China in Africa

Peter Woodsford U3AC 'Africa Forum' 1 December 2017.





An email from East Africa this year



Faith Mutembei 17 mins · ©

Kenyans Should know and be very worried!

China offered Siri Lanka a large amount of money as loan, the country is now deep in a 69.5 billion dollars debt, 75% of her GDP is now going towards repaying the China loans and whenever the money isn't available, the government sells poor People's lands to Chinese investors to service the loans. 95% of their money is used in paying China.

The country is bankrupt forcing it to inflate prices of commodities to finance the government activities, no country is willing to offer them any loan, not even IMF or world Bank, due to their poor credit ratings. Siri Lanka is the poorest country with the most expensive cost of living.

The country is virtually owned by China now.

Kenyans are you listening? Experts warn that we may not manage to repay the SGR loan in time, this will push us into a debt crisis, already 51% of our GDP is spent on loan repayment, mainly from China.

Kenyans are you listening?



097 49

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...

CHINA Beijing Yangtae River Shanghai INDIA Hong Kong

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The Standard Gauge Railway Project

- The Official site Vision includes Ug, S. Sudan
- Wikipedia article
- Mombasa-Nairobi phase open
- Estimated cost \$3.6 billion
 - 90% from Chinese ExIm Bank, 10% Kenya
 - The prime contractor <u>China Road and Bridge</u> <u>Corporation</u>
 - Controversy through Nairobi National Park

Play Al-Jazeera Report, questions on financial



viability

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Follows/replaces metre gauge Colonial line (started in 1897)











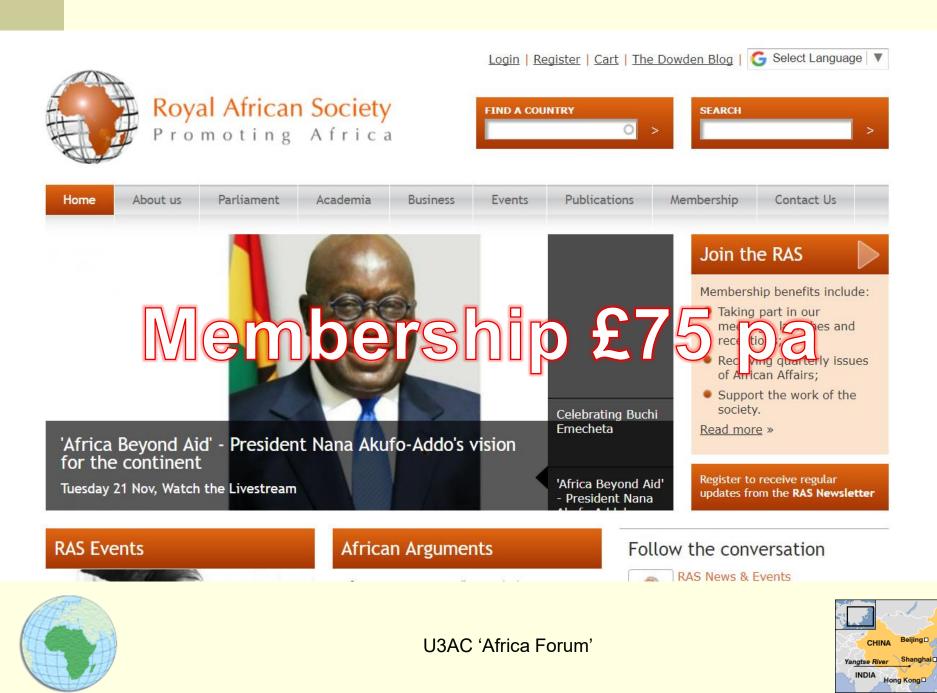


Background – amazed to find I talked to AF on 4 Dec 2007_____

- Noticed news items on the topic
- Saw enormous pace of change in China during visit in August 2007
- Chris Alden's book launch and talk at Royal African Society:
 - <u>http://www.royalafricansociety.org/</u>









About the Book

Nowhere in the world is China's rapid rise to power more evident than in Africa. From multi-billion dollar investments in oil and minerals to the influx of thousands of merchants, labourers and cheap consumer goods, China's economic and political reach is redefining Africa's traditional ties with the international community. This book investigates the emerging relationship between China and Africa to determine whether this engagement will be that of a development partner, economic competitor or new hegemon. Alden argues that in order to understand Chinese involvement on the continent, we need to recognize the range of economic, diplomatic and security rationales behind Beijing's Africa policy as well as the response of African elites to China's entreaties. Only then can the new challenges and opportunities for Africa and the West be accurately assessed.

