

An hourglass-shaped graphic with a globe inside. The top bulb of the hourglass is dark blue, and the bottom bulb is light blue. The globe is centered in the narrow neck of the hourglass. The text is overlaid on the graphic.

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*China and Sub-Saharan Africa*

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Division

August 29, 2005

**Abstract.** This report reviews China's economic and political initiatives in Africa, giving special attention to China's relations with key partners, including Sudan, Nigeria, and Angola. It then examines the debate over the implications of China's growing role for the United States, and the appropriate U.S. response.

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## China and Sub-Saharan Africa

**August 29, 2005**

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# China and Sub-Saharan Africa

## Summary

While the People's Republic of China (PRC) has been involved in sub-Saharan Africa for decades, its recent rise as a global industrial power has given it strong incentives to expand its role. A more comprehensive outreach to Africa has been evident at least since 2000, when the China-Africa Cooperation Forum (CACF) was established. China has been actively pursuing energy-related contracts, trade agreements, investment deals, accords on scientific and technical cooperation, and tourism agreements with countries around the sub-Saharan region. High level African delegations visit Beijing regularly, and top Chinese leaders pay frequent official visits to Africa. China has sent significant numbers of technical personnel, teachers, and physicians to Africa, and Africans travel to China for education and training, including military training. China-Africa trade is growing, and Chinese firms are engaged in large infrastructure projects in several countries. China is a significant supplier of military equipment to Africa as well.

Analysts agree that China's voracious appetite for resources, particularly petroleum, is the principal motive for its expanding outreach to Africa. Nearly thirty percent of China's oil imports are estimated to come from Africa, and the proportion is expected to grow in the years ahead. China's continuing drives to demonstrate its importance as a global actor and to isolate Taiwan, which maintains official relations with seven sub-Saharan countries, are also motivating factors. China is deeply involved in Sudan, where the Chinese National Petroleum Company (CNPC) has developed an oil field in the southern part of the country and constructed a 900-mile pipeline to the Red Sea so that the oil can be sent to China. Angola is China's largest sub-Saharan oil supplier, and China has extended a \$2 billion line of credit to the Angolan government while expanding its involvement in the oil sector. Ties have also been strengthened with oil-rich Nigeria, which has entered into a "strategic partnership" with China and is purchasing Chinese-built jet fighters. In July 2005, Chinese leaders feted Robert Mugabe, president of resource-rich Zimbabwe, during an official visit to Beijing, and President Hu Jintao called him an "old friend of the Chinese people." Western governments have sought to isolate Mugabe's government, a persistent human rights violator; but China is providing arms to Zimbabwe, and Chinese firms are active in telecommunications and other fields.

Whether the United States should mount a challenge to China's growing role in Africa is a subject of debate in the policy-oriented community, but the prevailing view appears to be that China's involvement does not at present endanger U.S. interests and influence in the region. It may even offer certain benefits for Africa and for the United States if dealt with through cooperation and diplomacy, some believe. A U.S. official testifying in July 2005 advocated cooperation and consultation with China in Africa, as well as dialogue over issues, such as Sudan and Zimbabwe, on which the two countries disagree. Nonetheless, some observers fear that China's Africa policies are tending to strengthen repressive regimes. Some also worry that Chinese competition for Africa's petroleum resources could prove harmful to U.S. interests, and that U.S. business generally could lose opportunities in Africa because of Chinese competition. This report will be updated as events warrant.

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# China and Sub-Saharan Africa

China, in recent years, has sought out and cultivated stronger relations with countries over much of the globe. Its deepening involvement in sub-Saharan Africa — part of this global pattern — has drawn attention because this region is expected to play a steadily expanding role as a petroleum and natural gas supplier in the years ahead. Consequently, China's interest in Africa is a source of concern to those who see China as a threatening rival to the United States for access to the world's petroleum resources. Other concerns arise from China's refusal to impose human rights or governance conditions on its aid, trade, and foreign investment, on grounds that doing so would constitute interference in the internal affairs of its partners. Many worry that African countries such as Sudan, Angola, and Zimbabwe, which face pressure for reforms from Western aid donors and international financial institutions, will turn to China as an alternative source of funds, as well as diplomatic backing. Others doubt that China will pose a major challenge to the interests of the United States and its Western allies in Africa, and some suggest that there are areas of common interest and possible cooperation. In congressional testimony on July 28, 2005, Ambassador Michael E. Ranneberger, U.S. Principal Deputy Assistant Secretary of State for African Affairs, argued that "China's growing presence in Africa is a reality, but it can increase the potential for collaboration between the United States and China as part of a broader, constructive, bilateral relationship."<sup>1</sup>

This report reviews China's economic and political initiatives in Africa, giving special attention to China's relations with key partners, including Sudan, Nigeria, and Angola. It then examines the debate over the implications of China's growing role for the United States, and the appropriate U.S. response.

## Overview of China's Involvement in Africa

The People's Republic of China (PRC) has been involved in sub-Saharan Africa for decades. From the 1950s, as the colonial era ended, China was quick to establish diplomatic ties with newly-independent states. Trade ties followed, and China offered aid in the form of infrastructure projects, including stadiums, government buildings, and party headquarters in several countries. From 1968 through 1976, as the liberation struggle against white minority regimes in southern Africa intensified, China built the 1,100-mile Tazara railway, linking the port of Dar es Salaam in Tanzania to Zambia. Thousands of Chinese workers participated in the project, which gave the two "frontline states" a measure of economic independence from

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<sup>1</sup> Statement before the House Committee on International Relations, Subcommittee on Africa, Global Human Rights, and International Operations.

Rhodesia (later Zimbabwe) and South Africa, both then under white-minority rule. China also assisted armed liberation movements in southern Africa, forging ties with the African elites that eventually took power in the region. China's perception of itself as a third world leader and its rivalry with Taiwan help to explain its role in Africa in these decades, but another key factor was China's rivalry with the Soviet Union. With the dissolution of the Soviet Union in 1991, this factor disappeared and China seemed for a time to be less prominent as an actor in Africa.

