



HEINRICH BÖLL FOUNDATION

Expert Round Table on Resource Governance in Africa in the 21st Century

March 26-28, 2007

Berlin, Germany

China's Engagement in Africa:  
Singular Interest or Mutual Benefit

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## China's Engagement in Africa: Singular Interest or Mutual Benefit

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Chinese Presence in Africa (2005 statistics)

- ✧ Chinese in Africa: 500,000 (French: Jeune Afrique)  
750,000 (German Economic Weekly)  
Chinese in Nigeria: 5100 (1996), 60,000 (2006)  
Chinese in Ghana: 700 (1996), 3-4000  
Chinese in Zambia: 40 (1996), 30,000  
Chinese in South Africa: 28,000 (1996), 100,000 (300,000)
- ✧ China-Africa trade \$ 39.7 billion, 2.8% of China's foreign trade, less than 20% China-EU trade (\$217.3 billion)
- ✧ Chinese companies in Africa: 813, agreed investment \$1.71 billion, direct investment \$1.18 billion.
- ✧ Chinese aid agreements 171, etc.

### 1. Three changes

In order to understand China's engagement in Africa, one has to understand the transformation of the strategy following China's opening-up in the late 1970s, which brought about the change of its foreign policy (and its African policy). More specifically, two factors caused the transformation: the judgment of the international situation (peace and development, instead of revolution and war, became the major themes) and the transformation of China's strategic thinking (emphasis shifted to economy). Three changes followed the transformation.

#### 1) Ideology: from emphasis to Neutrality

CCP no longer used ideology as a standard in terms of party relations. By greatly strengthening its contact with African parties, CCP's relation with others is characterized in three aspects (principle, partnership and content of contact)

#### 2) Bilateral Exchange: from Unitary Form to Multiple Channels

The second change of China's African policy is a switch from the emphasis on political contact to exchange through multiple channels on different levels, such as economy and trade, culture and education, medical and sanitation, exchange of experiences of development, military fields, civil field, etc.).

#### 3) Field of Cooperation: from Single Aid to Win-win Strategy

After the adjustment of China's African policy, emphasis is put on cooperation, bilateralism and win-win strategy, followed by the change of China's aid pattern from the unitary aid given gratis to multiple forms (government deducted interest loan on favorable terms, aid combined with co-investment, and aid gratis).

## 2. China's Engagement: the extractive sector in Africa

- ✧ China-African trade: 2005 total \$39.75 billion,
- ✧ Export to Africa \$18.68 billion, increase 35.2%; machine and electric products \$8.17 billion, hi-tech products<sup>1</sup> \$1.83 billion, totally 53.8% of the export;
- ✧ Import from Africa \$21.06 billion, increase 34.6%; extractive sector, 86.7%
- ✧ Import oil: \$14 billion (38,470,000 tons; 30% of imported oil \$47 billion).
- ✧ China-African trade: 2006 (Jan-Sept): \$40.557 billion;
- ✧ Export to Africa: \$18.721 billion, increase 38%; Import from Africa \$21.835 billion, increase 45%.

## 3. China's Engagement: Impact:

### 1) Positive:

To increase continuous demand for the suppliers, raise the bargaining position of African countries, build of infrastructure in Africa, lead to African economic growth, increase oil production thus may lower prices; send out the signal of emergency for E & P projects and research for substitution, etc.

### 2) Negative:

Possibility to raise prices for time-being, to cause anxiety of the old dealers<sup>2</sup> (such as criticism that the practice distorts the global open market for oil), cause fears of insecurity of energy, possible conflicts with big powers (such as China-American tension), etc.

## 4. China's Engagement in African Energy: Interests and Concerns

### 1) Availability:

- ✧ Supply countries in Africa: Algeria, Egypt, Angola, Equatorial Guinea, Congo, Gabon, Cameroon, Libya, Nigeria, Sudan, Chad
- ✧ Scientific management of domestic energy industry both in administration level (government/SINOPEC, CNPC, CNOOC) and industrial level (coal, nuclear, natural, biofuel, etc);
- ✧ Rationalization of use of energy;
- ✧ Environmental Care

### 2) Security:

- ✧ Careful choice of partners to avoid conflicts with other players;
- ✧ Improvement of local social conditions;

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<sup>1</sup> Hi-tec: 2003

<sup>2</sup> There is an interesting explanation of "external players". "The emergency of external players such as China and India poses a challenge to the European strategy." Bernt Berger, "China's Engagement in Africa: Can the EU sit back?" *South African Journal of International Affairs*, 13:1 (Summer/Autumn 2006).