What People Have Said About the Book

'Chris Alden has written the first substantive book on China-Africa relations in three decades. Anyone wishing to understand the complexities of China's engagement with Africa must read this fine study.' - David Shambaugh, George Washington University & The Brookings Institution

'In the welter of badly-thought and badly-written work now being rushed into print on China in Africa, Chris Alden's book is an



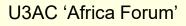
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Summary (2007 talk updated), Alden's book still very sound

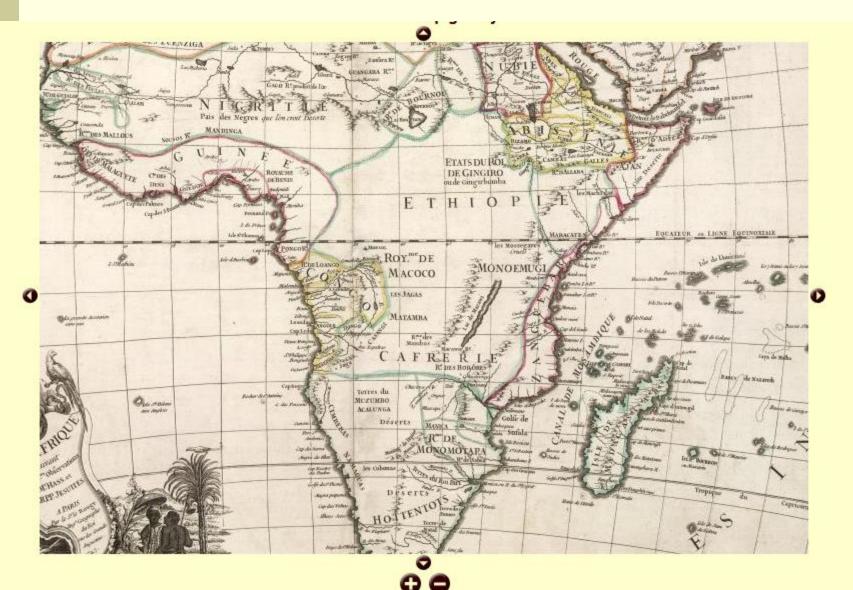
- History
- Chinese Policy towards Africa
 - Cold War and its aftermath
 - Recent
- The Chinese in Africa
 - 'Capitalists, Comrades and Carpet-baggers'
- Africa Turns East?
- Western Reactions to China in Africa
- Partner, Competitor or Coloniser?







Africa – The Dark Continent



China – The Middle Kingdom

The Chinese Empire traditionally thought of China as the Centre of the Universe, and so was inward-looking and did not encourage expansion or overseas exploration







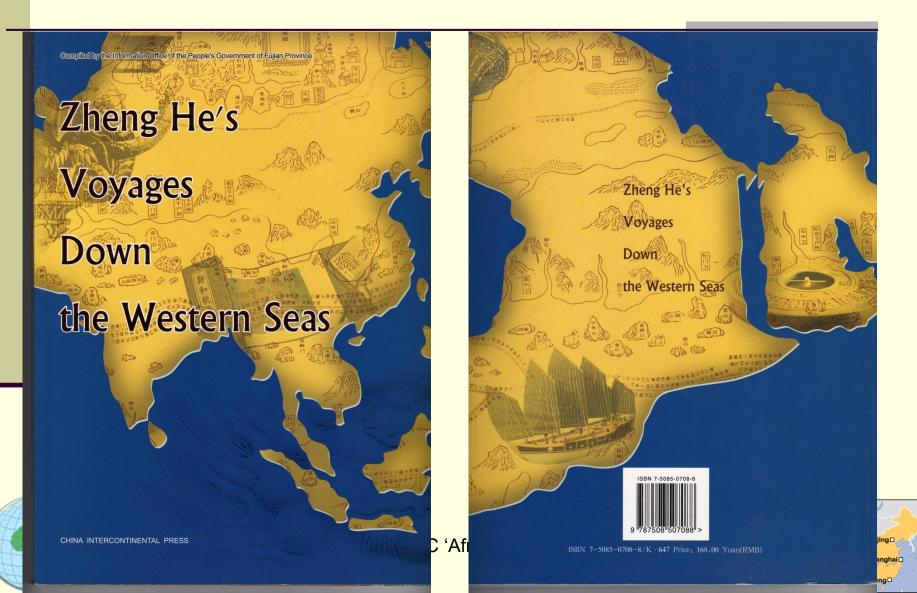
Zheng He (1371-1433)

