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China Safari –

On the Trail of Beijing's Expansion in Africa

By Serge Michael, Michel Beuret

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In „China Safari – On the Trail of Beijing’s Expansion In Africa“, authors Serge Michel and Michel Beuret take the reader on a journey to the heart of the Sino–African partnership, one, they argue, that is transforming the African continent to a degree not seen since decolonization. The book, which includes a 16–page photo insert by photojournalist Paolo Woods, is the result of two years on the ground reporting from 12 African countries and China.

Since the late 1970s, the Chinese economy has been racing forward at a breakneck speed, becoming the second largest economy in the world in 2008. Driven by an ever–expanding economy, the Chinese have realized that they must have greater access to natural resources in order to maintain and expand their enormous economic engine. Given their great holdings in foreign reserves, China has begun to use its purchasing power to invest in new opportunities abroad, and more specifically, in Africa.

History

The 1955 Bandung Conference gave China the opportunity to present itself as a kind of locomotive for the Third World, a representation of itself that was given further credence among nonaligned countries when it broke from Moscow at the beginning of the 1960s. Spurred by what they perceived as “Soviet social imperialism,” the Chinese were by the end of the 1960s increasing their spending in Africa. In 1976, China completed the 2,000 kilometer long Tam–Zam railway, connecting landlocked Zambia to the Tanzanian port Dar es Salaam.

China’s „generosity“, combined with Africa’s demand for China’s goods and services, as well as the prospect of access to Africa’s colossal energy resources and raw material, led to what China called a “readjustment” and a “healthy development” of the economic and commercial relationship with Africa.

Following the Tiananmen Square demonstrations, China attempted to reemerge from the resultant ostracism by the international community by reenergizing such diplomatic relationships as it still had, and Africa was an obvious choice. Not only did Africa hold more than a quarter of the votes in the UN’s General Assembly, but African elites wanted to strengthen their links with China as they faced the emergence of a stronger democratic movement on the continent. These elites sided with China after the Tiananmen Square massacre, and the Chinese realized the benefits of courting the Africans once more.

The Chinese Method

In 1995, Jiang Zemin exhorted the Chinese business community to “Go abroad! Become world players!” and Africa was an obvious place to start, a place in which the Chinese dragon might sharpen its teeth before taking on the big boys: Europe and the United States. By 2000, infrastructure projects in Africa were receiving full government backing from Beijing, as well as financial backing from the Exim Bank of China. Such support gives the Chinese business community the confidence to look for invitations to bid for contracts that would be hard to differentiate from developmental aid projects.

On the other hand, after nearly forty years of investments and aid, Western governments have grown frustrated with a continent that defeats the efforts of development agencies and willingly or stubbornly remains the victim of dictators, genocides, wars, epidemics, and encroaching deserts and a deteriorating environment. Stephan Smith, a French anthropologist stated cruelly that “since independence, Africa has been working at its re-colonization. In any case, even if this was not the intention, it couldn’t have done a better job.” In other words, the continent is doomed in failure and no one is ready to take it on.

However, China desperately needs Africa’s copious raw materials to fuel its colossal economic growth, and the Chinese are not bothered by the absence of democracy and the abundance of corruption. In fact, where Westerners see discomfort or chaos, the Chinese see opportunity. They are willing to make long-term investments in infrastructure projects and industry where Western investors would want quick, safe returns.

Very proud of its “noninterference” policy in the domestic affairs of other countries, the Chinese use of discretion and humility has impressed many African leaders. Claude Alphonse N’Silou, the Congolese Minister of Construction and Housing, stated that: “For Europeans, democracy is synonymous with progress. But the Chinese, like many Africans, think that more than a sprinkling of democracy is a dangerous thing. They worry that if China became too democratic too quickly and implodes, then the world would suffer the consequences. That’s why the Chinese don’t demand reforms from African regimes they deal with—they understand that a little harshness is necessary. They sympathize.”

The repeated visits of President Hu Jintao (sometimes referred to as ‘the African’) have offered Africa a Chinese development model that seeks to banish the ghosts of colonialism and replace the bitter Washington consensus (privatization, democratization, transparent governance) with

a much sweeter Beijing consensus. Day after day, from friendship pacts to cooperation agreements, from interest-free loans to operating contracts, Beijing is replacing Paris, Washington, London and Taipei both in the African ministries and in the African heart.

Harry Broadman, a senior economist for the World Bank, said that “If you look at the absolute levels of investment by the Chinese in sub-Saharan Africa, it’s clearly in oil. But if you focus only on oil, you’re missing the boat on what the Chinese are really doing in Africa. They are actually, engaging in more fundamental investments: infrastructure, telecoms, textiles, tourism, and food processing. It is these investments that will create long-term returns: more jobs, economic stability, and technology transfer.”

