



Rodger Bosch/Africa Photos

Workers protest against job losses in the textile industry due to importation of cheaper Chinese clothes.

# The China Factor in Southern Africa

## New Partner or Patron?

By DT Muchena

At a recent Democracy and Governance review conference in Pretoria, attended by researchers and policy analysts from Southern Africa, one issue that dominated the discussions of all presenters was the new role of China in Africa. Examples were generally drawn from the very visible role of China in Africa's economy. In the region, several examples were drawn from DRC, Angola, Mozambique, Zimbabwe, Zambia, South Africa, Tanzania, and Zambia. This discussion is relevant because only in January 2006, China announced its desire to increase co-operation with African countries by issuing *China's African Policy*, a paper intended to guide relations with the continent by continuing what it calls a "non interventionist and non ideological strategy."

This expression of co-operation is premised on a growing relationship between the continent and the gigantic Asian country. It is a relationship rooted in the history of anti-colonial and anti-imperialist liberation movements waged by African countries as they struggled for national independence. In the case of Southern Africa, the liberation movement was spurred by support from Soviet Union and China and in many instances a lot of the post colonial leaders were militarily trained in China and the Soviet Union.<sup>1</sup> Africa is good environment for Chinese investment, because it's not too competitive. With the steadily growing number of failed and failing states on the continent, China is trading in areas where even Libya has not.

The Chinese are the new pioneers in Africa, and – seemingly unnoticed by aid planners and foreign ministers in Europe – they are changing the face of the continent. In the 1970s, Chinese interests in Africa were ideological. In the 1980s, as an emblem of solidarity, China built stadiums for football matches, and political rallies in most African countries which declared themselves socialist. But in 2000, the first China-Africa Forum, held in Beijing, signaled the renewed interests in Africa. This time round the interest was more economic than ideological. Now, the Chinese are the most voracious capitalists on the continent and trade between China and Africa is doubling every year.

### A fast growing economy

It is not a secret that China is the fastest growing economy in the world with a huge appetite for natural resources, raw materials and in search of markets for its growing industry and enterprises. In Southern Africa, and in fact in most parts of Africa, China is either viewed or perceived by governments as the new "economic messiah", a new investor and new friend in a world where there is growing uneasiness over growing or rather what African governments perceive to be patronising attitudes of the West. China is actually taking great advantage of this growing resentment of the North and is presenting itself as an alternative.

China is finding willing partners on the continent who are praising its role. Chris Mutsvangwa, Zimbabwe's ambassador to China gave glowing remarks to China in a

#### China's GDP growth rate: 1993-2004

Year	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	Ave
% growth	14.0	13.1	10.9	10	9.3	7.8	7.6	8.4	8.3	9.1	10	10.1	9.9

Source: China's National Bureau of Statistics.

recent interview with *Beijing Review* reporter Ni Yashuo.<sup>2</sup> Mutsvangwa placed China on a higher pedestal. “I can safely say Zimbabwe’s chosen path of economic development now faces a much brighter prospect of success.... That is so because the stranglehold of once omnipotent – vested interests is loosening and a more open and competitive business environment is taking centre stage in world economic affairs,” he opined. “China is transforming into one of the top economic and commercial powers of the world. This has ushered in so much economic hopes....”<sup>3</sup>

That China is the fastest growing economy is without doubt. For example, in 2004, China overtook Italy and in 2005 it passed France and then the UK as fourth largest economy in the world. From 1993 to 2004 China’s annual GDP growth averaged a staggering 9,9 percent over 12 years!

Keith Bradsher recently reported in the *New York Times* that China will soon release statistics showing it has surpassed Japan as “the biggest holder of foreign currency the world has ever seen”, with reserves that will reach US\$1 trillion this year.

With lots of foreign currency to invest and a need for new markets and raw materials, China is coming to Africa. Jean Christophe Servant reports in *Le Monde Diplomatique* that 674 Chinese state companies have invested more than \$900 million in over 800 joint projects in Africa. According to the BBC, in the first 10 months of 2005 trade between China and Africa rose by 39 percent to over \$48 billion, largely fuelled by imports of African oil.<sup>4</sup> According to the world Economic Forum, which this year had a panel on Chinese trade with Africa, China is about to become Africa’s third largest trading partner. These statistics reveal much more than the numbers. An economic relationship is being constructed which in many instances is not as evenly balanced as governments are telling us.