- Ban on sea voyages lifted by Emperor Zhi Di (Ming Dynasty)
- Zheng He made 7 voyages during the reigns of Emperors Yong Li and Xuan De (1405-1431)
- Major fleets, typically 50-100 large vessels, carrying cargoes of trading goods, esp silk and porcelain
- Reached East Coast of Africa (Mogadishu, Lamu, Dar) and possibly the Cape.
 - More or less contemporary with the Portuguese!





Zheng He's Voyages





Zheng He's fleet arriving at the shore of East Africa.



Effect of Zheng He's Voyages

- State-sponsored Ming naval efforts declined dramatically after Zheng's voyages
- Opinions differ as to why
- Sea-borne Trade continued for several centuries
 - Many archaeological finds along East African coast, esp. porcelain

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Peaceful trading' precedents cited today





Cold War period

- Zhou Enlai visit to Africa, 1963-4
 - Africa 'ripe for revolution'
- TanZam railway sponsored and built by Chinese, early 1970's
 - Export route avoiding Rhodesia, West declined to finance
- However, no consistent programme except for 'Recognition Issue', from 1949 until post-Mao reforms





The Recognition Issue

- After 1949, PR China not represented in UN, and Security Council seat held by Taiwan (Republic of China)
- Sustained PR China campaign to change this
 - Africa biggest voting block (>40)
 - Aid projects and diplomacy targetted to influence this
 - Taiwan countered with its own 'dollar diplomacy'



The Recognition Issue

- 1971 RoC voted out of permanent seat on UN Security Council
 - African votes decisive
- 1997 post-Apartheid South Africa severed ties with Taiwan
- 2005 Senegal (1st Francophone) too
- 2008 Olympics African votes for Beijing
- African votes in UN have also shielded China on some Human Rights issues





New Chinese Africa Policy

1980's to date





New Chinese Policy to Africa

- 1978 Deng Xiaoping's gradualist road of capitalist-oriented development
 - 9-fold increase in per capita income in 30 yrs
 - 50% reduction in number living in poverty
- 1982 Zhao Ziyang
 - Cooperation and aid that holds economic gain for China
- 2003 Wen Jiabao
 - Closer ties with Africa to counter Western dominance





New Chinese Policy in Africa

- Major focus on increasing trade
 - Bi-lateral agreements
- Principal objective is securing raw materials and energy supplies
- Historical appeals
 - 'Chinese' Gordon in Sudan
 - 'Zheng He came only to trade, we took no slaves'





Currently, Xi Jinping and the 'Belt and Road' Initiative

- Unveiled in 2013 Wikipedia article
- McKinsey overview report
 - Transport infrastructure to massively increase trade
 - The 'Belt' is by land, the old Silk Road
 - The 'Road' is maritime routes
 - Includes Africa
 - 12 times bigger than the Marshall Plan

