



China in Africa

Myths, Realities, and Opportunities

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Myths and realities about China’s ambitions in Africa abound: China is monolithic, mired in stale ideology, subverting the Bretton Woods system, and unwilling to provide global public goods. Another is that China has no “soft power,” that is, the ability to engage almost one billion Africans by persuasion, attraction, and market relations rather than brute economic and military force.

These myths, which cause some to conclude that China is interested in a “resource grab,” or aiming to displace the West, may cause strategic errors by other nations or the global governing institutions. It hurts the interests of Africans who have made great strides to eradicate poverty, build democratic institutions, and integrate into global networks of trade and investment.

China’s History in Africa

China’s involvement in Africa, which dates as far back as 618AD, is seen as a unique advantage (see Figure A). It may be divided into three periods. The first period leading

up to 1949 is the episodic phase where The T’ang (618-907 A.D.), Sung, and Ming dynasties traded tusks and horns, slaves, and light-manufactured goods, respectively. In the late nineteenth century, the first wave of Chinese immigrants came to Africa, especially after the Boxer rebellion in 1899. The second wave of immigrants came to Africa after the formation of the People’s Republic in 1949.

The second period is the ideological or “symbolic phase” and began in 1960 and lasted until 1989. This was characterized by open conflict and competition with the Soviet Union and the West, and the beginning of the Cultural Revolution in 1966. Other salient events of the time included the construction of the Tan Zam railway (1970-1976), China replacing Taiwan on the UN Security Council with African support in 1971, and in 1982, when the Communist Party of China (CPC) defined the principles of “Mutual Respect and Non-interference.”

The third or “symbiotic phase” began in 1990 and persists to the present. It is characterized by the modernization of the People’s Liberation Army, the restructuring of State Owned Enterprises, and the development of the “Socialist

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References for this article can be found online at <http://hir.harvard.edu/articles/perspectives>.

Market Economy.” China went from oil exporter to oil importer, and in 1996, China’s acquisitions in Africa take off. Consequently, a “Third Wave” of Chinese immigrants to Africa begins.

Comprehending the history of China in Africa is fundamental because it forms the basis of China’s identity in Africa as another developing nation, a benign not colonial presence, which sets the foundation for their espoused strategy of “mutual benefits,” and non-interference in sovereign issues.

Demographics drive Strategy

China’s strategy in Africa may be partly linked to its demographics. The greatest challenges facing China are aging population, gender disparity, migration to cities, rural health care, and income inequality. Poverty declined from over 60 percent to less than 7 percent since 1978, eradicating more poverty than in the rest of human history.

China has been the world’s most populous nation for many centuries. Its national population density (137/km²) is not very high. The overall population density of China conceals major regional variations; that is, the western and northern areas have only a few million people.

China now has an increasingly aging population; it is projected that 11.8 percent of the population in 2020 will be 65 years of age and older. Health care has improved dramatically in China since 1949. Many major diseases have been brought under control. Life expectancy has nearly doubled.

According to the 2010 census, males account for 51.3 percent of China’s 1.34 billion people, while females make up 48.7 percent of the total. In most western countries the sex ratio at birth is around 105 boys to 100 girls. In some parts of China, the number may be as high as 128 boys to girls.

China’s internal migrants can be divided into those with and without local residency rights. There will be an increase of almost 400 million migrants to the major cities over the next 15 years.

In 1979, the year Deng Xiaoping introduced sweeping economic reforms, the rural health-care system started to disintegrate. Subsidies disappeared, and local hospitals were sold to the private sector. As a result, the proportion of rural residents covered by the government’s medical cooperative system fell from 90% to 9.8% by 1985, where it remains today. The incidence of cancer, heart disease and tuberculosis has increased and become a serious social issue between the governing elites and rural poor.

China’s Gini coefficient has climbed to 0.5, from less than 0.3 before Deng’s reforms. The government plans to conduct a nationwide income survey in 2012 to help it calculate wealth inequality. Premier Wen Jiabao is signaling that curbing pollution, inequality, and the risk of financial instability are more important than economic growth. They may be moving the economy to greater consumption and away from exports and investment, a shift that may mitigate global imbalances blamed for the last financial crisis.

