed quotas for 2007-2008 on 31 types of T&C exports to South Africa. South Africa's government opines that will reduce PRC imports by a third and create roughly the number of jobs lost since 2003.[79] The PRC government also agreed to finance a $2.5-million South African T&C training programme and will "mak[e] preferential loans available to South Africa in modernizing its textile industry if it is needed."[80]

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

Africa's Development and China's Investments

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

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77 "Lesotho Shows." See also Kaplinsky, "The Impact," pp. 13, 26.

78 Lumengo Bonga-Bonga, "China Can Help Revive the African Textile Industry," Univers Foreign Affairs, 7 December 2006, available online at <www.tilburguniversity.nl/univers/foreignaffairs/0607/12/bonga.html>. Interview with Professor Bonga-Bonga, Johannesburg, 1 August 2007.

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

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

PRC has said it will encourage investment in Africa's industrial processing, infrastructure, agriculture and natural resources.[81]

Investment that PRC firms have realized or pledged to Africa is increasing so quickly that it is thought to have reached $11.7 billion by the end of 2006 and includes manufacturing, trade, transportation and agriculture.[82] China will likely soon be a main source of FDI for Africa, especially as PRC government entities offer tax incentives, loans, credit and ready access to foreign exchange for enterprises that undertake FDI activities abroad.[83]

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

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

NFCA's purchase of the defunct Chambishi mine, in 1998, restored operations and boosted employment from 100 to 2,200 (of 39,000 miners in Zambia).[88] However, the mine was the site of an April, 2005 dynamite plant explosion that killed 47 Zambian workers. During a 2006 wildcat strike over payment delays, two protestors were shot. Few of the mine's Zambian workers have permanent pensionable contracts, in contrast to its 180 Chinese

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

82 "China Plays Increasing Role in Continent's Development," IPS, 17 May 2007.

83 UNDP, "Asian Foreign," pp. 55-56.

84 See, for example, Brautigam and Gaye, "Is Chinese Investment…"

85 "Africa to be More Attractive for Chinese Investors," XH, 3 February 2007.

86 See, for example, Trofimov, "In Africa"; Olin Freeman, "Africa Discovers Dark Side of its New Colonial Master," *Sunday Telegraph*, 4 February 2007; Robyn Dixon, "Africans Lash Out at Chinese Employers," LAT, 6 October 2006; Roy Carroll, "China's Goldmine," *Guardian*, 28 March 2006.

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

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

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

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

The NGOs' report states that among Zambian mines there is "plenty of poor practice, particularly at Metorex," a white South African firm that owns 90 percent of the Chibuluma mine, where it carries out exploitative activities detailed in the report.[91] A Canadian firm, First Quantum Metals (owner of the Kansanshi mine) and Metorex have resisted Zambian government efforts to raise royalty rates to 2.5 to 3 percent, to better support education and health programmes. Most foreign mining firms now pay what are likely the lowest royalty rates in the world.[92] Metorex, which earned the highest mining profits in Zambia in 2006,[93] First Quantum and Vendanta (owner of the large Konkola mine) all pay 0.6 percent royalties and a 25 percent corporate tax rate. According to an NGO report, however, NFCA pays 2 percent royalties and 35 percent taxes.[94] In 1992, when copper was $2,280 a ton, the state-owned mines provided more than $200m to Zambia's

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[89] Fraser and Lungu, For Whom . . . , p. 53; Dixon, "Africans Lash,". . Regarding NFCA claims of furthering a "social responsibility plan" among miners, and on future spending plans, see "Zambian Councilor Praises Chinese Investment," XH, 14 July 2007; "Chambishi Mines Launches Social Responsibility Plan," *Times of Zambia* (TOZ), 10 July 2007.

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

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

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

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

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

treasury. In 2004, with copper at $2,868 and the same level of production, the now foreign-owned mines provided only $8 million. In contrast to the pre-privatization years, these mines now also generally have no linkages that enrich local communities. Only a minority of firms run health and education services for employees and their families.[95]

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

The Chambishi mine is by no means the largest Chinese-owned enterprise in Africa. A private, Chinese-owned conglomerate in Nigeria, with which many PRC SOEs partner in manufacturing and construction, has 30,000 employees, including many Nigerian managers.[99] There are several large PRC-owned factories in Africa, such as the Urifiki Textile Mill in Tanzania, with 2000 workers, and shoe and textile factories in Nigeria that employ 1000 to 2000 workers.[100] Chambishi, however, has been burned into the minds of those exposed to the China-in-Africa discourse.

A comparative study would likely reveal that both PRC and Western enterprises in Africa impose oppressive conditions. It should be noted, however, that PRC investments in Africa are much less profitable than those of Western countries.[101] The WB has observed that Africa provides "the highest returns

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

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

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

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

[99] Ni Yangshuo, "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 (2006), available online at <www.chinafrique.com/zf-2005/2006-10/2006.10-hz-1.htm>. Zhou Zihong, "Feizhou zui 'niu' de zhongguo shang ren" [Africa's strongest Chinese businessman] *Da Jing Mao* no. 1 (2008), pp. 50-53.

[100] UNDP, "Asian Foreign," pp. 59-60; Craig Timberg, "From Competitors to Trade Partners," *Washington Post*, 3 December 2006.