Written into Chinese constitution at recent

Party Congress

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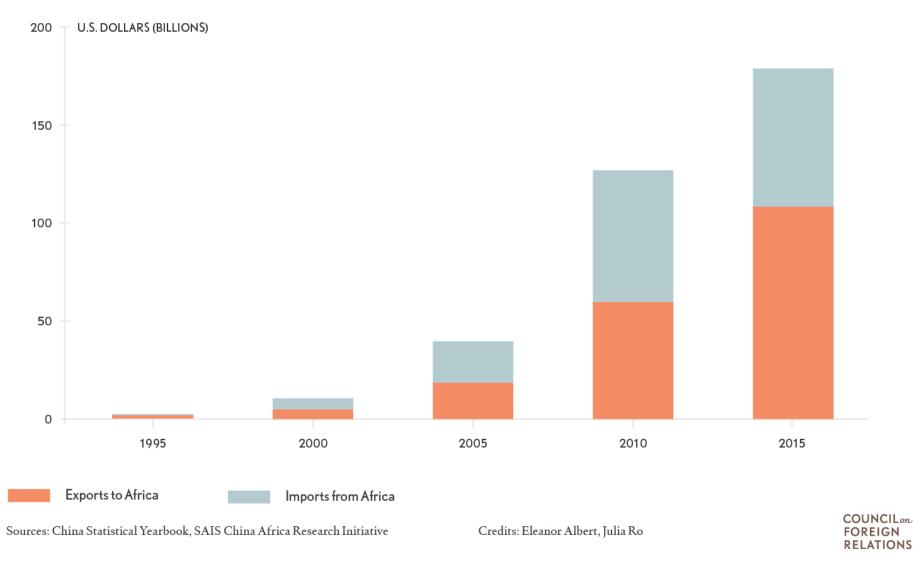
Updates

- China is Africa's main export market and also its largest source of imports. After 15 years of closer trade ties, China accounts for about 20 per cent of imports in Sub-Saharan Africa and about 15 per cent of its exports. *Financial Times, 3 Dec 2015*
- However, weak commodity prices since 2014 have greatly impacted the value of African exports to China, even while Chinese exports to Africa remained steady. In 2015, the largest exporter to China from Africa was South Africa, followed by Angola and Sudan. *China-Africa Research Initiative*





CHINA'S TRADE WITH AFRICA



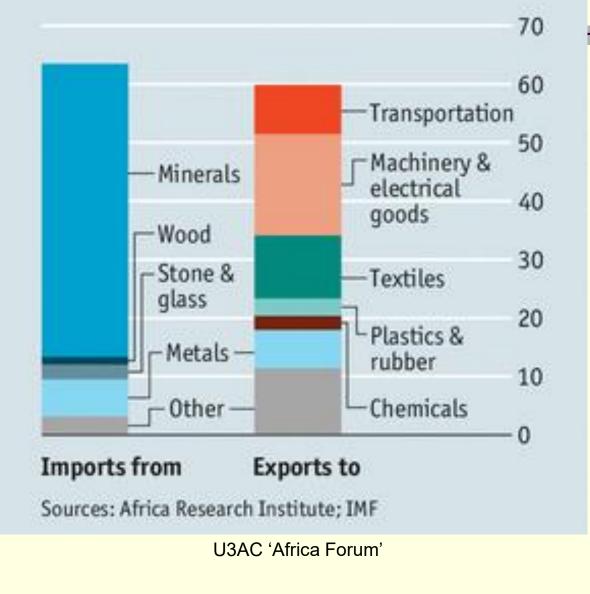
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CHINA Beijing Yangtse River Shanghai INDIA Hong Kong