### **Extraction and continuation of centre-periphery dichotomy?**

The question is: what is driving this Chinese incursion into the continent? And is this new relationship messianic in the sense the Zimbabwean ambassador Mutsvangwa portrays it? Or is it perpetuating the very imbalance African leaders are running away from? Stephen Marks recently wrote in *Pambazuka News* that this is a legacy of China’s Cold War posture. China’s foreign policy and its “no questions asked” approach have always appealed to African leaders threatened with internal dissent and external pressure to reform.

There is no better example for the Chinese soft power foreign policy than Robert Mugabe who presides over the ZANU-PF authoritarian government. Speaking at the Syno-Africa conference in September 2003, at which most senior

African leaders gave glowing accounts of their various countries’ experience with China, Zimbabwe’s president Robert Mugabe launched a tirade against Britain and the USA, calling on African Leaders to turn their backs on western countries, and focus on better relations with China, which he said respected African countries. Since that time, Zimbabwe has been sliding down on major indices of economic development and good governance and such other important indices as the competitiveness index, political stability, the Transparency International (TI) corruption perception index and recently the US based *Fund for Peace’s Failed States Index*. Cameroon’s president echoed Mugabe’s September 2003 remarks as well, and we know what is happening to that country. Zimbabwe’s “Look East Policy” rhetorically emphasises the contrast between China, once itself an object of European imperialism, and the “suspect motives of former colonial powers.” But Marks concludes that the fact is China is in “pursuit of economic self interest in the form of access to raw materials... the goals of any classical imperialist.”

China keeps some of these countries happy by blocking international consensus for reform, giving moral support even as these countries pursue questionable domestic policies and in return, China gets preferential access to markets and raw materials among other things that China is extracting for Africa in general and Southern Africa in particular.<sup>5</sup> If the country is reasonably developed and well-governed like South Africa, China uses the “south-south” rhetoric, something more likely to impress the ANC-led government and its south focussed policies and ideological grounding on global affairs. But the net effect is the same.

In many respects, the center-periphery dichotomy, that both crude and refined African political leaders proclaim as the reason for twinning with China are therefore often-times reproduced in these new celebrated relationships. Clearly, the lopsided nature of the Chinese African relationship is evident. China is benefiting through getting greater access to raw materials and new markets for its goods at the expense of African economies. It is like China is the new patron and Southern African states are the clients.

Writing in the *Los Angeles Times*, Raymond W Copson, a recently retired US Congressional Research Services Officer, argues that Beijing’s aggressive courting of African states is a direct challenge to US interests. He also notes that the Chinese have been important actors on the continent since the 1960s, but the scale of their current involvement is unprecedented. All across Africa today, according to a Council on Foreign Relations report in January 2006, “China is acquiring control of natural resource assets, out-bidding Western contractors on major infrastructure projects and providing soft loans and other incentives to bolster its competitive advantage.”

China's trade with Africa is soaring up; well over a third in the first 11 months of 2005 alone. Chinese businesspeople are seen everywhere, and in country after country, Africans are riding Chinese motorcycles, and wearing Chinese manufactured jeans and jewelry.<sup>6</sup> A Zimbabwe weekly privately owned newspaper, the *Zimbabwe Independent* of 12 May 2006 confirmed this presence of Chinese business people "everywhere." Under the headline "Chinese team sets sights on uranium", the paper reported that a team of Chinese had set up camp in Makuti in the Zambezi Valley in what could be the beginning of uranium exploration in the country. Never in the history of Makuti Hotel; this fairly unknown hotel, had a Chinese delegation that large checked into the hotel for three weeks. President Mugabe announced last year, that Zimbabwe had uranium, which the country wanted to explore. Chinese explorers are already at work!