Investor/Investee

As for attempting to meet the local needs of the different nations, rather than just their own economic needs, the Chinese are providing Africa with crucial infrastructure. The roads or the railways that were built during the post-colonial time are now not enough. Africans are looking for more sophisticated business investments, and the Chinese have this investment capacity. China can project about 10,000 workers (Chinese) anywhere, anytime in Africa for one of these large infrastructure projects. While these projects due benefit the Chinese companies, they also meet the African need for stronger infrastructure development. The Chinese are continuously developing the means for electricity, roads, and telecommunications, all crucial if the continent wants to continue to advance.

A good example of China’s model for investing in Africa and its infrastructure is based on Guinea and the turnkey contracts. Guinea has the largest reserve of bauxite in the world and bauxite is refined to make alumina. Guinea produces 20 million tons of bauxite a year, enough to produce 300 million beer cans or the space frames for 35 million cars. But the ore is exported before it can be processed—generating few jobs and adds minimal value to Guinea. As for the 200 billion memory disks that their bauxite could produce, Guineans have neither the computers nor the electricity to power them. Mining giants like Alcoa and Alcan have repeatedly stated that Guinea cannot generate enough electricity to support a refinery, a claim many find ludicrous in a country where experts have indentified 122 possible sites for hydroelectric dams.

In an interview, Ousmane Sylla, the Minister of Mines for Guinea, stated that “the Chinese, they are the only ones who offer us ‘package deals’ or turnkey contracts: a mine, a hydroelectric dam, a railroad, and a refinery—

all financed by the China Exim Bank. The bank is paid in alumina. The operation doesn't cost us anything but generates tax revenues, jobs, infrastructure, and energy. When we ask Alcoa for the same thing, they say that their business is aluminum, not hydroelectric dams."

Mauro di Lorenzo, a research analyst at the American Enterprise Institute, has also been monitoring the impact of the Chinese business model in Africa: "We Westerners are locked into a humanitarian vision. It's political correctness. Bono and his types want to lick Africans' wounds, help them, cry with them because they have AIDS and are poor and innocent. But humanitarianism is also a means of control; it maintains the power relationship. The only African stories we are allowed to tell are straight out of Joseph Conrad's Heart of Darkness; genocides, abominable diseases, the wholesale rape of little girls east of the Congo, ethnic cleansing here and there. In other words, the worst atrocities people can inflict on each other. The Chinese don't have these psychological limitations. They go to Africa to do business, profitable business. Hopefully that will be an eye opener for us and we will follow their example. Our humanitarian aid has done its own share of damages."

The question then should be asked: 'what could possibly tempt a Chinese entrepreneur to venture where indifferent or excessively cautious Westerners have feared to tread?' The answer is that Africa is seen as a new frontier for the Chinese and a continent full of promise. The Chinese are not afraid to start a massage parlor, a restaurant, a little sewing shop, a pharmacy—anything that offers modest but quick returns on investment. A whole family will save for years to send one member to Africa, where the demand for services and goods is great and competition weak. African governments are by no means oblivious of China's growing demand for investment opportunities and are busy creating free-trade zones where Chinese investors and manufacturers can take advantage of tax breaks.

The Entrepreneurs

Jacob Wood, a Chinese entrepreneur, is a prime example of Chinese economic expansion and might in Africa. "I was the first Chinese person from Communist China to work in Nigeria. My father fled Shanghai after Mao's victory and opened up a factory in Lagos. After Mao's death, I was finally able to leave China and came to Nigeria to get to know my father."

Mr. Wood worked hard and became owner of the 1,500 seat restaurant, the Golden Gate, which specializes in banquets for Nigeria's rich and famous. Soon after, Mr. Wood launched his first construction company,

now manufactures PVC windows, roof paneling, and construction machinery. Currently, he is planning to get into the door factory business. “Did you know that an average house has seventeen doors?” he told one of the authors.

Jacob Wood comes from a long line of entrepreneurs, and over the years he has built an exceptional Nigerian network. Today, he heads a corporation employing over 1,500 people, 300 of whom are Chinese. He is an official adviser to the president and has obtained the authorization to use police cars as his own which helps in the monstrous Lagos traffic jams. In 2001, after donating a school large enough to house 4,000 students in Ikeja, a district near Lagos’s airport, Mr. Wood was honored with the title “African chief” (proudly displayed on his business cards).

However, this “African chief” has inscribed regulations on his worksites that stipulate that if workers miss a day they forfeit their monthly bonus; a second day results in docked pay, and a third day means instant dismissal. “What else can you do?” asked Mr. Wood when one of the authors pointed out such a sign at his worksite. “The Africans are lazy, very lazy. It’s not surprising in this place. Whenever they want to eat, they just climb a tree and pick a mango.” Such sentiments seem to be shared by a majority of Chinese entrepreneurs in Africa.