Minerals, metals and machinery

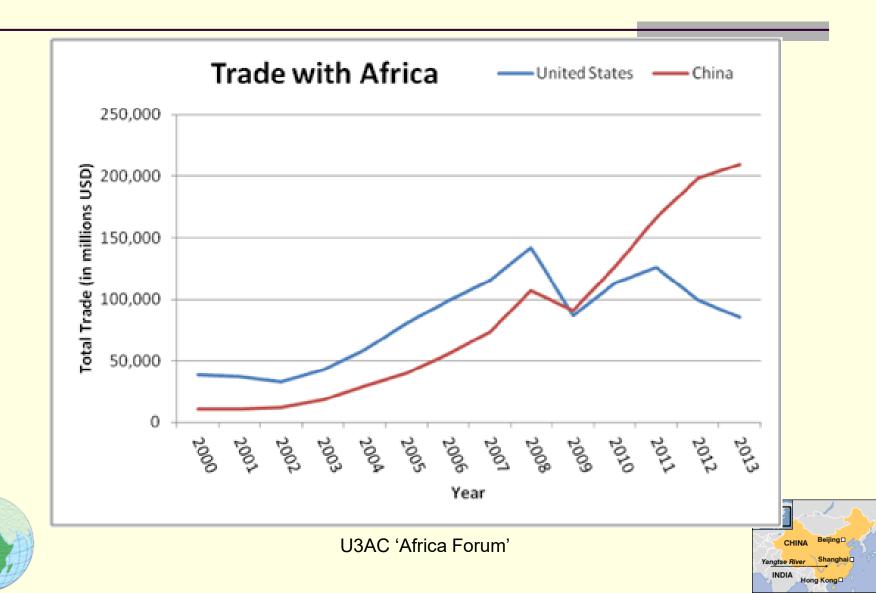
China's trade with Africa, 2010, \$bn







China overtakes USA



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England	Africa," said Chinese Vice- Premier Wu Yi at the opening of		 China to build Nigerian railway 31 Oct 06 Africa
thern Ireland Scotland	the conference.		 China defends its African relations 26 Jun 06 Business
Wales Business	As its economy booms, China's		TOP ASIA-PACIFIC STORIES
Politics	drive to buy African oil and other commodities has led to a		• Top Khmer Rouge leader charged
Health	big increase in two-way trade,		 Burma warned over Asean charter
Education ience/Nature	worth \$42bn (£22bn) in 2005.	AP	 Taiwan blocks Chinese WTO judge
Technology Intertainment	Africa is also a growing market for Chinese goods.	China is eager to cement cultural and economic ties with Africa	News feeds
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China-Africa summit ends

China and 48 African countries have ended a trade summit with a plan to strengthen political co-operation.

The Chinese President, Hu Jintao, also promised to double China's aid to Africa. Daniel Griffiths reports from Beijing.



The Chinese in Africa

Capitalists, Comrades and Carpet-Baggers





Role of Chinese Multinationals

- 1997 Privatisation of all but largest state organisations
- 2001 'zonchugu' or going-out strategy
- Resource security is prime goal, using
 - Political advantage
 - Non-interference in internal affairs, deal with all
 - Economic advantage
 - Low bids, low labour and managerial costs
 - Not a level playing field





Role of Entrepreneurs and Small Businesses

New wave of Chinese immigration, eg RSA

- 1946 4,000
- 1995 120,000
- 2006 300,000 to 400,000

Staying on after infrastructure projects

Retail outlets for Chinese goods





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By Michael Bristow BBC News, Beijing

Chinese migrants are following in the footsteps of European settlers, by seeking their fortunes in Africa.

In the 19th century, most of those drawn to Africa businessmen, explorers, missionaries and soldiers - came from western Europe.

Now it is the turn of the Chinese. Over the last decade, tens of thousands have moved to Africa with Beijing's approval.

They are settling all over the continent, in rural and urban areas, and are involved in agriculture, construction and trade.

This latest wave of Chinese migrants - thought to total up to 750,000 - is not the first to have travelled to Africa.

In the 1960s, China's communist leader Mao Zedong forged close links with the



66 There's no harm in allowing farmers to leave the country to become farm owners [in Africa]

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.

Experts say China is not yet a major player in African agriculture, but it is changing other economic sectors.

Chris Alden, of the South African Institute of International Affairs, says the Chinese are beginning to have a big influence in retailing.

"Chinese migrants or former labourers on construction sites are opening shops, using their contacts to get cheap goods from China," he says.



Many Chinese companies bring in cooks to feed their workers

As an example, he cites the provincial town of Huambo in central Angola, which had no Chinese shops seven years ago.

Five years ago there were five and now there are more than 20, says Mr Alden, who has just written a book called China in Africa.

Unsurprisingly, many Chinese migrants themselves say the chance to earn more money is the main motive for leaving their country.

Chinese worker Lu Shaoqing, who is helping to build sports stadiums in Angola, says he left his wife and seven-year-old daughter in Beijing for a number of reasons.