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

on foreign direct investment of any region in the world."[102] In the 1990s, these returns averaged 29 percent and have since risen. They are much higher than returns of US foreign affiliates elsewhere, for example;[103] yet returns for PRC foreign affiliates in Africa are low compared to PRC businesses in other regions. Unlike much Western investment in Africa moreover, most PRC investments are equity joint ventures with African enterprises, who share in profits. Most are small- and medium-size enterprises producing for African markets.[104] PRC firms are often flexible in responding to African development plans. For example, in 2007, the Democratic Republic of the Congo (DRC) banned cobalt concentrate exports. Chinese firms that previously bought concentrate quickly moved to set up DRC plants to produce copper cobalt alloy.[105]

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

The China-in-Africa discourse in the West for the most part insists that the Chinese have particularly positioned themselves to exploit Africa and

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

103 Ernest Harsch, "Foreign Investment on Africa's Agenda," *Africa Recovery* 17:2 (July, 2003), pp. 12-16; "Encouraging Businesswomen in Africa," 2002, available online at <www.cipe.org/publications/overseas0002/features/ encouraging.html>. Profitability for US affiliates in Africa was 25 percent in 1997, but 12 percent worldwide.

104 UNDP, *Asian Foreign*, pp. 57-59. China is also building large smelters in other African countries, such as Zambia and Egypt. "How China is Cementing Resources Globally," *Asia Pulse*, 20 August 2007; "CITIC to Construct Smelter in Egypt," IHT, 12 September 2006, p. 18.

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

106 Shashank Bengali, "An African Building Boom Made in China," *Star Tribune* (Minneapolis), 18 September 2006, p. 13A.

107 James K. Jackson, "US Direct Investment Abroad: Trends and Current Issues," (Washington, DC: Congressional Research Service, 2006), p. 3.

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

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

Africans.[110] Several Western states, however, directly support despots by providing military assistance and legitimacy.[111] China is thus not likely to fare worse than the West in an evaluation of how foreign investments impinge on development and human rights in Africa.

Conclusion

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

The main problem with the China-in-Africa discourse is not empirical inaccuracies about Chinese activities in Africa,[114] but rather the decontextualization of criticisms for ideological reasons. Some analyses positively cast Western actions in Africa compared to China's activities; others lack comparative perspective in discussing negative aspects of China's presence, so that discourse consumers see a few trees, but are not given a view of the whole forest. Such analysis reflects Western elite perception of national interests or moral superiority as these impinge on "strategic competition" with

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110 See, for example, Kevin Kerr, "Into Africa: Commentary: China's Tentacles Reach Throughout the Continent," MarketWatch, 9 January 2007, available online at <www.marketwath.com/news/story/africa/story.aspx?guid=%7b595AF38F-31C4-45A7-8048-168C.>; Will Hutton, "Does the Future Really Belong to China?" *Prospect* (January 2007), available online at <www.prospect-magazine.co.uk/article_details.php?id=8174>.

111 William Hartung and Frida Berrigan, "Militarization of U.S. Africa Policy, 2000-2005," World Policy Institute Arms Trade Center, March 2005, available online at <http://worldpolicy.org/projects/arms/reports/AfricaMarch2005.html>. The 2007 Stockholm International Peace Research Institute Arms Transfers Database (http://armstrade.sipri.org/) indicates that the total inventory value (TIV) of US arms sold to 12 African states from 1997 to 2006 was US$6.415 billion, while the TIV of Chinese arms sold to 13 African states in the same period was $564 million.

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

113 On the African brain drain to developed states and the training of African professionals in China, see Barry Sautman and Yan Hairong, "Friends and Interests: China's Distinctive Links with Africa," *African Studies Review* 50:3 (December 2007), pp. 75-114.

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

China.[115] Many analysts scarcely question Western rhetoric of "aiding African development" and "promoting African democracy," yet are quick to seize on examples of exploitation or oppression by Chinese interests.[116]

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

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115 A US official has stated, "To say that the subject of 'China in Africa' fascinates the US government and private sector is something of an understatement." See Claudia Anyaso, "Remarks at the China in Africa Today Seminar," US Department of State, 6 March 2007,available online at <www.state.gov/p/af/rls/rm/81652.htm>. The US House subcommittee on Africa vice-chair has said, "China's increasing engagement in Africa is a concern, and we need to focus on it before Beijing becomes fully established." See Kathy Legget, "China's Expansion into Africa Poses New Challenges for the US," WSJ, 30 March 2005, p. 1. China in Africa figures in US discussions of a non-Western challenge to US hegemony. See Steven Weber, "A World with the West," *National Interest* (July-August 2007). Half of respondents to a poll of 7,500 Americans indicated they regard China's influence in Africa as a "great threat" or "threat" to US national interests. See "UPI/ZogbyPoll: China's Influence in Africa," UPI, 27 July 2007.

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

117 See, for example, "China Means Well in Africa–Ngatjizeko," *The Namibian*, 3 April 2007; "A Scramble for the Continent that We May Not Gain From," EAS, 27 March 2007.

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

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

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 effort to use the discourse to distract from the reality of Africa's continued subordination within a world system that builds in exploitation and other systematic violations of rights.

Hong Kong University of Science and Technology and
Hong Kong Polytechnic University, Hong Kong , October 2007