The main driver in the relationship is China's insatiable need for energy. Its oil imports are surging and African oil now accounts for nearly 30 percent of the total. The China National Petroleum Corporation has invested billions of dollars to take control of Sudan's oil production, estimated at 150 000 barrels per day and growing. In fact, 60 percent of Sudanese oil goes to China; 12 percent of China's oil comes from Sudan.<sup>7</sup> No wonder the Sudanese government is untroubled by the oil sanctions which prevent American investment. Another Chinese oil company agreed in January 2006 to pay \$2.3 billion for a major stake in a Nigerian oil field.

Africa is certainly benefiting. China's demand for resources has driven up prices, propelling significant GDP gains in many countries. China has educated thousand of African university students, and it sends Africa hundreds of doctors and advisors each year. Chinese firms are building roads, rehabilitating infrastructure and bringing cell-phone services to places that landlines never reached. The Chinese policy is certainly seductive. In 2000, a new China-Africa co-operation forum agreed a joint economic and social programme, one that is grounded on the developmentally defined doctrine, the "*five principles of peaceful coexistence*", namely "win-win", "non-interference", "respect for diversity", "economic development" and "sovereignty." African leaders love these slogans. At the second Syno-African Conference in December 2003, and well in advance of the G8 summit, China cancelled \$10 billion of the debt owed by African countries. In so doing, China offered debt relief to 31 countries, as well as opening the prospect for trade.<sup>viii</sup>

### **But, is there a downside to this rosy picture?**

A lot has been said about this new Chinese interest on the continent. In Zimbabwe, for example, there is a real

challenge in balancing the suspect motives of China, particularly in view of the so called "Look East Policy" by Robert Mugabe's government and its emphasis on painting the west as an enemy of Zimbabwe. Most Zimbabweans are suspicious of any government or group that is supportive of the Zimbabwe government in general and ZANU-PF in particular. They view with suspicion, the role that China is playing in aiding and supporting what some believe is an undemocratic regime. This suspicion is premised on the belief that the support has postponed the quest for democratic transition – a fundamental step towards real social and economic transition.

Writing in the *Financial Mail*, in an article entitled "China – in Africa", Andrew Alexander believes there is a downside to this relationship. He argues; Beijing is investing in infrastructure and extractive projects in many parts of Africa from an oil refinery in Sudan to ferrochrome joint in South Africa. These investments are potentially beneficial to the recipient countries but do mean that China gains diplomatic leverage over its client states and could have an interest in maintaining incumbent regimes (in their various conditions of democratic malnutrition) in a situation where compliance with Beijing becomes more important than domestic accountability.<sup>9</sup>

China's rapidly industrialising economy is resulting in growing demand for natural resources, particularly oil. In the opinion of Nicholas Shaxson of *Africa Report*, "oil distorts policymaking. Rulers do not need to tax their citizens so they lose interest in them." If citizens complain, the authorities can then use their oil money to pay for armies or intelligence services necessary to manipulate or suppress them." Similar distortions would be associated with any abundant natural resources from copper to timber, and China has a need of many of Africa's commodities, from Angola's crude oil to Zimbabwe's platinum.

However, China's economic forays into the region and the continent are not helpful to the democratic development of Africa. It is worth noting that this "no questions asked" approach by China runs counter to the spirit and values of NEPAD – transparency, accountability and good governance – whose major proponents have been some African leaders led by Thabo Mbeki of South Africa, Olusegun Obasanjo of Nigeria, Wade of Senegal and others. What is more, trade with China may actually be harming African economies.

In an editorial in *The Boston Globe*, Robert Rothberg of the Kennedy School of Government at Harvard University wrote with some hyperbole that "China's great leap forward may well doom Africa." Rothberg claims that "the in-flows of Chinese commerce have helped to slow down, if not to destroy, the out-flows from Africa of manufacturers, especially low cost textile and simple garments." In South Africa, for example, 86 percent of all clothing imports now

come from China, and since 2002, three hundred thousand textile workers have lost their jobs.<sup>10</sup>