Chinese Economic Presence

Fast becoming a permanent feature of the economic landscape in Africa

- Major concerns over
 - Labour practices
 - Environmental impacts
 - Lack of skills transfer, job creation

Recently, shift to financial investments

- China has huge surpluses, need to diversify out of Dollars
- 20% stake in Standard Bank is but a start



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ICBC pays \$5.5bn for Standard Bank stake

By Alec Russell and William MacNamara in Johannesburg Published: October 25 2007 02:07 | Last updated: October 25 2007 12:16

Industrial and Commercial Bank of China is to acquire a 20 per cent stake in Standard Bank, the largest bank in Africa by assets, in a dramatic step-up in China's investment ambitions on the continent.

Standard Bank said on Thursday it was selling the stake for a total of R36.7bn (\$5.56bn), of which R20.7bn would go to shareholders and the remainder to Standard Bank Group.

ICBC, the world's largest bank by market value, will get two non-executive directors on the South African group's board, one of whom would be vice-chairman.

The deal requires shareholder and regulatory approval. It is understood the South African Reserve Bank will cap the percentage the ICBC can go to at about 25 per cent.

In a statement to the Johannesburg Stock Exchange, the South African group bank described the deal as "a landmark transaction for Africa. South Africa and Standard Bank

EDITOR'S CHOICE

ICBC in \$5.6bn S Africa bank deal - Oct-26

Lex: ICBC buys into Standard -Oct-26

'Dream come true' for Standard - Oct-26

Open bet on future of emerging markets - Oct-25

ICBC pulls ahead of domestic rivals - Oct-26

Minority status eases approval - Oct-25

Group itself. Standard Bank Group's proposed partnership with ICBC will place it at the cross-roads of economic interaction between China and the African continent and will represent a strong vote of confidence in the future relationship between the two regions.

The announcement followed a cautionary statement from Standard Bank on

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In the second part of a special series on China's new relationship with Africa, the BBC's Adam Blenford reports on the new roads being built in the Ethiopian capital, Addis Ababa.

The Chinese shun the limelight in Ethiopia's capital, but traces of them are rarely far away.

In Addis Ababa's largest market, shoppers pick through piles of Chinese-made shoes and imported underwear.

At the city's new vocational college, dozens of students are taking lessons in classrooms built with Chinese money. Inside government ministries and hospital offices, Chinese computer experts do their thing to bring Ethiopia's outdated IT networks into the 21st Century.

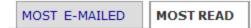
But it is on the city's roads - potholed, dusty and permanently under construction - where the Chinese influence is most pronounced.

TOP AFRICA STORIES

- Sudan row teacher on way home
- DR Congo army in rebel offensive
- Chad rebels 'seize army officers'



MOST POPULAR STORIES NOW



- Sperm donor to pay child support
- 'Missing canoeist' has no memory
- Wife killed 'over cyber affair'
- Mark Wallinger wins Turner Prize
- Teddy row teacher returning home
- Most popular now, in detail





Africa Turns East?