Some social scientists suggest that a Gini coefficient of around 0.4 predicts a large degree of social unrest. Mass incidents, including strikes and riots doubled to at least 180,000

in 2010 from 2006. In February 2012, one analyst projected the figure in 2012 to be 300,000 incidents.

Chinese leaders are concerned over how to manage changing demographics and technological and political innovation. China has a history of bottom-up rebellion that is unmatched in the history of the world. A number of questions betray inherent contradictions and threats to their current model.

For example: How can the Chinese see their own history as a force for unity when it is replete with recurring cycles of economic turmoil and peasant revolts? How can the leaders of China embrace information technology as a force for positive change, and be the world’s biggest censor? How can China speak of its unity while brutally suppressing ethnic groups? How can they decentralize power while corruption at local levels is so great? How can China keep the military leaders happy while entrepreneurs become more important?

Chinese demographics undergird China’s strategy in Africa. Africa represents oil and minerals to fuel employment and growth at their thousands of factories, a place to send young men to work (some say there are 500,000 Chinese workers in Africa), and a place to invest some of its excess liquidity to keep domestic inflation down.

China – the Principle Beneficiary of Globalization?

China was once a revolutionary force bent on overturning world order. It has now become the principle beneficiary of globalization, and a member of most international regimes: the Nuclear non-proliferation Treaty, World Trade Organization, the United Nations Security Council, and founding member of the G-20.

China has not formulated a view of how it would contribute global public goods (cyber space, climate change, and regional security). This is a source of frustration to many. It is probably because it is struggling to reconcile its double identity as a developing nation and global economic power.

Twenty organizations make international strategy in Beijing. They use the broadest range of instruments of any nation: diplomatic instruments, financial incentives for infrastructure investments, Special Economic Zones, development assistance, military cooperation, and peacekeeping.

One thing is certain, however. Growth was always the main goal of China’s globalization strategy. Gross domestic product expanded 9.2 percent last year, down from a 10.4 percent gain in 2010. China’s economic growth will slip to 8.59 percent this year due to Europe’s problems; inflation will decline to 3.3 percent; the pace of the Yuan gains will decelerate this year due to a declining trade surplus and slowing capital inflow. Growth in imports will outpace exports, according to a Xiamen University and National University of Singapore joint forecast.

Liberalizing the economy on a massive scale is what kept the Chinese Communist Party (CCP) in power over the last two decades. But it also created problems and asymmetries: coastal areas grew faster than the interior, and inner cities are characterized by social disparity. The elites are sometimes viewed as exploiting the poor, and local authorities can be

corrupt. These, together with the cyclical overheating of the export-based economy, are the side effects of miracle growth.

China's approaches to wealth creation should resonate in the West - China boasted the largest economy in the world for two thousand years. The interruption, which is often referred to as "The Century of Humiliation," began with the Opium War of 1842 when Britain forced concessions on China for trade and foreign settlement. They see growth as their natural trajectory. The new theory of the state is the "socialization of individual happiness." Wealth is part of a narrative of social cohesion and destiny, proof of Chinese exceptionalism. Deng Xiaoping, the leader widely credited with China's "Going Global Strategy" said, "To get rich is glorious!"

China intends to get rich by looking for more influ-

with the latter are fundamentally opportunistic.

China is sensitive to western criticism that it enables regimes that violate international norms. It sees its strategy as constructive engagement and argue that military force and sanctions are ineffective, most controversial issues are domestic, and that their concrete economic and political interests offer the opportunity for softer forms of persuasion.

In a couple of decades, China has made Africa into a proving ground for its diplomacy and international businesses. It has broken the western aid monopoly in Africa without engaging in the intricate dance of western conditionality, which some Africans view as a menace to their sovereignty.

Sino-African trade increased from US\$125 billion in 2010 to US\$155 billion in 2011. More than 2000 Chinese private businesses are in Africa. China's share of Africa's total

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ence in global governance and participating in vision of a "harmonious" world order. China places a heavy emphasis on multilateralism, some say, a greater emphasis than the United States does. It views the United Nations as the primary framework for legitimizing collective action, and the preferred platform for multilateral responses to common challenges. It also sees the United Nations as the only way to constrain American unilateral behavior.