China's recent rise as a global industrial power, however, has given it new reasons to pursue its involvement in sub-Saharan Africa. A more comprehensive Chinese outreach to the region has been evident at least since October 2000, when leaders of the PRC and 45 African countries met in Beijing to form the China-Africa Cooperation Forum (CACF). They agreed that the CACF would meet every three years to further mutual economic development and cooperation. The Chinese government sweetened the pot for cooperation by using the first CACF meeting to pledge forgiveness of \$1.2 billion in African debt covering 32 nations and to expand Chinese foreign aid to Africa. At the Second Ministerial CACF Conference, held in Addis Ababa, Ethiopia, in December 2003, China promised to cooperate with Africa in priority sectors identified in Africa's New Partnership for Africa's Development (NEPAD), including cooperation in infrastructure development, prevention and treatment of diseases such as HIV/AIDS, human resources development, and agriculture. Moreover, China agreed to begin negotiations on reducing tariffs to zero for some exports of the least developed African countries.

Meanwhile, China has been actively pursuing energy-related contracts, trade agreements, investment deals, accords on scientific and technical cooperation, and tourism agreements with countries around the sub-Saharan region. High level visits to Beijing for African heads of state, typically accompanied by large delegations including business representatives, have been an important feature of China's Africa policy. Chinese leaders, often accompanied by representatives of Chinese corporations, pay frequent official visits to Africa as well. Ambassador Ranneberger notes that China's foreign minister has begun each new year with a visit to Africa for the past 17 years.<sup>2</sup> At the 2003 CACF meeting, China offered training to 10,000 African personnel over three years, beginning in 2004. China claims that it trained 6,000 Africans in agriculture, diplomacy, and medical treatment from 2000 through 2003, and sent an estimated 500 experts and teachers to offer short term courses as well. A reported 880 Chinese physicians are currently working in 34 African countries.<sup>3</sup> According to China's Ambassador to South Africa, 1,793 students from African countries were studying at Chinese universities in 2003, and the *Wall Street Journal* reports plans to admit 10,000 on scholarship.<sup>4</sup>

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<sup>2</sup> Ranneberger testimony.

<sup>3</sup> Speech by China's Ambassador to South Africa, Liu Guijin, to the South African Institute of Strategic Studies, December 30, 2004.

<sup>4</sup> Ambassador Liu Guijin speech; "Staking a Claim: China Flexes Economic Muscle Throughout Burgeoning Africa," *Wall Street Journal*, March 29, 2005. Chinese officials may be cautious in implementing this plan in view of the rioting against African students that took place at Hehai University in Nanjing in December 1988 and January 1989.

China also provides training in China for African military officers, although details on the scope of this training are not publicly known. Arms sales to African governments are important links as well, and arms deals with Sudan, Nigeria, and Zimbabwe are noted below. Experts point out that Chinese military vehicles and other equipment tend to be simple and rugged, making them attractive in the African market. For 2000-2003, China ranked third as an arms supplier to Africa, behind the Western European countries taken together and Russia, with arms transfers valued at \$500 million.<sup>5</sup> Peacekeeping is an emerging area of Chinese engagement in Africa,<sup>6</sup> and large Chinese contingents now participate in U.N. peacekeeping operations in Liberia and the Democratic Republic of the Congo. A substantial Chinese deployment of peacekeepers to southern Sudan is expected.

**Table 1. U.S. and Chinese Trade With Sub-Saharan Africa:  
2002-2004**  
\$millions

|                     | Total Trade   |        | Exports       |       | Imports       |        |
|---------------------|---------------|--------|---------------|-------|---------------|--------|
|                     | United States | China  | United States | China | United States | China  |
| 2002                | 24,813        | 10,100 | 6,023         | 5,008 | 18,790        | 5,092  |
| 2003                | 33,916        | 15,389 | 6,894         | 7,494 | 27,022        | 7,895  |
| 2004                | 46,414        | 24,447 | 8,566         | 9,918 | 37,848        | 14,529 |
| % Change, 2002-2004 | 87.1%         | 142.0% | 42.2%         | 98.0% | 101.4%        | 185.3% |

**Sources:** U.S. International Trade Commission and China Customs and Global Trade Atlas.

China is a growing supplier of goods to Africa's civilian sector, and an influx of inexpensive Chinese-manufactured goods, often sold in Chinese-owned shops, has been reported around the continent. In the telecommunications sector, equipment manufactured by Chinese firms is increasingly attractive to African buyers and competitive in African markets. The Chinese firm ZTE, for example, has sold telecommunications equipment to several African countries and is installing mobile phone networks in Ghana and Nigeria. It has recently agreed to build a handset factory in Nigeria.<sup>7</sup> African merchants travel to Hong Kong, and increasingly to the Chinese mainland, to purchase bulk quantities of jeans, jewelry, mobile phones, videos, and other goods to sell at home; and Chinese-owned retail shops have opened

<sup>5</sup> CRS Report RL32547, *Conventional Arms Transfers to Developing Nations, 1996-2003*, by Richard F. Grimmett.

<sup>6</sup> Drew Thompson, "Beijing's Participation in UN Peacekeeping Operations," *China Brief* (Jamestown Foundation, v. 5, 11, May 10, 2005).

<sup>7</sup> "Nigeria, Chinese Firm Partner on Production of GSM Handsets," *Vanguard* (Nigeria), May 27, 2005.

in Africa itself to market Chinese products.<sup>8</sup> The sale of Chinese-manufactured counterfeits of products made by firms in the United States, Western Europe, and Japan is believed to be a serious problem. From 2002-2004, China's total trade with sub-Saharan Africa rose from \$10.1 billion to \$24.4 billion — up by 142% (**Table 1**). As **Table 1** indicates, U.S. trade with Africa was greater than China's, but China-Africa trade is growing at substantially faster rates. China's major exports to Africa are machinery and transport equipment, textile yarn and fabrics, articles of apparel and clothing, electrical machinery and parts, and road vehicles. China's top imports are petroleum and petroleum products, wood, metalliferous ores and metal scrap, iron and steel, and non-ferrous metals.<sup>9</sup>

As in earlier decades, showcase infrastructure projects are characteristic of China's current involvement in Africa. In Ethiopia, a large and populous country that is the source of the Blue Nile, Chinese engineers are constructing the 600-foot high Takazee hydroelectric dam. Others had shied away from Takazee out of concern over Egypt's possible reaction to any project that might interfere with the flow of the Nile. Chinese firms are building roads in Ethiopia as well as a large hangar at the Addis Ababa airport, which is not expected to be profitable but may provide entree for the later sale of Chinese aircraft.<sup>10</sup> A Chinese construction firm has been contracted to build a 60,000-seat soccer stadium in Tanzania, and China's government will contribute \$20.5 million toward the cost.<sup>11</sup> China is also deepening its ties to Africa by offering "Approved Destination Status" (ADS) to key sub-Saharan countries, including Uganda, South Africa, Kenya, as well as six others. ADS agreements facilitate "package tours" by large groups of Chinese tourists.<sup>12</sup>