### **Southern Africa's small businesses are suffering**

Not only is the Southern African market being flooded with cheap Chinese goods ranging from clothing and textile, domestic goods and utensils, to electrical goods and other manufactured goods in the growing informal economies of the region, but even its industries and commercial growth centres. Critics say the influx of inexpensive Chinese goods is driving African manufacturers out of business. For example, the South African based Southern Africa Regional Poverty Network says that more than 10 000 employees lost their jobs in Lesotho last year when 10 clothing factories closed due to Chinese competition. Last year, Zwelinzima Vavi, Head of the Congress of South Africa Trade Unions (COSATU) called China's policies towards Africa "colonial", because, he said, they focus on the exploitation of minerals and natural resources – and not on building Africa's industrial capacity. Vavi also expressed strong concern over massive job losses in South Africa as a result of the Chinese imports.<sup>11</sup> Other African trade unions report similar complaints. The Chinese products are called by various denigrating terms to describe most often their quality and durability. In Zimbabwe, they are satirically referred to as the "*zhing zhong*." This word may mean something else in the Chinese lexicon, or may mean nothing, but in Zimbabwe it has deep-rooted meaning. There is a love-hate relationship between Southern Africans and these cheap products. They are often affordable but not durable. Chinese goods represent an invasion of the Zimbabwean market and the undue competition posed by the Chinese products on Zimbabwean made products.

Consequently, the informal sector, which is a feature of most African countries and economies as a result of their varying experiences with the destabilising effects of varying forms of World Bank inspired structural adjustment programs (SAPs), has suffered the most. The informal sector in most African economies is surpassing the so called formal sector in terms of numbers of people employed, and therefore should be viewed as a strategic sector of growth for the economy. But more often than not, and in the face of Chinese competition, the sector is left out in the open. Most indigenous entrepreneurs have been thrown out of business and find themselves marginalised as the influx of Chinese goods on the places where the poor do their trading and businesses in large numbers have thrown them into the deep end of desperate survival strategies. The streets of Johannesburg, Lusaka, Da res Salaam, Kinshasa and Luanda among others, are all dotted with Chinese goods of one form or the other. They have been taken over!

In the large industry and commercial sectors, Southern

Africa is witnessing a similar process. The forays of the Chinese into the commercial aviation sector, agricultural machinery, urban transportation sector, telecommunications and other forms of infrastructure have had the impact of pushing out local companies who cannot compete with the pace and rate at which the Chinese are moving into strategic sectors of Southern African economies. In addition, the buying of assets by Chinese firms within the state parastatals sector has collided with ongoing asset stripping by the elite in these countries.

### **The democratic deficit widens with China's "no questions asked approach"**

In recent conversation with a friend of mine from Zambia, I learnt that some Zambians are concerned with Chinese activities in Zambia and in the region. He warned that, "if this goes unchecked, we may be importing tyranny from China." In Zimbabwe, a privately owned off-shore radio station which broadcasts into Zimbabwe has experienced problems recently, with allegations of jamming surfacing. The jamming equipment is rumored to have been supplied by Chinese firms. Students in Southern Africa, some of whom have had pitched running battles with security forces in the sub-region, have spoken of teargas canisters and other anti-riot equipment with the "made in China inscription", while co-operation between the military in the region and that in China is sending a disturbing message. Even the Chief Justice of the Supreme Court in Zimbabwe last year appeared on national television, contemplating a visit of members of his Supreme Court bench, to China to exchange notes on jurisprudence!

*Granta* journalist, Lindsey Hilsum, made a poignant conclusion in her article, "We Love China", written after a visit to West Africa. She opined, "It seems Africa looks to China and sees success; according to the World Bank, the Chinese have lifted 400 million of their own people out of poverty in the past two decades. All the while, no one forced the Chinese government to have elections or allow its opponents to start newspapers. Many African leaders would love to do to their oppositions what the Chinese did to theirs in Tiananmen Square, but if they want western aid money, they must abide by the Western conditions."<sup>12</sup>

Sahr Johnny, Sierra Leone's Ambassador to Beijing, like his Zimbabwean counterpart, Mutsvangwa, illustrates and epitomises this celebration and loyalty towards China in his own view of doing business with China and its "no questions asked approach." While hosting a Chinese delegation planning investments in hydroelectric power and agriculture in Freetown, in June 2005, he let his views known on this subject. In his opinion, "The Chinese are doing more than the G8 to make poverty history." "If a G8 had wanted to rebuild the stadium, we'd still be holding

meetings! The Chinese just come and do it. They don't hold meetings about environmental impact assessment, human rights, governance and good governance. I'm not saying it's right, just that Chinese investments are succeeding because they don't set high benchmarks." Awad al-Jaz, Sudan's energy minister confirmed this when he declared in an interview, "With the Chinese, we don't feel any interference in our Sudanese traditions, beliefs or politics or behaviours. Business is Business."<sup>13</sup> So much for "no questions asked"!

