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# China in Africa: Perceptions, facts and mythologies

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[www.fahamu.org](http://www.fahamu.org)

[www.pambazuka.org](http://www.pambazuka.org)

## No single view of China

- African countries vary in nature of engagement with China
- Different interests - no single view
- China has policy for Africa, but Africa has no policy for China
- China engages African countries bilaterally

## Varied viewpoints

- Those who benefit are strongly for China
- Those whose interests are threatened are strongly against China
- In civil society, diversity of views
- But dominant view comes from the western media

‘Voracious’  
‘Devouring’  
‘Ravenous’  
‘Insatiable  
appetite’



## 'destroying industry'



'Job losses'



## Taking over the continent



Western capital  
'development'  
'investment'  
'job creation'  
'opportunities'  
'poverty alleviation'



## China's engagement with Africa

New imperial ogre?

Exploiter with no regard for human rights?

Voracious destroyer of the environment?

## Why?

Why is China portrayed so?

Is this a valid portrayal?

Need to look at China in the context of  
other western powers and their  
relationship with Africa

## Washington consensus ensured China's entry

- Structural adjustment & liberalization
- Failed promises: 'tightening belts'
- Aid, trade, investment conditional
- Decline in the real wage
- Opening up Africa's markets  
(globalization)

## Advantages for China's entry

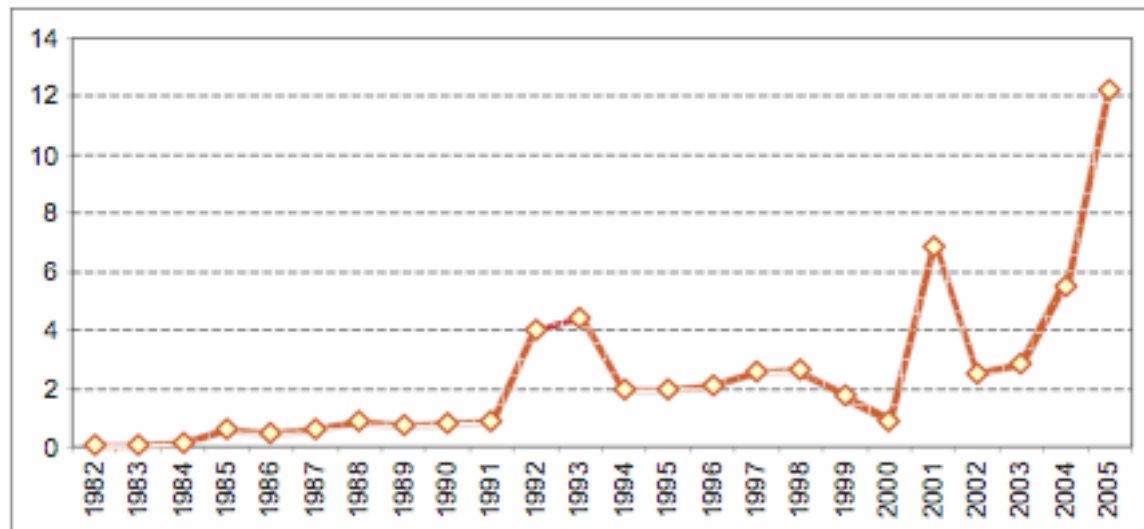
- No history of colonization
- No history of sponsoring coups
- No history of assassination of African leaders
- Willingness to provide loans at low or zero interest rates
- Willingness to invest in building infrastructure
- Not using aid as tool for political control

## Dimensions of China's engagement

- Foreign Direct Investment (FDI)
- Trade
- Oil
- Military and Security
- Aid and debt

## FDI outflows from China

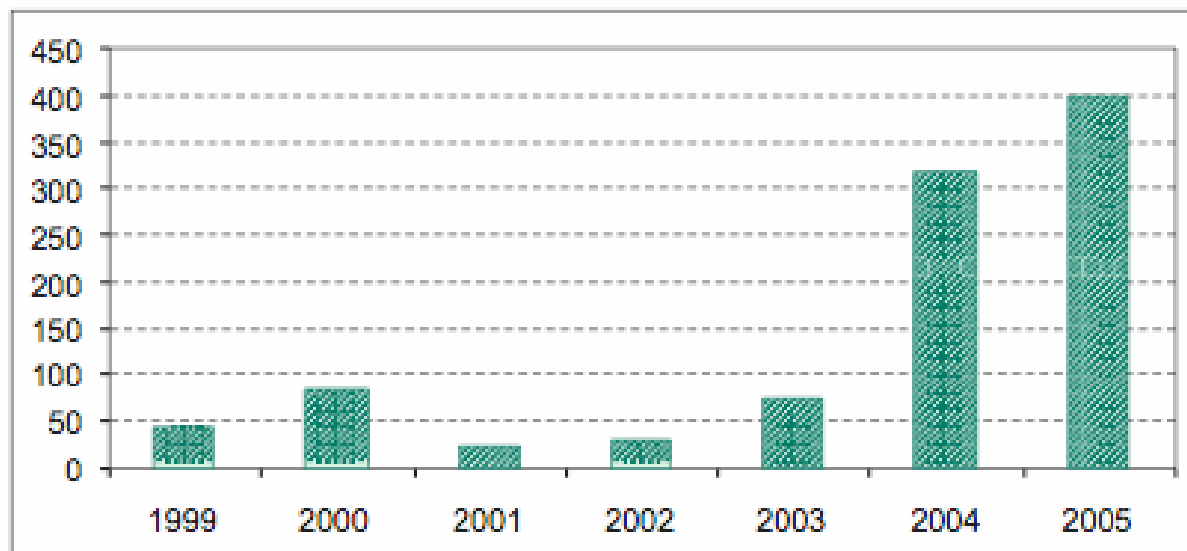
Figure III.1. FDI outflows from China, 1982-2005  
(Billions of dollars)