Within this context, China intends to slowly remake the world order, not just geopolitically, but normatively, as non-western ideals and beliefs compete with western liberalism. Its relationship with Japan is not an easy one, and its relationship with the United States - complicated by arms sales to Taiwan, the Dalai Lama's White House visit, and the value of the Yuan - has been difficult.

China's Strategy for Africa

China's explicit state-to-state strategy in Africa is based on "Mutual Benefit" and Constructive Engagement. The principles are: "Sincerity, equality and mutual benefit; solidarity and common development." Premier Wen has said, "Hegemony is raising its ugly head," and that relationships with African nations will be "without political conditions." He stated on other occasions that China's broader strategic purpose was "to counter western dominance."

China's engagement strategy in Africa is rooted in its rise as a world economic power, but it employs a broad scope of diplomatic instruments, financial incentives in the forms of infrastructure investments, and development assistance, as well as peacekeeping and military cooperation.

China has a strategy of engaging with three types of African nations, in order of increased political problems: democracies with diversified economies (South Africa), weak democracies that hold sub-soil assets in abundance, and some countries considered to be pariah states in the eyes of the west. It is important to comprehend that China's approach

exports has increased from 1 percent to about 15 percent in a decade.

The improvement in Africa's terms of trade, which has increased by 4.3 percent on average between 2000 and 2008, may be attributed to China's demand. China's exports to Africa enable access to inexpensive manufactured goods: electronics, toys, and even cars. This raises purchasing power and improves the quality of life.

China's industries have caused pollution, but not more than western investments. Labor disputes exist, but some evidence suggests they treat workers the same in China, and are willing to improve this.

China's low-cost manufacturing exports have undercut some local manufacturing firms, especially clothing and footwear. But, they have also helped develop manufacturing by investing in infrastructure and increasing their imports. And, there is a vast potential for Africa's agricultural goods in China.

China's foreign direct investment in Africa reached US\$ 5.5 billion in 2008, up from only US\$70 million in 2003. Many observers think it is based on extractive industries, but since 2003, resource-rich nations have received only 37 percent of Chinese investment. China's official foreign aid has increased from US\$800 million in 2005 to US\$1.4 billion in 2009, but when one takes into account concessionary loans, export trade credits and other mechanisms, it compares favorably with the World Bank's annual flow.

Coordination between the United States and China would be valuable since so many complementarities exist between the two nations. US aid to Africa goes toward democratization efforts, public health programs, counter-terrorism cooperation, and improved regulatory regimes. It often comes with stipulations or conditionalities. The Chinese invest in infrastructure and enterprises, and are less interested in exporting their beliefs and values. Though this might change as their stakes on the continent rise.

The Chinese also invest in countries with a high credit risk rating such as Sudan, Zimbabwe, and Sierra Leone. This is not due to their desire to invest in difficult political circumstances. It is because there is less competition for new Chinese multinational corporations, they need to fuel their growth at home, and because they strongly adhere to the principles of non-interference in sovereign issues. This frustrates many in the international community and in Africa, and there has been some flexibility of late.

China's firm-level strategies follow a clear path in Africa: First, they must find commercial success in the Chinese domestic market, and then scale it; second, find access points to global supply chains through trade; third, raise funds in the global capital markets; fourth, pursue mergers and acquisitions to gain global economies of scale; and fifth, develop and obtain global management expertise and technology to compete globally.

China does not have a competitive edge over many Western firms in globally open markets. But in inward looking markets, like in Africa, Chinese companies are able to gain from state-to-state or bilateral influence. They have an explicit willingness to work with any state, to be the low cost bidder based on lower wages for workers and managers, and to bundle diplomatic attention, support for prestige projects, and low interest loans and outright grants to beat the competition. The result is that over 800 Chinese state-owned businesses are now working in Africa.

China's strategy has hurt some small business people in Africa. China has brought new goods closer to consumers, but threatened established retailers. It is not just the importation of light-manufactured goods that have out-competed indigenous manufacturing, (that is, in Nigeria, 250,000 workers have been laid off because 80 percent of the textile factories have been closed); the emergence of new Chinese retailers all across Africa have squeezed out indigenous entrepreneurs.