## China's Motives and Objectives

Analysts agree that China's voracious appetite for resources, particularly energy resources, is the principal motive for its expanding outreach to Africa. China is now the world's second largest consumer of oil products (after the United States) at 6.7 million barrels per day, and that level is projected to double to 13.4 million barrels per day by 2025.<sup>13</sup> Data published by China's General Administration of Customs indicate that sub-Saharan countries provided about 27% of China's oil imports in the

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<sup>8</sup> "Africa's Thriving Trade with China," *BBC*, March 8, 2005; "Hawkers Fear Rivalry as Threat of an Influx Looms," *New Era* (Namibia), June 8, 2005; "Manufacturers Groan Under Chinese Activities," *Daily Champion* (Nigeria), April 5, 2005.

<sup>9</sup> This discussion of China's trade with sub-Saharan Africa was prepared with the assistance of Wayne Morrison, Specialist in International Trade and Finance.

<sup>10</sup> "Staking a Claim: China Flexes Economic Muscle Throughout Burgeoning Africa," *Wall Street Journal*, March 29, 2005.

<sup>11</sup> "China, Tanzania Sign National Stadium Construction Pact," *Xinhua*, November 3, 2004.

<sup>12</sup> "Ugandan Gov't Sets Up Committee to Facilitate Chinese Tourists," *Xinhua*, April 30, 2005.

<sup>13</sup> Global Insight, *Global Petroleum Outlook Forecast Tables (Long-Term)*, January 2005.



first half of 2005, with large increases from Angola, Republic of Congo, and Sudan.<sup>14</sup> China has invested in a number of oil drilling, oil refinery, oil pipeline, tanker facility, and power generating projects in Africa, mainly through PRC government-owned companies. The top five African sources of China's mineral fuels and oil imports in 2004 were Angola (which was also China's second largest overall source of these commodities), Sudan, Congo, Equatorial Guinea, and Nigeria.<sup>15</sup>

Chinese firms are also showing increased interest in Africa's other resources, including iron, manganese, and coal; and China has been accused of heavy involvement in the illegal smuggling of African timber. According to the Environmental Investigation Agency, a British-based organization that campaigns on environmental issues, China is turning to timber illegally imported from Africa, and elsewhere to feed its wood flooring and other wood-based industries.<sup>16</sup>

China's ongoing campaign to isolate Taiwan, which the PRC considers a renegade province, is also a likely political objective of its African involvement. Over time, China has won official diplomatic recognition from the vast majority of African states, but 7 of the 25 countries worldwide that still maintain relations with Taiwan are in Africa.<sup>17</sup> Finally, China's activism in Africa may also be motivated by its desire to be acknowledged as a major power in world affairs. In Africa, China has become an important actor in a region once regarded as a European sphere of influence. Its ties to African countries give China friends and allies in the United Nations General Assembly, where Africa is the largest voting bloc, and in other international forums.

## Key Bilateral Relationships

China's heightened involvement in sub-Saharan Africa is evident around the continent, as detailed in the **Appendix**. However, China is targeting a number of resource-rich individual countries for particular attention.

### Sudan

China is deeply involved in Sudan, where the Chinese National Petroleum Company (CNPC) has developed an oil field in the southern part of the country, constructed a 900-mile pipeline to the Red Sea so that the oil can be sent to China,

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<sup>14</sup> General Administration of Customs of China data reported by *Reuters*, July 25, 2005.

<sup>15</sup> Based on Harmonized Tariff Schedule, chapter 27 commodities. This category includes mineral fuels, mineral oils and products of their distillation, bituminous substances, and mineral waxes.

<sup>16</sup> "China Consumes Forests of Smuggled Timber: Crime Syndicates Run Huge Racket, Say Campaigners," *Guardian* (London), April 22, 2005. See also, testimony of Allen Thornton, President of the Environmental Investigation Agency, before the House Subcommittee on Africa, Global Human Rights, and International Operations, July 28, 2005.

<sup>17</sup> In 2005, Taiwan maintains official relations in Africa with Burkina Faso, Chad, the Gambia, Malawi, Sao Tome and Principe, Senegal, and Swaziland.

and built an oil refinery for Sudan in Khartoum, the capital. Sudan now accounts for 5% of China's oil imports.<sup>18</sup> According to Human Rights Watch, China has supplied Sudan with ammunition, tanks, helicopters, and fighter aircraft as well as anti-personnel and anti-tank mines.<sup>19</sup> China, with Russia, is blamed for thwarting stronger U.N. Security Council action against Sudan in response to human rights violations in troubled Darfur province. However, China did not block the Security Council's March 31, 2005 decision to refer charges of human rights violations by Sudanese officials to the International Criminal Court. China will deploy forces to southern Sudan to be part of the new U.N. Mission in Sudan.

## Angola

Energy is central to China's growing relationship with Angola, which provided nearly 14% of China's oil imports during the first six months of 2005.<sup>20</sup> Angola is benefitting from a \$2 billion line of credit extended by China's export-import bank in 2004. During a three-day visit to Angola in February 2005, Chinese Vice Premier Zeng Peiyan and other top Chinese officials signed a long-term contract for the supply of oil to the China National Petrochemical Corporation (SINOPEC), as well as agreements on oil exploration and the construction of a refinery. The China National Petroleum Corporation (CNPC) already owns a share in an Angolan petroleum production block entitling it to an expected 100,000 barrels per day.<sup>21</sup> During the Zeng Peiyang visit, a contract was signed between China's ZTE Corporation and the Angolan telephone company for support in strengthening Angola's telephone network. The China Road and Bridge Corporation is building roads and bridges in Angola, and has brought in 200 Chinese workers for the project in addition to employing 1,000 Angolans.<sup>22</sup> Chinese companies are also reportedly rehabilitating hospitals and schools and constructing homes and buildings; while China is providing fishing trawlers, trucks, and agricultural inputs.<sup>23</sup>

Analysts are concerned that China's loan to Angola and its other support for Angola's economy is undermining efforts by Western donors and the International Monetary Fund to press Angola for greater transparency in the use of its oil revenues. Misuse of funds and corruption are widely suspected. Western reluctance to increase aid to Angola in the absence of greater transparency and accountability has probably helped China expand its influence in the country. Linking China's aid to Angola's long civil war, which finally ground to an end in 2002, one Angolan official has said

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<sup>18</sup> Chinese customs data reported by *Reuters*, cited above.