Mr. Wood learned early on that his motherland was a reliable investor in Africa and an excellent source of skilled engineers for each of his industrial projects. Like Mr. Wood, Roy Zhang, secretary of the Chinese Enterprise Association in Lagos and founder of the West Africa United Business Weekly (the first Chinese newspaper in Nigeria—circulation close to 7,000), has relied on the ability of his home government to make entrepreneurship in Africa just a little bit more manageable, at least from a Chinese point of view.

“You Westerners are so patronizing.” Mr. Zhang said in an interview. “You come here and talk to Africans about human rights, copyrights, all sorts of rights. You talk down to them. We get straight to the point. We talk business. France is a great nation. I love shopping in Paris. But when I watch the Nigerians applying for a visa being humiliated at the French consulate here I think to myself: ‘that’s not smart. Some of their guys are rich.’ The Chinese consul sorts the good ones from the bad. If he has a query, he asks us. If the guy is important, if his business is good, he’ll have his visa delivered on a silver plate. You can’t imagine what we do for the consul and what he does for us. I’m not surprised that Alcatel and Bolloré lose so many contracts in Nigeria. Our government helps us whenever it can; information, legal advice, interest-free loans. When we

go back to China, it sells us land at discount prices to reward us for what we did in Africa.”

In so many words, Mr. Zhang sums up the two-pronged partnership that China has with the Africa, both private and public, which aims to make China the number one player in Africa. An ambitious entrepreneur breaks ground and invests, and at the same time, the Chinese government signs enormous infrastructure contracts with its eye on the exploration and extraction of precious natural resources. On the ground, it can count on a broad and organized Chinese immigrant population for support, which in return is rewarded by Beijing.

Military Aspirations

An very unfortunate by-product of these relationships is the fact that China has become the world's largest wholesaler of small arms. Deng Xiaoping authorized previously state-run institutions to engage in for-profit commercial enterprises. To the military industrial complex, this was a license to export arms. The Chinese have sold arms to both Sudan and Zimbabwe and regularly flout international sanctions and embargoes. Atrocities all over Africa – in Congo-Brazzaville, Tanzania, the Great Lakes Region of East Africa, Chad, and Liberia–have been perpetrated with “Made in China” weapons. Beijing has also failed to supply sales figures for conventional arms to the United Registry of Conventional Arms for over a decade.

In 2004, China sold the Mugabe government in Zimbabwe \$240 million worth of weapons, arms Mugabe uses to violently retain his position as president. Sanctions imposed on Mugabe's government made it difficult for him to maintain his existing stock of weapons, but it wasn't long before China stepped in. Liberia, too, has been receiving Chinese weapons since 2001, in violation of a UN embargo. Charles Taylor used the Chinese weapons to murder close to 300,000 of his own people. But the largest amount of military aid has gone to Sudan.

With the expulsion of Chevron, General Motors, and other US business from Sudan in 1997 due to an embargo put in place by President Clinton, the Chinese became Sudan's biggest investor. It has built most of Sudan's oil infrastructure, including 1,000 miles of pipeline. China had very little to lose in helping Sudan, and very much to gain; since the Tiananmen Square massacre, the government in Beijing had been taking heat from the West, and if there was oil to be had, the Sudanese needed China's help to get it and China needed the oil. In order to get the oil concessions, China first had to help President al-Bashir win the civil war

that was taking place within Sudan, and Chinese weapons shipments began arriving.

China has also been able to establish permanent army bases on the continent. In the summer of 2008, Beijing deployed troops to the Democratic Republic of Congo and installed a military base in Kamina, in the mining province of Katanga. From its base, China can keep a close eye on its ever growing business interests and, should the need arise, move swiftly in their defense not only in the Democratic Republic of Congo but also in Nigeria and all the countries that around the Gulf of Guinea. In fact, the place that has aroused their greatest interest recently is an archipelago in this gulf, Sao Tome and Principe, which sits atop enough oil to have China, Taiwan and the U.S. all doing everything they can to gain its favor. The US military would like to set up a military base, while China is hovering, and supporting the opposition party that wants to sever ties with Taiwan. Taiwan is relying on checkbook diplomacy to retain the government's favor, handing over somewhere between \$10 and \$15 million in aid in 2007.

Hegemony and Unilateralism

The contrast for influence, military access, and resources between China and the U.S. is going on everywhere in Africa. While denouncing American neo-imperialism, Beijing has been moving its pawns forward. An article in a 2005 edition of People's Daily claimed that "U.S. hegemony and unilateralism are swelling malignantly." In other words, according to researcher Joshua Eisenman, these claims are reminiscent of the opening speech of the second ministerial meeting for China-Africa Co-operation in Addis Adaba by forum premier Wen Jiabao: "The people of the world share an aspiration for peace, stability and development, but the issue of hegemony is raising its ugly head." Clearly the accusations are not entirely unfounded, but the Chinese manage to make them while engaging in precisely the activities that they so publicly deplore.