The Chinese entry strategy is basic: an initial entrepreneur, perhaps some one who left a state-sponsored construction job, opens a shop and sells merchandise through superior access to Chinese goods. He uses family labor and sells a very broad scope of products. Other Chinese see the success and open similar shops. Profits are driven down, which drives diversification and focus. Africans are hired to do menial work, but the Chinese retailers use a form of indentured servant and family members for higher ordered work, which increases the supply of future Chinese business people. If the local authorities tighten regulations, they find it difficult to enforce given these lucrative investments.

The problem is bound to increase; the Chinese are now exporting refrigerators, air conditioners, and even vehicles. Emigration from China is no longer limited to a few segments of society. It is an option for those who live and work all across China, and it has rapidly become a reasonable aspiration.

Tens of thousands of African entrepreneurs attend business festivals in southern China, Nigerian primary students are learning Chinese, Confucian institutes, which are the

equivalent of the Alliance Francaise and Goethe Institutes, are springing up.

Western fears have reduced China to caricatures

As with all caricatures, they are reminiscent of the truth, but incomplete. And in the high stakes world of trade and development, possessing part of the truth is dangerous.

The Aggressor, China, is interested in a resource grab, which takes little account of local needs or desires. They see Africa as a dumping ground, are callous to environmental and human rights concerns, which negate African developmental gains.

The Hegemonist: China's new relations with Africa, since 1996, are aimed at displacing the West, forging relationships with autocrats and elites under the banner of south-to-south solidarity, and can only result in a form of political control over the continent.

The Partner: China is a partner in Africa as part of long-term strategic commitment to the global poor. It is driven by China's economic needs, but also a commitment to convey its historical experience on the periphery to the global system with all African nations, as well as a desire to build effective partnerships across the developing world.

Cardinal Peter Turkson, a Ghanaian Cardinal of the Catholic Church said, "Many Africans believe that the West has had its chance." Many outside observers agree that "China will act as an alternative model to the West, embodying a very different kind of political tradition, a post-colonial, developing country, a communist regime, a highly sophisticated statecraft, and an authoritarian-Confucian rather than democratic polity." Paul Romer, a Fellow at the Center for Global Development, says, "A world in which many countries provide development assistance is better than a world where the U.S., Europe, and the World Bank are the only game in town. Even if countries like China or Brazil pursue self-interested assistance strategies, as the existing players do, recipient countries will benefit from the ability to choose among a richer menu of options." Michael Kremer, a leading development economist at Harvard, says, "The policy discussion over China is simplistic. China is more people to do business with, their purchases create jobs, and their products create value."

Despite the existence of these Western characterizations, one thing is for certain: the relationship between Africa and China is evolving. Grand statements and gestures have given way to practical experiences that have built trust in some cases and skepticism in others.

It is probably true that Africa is more important to China than it is to the West, and that China, without the explicit goal of altruism, has done more to alleviate poverty in Africa than anything ever attempted by western colonialism or the initiatives of the multilateral institutions.

China has an Africa strategy, but Africa does not have a China strategy. Leaders throughout Africa are addressing this. But those outside the continent that are mired in myths, old assumptions, and the self-sealing logic of ideology will remain flat-footed, flummoxed, and miss the opportunities

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that China sees in Africa. As one European official said recently, “Thanks to China, we have discovered that Africa is not a continent of crises and misery, but one billion new business partners.” 

