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Into Africa: China's Grab for Influence and Oil

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Amid festering concerns about China's burgeoning global power, Beijing has firmly set its sights on expanding its influence in Africa. In a throwback to the Maoist revolutionary days of the 1960s and 1970s and the Cold War, Beijing has once again identified the African continent as an area of strategic interest.

But this time, the People's Republic of China (PRC) is not interested in exporting international communism. It is international trade, economics, and political influence that have got Beijing's rapt attention. The jury is still out about whether China's strong engagement in Africa is a good or a bad thing. Some have praised Chinese involvement in Africa, while others have called it "neo-colonialism." There is no doubt that it is a subject of intense discussion in Washington, D.C.

Just this week in the U.S. edition of the *Financial Times*, in an editorial titled "No Panacea for Africa: China's Influence Is Not an Alternative to Neo-Liberalism," the newspaper's editorial staff wrote that "China's footprint in Africa becomes more pronounced each time the continent receives another high-level Chinese delegation." It continued:

President Hu Jintao's eight-nation tour of Africa this week has been no exception. In its wake we can expect more roads, more bridges, and airports, more oil deals, more credit and also more Chinese labor on the continent. We can also expect more cheap imports.

This article doesn't cover it all, but it is a pretty good place to begin a discussion of recent Chinese activity in Africa.

Talking Points

- China is seeking new markets for its export-driven economy and access to Africa's abundant natural resources, especially sources of energy.
- Friendly relations with African nations can bring favorable results for Chinese efforts at the U.N. African states have been pivotal in preventing Taiwan from joining the World Health Organization and in tabling a condemnation of Chinese human rights practices at the U.N.'s Commission on Human Rights.
- Chinese policies in Africa are troubling, especially when they support authoritarian African regimes, hinder local economic development, and exacerbate conflicts and human rights abuses in countries such as Sudan and Zimbabwe.
- China's broad energy, trade, political, diplomatic, and military interests and activities in Africa threaten to undermine long-standing international efforts to promote regional peace, prosperity, and democracy.

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What Does China Want in Africa?

It is clear they want something: In the last year, Chinese leaders have visited half of Africa's countries. In fact, Beijing declared 2006 the "Year of Africa" and promised to make their first major high-level diplomatic trip of every year to Africa.

Indeed, this week, Chinese President Hu Jintao is on a 12-day, eight-nation visit to Africa. In November of 2006, Beijing hosted a major summit with African leaders, which nearly 50 African heads of state attended. China lavished African leaders with diplomatic pomp and circumstance, as well as promises of generous financial, commercial, and military assistance. Its theme was "The Three 50s": 50 years of China–Africa relations, the existence of over 50 African nations, and \$50 billion in bilateral Sino–African trade.

Beijing has also written off at least \$1 billion in African debt, and more write-offs are expected. The World Bank believes that the Chinese import–export bank has loans valued at nearly \$13 billion in infrastructure projects in Africa alone. As a matter of fact, the African Development Bank has chosen to hold its annual summit in Shanghai this spring in recognition of China's increasingly pivotal role in the region.

But China isn't doing all of this out of the kindness of its heart. In fact, most might say that China is seeking new markets for its export-driven economy—now the world's fourth largest. In addition, China wants unimpeded—even exclusive—access to Africa's abundant natural resources, especially sources of energy. And don't forget: As a rising power, China is also keen on gathering political influence in Africa.

A Few Words About Energy

Arguably, nothing is driving China into Africa more than its quest to satisfy its insatiable appetite for oil and gas. For the past decade, the Chinese economy has expanded annually at near double-digit rates, requiring an enormous influx of natural resources, especially energy.

China is now the world's second largest energy consumer, leading Beijing to Africa's door in an effort—like the U.S.—to find new sources of energy and reduce its reliance on volatile Middle Eastern

sources of oil and natural gas. Today, Africa provides China with 30 percent of its energy imports, meeting 5 percent of China's energy needs and rivaling the Middle East as a source of Chinese energy.

Beijing is building ties with African energy suppliers through investment, aid, high-level visits, and a strict policy of "noninterference in internal affairs" that some African governments under international scrutiny find comforting. The People's Republic of China has invested billions in resource development and infrastructure—and written off billions more in debt—to help build friendly relationships with oil-rich African countries. For instance:

- China has \$3 billion invested in Nigerian oil, now the world's eighth largest oil exporter.
- Beijing has at least \$3 billion invested in the Sudanese energy sector, for a total of \$10 billion since the 1990s.
- In Angola, another African energy giant, a \$2 billion credit line for much-needed infrastructure projects secured Chinese access to highly coveted offshore oil fields. Today, Angola is China's biggest oil supplier, outpacing China's previous largest supplier, Saudi Arabia.

While some are critical of China for seeking exclusive access to oil and gas supplies in Africa, others applaud Beijing's willingness to take risks in markets where some Western energy firms can't—or won't—go for a variety of reasons, arguably adding to world energy supplies, lowering prices, and benefiting consumers.

What About Politics?