<sup>19</sup> Human Rights Watch, *China's Involvement in Sudan: Arms and Oil*, November 2003.

<sup>20</sup> Chinese customs data reported by *Reuters*, cited above.

<sup>21</sup> U.S.-Angola Chamber of Commerce, press release, February 28, 2005.

<sup>22</sup> "Chinese Builder Invests \$30 million in Equipment," *Angola Press Agency*, July 19, 2005.

<sup>23</sup> "China Hones in on Oil-Rich Angola to Play Leading Role in Reconstruction," *Agence France Presse*, July 23, 2005; "Chinese Government Donates Over 900 Tons of Agricultural Inputs to Malanje Province," *Angola Press Agency*, July 25, 2005.

“The others were not there, and we could not wait. The country is so destroyed, there were so many things to be done.”<sup>24</sup>

## Nigeria

In Nigeria the China Civil Engineering Construction Corporation is rehabilitating the nation’s dilapidated railway system, and Nigeria has purchased a Chinese-built communications satellite, which China Aerospace plans to launch in 2007. The satellite agreement was reached during an April 2005 visit to Beijing by Nigeria’s President Olusegun Obasanjo. During the visit, the two countries also agreed that a Chinese firm would introduce wireless telephone service into Nigeria’s rural areas, and that they would upgrade their relationship to a “strategic partnership”<sup>25</sup> with enhanced cooperation in trade, investment, and agriculture. Agreements have been reported on the purchase of Chinese-manufactured jet fighters and trainers for the Nigerian Air Force.<sup>26</sup> Meanwhile, Chinese-produced motorcycles are reportedly flooding the Nigerian market. Many are locally-assembled, and a Chinese firm is negotiating to set up a plant to manufacture parts locally.<sup>27</sup>

Energy appears to be the key motivator of China’s relationship with oil-rich Nigeria, and Chinese firms are engaged in oil and gas exploration there, as well as in providing technical services to the oil industry. In July 2005, Petro-China International negotiated a deal for the importation of 30,000 barrels of Nigerian oil per day over five years. The company had earlier secured a license to operate in four of Nigeria’s oil blocks, and in exchange is building a Nigerian hydro-power station.<sup>28</sup>

## Zimbabwe

Western governments have sought to isolate President Robert Mugabe’s regime in Zimbabwe due to persistent human rights violations and elections irregularities. In response, Zimbabwe’s President Robert Mugabe has adopted a “look east” policy aimed at winning aid, investment, and diplomatic support from China.<sup>29</sup> The policy has had considerable success, although China has evidently not agreed to a large loan Zimbabwe has sought to revive its economy and pay arrears to the International Monetary Fund. China has delivered six jet trainers to the Zimbabwe air force<sup>30</sup> as

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<sup>24</sup> *Agence France Presse*, July 23, 2005, cited above.

<sup>25</sup> “China, Nigeria Promise to Build Strategic Partnership,” *People’s Daily Online*, April 15, 2005.

<sup>26</sup> “Nigerian Air Force to Purchase Combat Jets from China,” *BBC*, May 16, 2005; “Nigeria Rebuilds Air Force with \$220 million Deal for F-7s,” *Flight International*, August 2, 2005.

<sup>27</sup> “Lifan Buses Find Nigerian Roads,” *This Day* (Nigeria) January 10, 2005; “SMEDAN, Chinese Firm to Establish Motorcycle Plant,” *This Day*, March 22, 2005.

<sup>28</sup> “Nigeria-China Sign \$800 Million Crude Oil Sale Agreement,” *This Day*, July 11, 2005.

<sup>29</sup> Joshua Eisenman, “Zimbabwe: China’s African Ally,” *China Brief* (Jamestown Foundation, v. 5, 15, July 5, 2005).

<sup>30</sup> “Zimbabwe’s Eastward Ho Policy Pays Dividends,” *Agence France Presse*, April 20, (continued...)

part of a broader arms deal, reportedly including troop carriers and other equipment. Two turbo-prop regional passenger planes have also been delivered, and a third is on order. Chinese firms are involved in Zimbabwe's cell phone industry, as well as in television, radio, and power generation. A Chinese company is helping to build a terminal at Beira on the Mozambique coast that will ship oil to Zimbabwe by pipeline. Regular flights have begun between the capital cities of Harare and Beijing, and China has given Zimbabwe Approved Destination Status for tourists. Meanwhile, a costly blue tile roof China has given President Mugabe for his mansion in Harare is reportedly drawing much comment from Zimbabweans and visitors. Some believe China supplied the radio-jamming equipment Zimbabwe used to block broadcasts of an independent radio news station based outside the country during March 2005 parliamentary elections.

Mugabe was feted by Chinese leaders during a July 2005 visit to Beijing, and President Hu Jintao toasted the 81 year-old leader as a "much respected old friend of the Chinese people." Mugabe was appointed an honorary professor at Beijing's Foreign Affairs University, and agreements were reportedly reached on Chinese assistance in expanding hydroelectric plants, rehabilitating copper mines, opening new coal mines, and restoring Zimbabwe's rail system.<sup>31</sup> While Mugabe was in Beijing, China attempted unsuccessfully to block a briefing at the United Nations Security Council on a report criticizing Zimbabwe for the forced relocation of an estimated 700,000 Zimbabweans from urban shantytowns to rural areas. Despite these signs of warm relations, however, Mugabe returned from Beijing without the \$1 billion loan he had reportedly sought, leading to speculation that China may have doubts about Zimbabwe's ability to repay.

How impoverished Zimbabwe could pay for the arms, equipment, and services it does receive from China is also the subject of speculation. Some suspect that the acquisitions are covered in some way by agricultural commodities — China is reportedly Zimbabwe's largest tobacco purchaser — and by promises to supply coal and other resources to Chinese firms. Some also suspect that large tracts of land are being offered to Chinese investors.<sup>32</sup> Hard evidence of any such concessions has not yet emerged.