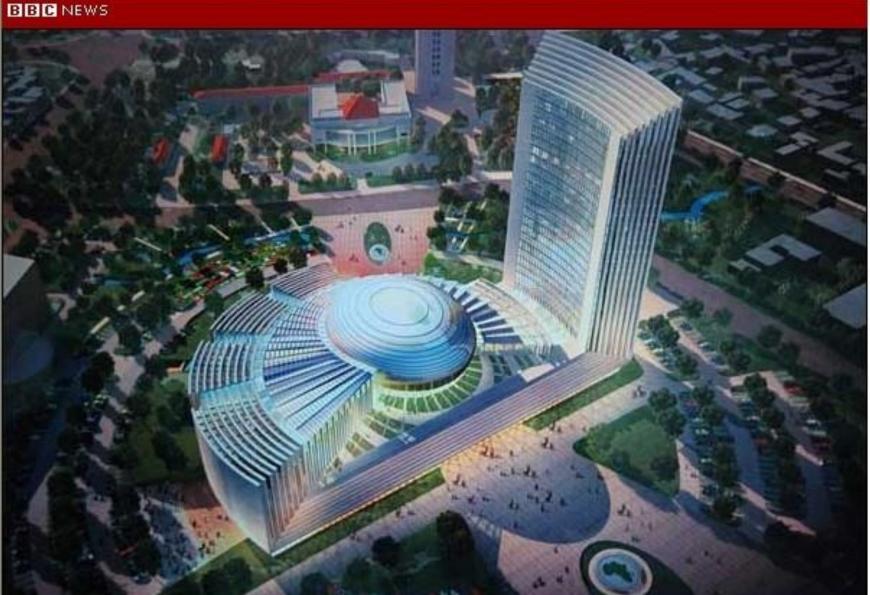




Governments are often positive!

- Very impressed by Chinese achievements, esp. the speed
 - Can they do the same for us, to pull us out of our poverty?
- Chinese appeal to the Elites
 - Prestige projects
 - \$150 million new HQ for OAU in Addas
 - No conditionalities
 - No human rights violations concerns
 - Jamborees like the Beijing summit, many high level visits





An artist's impression of the new conference centre China is to build for the African Union at its Addis Ababa headquarters, at a cost of \$150m (£75m).



Mixed reactions on the ground

- Africa is very diverse:
 - >50 nations, strong religions, tribalisms
- Chinese make mistakes as well
- Nigeria
 - Riots against dominance of Chinese traders, closing down of local textile industry
 - Problems re treatment of Nigerians in China
 - Zambia
 - 2005 Strikes in Chinese-owned factories, Denounced as 'Colonialists'
 - 2011 Michael Sata won Zambia's presidency in part by tapping into anti-Chinese sentiment, Chinese managers shot protesters at a coal mine in southern Zambia.



Is China more Racist than the West?

- Play TV Commercial that went 'viral'
- 'That's where they go to eat their snakes'





Diverse levels of Chinese activity

State level aid

- Overseas Development Agency (ODA)
- Ex-Im Bank
- Arms deals via the Military
- Multinationals
- Regional and Local activities
 - China is NOT centralised, many initiatives in Africa are from provinces or cities
- Lack of control or governance





Pariah States

- State or Elite control of resources
- Chinese 'Business Only' approach appeals
- Anti-Western agenda or Western sanctions
- Sudan \$15 billion investment in oil
 - 40% stake in State Oil company
- Zimbabwe official 'Look East' policy
 - Little actual result, China sits on fence



Illiberal Regimes or Weak Democracies

- Strategic partnerships, appeal to need to diversify from West
- China as source of Foreign Direct Investment
- Angola
 - \$5 billion in loans for oil refinery, new airport, rehabilitation of railways
 - But 70% of contracts to Chinese firms
 - Trade growth from \$1.8 billion 2000) to \$11 billion (2006)
 - Diplomatic jockeying for UN Security Council





Democracies with Diversified Economies

- South Africa is China's most important focus in Africa
- More sophisticated approach
 - Much high level diplomacy
- China both a tantalising opportunity and a terrifying threat'
 - Moeletsi Mbeki
- Only example of a 'two way street'
 - Significant South African investment in China
 - SAB Miller, Sasol,
 - \$700 million in 2005, against £210 million by China in RSA





Africa's Reaction to China

- Chris Alden concludes that it has been 'on balance positive'
- The Chinese have a reputation for efficient delivery, for low cost, and crucially for speed
 - No conditionalites, no expensive consultants
- But African Civil Society is increasingly concerned on human rights and environmental aspects
- 'China cannot come here and dig for raw materials and then go away and sell us manufactured goods' – Thabo Mbeki





The Western Reaction

- Post Cold War, Africa was of low priority:
 - Basket Case', only 1.6% of world trade
 - The West felt no competition
 - Chosen instruments, World Bank and IMF
 - 'The Washington Consensus'
- Then a series of initiatives, both government and populist:
 - Jubilee 2000 Debt campaign, Band 8
 - Millenium Development Goals
 - Blair Commission and Gleneagles G8 summit