Source: UNCTAD, based on SAFE for 1982-2002 and MOFCOM for 2002-2005.

## China's FDI outflows to Africa

Figure III.2. China's FDI outflows to Africa,<sup>a</sup> 1999-2005  
(Millions of dollars)

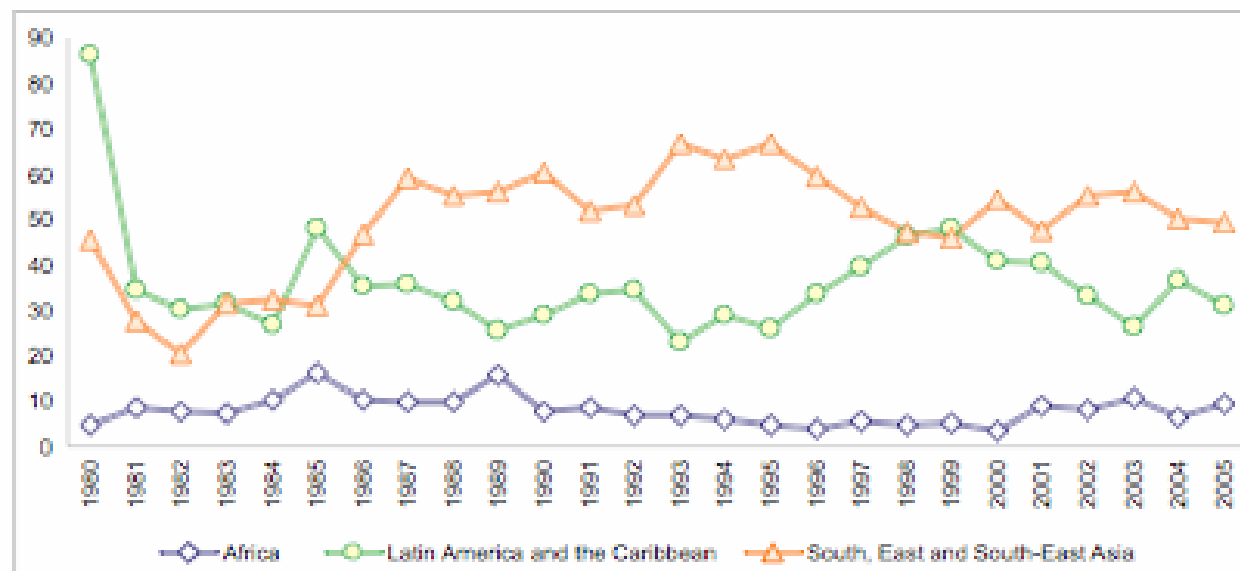


Source: UNCTAD, based on MOFCOM.

<sup>a</sup> Data of 1999-2002 are on an approval basis; data of 2003-2005 are on a BOP basis.

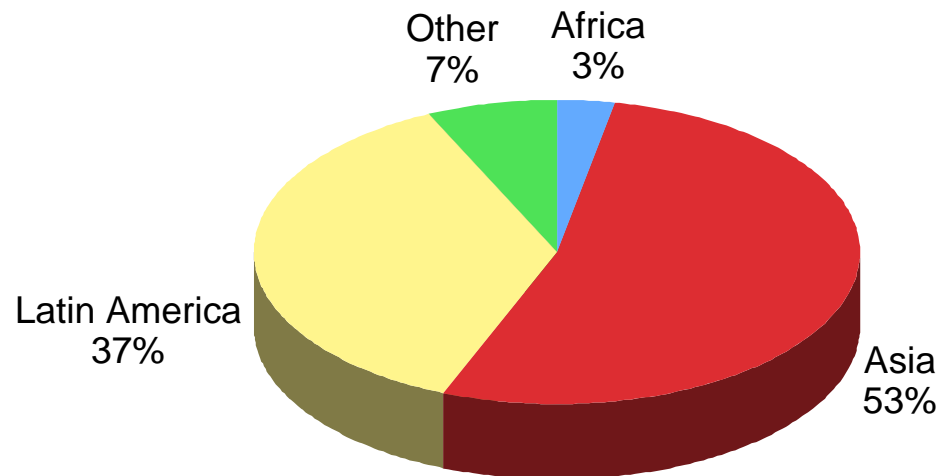
## FDI flows to Africa remain low

Figure I.2. Share of Africa and selected regions in developing economies' FDI inflows, 1980-2005  
(Per cent)



Source: UNCTAD, FDI/TNC database ([www.unctad.org/fdistatistics](http://www.unctad.org/fdistatistics)).