## South Africa

China's relations with South Africa, the sub-Saharan region's leading economic power, are somewhat problematic. Like the United States, China is negotiating with South Africa on a free trade area involving the 5-member Southern African Customs Union (SACU), which South Africa heads. While China-South Africa trade is substantial and growing, there is concern in South Africa over the competition that

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<sup>30</sup> (...continued)

2005. According to some reports, Zimbabwe has ordered a total of 12 jet trainers.

<sup>31</sup> "China Throws Support Behind Zimbabwe's Mugabe," *Agence France Presse*, July 26, 2005; "Mugabe Returns from China Without Bailout Deal but Remains Defiant," *Agence France Presse*, August 1, 2005.

<sup>32</sup> "Mugabe Sells the Farm to China," *Courier-Mail* (Australia), July 30, 2005.

inexpensive Chinese imports pose for South African manufactured goods, particularly textiles. South African officials are hoping that China's growing demand for its raw materials, including iron ore, manganese, and chrome ore, will overcome the current deficit in trade with China. Several South African firms, including SAB-Miller Brewing as well as companies involved in paper manufacturing and the liquification of coal for use as a fuel, are operating in China itself.

## Implications for the United States

Whether, and to what extent, the United States should mount a response to China's involvement in Africa is the subject of some debate in the policy-oriented community. The prevailing view among analysts and policymakers appears to be that China's growing role in Africa does not at present significantly endanger U.S. interests and influence. It may even offer certain benefits for Africa and for the United States if dealt with through cooperation and dialogue.<sup>33</sup> Others see China's role in Africa as an important challenge. As Representative Chris Smith stated in the July 2005 House hearing on China and Africa, "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 in African nations."<sup>34</sup>

Those who see China's role in Africa as a threat to U.S. interests often argue that Chinese policy may undercut efforts by the United States and other Western countries to promote transparency, respect for human rights, and democracy in the region. Jeff Krilla of the International Republican Institute argues that

The Chinese government's see-no-evil approach is dangerous to the region's stability. In their quest to find markets for their goods and to extract natural resources from the region, the Chinese appear willing to overlook ghastly human rights abuses and support authoritarian regimes in exchange for profitable contracts.<sup>35</sup>

Pointing to China's support for the governments of Sudan and Zimbabwe as examples, some analysts argue that Western diplomatic and economic pressures for reform, including sanctions, will have a reduced effect if regimes can turn to China as an alternative source of aid, trade, and investment. China's willingness to export arms to African governments without apparent regard for their records in human rights and governance is seen as a particular problem, since it may tend to entrench authoritarian regimes. From this perspective, some analysts note, it is important for

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<sup>33</sup> For recent contributions, see Drew Thompson, "China's Emerging Interests in Africa: Opportunities and Challenges for Africa and the United States," *African Renaissance*, July/August 2005; and Princeton Lyman, "China's Rising Role in Africa, Presentation to the U.S.-China Commission" (Council on Foreign Relations, July 21, 2005).

<sup>34</sup> Opening statement of Chairman Chris Smith before a hearing on China's influence in Africa. House Committee on International Relations, Subcommittee on Africa, Global Human Rights, and International Operations, July 28, 2005.

<sup>35</sup> "Africa Needs U.S. as Ally," *Taiwan News Online*, March 29, 2005.

the United States to find ways to challenge and undercut China's links to repressive governments.

China's focus on the oil and minerals sectors in Africa is another concern for many, in part because these sectors have proven highly vulnerable to corruption. Many of the resource-rich countries with links to China, such as Nigeria and Angola, are among the least transparent in the world, and high levels of public sector corruption are suspected. Growing Chinese engagement in their oil industries may only worsen the problem, some fear. Moreover, competition from China for Africa's petroleum and other resources may drive up world prices, potentially damaging the U.S. economy. Finally, some worry that the success of Chinese petroleum companies in controlling production facilities in Sudan may be the leading edge of a wave of acquisitions that will deny U.S.-based firms access to important African oil resources. African crude oil is highly valued by oil refiners, because it is low-sulfur petroleum often used to dilute heavy crudes from other suppliers, such as Venezuela and Saudi Arabia, before processing.

There is also concern that Chinese trade and investment outside the petroleum sector could also deprive U.S. firms of opportunities in the region. Moreover, China's booming domestic export sector may be undermining U.S. efforts to help Africa by boosting Africa's exports to the United States. There had been particular hope that the United States could strengthen Africa's apparel sector through the African Growth and Opportunity Act program (AGOA), which allows duty-free access to the United States for a wide range of African products. However, the global textile quota system expired on January 1, 2005, allowing a sharp increase in Chinese textile exports to the United States. As a result, by May 2005, apparel imports from the 38 AGOA beneficiary countries were 6% lower than in May 2004,<sup>36</sup> and a larger decrease is seen as possible despite limited "safeguard quotas" imposed by the United States on Chinese textile imports in May 2005.

Finally, some fear that China's "soft power" in Africa is increasing to the detriment of the long-term interests of the United States and Western countries generally. As African leaders, business people, students, and others visit China in increasing numbers, admiration for China's economic miracle may grow and come to be seen as a model for Africa. Africans may increasingly appreciate the willingness of Chinese firms to invest in Africa, as well as the assistance China is offering by sending instructors and medical personnel to the region. China's refusal to impose conditions on economic assistance or to criticize African governments with respect to human rights and democracy may be interpreted by many Africans as genuine respect on China's part for the sovereignty of African countries.

Those who do not see U.S. interests in Africa as threatened, at present, by China's involvement in the region tend to see its growing role as an inevitable but manageable aspect of China's industrialization and emergence as a great power. It would be an error, from their point of view, to directly challenge China's influence in Africa at this point, since doing so could harm U.S. efforts to engage China and influence its behavior on a range of other issues. For many, upward pressure on

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<sup>36</sup> Apparel trade data available at [<http://www.agoa.info>].

commodity prices resulting from Chinese purchases is a positive development for Africa that may have contributed to positive economic growth rates in the region in recent years. Economic growth in Africa, in turn, could strengthen the global economy and offer new opportunities for increasing U.S. trade and investment. Similarly, Chinese support for rehabilitating Africa's infrastructure, as well as Chinese contributions to African peacekeeping, may also be contributing to greater development and stability in the region — creating an environment favorable to U.S. interests over the long term. From this perspective, the most effective U.S. response to China's growing role in Africa would be to seek opportunities to partner with China to further mutual interests. Similarly, there may be opportunities for U.S. businesses to cooperate with Chinese firms in joint ventures in the region.