The Western Reaction

- The Chinese Challenge upsets the Western monopoly position
 - 'Washington Consensus' v. 'Beijing Consensus'
- Reactions have been a mix
 - Confrontation
 - Heritage Foundation
 - Constructive engagement
 - March 2017, more than 2,500 Chinese troops, police, and military experts in UN peacekeeping missions including Darfur, DRC, Mali, and South Sudan

NGO's find China disturbing and unwelcome

Have no leverage on China

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The Western Reaction

- 'China has a very pragmatic approach [to Africa]. It gives fewer lectures and more practical help'
 Jeffrey Sachs
- 'China is playing an increasing role ... and there is concern that the Chinese intend to aid and abet African dictators, gain a stranglehold on precious African natural resources and undo much of the progress that has been made on democracy and governance in the last 15 years...'
 - US State Department to Congressional Hearing



Is the Honeymoon Period Ending?

- Rising tide of African discontent
 - Environmental issues, China faces these at home too
 - Human Rights
- Sudan as the fulcrum
 - African pressure on China to support peace-keeping
 - Now present in Darfur, Southern Sudan
- Chinese doubts over 'pariah states'
- African states seeking better deals
 - Liberia's Ellen Johnson-Sirleaf threw out Mittal and renegotiated terms of Chinese loan



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China's Ivory Trade Ban – can it save the African Elephant?

- http://www.bbc.co.uk/news/world-asia-china-39440486
 - March 2017 almost half of China's authorised, government-approved ivory factories and shops will close their doors for good.
 - A team of officials from the UN Convention on International Trade in Endangered Species (Cites) will be on hand to witness the shutdown.
 - The rest of China's legal trade will be gone by the end of the year - a total of 34 factories and 138 shops.



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Zimbabwe – <u>China's Influence on</u> recent regime change

- Relations with 'Comrade Bob' had cooled
- Perceived threats to Chinese investments in Zimbabwe - 75 year-old Mnangagwa, who received training in China, is seen as a better bet than his predecessor.
- Zimbabwean army chief Constantino Chiwenga visited Beijing just days before the military takeover
 - Beijing denials





Conclusions





Partner, Competitor or Coloniser?

- A complex and evolving blend of all three
- Chris Alden sees five (contradictory) roles:
 - The new face of Globalisation
 - China as Development Model
 - A Mirror for the West
 - A Partner for Pariah states
 - A Responsible Stakeholder
- Can China evolve and adapt to Africa?
 - Africans, in government and on the ground, will decide



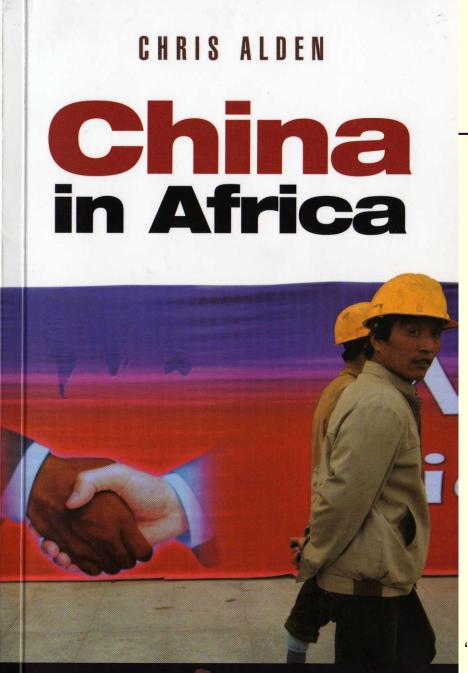


Some Personal Reactions

- 'Just the new form of Colonialism' British development professional
- China must learn to respect human rights and the environment Nigerian civil NGO leader
- Africans like the Chinese, they get things done and can drag us out of poverty. If African governments know what they want they can get good deals from China' – Ugandan economist, Head of Africa Division of major international credit rating agency
- For myself, I view what is happening with a mix of awe and disquiet







ARGUMEN

RICAN

Sources

 'China in Africa' By Chris Alden
 The primary basis of this talk.
 A good update (2017) is from the Council on Foreign Relations,
 <u>Wikipedia</u>

<u>4.China-Africa</u> Project, lots of news reports and podcasts

'Africa Forum'