Eisenman stated that "Today, Mao's Red Book has been replaced by the balance sheet. Africa is now a component in China's larger strategy to cultivate political support, bolster its claims to Taiwan, acquire energy and natural resources, and secure its commercial interests. Beijing also sees the African nations as valuable backers of its claims to lead the developing world and in the struggle against American 'hegemony'."

On the other hand, there is also the distinct possibility that China's incursion into Africa carries the seeds of its own failure. Africa as a whole has never exhibited a great deal of enthusiasm for the grand

visions of foreign do-gooders. China is no exception and is beginning to encounter some resistance, and in some instances it seems that the resistance is strongest in the very places that China has worked hardest to gain favor.

African Concerns

In South Africa, host to the biggest Chinese population in Africa (200,000–300,000), former President Mbeki's own brother, Moeletsi, wrote in 2005: "Africa sells its natural resources to China and China sells the well-manufactured products back to Africa. This dangerous system reproduces Africa's past relationships with colonial powers. Not only must Africa hold on to its own resources for its own industrialization but China must also contribute to the deindustrialization of countries that are relatively developed. Then President Mbeki joined his brother and stated that Africa must not get trapped in what he called "an unequal relationship with colonial powers."

Martyn Davis, director of the Center for Chinese Studies at South Africa's Stellenbosch University, brushes off the accusations of Chinese neocolonialism in Africa stating that if there is such talk it has more to do with the insecurities of Africans than the behavior of the Chinese. "There are 2,000 Chinese companies in Singapore, but no one in Singapore talks about Chinese neocolonialism, or of an economic takeover of the country. Quite the contrary, Singapore encourages Chinese investment. Then there are the 900 Chinese companies scattered all across Africa—the second biggest continent in the world, and people want to talk about neocolonialism there? This is an African problem, not a Chinese one."

Another example of growing dissatisfaction with the Chinese among Africans can be found in Angola. In 2003, recovering from war, Angola didn't have a choice in signing one-sided contracts with the Chinese for energy and other resources that benefitted the Chinese, while Angolans got next to nothing. The recent contract cancellations with Beijing by the Angolan government can be attributed to Angola's new found wealth. Between 2001 and 2006 the price of oil spiked and Angolan production of oil doubled. Thus the Chinese loan of \$6–7 billion (full of stipulations that benefitted only the Chinese) that was once a useful bargaining chip for Beijing was drowned in a slick of petroleum dollars—\$34 billion in 2006 and nearly \$45 billion in 2007.

In Zambia, the free trade zone of Chambishi has been swamped with investment dollars for a giant project that will include a copper smelter currently under construction. This smelter represents a \$300 million

investment and is one of the leading Chinese investment projects in Zambia. However, the construction has been slowed by strikes of workers protesting wages of less than \$200 a month and the horrid working conditions. These strikes have been violently repressed by Chinese security agents.

It seems that many African countries are now taking the advice of Professor Chris Alden, who recommended in his essay, "Leveraging the Dragon," that Africa learn to say no to China, and that if it couldn't do that, then it should at least start negotiating conditions favorable to its own development, just as China has done to the Western companies that want to build factories in its special economic zones.

Conclusion

Despite the criticisms, China has met Africa's needs head-on and at last established a sound basis for development. If China hadn't built the infrastructure, especially the communications, transportation, and electricity networks, no one would have the authors claim. China's involvement in Africa has reminded the continent that it is not condemned to everlasting stagnation. China is obviously there at the pursuit of its own interest, and although Chinese talk of friendship is often derided, it has offered Africa a future—or at least a vision of a future—that would have been inconceivable just a decade ago.

China sees itself as having achieved something important. It has given Africa a real sense of worth, as much in the eyes of Africans themselves as in the eyes of foreigners. The West has never been more interested in Africa than it is now that China has attempted to conquer it. If China has bothered to invest so much time, money, and energy into Africa, then there must be an opportunity there that's been overlooked by the West.

The rush to discover and develop the resources of Africa has begun anew. The ball, however, is firmly in the African leader's court; they now have the means to see their ambitions through to fulfillment. International organizations have never offered them such huge unconditional loans as China now is offering. The question that must be asked now is whether these leaders are up to the task ahead or will choose instead to enrich solely themselves, as they have in the past. With the recent announcement of an additional pledge of \$10 billion in aid by Beijing, there is a great desire by the African population to have its leaders act in very, very wise manner.