A number of observers argue that Africa's growing ties to China cannot serve as an alternative to ties with Western countries because of the advantages the West enjoys in wealth and technology. From their point of view, African countries have little choice but to continue to seek Western aid, trade, and investment, as well as Western tourists and access to advanced Western products, if they are to overcome poverty, fight the AIDS pandemic, and prosper in the years ahead. Africa's ties to the West, they note, are rooted in a long history of shared languages, educational exchange, and diverse, long-term economic and political relationships, while Africa's ties to China are not nearly as broad and deep. Moreover, Western "pop" culture, including teen fashions and music, has much appeal to Africa's large population of young people, contributing to West's own "soft power" in Africa. Countries that cut themselves off from the West, such as Zimbabwe, will find themselves economically marginalized, despite whatever assistance China might offer. Nor can oil-rich African countries fully develop their petroleum resources without access to Western technology. Much of Africa's oil lies in deposits under deep ocean waters, and U.S. firms are uniquely capable of tapping such deposits.

Some analysts doubt that China's influence in Africa will increase indefinitely. China's role in the decline of the textile industry in several countries could prove an irritant in China-Africa relations. Resentment of China could also emerge if inexpensive Chinese imports drive out of business small to medium-scale African manufacturers and informal-sector dealers in inexpensive or second-hand goods. Moreover, political winds in key countries could shift in ways that would reduce Chinese influence. Should the long-repressed opposition ever come to power in Zimbabwe, for example, it might well take a stance unfriendly to China.

Deputy Assistant Secretary Ranneberger, in his July 28, 2005 testimony, came down squarely on the side of cooperation and dialogue in responding to China's involvement in Africa. According to Ambassador Ranneberger, that involvement is the "natural result" of China's emergence as the sixth-largest economy in the world, and "can work to advance our goals in Africa to the extent that it serves to increase prosperity and stability..." The Ambassador noted that there are "times when our interests and China's will need to be the subject of dialogue," and he argued that dialogue had persuaded China to support a peace agreement in southern Sudan as well as to encourage a political settlement in Sudan's Darfur region. With respect to Zimbabwe, he added that the United States will be raising with China its "concerns that Mugabe needs to reform his economic and political policies." Finally, Ranneberger argued that "the United States is not in danger of being eclipsed in its

demonstration of interest in and concern for Africa” because it was deepening its own involvement in the region through AGOA, the Millennium Challenge Account program, and the President’s Emergency Plan for AIDS Relief.

Ambassador Ranneberger linked U.S. policy toward China’s role in Africa to a broader policy, articulated by Secretary of State Condoleezza Rice, welcoming “the rise of a confident, peaceful, and prosperous China. We want China as a global partner, able and willing to match its growing capabilities to its international responsibilities.” Clearly, the United States will not be taking a confrontational stance toward China in Africa while this policy remains in place. Whether, as time passes, policy makers and a broader range of analysts come to sense that the United States is in an important competition with China for influence, resources, and trade in Africa remains to be seen.



### Appendix: Selected PRC Interactions with Countries in Sub-Saharan Africa, 2003-July 2005

| Country  | Economic, Military, and Diplomatic Ties   |
|--|---|
| <b>Angola</b>                                      | <p><b>March 2004</b> - \$2 billion credit to finance the rehabilitation of Angola's electric power grid, using oil as collateral.</p> <p><b>February 2005</b> - Nine agreements on cooperation in the fields of energy, minerals, infrastructure, and prospecting.</p>  |
| <b>Benin</b>                                       | <p><b>2004</b> - Building of Cotonou Congress Palace, financed by \$22.2 million loan.</p> <p><b>June 2004</b> - Chinese vice-president visits Benin for two days, stresses friendship and cooperation. Five accords are signed on economic and technological cooperation.</p>  |
| <b>Botswana</b>                                    | <p><b>December 2004</b> - Loan of \$21.4 million for the construction of medium and low cost housing.</p>   |
| <b>Cameroon</b>                                    | <p><b>November 2003</b> - China grants Cameroon 30 billion CFA francs (\$55 million) to help build three hydroelectric dams.</p> <p><b>February 2004</b> - Chinese-renovated hospital handed over to Cameroon government, worth CFA 3000 million (\$5.5 million).</p> <p><b>December 2004</b> - Chinese gift of office equipment to Cameroon's National Assembly, worth CFA 52,800,000 (\$97,600).</p>  |
| <b>Central African Republic (CAR)</b>              | <p><b>August 2004</b> - Hu Jintao meets with CAR President Francois Bozize. Both agree to strengthen ties between the two countries.</p>  |
| <b>Cote d' Ivoire</b>                              | <p><b>November 2004</b> - Grant of 1.5 billion CFA francs (\$2.8 million) for implementing economic and technical projects.</p>   |
| <b>Congo, Republic of</b>                          | <p><b>2003</b> - \$238 million loan toward hydroelectric dam, repayment in oil.</p> <p><b>February 2004</b> - Two oil agreements signed with China, covering for the first time, the country's offshore region.</p>   |
| <b>Democratic Republic of the Congo (DR-Congo)</b> | <p><b>August 2004</b> - China sends third batch of peacekeepers (176 engineers, 43 medics) to DR-Congo along tense Rwandan border.</p> <p><b>March 2005</b> - DR-Congo president, Joseph Kabila, visits China and expresses support for China's Anti-secession Law. Ministers from the two countries sign economic and technology cooperation agreement.</p> <p><b>2005</b> - 230 Chinese peacekeepers participating in U.N. peacekeeping force</p> |
| <b>Djibouti</b>                                    | <p><b>July 2003</b> - China grants loan worth \$12 million for telecommunications.</p>  |
| <b>Equatorial Guinea</b>                           | <p><b>January 2004</b> - \$5 million interest free loan to enhance government capacity building.</p>  |