Across the planet, China is aggressively seeking new friends and allies and proving to be a less demanding alternative to the more scrupulous relationships nations must have with the U.S. and Europe.

One of the places China is seeking political influence at the expense of others is Africa. Think about it: With over 50 nations, the countries of Africa represent more than one-quarter of the United Nations General Assembly—a significant voting bloc.

Friendly relations with African nations can bring favorable results for Chinese efforts at the United Nations or U.N. agencies such as the World Trade

Organization. They can even reduce the number of states that diplomatically recognize Taiwan: There are *five* countries in Africa that still recognize Taiwan. For example, in recent years, African states have been pivotal in preventing Taiwan from joining the World Health Organization and in tabling a condemnation of Chinese human rights practices at the U.N.'s Commission on Human Rights.

New Markets and Commercial Opportunities

China also sees Africa as a potential market for its goods. China–Africa trade soared to \$56 billion last year, an increase of 40 percent over 2005, bringing critical revenue to some of the world's poorest nations. The Chinese economy is still export-driven, and Beijing must continue to find and develop new markets to ensure that its economy continues to grow and draw foreign direct investment.

Today, there are over 800 Chinese companies operating in nearly all African nations. Anecdotally, I've heard stories that in some cases, market penetration and influence are more important than profits for Chinese companies operating in Africa.

Unfortunately, China's activities in Africa are not without controversy. Some applaud Chinese engagement in Africa, saying it brings in billions in aid, loans, and credits—all reportedly without political conditions. Others, disillusioned with Western leaders, think China might better understand the unique problems of African underdevelopment. Some say that diplomatically, the Chinese treat them as equals.

Some Africans and Chinese find common ground in the view that the West's historical experiences in achieving development are distant from the African experience. They add that the Western model offers too few transferable lessons for Africa and has generated too few dramatic success stories in Africa to be worthy of further consideration.

Beijing supports this notion by promoting the idea that engagement with the West is overly moralizing, conditional, and overly bureaucratic. Moreover, paraphrasing from the Council on Foreign Relations 2005 report on Africa, China is also

investing and providing assistance in areas that Western aid agencies have long neglected—physical infrastructure, industry, and agriculture.

The CFR report also says that China offers African nations a financing alternative to Western donors, the International Monetary Fund, and the World Bank, providing choices these countries might not otherwise have. As a Nigerian government commerce official said, "The U.S. will talk to you about governance, efficiency, about security, about the environment. The Chinese just ask: How do we procure this license."¹ Many African governments also like the Chinese policy of "non-interference" in their internal affairs.

African Concerns

But Beijing's involvement in Africa also has its critics, including the Africans. PRC firms underbid local African companies, and Chinese contractors often use cheap, imported Chinese labor. Some contracts require 70 percent Chinese labor, adding little to local employment or skill development.

Moreover, cheap Chinese goods flood African markets, especially textiles, stifling markets that Africans are trying to develop, causing unemployment, and shuttering factories across the continent. And concessionary PRC soft loans have put the International Monetary Fund and other bank projects on hold due to concerns about economic mismanagement and corruption.

More specifically, South African President Thabo Mbeki recently cautioned that China risks replicating in Africa a "colonial relationship" of the kind that existed under white rule. Those are pretty strong words, especially coming in advance of the visit of the Chinese president.

Even though South Africa is China's largest trading partner, local labor officials have blamed unemployment problems on cheap Chinese clothing imports. In Zambia, where China has significant copper mining interests, there has been a political backlash against the Chinese over labor practices. In fact, a Zambian presidential contender last year ran on a political platform wholly criticizing Chinese

1. Vivienne Walt, "China's Appetite for African Oil Grows," *Fortune*, February 15, 2006, at http://money.cnn.com/2006/02/08/news/international/africa_fortune/index.htm.

presence in the country. According to *The Wall Street Journal*, anti-Chinese sentiment bordering on racism is also bubbling over in Namibia, Zimbabwe, Angola, and Lesotho.²

A Kenyan professor warned of Chinese hegemony in Africa and asserted that Beijing is pursuing its own narrow self-interests on the continent—interests that benefit only Africa's elites. Some African critics see China as assisting African governments to oppress their own people and complain about the Chinese failure to engage in efforts to build African civil society and civil society institutions, ignoring public opinion and needs.

There is also concern about China's promotion of its economic model and lending practices. Beijing actively promotes its development model in Africa, based on a limited market economy controlled by an authoritarian government. In some cases, it has become fashionable for African leaders to argue that China's embrace of the continent offers them a new economic development model that rejects the practices of the Western free market.