But one must not forget the reality that the Chinese political model, whatever its success for China, can hardly be termed a democracy and should not be imported into the region. China's success in practising a form of limited capitalism under a soft power realist and possibly neo-imperialist Communist regime, and its policy of trade with "no questions asked", challenge the faltering Washington Consensus, but is hardly a model for Southern Africa under the SADC arrangements, particularly in view of NEPAD. We cannot celebrate governments in Southern Africa becoming autocratic and only accepting *low intensity democracy* as practiced in China, as an example for running Southern African societies and economies.

Certainly, the SADC region can do better than that. The "no questions asked" approach creates fertile ground for corruption and diverting resources meant for the people. Southern Africa will do better to put democracy, good governance and freedoms at the centre of economic activities. While economic and political freedom does not necessarily move in lock step, pronounced lack of one tends to affect the other over time. And these freedoms are mutually reinforcing, producing pronounced benefits where both political and economic freedoms are at high levels. SADC must strive for these freedoms.

## Conclusion

Africans must be more vigilant in protecting their future, their natural resources particularly if their states are entering into partnerships and agreements that are getting the best out of Africa in terms of resources, and giving nothing tangible in terms of sustainable development. In order to do that, further research and critical evaluation of the role of both the West in general and China in particular, as well as the implications of their policies on our resources, our economies and societies must be carried out, country by country and region by region, in order to protect this continent from yet another scramble for Africa!

At this present moment, Africa requires diversified economies supported by more responsive and accountable governments to help its citizens out of poverty. The West is realising that aid is needed but that it must be applied intelligently and in collaboration with a democratic lead-

ership in the client State, if it is to lead to poverty reduction and prevent destabilising emergence of failed States. The West itself has a long history of complicity with corrupt rulers but as its democracies have matured, governments have become more accountable to a better-informed citizenry regarding interaction with other nations.

Not so for China. As Alexander points out, China is an autocratic state with limited democratic freedoms and most of its citizenry is still too poor to worry about the normal assessment of Chinese involvement with their nation. He cautions Africa to tread with caution before becoming too involved with China. China needs Africa's natural resources and diplomatic support whereas the improved economic status of Africa's poor is not a strategic priority, nor is it a practical goal for a nation like China that has widespread poverty of its own. He concludes by arguing that Africans must be vigilant in ensuring that all future partnerships are structured so as to preserve our economic integrity. Certainly this warning is falling on deaf ears, as far as African Heads of State are concerned! ■

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## Notes

- 1 China and the Soviet Union provided logistical, technical and military support to the liberation movements of Southern Africa. The attempt to establish governments with socialist ideologies in Angola, Mozambique and Zimbabwe is a direct result of this historical support and influence support.
- 2 *The Herald*, 4 April, 2006
- 3 Ibid.
- 4 Quoted by Snook, S, *The China Factor rethinking Democracy, governance and economic development*, unpublished conference paper., April 2006.
- 5 China is reported to have blocked the UN special Envoy to Zimbabwe report from being debated by members of the Security Council in November 2005. According to the UN, the controversial urban clean up program, dubbed Operation Restore Order", directly affected 700 000 people who lost their homes and business and indirectly affected 2,5 million Zimbabweans.
- 6 Copson R W, *China branches out*, Los Angeles Times, 13 April 2006.
- 7 Hilsun Lindsey, "We love China", in *www, granta.com*.
- 8 Copson R W, opcit.
- 9 Alexander A, China-in-Africa.com: mondediplo.com, Africa Report, Financial Mail, *www.tnr.com*.
- 10 Robert Rothberg quoted by Snook S, opcit
- 11 Eagle, William. "China defends its economic policies in Africa", *voanews.com*, 15 May 2006.
- 12 Hilsun Lindsey, opcit.
- 13 Ibid.