| Country          | Economic, Military, and Diplomatic Ties  |
|------------------|--|
| <b>Eritrea</b>   | <p><b>June 2003</b> - 18 Chinese landmine clearance experts are sent to train mine clearance supervision managers and direct the clearance of 103,000 square meters of mined areas.</p> <p><b>February 2005</b> - President Isaias Afewerki visits China for a week at the invitation of President Hu Jintao.</p>  |
| <b>Ethiopia*</b> | <p><b>December 2003</b> - China-Africa cooperation forum held in Ethiopia; Chinese premier Wen Jibao attends. The Ethio-China Friendship Road is completed with the aid of Chinese government.</p> <p><b>May 2004</b> - China and Ethiopia sign a Memorandum of Understanding (MoU) to enable the two countries to cooperate in water resource development.</p> <p><b>June 2004</b> - China signs MoU on tourism with Ethiopia.</p> <p><b>November 2004</b> - Ethiopian and Chinese officials sign agreement to cooperate in agriculture, textiles, infrastructure development, and tourism.</p> <p><b>2005</b> - Chinese companies and engineers are awarded contract to build the \$300 million Takazee hydroelectric dam along the Blue Nile River</p> <p><b>2005</b> - Chinese companies build hangar for Addis Ababa airport.</p>   |
| <b>Gabon</b>     | <p><b>February 2004</b> President Hu Jintao visits Gabon, engaging in talks with Gabonese president, Omar Bongo. They sign accords for:</p> <ul style="list-style-type: none"> <li>- \$1.2 million of economic and technical assistance</li> <li>- \$6 million interest-free loan</li> <li>- joint cooperation between the China state oil company, Sinopec, and Gabonese energy ministry to develop exploration, exploitation, refining, and export activities of oil products</li> </ul> <p><b>September 2004</b> - President Bongo signs agreements with Chinese government on economic and technological cooperation. Chinese company is granted access to Gabon's untapped iron ore in Belinga, and permission to build mine-related rail links and a port.</p> <p><b>September 2004</b> - Aid package of \$5 million granted by Beijing for development projects.</p> <p><b>June 2005</b> - Chinese defense minister, Cao Gangchuan, stresses friendship with Gabonese army.</p> |
| <b>Ghana</b>     | <p><b>November 2004</b> - China aids in the construction of the Ministry of Defense, worth \$5 million.</p> <p><b>February 2005</b> - Achimota-Nsawam road built by China Railway Company.</p> <p><b>February 2005</b> - Housing project for the military known as Peking Village.</p> <p><b>March 2005</b> - Governor of the People's Bank of China visits governor of Bank of Ghana, strengthening collaboration.</p>  |
| <b>Guinea</b>    | <p><b>November 2004</b> - Top CPC Central Committee official, Wang Jiarui, visits Guinea to meet with Guinean Foreign Minister and National Assembly speaker.</p>  |

| Country              | Economic, Military, and Diplomatic Ties   |
|----------------------|---|
| <b>Guinea-Bissau</b> | <p><b>July 2003</b> - China spends \$18 million to build a new parliament building for Guinea-Bissau.</p> <p><b>October 2003</b> - Defense minister, Filommena Tipote, jointly signed military cooperation agreement with Chinese ambassador to Bissau, Gao Kexiang. Agreement involves military and institutional support.</p> <p><b>September 2004</b> - Chinese and Guinean Defense ministers agree to greater cooperation.</p> <p><b>January 2005</b> - China delivers 5,000 tons of rice.</p>  |
| <b>Kenya*</b>        | <p><b>January 2005</b> - \$100,000 donation towards tsunami relief; also made a preferred tourist destination.</p> <p><b>February 2005</b> - Kenya signs \$2.6 million grant for the implementation of development projects. Concomitantly, two MoU's on cooperation in the energy, economic, and technical sectors are signed.</p> <p><b>August 2005</b> - President Mwai Kibaki visits China and holds talks with President Hu Jintao. China agrees to a grant for road rehabilitation in Nairobi, Kenya's capital, and to a loan for strengthening local electric power distribution in Kenya. An agreement is signed giving Kenya Airways landing rights in several Chinese cities.</p>   |
| <b>Lesotho</b>       | <p><b>January 2005</b> - Official visit by Chinese foreign affairs minister, Li Zhaoxing, signed bilateral cooperation between two countries.</p>   |
| <b>Liberia</b>       | <p><b>October 2003</b> - After the former leader of Liberia, Charles Taylor, is exiled, Liberia switches diplomatic recognition from Taiwan to the PRC. Aid for reconstruction follows.</p> <p><b>May 2004</b> - China sends second team of 20 peacekeepers.</p> <p><b>2005</b> - Chinese renovation of hydroelectric dam, donation of 80,000 bags of rice; 700,000 tons of iron sold to China.</p> <p>600 Chinese peacekeepers participating in U.N. peacekeeping force.</p> <p><b>February 2005</b> - \$6 million contract signed to help renovate the Ministry of Foreign Affairs and a large sports complex (total costing \$11m).</p> <p><b>March 2005</b> - Liberian defense minister Daniel Chea, the first official visitor since the restoration of diplomatic ties between China and Liberia, meets with his Chinese counterpart, Cao Gangchuan, to discuss increased military exchanges.</p> |
| <b>Madagascar</b>    | <p><b>January 2005</b> - Agreement between foreign affairs ministers of two countries to build an international conference center in Malagasy.</p>  |
| <b>Mauritania</b>    | <p><b>June 2005</b> - China agrees to build \$136 million airport in Mauritanian capitol city Nouakchott which is to be repaid in iron ore.</p> <p><b>July 2005</b> - Economic cooperation accord signed between the two countries.</p>   |