Many African regimes, desperate to invigorate their struggling economies while maintaining a strong grip on political power, find China's modernization model preferable to difficult free-market and democratic reforms advocated by the U.S. and the European Union. Many think this is a mistake. The same *Financial Times* editorial that I mentioned earlier warned that while the Chinese may attempt to reassure their new African partners that economic development is compatible with authoritarianism, Africans should not turn away from free markets.³

There is also mounting concern that Chinese lending practices are undermining international debt-relief strategies that have dramatically reduced the debt burden in Africa. The fear is that Chinese lending practices may result in the rapid reestab-

lishment of an unsustainable level of debt in Africa once again. Last October, the World Bank president expressed the worry that many of Africa's poorest countries may be incurring excessive new debt as a result of unconditional loans made by Chinese banks.⁴ The U.S. Treasury Department put a finer point on it, calling China a "rogue creditor" practicing "opportunistic lending."⁵

China in Sudan and Zimbabwe

China's involvement with Sudan and Zimbabwe is a glaringly troubling issue for the international community. Sudan, perhaps, represents the most troubling example of China's new Africa policy, where Beijing combines its drive for exclusive access to African natural resources with an aggressive political campaign to ingratiate itself with controversial regimes.

While the U.S., the European Union, Japan, and others sought to impose U.N. sanctions on the Sudanese regime over Khartoum's support for what many are now calling a genocide in Darfur—in which 450,000 have died and 2.5 million are homeless—China strenuously opposes Security Council sanctions. Why, you might ask? Some believe that China was hoping to prevent international economic sanctions from interfering with Beijing's \$3 billion investment in Sudan's oil and gas industry.

Tragically, Khartoum has doubled its defense budget in recent years, spending 60 percent to 80 percent of its estimated \$500 million in annual oil revenue—half from China—on weapons. Some of these weapons find their way to the conflict in Darfur. Moreover, with Chinese assistance, the Sudanese government recently built three weapons factories, complicating international arms embargos against Khartoum.

The comment of the former Chinese Deputy Foreign Minister reflects Beijing's Africa policy: "Busi-

2. Yaroslav Trofimov, "New Management: In Africa, China's Expansion Begins to Stir Resentment; Investment Boom Fuels 'Colonialism' Charges; A Tragedy in Zambia," *The Wall Street Journal*, February 2, 2007, p. A1.
3. "No Panacea for Africa," *Financial Times*, February 6, 2007, p. 12.
4. Rowan Callick, "Wolfowitz Holds Beijing to Account over Africa," *The Australian*, October 25, 2006, at www.theaustralian.news.com.au/story/0,20867,20640755-2703,00.html; see also World Bank, "Paul Wolfowitz—Interview with Les Echos," October 19, 2006, at <http://web.worldbank.org/WBSITE/EXTERNAL/NEWS/0,,contentMDK:21102200~menuPK:34476~pagePK:34370~piPK:34424~theSitePK:4607,00.html>.
5. Michael Phillips, "G-7 to Warn China over Costly Loans to Poor Countries," *The Wall Street Journal*, September 15, 2006, p. A2.

ness is business. We try to separate politics from business. Secondly, I think the internal situation in the Sudan is an internal affair, and we are not in a position to impose upon them.”⁶

In Zimbabwe, President Robert Mugabe’s repeated political and human rights abuses led the U.S. and the European Union to impose punitive sanctions against the regime. The PRC’s response was to sell Zimbabwe over \$200 million worth of fighter aircraft and military vehicles. Beijing also provided equipment for jamming anti-government media broadcasts from inside and outside the country and gave electronic surveillance equipment to Harare’s security services to monitor political opponents.

Zimbabwe, the world’s second largest exporter of platinum, also gets China’s support internationally. In 2005, Britain and the U.S. backed yet another U.N. Security Council resolution condemning Mugabe’s policies. Meanwhile, Mugabe flew to Beijing, seeking a handout for his beggared economy and Chinese support at the U.N., which Beijing gave, killing the resolution.

China’s support for African leaders like Mugabe and Sudan’s Bashir lends these leaders legitimacy both at home and abroad, blunting pressure on human rights, economic openness, and political freedom.

Conclusion

On the evidence, it seems clear that China is rapidly expanding its influence in Africa to secure access to natural resources, to expand Beijing’s political influence, and even to increase its international commercial markets through generous but self-serving diplomatic, financial, and military assis-

tance. Chinese policies are also troubling, especially when they support authoritarian African regimes, hinder local economic development, and exacerbate conflicts and human rights abuses in countries such as Sudan and Zimbabwe.

Unfortunately, China’s broad energy, trade, political, diplomatic, and—yes—military interests and activities in Africa threaten to undermine long-standing international efforts to promote regional peace, prosperity, and democracy in Africa. Africa’s traditional European colonial and American partners now find their vision of a continent governed by free-market democracies and the rule of law challenged by Beijing’s scramble for influence and resources.

While China has the potential for doing good in Africa, the question becomes: “Is China’s approach the answer to Africa’s problems or is it just a replay of Africa’s colonial, mercantilistic relationship with Europe?” Or is it something completely different? Perhaps it is too early to tell.

As a scholar from a prominent South African think tank recently put it, “China is both a tantalizing opportunity and a terrifying threat.”⁷ That is something both the Africans and the international community will be struggling to understand and deal with as China deepens its involvement in Africa in the years to come.

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6. Howard W. French, “China in Africa: All Trade and No Political Baggage,” *The New York Times*, August 8, 2004.

7. Paul Mooney, “China’s African Safari,” *YaleGlobal*, January 3, 2005, at <http://yaleglobal.yale.edu/display.article?id=5106>.