- ✧ Local political situation (government/people, central level/local level, etc.);
- ✧ Maritime energy transportation (the Straits of Malacca, Taiwan Straits);
- ✧ Disruption from suppliers, increase of prices;
- ✧ U.S. oil blockade from Middle East or elsewhere

#### 4. Fields of Cooperation Bilateral and Multilateral

- 1) To pursue confidence building measures among the involved countries;
- 2) To increase understanding of philosophies of cooperation;
- 3) To realize the necessity of healthy interdependence (supplier/consumers; new players/old players; China's economy/world economy);
- 4) To build mutually beneficial economic relationship (South Africa, Nigeria and other African countries, BRICs, G8, UN, etc.);
- 5) To begin an equal and meaningful dialogue on mechanisms to enhance related parts' energy security;
- 6) To find constructive approaches for further cooperation in other forms of energy solution (such as biofuel, nuclear, etc.).

### Appendix:

Table 1 CCP and African Parties' Visits (2002-2005)

Year	2002	2003	2004	2005	2002-2005
African Parties' visits to China	16	13	16	24	69
CCP's visits to Africa	17	8	20	19	64

Source: *People's Daily*, *Observer* and the related networks.

Table 2 Program of Sino-African Seminar on  
Economic Reform and Development Strategies

October 14-21, 2003, Beijing

Topic	Name	Title
Strategy and experience of economic reform and development in China	Li Ruogu	Deputy Governor of People's Bank of China (PBC)
A new phase of China's opening-up with its accession to WTO	Liao Xiaoji	Vice Minister of Commerce
Experience of foreign exchange regime reform in China	Hu Xiaolian	Deputy Administrator, the State Administration of Foreign Exchange
China's financial development and monetary policy	Mu Huaipeng	Deputy Director-General of the Monetary Policy Department, PBC
Strategic objectives for the development in China	Cao Yushu	Deputy Secretary-General, the State Commission for Development of Reform
Agricultural development and poverty alleviation experience in China	Zhang Bao Wen	Vice Minister of Agriculture

Table 3: China's Oil Import from Africa (1992-2005)

	Unit Thousand tons													
Year state	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
1	...	...	10	130	...	...	...	...	...	...	...	130	680	820
2	...	...	...	...	...	290	200	110	120	...	...	80	...	80
3	200	1220	370	1000	1660	3840	1110	2880	8640	3800	5710	10100	16210	17460
4	...	...	...	...	...	200	240	810	920	2150	1780	1460	3480	3840
5	...	...	...	...	...	980	380	380	1450	640	1050	3390	4780	5530
6	...	130	120	90	0	380	...	650	460	150	...	...	...	...
7	...	...	...	...	...	...	...	250	430	820	350	...	...	...
8	300	710	...	210	140	70	140	130	130	250	...	130	1340	2260
9	...	...	...	390	...	...	120	1370	1190	770	490	120	1490	1310
10	...	...	...	...	...	0	...	270	3310	4970	6430	6260	5770	6620
11	...	...	...	...	...	...	...	...	...	...	...	...	830	550
12	...	70	...	30	130	360	240	500	1190	960	350	520	730	...
To	500	2130	500	1840	1930	5910	2190	7250	16950	13550	15800	22180	35300	38470
%	4%	14%	4%	11%	9%	17%	8%	20%	24%	22%	23%	24%	29%	30%

1. Algeria 2.Egypt 3.Angola 4. Equatorial Guinea 5.Congo 6. Gabon 7.Cameroon 8.Libya 9.Negria

10.Sudan 11. Chad 12.others

Source: Annual reviews by Tian Chunrong in *International Petroleum Economics*; Zha Daojiong, "China's Oil Interest in Africa: An International Political Agenda," *Guoji Zhengzhi Yanjiu* (International Politics Quarterly), 2006, No.4 (102), p.55.

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