| Country            | Economic, Military, and Diplomatic Ties   |
|--------------------|---|
| <b>Mauritius*</b>  | <p><b>June 2004</b> - Memorandum on tourism signed.</p> <p><b>January 2005</b> - \$5 million interest-free loan agreed.</p> <p><b>January 2005</b> - Prime Minister Paul Berenger visited the PRC.</p>  |
| <b>Mali</b>        | <p><b>July 2004</b> - Prime minister of Mali visits China and expresses a desire for further economic and trade exchanges, especially in the cotton sector.</p>   |
| <b>Mozambique*</b> | <p><b>June 2005</b> - Mozambique's defense minister visits China; China agrees to expand military cooperation.</p>  |
| <b>Namibia</b>     | <p><b>December 2003</b> - \$2.7 million interest-free loan agreed.</p>  |
| <b>Niger</b>       | <p><b>August 2003</b> - Chinese President Hu Jintao meets with Niger Prime Minister Hama Amadou in Beijing to stress bilateral friendship.</p> <p><b>November 2003</b> - Niger and Chinese company, CNPC International Ltd., sign two oil agreements that cover exploration, exploitation, transportation, and sale of crude oil.</p> <p><b>August 2004</b> - The PRC donates equipment worth \$1.5 million to the Niger armed forces.</p>  |
| <b>Nigeria</b>     | <p><b>2003</b> - \$2.5 million grant for economic and technological cooperation.</p> <p><b>May 2004</b> - \$700 million loan to build five power stations, to be repaid in oil.</p> <p><b>November 2004</b> - Chinese oil firm, SINOPEC, explores oil in Nigeria's Chad basin.</p> <p><b>November 2004</b> - Wu Baaing, chairman of the Chinese Standing Committee of the National People's Congress visits Nigeria.</p> <p><b>April 2005</b> - Nigerian President, Olusegun Obasanjo, visits Beijing.</p> <p><b>May 2005</b> - China sends management team and grants \$3 billion over a five-year period to rehabilitate the Nigerian Railway system.</p> |
| <b>Rwanda</b>      | <p><b>2003</b> - Medical school completed with the help of Chinese economic aid.</p> <p><b>July 2004</b> - Official visit by Rwandan minister of foreign affairs at the invitation of his Chinese counterpart to strengthen bilateral ties.</p> <p><b>December 2004</b> - China extends 2 billion Rwandan Franc (\$3.7 million loan). China also funds and builds an important road in the capital of Kigali.</p> <p><b>April 2005</b> - Chinese government agrees to assist Rwanda in building its Ministry of Foreign Affairs office.</p>   |
| <b>Seychelles*</b> | <p><b>December 2004</b> - \$3 million in grant money, additional soft-loans.</p>  |

| Country              | Economic, Military, and Diplomatic Ties   |
|----------------------|---|
| <b>Sierra Leone</b>  | <p><b>October 2003</b> - Sierra Leone's deputy defense minister visits Beijing to strengthen cooperation between the armed forces of Sierra Leone and China.</p> <p><b>April 2004</b> - Senior government officials agree to increase cooperation between two countries. Sierra Leone reaffirms its commitment to one China policy and support of the Anti-secession Law.</p> <p><b>October 2004</b> - Chinese Ambassador to Sierra Leone, Cheng Wenju, announces that China will assist in the training of the Sierra Leone military as a move to strengthen bilateral ties between the two countries.</p> <p><b>2004</b> - Chinese state-owned company buys and refurbishes Freetown's largest hotel, Bintumani, after rebel occupation during the civil war.</p> |
| <b>Somalia</b>       | <p><b>January 2005</b> - China donates \$100,000 for tsunami relief.</p>  |
| <b>South Africa*</b> | <p><b>April 2005</b> - Sino-South Africa Mining Symposium held in Beijing. South African officials urge Chinese companies to invest in their mining sector.</p> <p><b>June 2005</b> - Chinese and South African Defense Ministers move to strengthen cooperation at the second meeting of the China-South Africa Defense Committee in Beijing.</p> <p><b>July 2005</b> - Senior Chinese Communist Party official meets with the secretary-general of the South African Communist Party in Beijing to promote bilateral ties.</p>  |
| <b>Sudan</b>         | <p><b>January 2005</b> - The PRC congratulated the Sudanese government for signing peace treaty with Sudan People's Liberation Movement. Under the peace treaty, oil leases signed by the government during the war will be respected; largest lease holders include China National Petroleum Company.</p> <p><b>March 2005</b> - Beijing agrees to send troops to participate in United Nations peacekeeping in southern Sudan.</p> <p><b>May 2005</b> - Sudanese Minister of External Affairs, Mustafa Ismail, visits China. Both countries are to enhance economic cooperation, especially in energy, minerals, communications, and infrastructure.</p>  |
| <b>Tanzania*</b>     | <p><b>December 2003</b> - Chinese Premier, Wen Jibao meets with Tanzanian prime minister in Addis Ababa. Announcement of \$9.6 million grant to Tanzania towards economic and technological co-operation projects</p> <p><b>November 2004</b> - \$5.4 million loan to Tanzania, of which \$1 million is to be used towards the rehabilitation of the jointly-owned Tanzania-Zambia railway</p> <p><b>November 2004</b> - Chinese and Tanzanian governments jointly finance the building of a 60,000 seat capacity stadium. \$23 million financed by Tanzania and \$20 million by China</p>  |
| <b>Togo</b>          | <p><b>November 2003</b> - China builds presidential palace in Lome, as a high-profile gift to the country.</p> <p><b>July 2004</b> - Chinese Vice President, Zeng Qinghong, meets Togo's then head of state, Gnassingbe Eyadema, in Togo.</p>   |

| Country          | Economic, Military, and Diplomatic Ties   |
|------------------|---|
| <b>Uganda*</b>   | <p><b>May 2005</b> - China offers to construct four-lane highways, bridges and fly-over roads in Uganda.</p> <p><b>March 2005</b> - Designated approved destination status for Chinese tourism</p>  |
| <b>Zambia*</b>   | <p><b>July 2005</b> - Chinese and Zambia Defense Ministers agree to further military cooperation.</p> <p><b>November 2004</b> - \$2.4 million general grant to Zambia for poverty alleviation and general development.</p> <p>- \$5.4 million loan to Zambia, of which \$1 million is to be used towards the rehabilitation of the jointly-owned Tanzania-Zambia railway.</p> |
| <b>Zimbabwe*</b> | <p><b>June 2004</b> - military purchase of 12 FC-1 trainer jets from China</p> <p><b>July 2005</b> - President Mugabe of Zimbabwe visits Beijing for six days of talks led by Chinese President Hu Jintao, signed three documents.</p> <p><b>2005</b> - Zimbabwe acquires three Chinese MA60 turbo-prop regional passenger planes.</p>  |

**Sources:** Information compiled by Michelle Lau of the Congressional Research Service from U.S. Government and news sources.

**Note:** Countries in Sub-Saharan Africa without strong links to the PRC and which recognize Taiwan (Republic of China): Burkina Faso, Chad, The Gambia, Malawi, Sao Tome and Principe, Senegal, Swaziland.

\* Designated by China as a preferred or approved tourist destination.