Years	China in Africa: Selected Events*
To 1799 A.D.	Episodic Period: T'ang dynasty (618-907A.D.) traded tusks, horns, and incense with East Africa. Sung dynasty (1127-1279) refers to slaves from Somalia to Mozambique. Ming emperors (1417-1431) launch three large expeditions to East Africa.
1800-1899	Late nineteenth century: “First Wave” of Chinese immigrants to Africa. 1899-1901 Boxer Rebellion stifles reforms and expels foreigners.
1900-1948	1911: The Republic of China. 1931-1945: Japan invades. 1934: Mao emerges as communist leader.
1949-1959	1949: People’s Republic of China. “Second Wave” of Chinese Immigrants to Africa. 1954: Bandung Conference. 1950-55: Improvement of food security among small-scale peasants due to land reform. 1953: Five-Year Plan focusing on Soviet-style development of heavy industries. 1958: Land is collectivized and farmers are organized into People’s Communes. 1958: “Great Leap Forward” campaign. 1959-61 Largest famine in Human History, ~ 30mn people.
1960-1969	1960: Open conflict with USSR. 1966: Cultural Revolution begins. Stagnation in agriculture and industry. “Ideological Period” of Chinese relations with Africa.
1970-1979	1970: Satellite launch. 1970-75: Construction of the Tan-Zam railway. 1970-76: Gang of Four. 1971: Secret Kissinger visit. Taiwan replaced on UN Security Council with African support. 1972: Nixon visit. 1974: 130 Nuclear vehicles. 1975: Maximum family size. 1976: Mao dies. 1977: Hua Guofeng’s Open Door Policy. 1977: Deng wins power struggle. 1978: Introduction of pragmatism, market elements. The Four Modernizations. 1979: Diplomatic relations with USA. Household Responsibility System. One child per family. President Carter visit.
1980-1989	1980: Special Economic Zones. Debates between Reds and Technocrats. 1982: Population exceeds one billion. 1982: Communist Party of China (CPC) defines principles of “Mutual Respect and Non-interference” in 12th Assembly. 1984: 14 coastal cities open to FDI. 1984: Three Gorges dam project conceived. 1985: Cultural fever intellectuals identify feudal traditions as cause for backwardness. 1986: Deng’s Open Door Policy with FDI. 1987: KFC in China. 1988: China National Petroleum Corporation and the China National Offshore Oil Company (CNOOC) are China’s first MNC’s. 1989: Tiananmen Square. Stock markets open in Shanghai.
1990-1999	1990: Modernization of the PLA begins. Public protests in rural areas begin for next two decades. SOE restructuring begins. 1991: Deng’s “Southern Trip.” 1992: “Socialist Market Economy.” 1994: China connected to internet. 1995: Economy overheats. Symbiotic Period begins: China goes from oil exporter to oil importer. 1996: China acquisitions in Africa (i.e. Sudan, USD 15bn) take off. “Third Wave” of Chinese immigrants to Africa begins. 1997: Deng dies. Regains Hong Kong. 1998: Microsoft and Intel in Beijing. 1998: Seven of ten most polluted cities in world are in China.
2000-2005	2000: Forum on China Africa Cooperation (FOCAC) launched in Beijing. Intensified anti-corruption activities. 2001: Beijing awarded 2008 Olympics. 2001: Member of WTO catalyses contraction of SOE sector. 2002: President Bush visit. 2004: Border settlement with Russia. 2005: 103 million internet users. 2005: Joint military maneuvers with Russia. 2005: CNOOC failed to buy US firm Unocal as US lawmakers staged campaign against the deal. 12,400 African business people come to 97th Guangzhou trade fair.
2006	Chinese inaugural issue of Rolling Stone magazine. CNOOC buys stake in a Nigerian offshore oil and gas field. China surpasses the United States in carbon dioxide emissions due to fossil fuel use and cement production. 2006: FOCAC Summit announces cancellation of USD 1.42 bn in African debt.
2007	China’s military budget increases 17.8%. Number of Internet users in China reaches 210 million. African Development Bank conference in Shanghai. WHO meetings in Geneva announce Beijing will donate USD 8 bn. for Africa to respond to health emergencies.
2008	Beijing 2008 Olympic games: Confucius (551-479 BC): “Friends have come from afar, how happy we are.”
2009	Russia and China sign USD 25 bn. oil deal. 20 million migrant workers lose jobs in China due to global economic crisis. Chinalco invests \$19.5 billion in the Anglo-Australian mining company Rio Tinto - increasing its stake from 9% to 18% to secure supplies of vital metals and minerals. China is the largest automobile market in the world.
2010	30% of all malicious software attacks on the Internet came from China - more than 21% from the city of Shaoxing alone. China has two supercomputers in the list of the world’s 10 fastest machines. Jailed Chinese dissident Liu Xiaobo wins 2010 Nobel Peace Prize.
2011	China surpasses Japan to become second largest economy. China unveils J-20 stealth fighter.
2012	USD 200mn African Union Headquarters in Addis Ababa built by Chinese. President Zuma of RSA looks to state capitalism model to build infrastructure. City dwellers outnumber rural. China and Russia prevent UN regime change process with Syria. China exports and imports falling for first time since global finance problems. Inflation rebounds. Manned space launch in July.

* Africa events are bolded

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