## China FDI to developing world

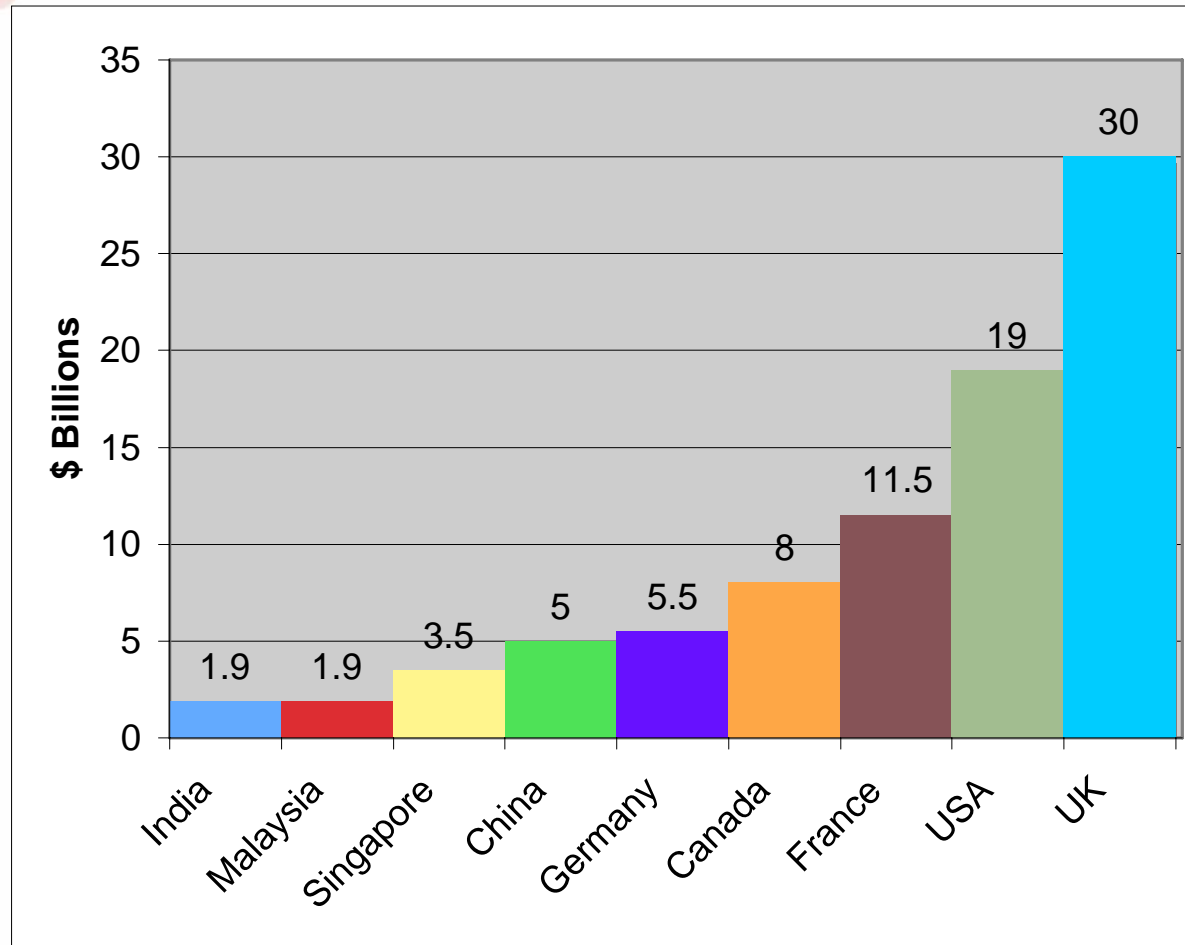


## China top recipient of aid

China is one of the world's top *recipients*  
of FDI:

Nearly \$72 billion and stock of \$318 billion

## Comparison of FDI in Africa



## Greenfield FDI projects

Of 126 greenfield FDI projects in Africa,  
Indian companies accounted for the  
largest number

Malaysian companies dominate in mineral  
extraction

## Comparative FDI to Africa

In 2006, EU accounted for 36.6% of total investments in the continent.

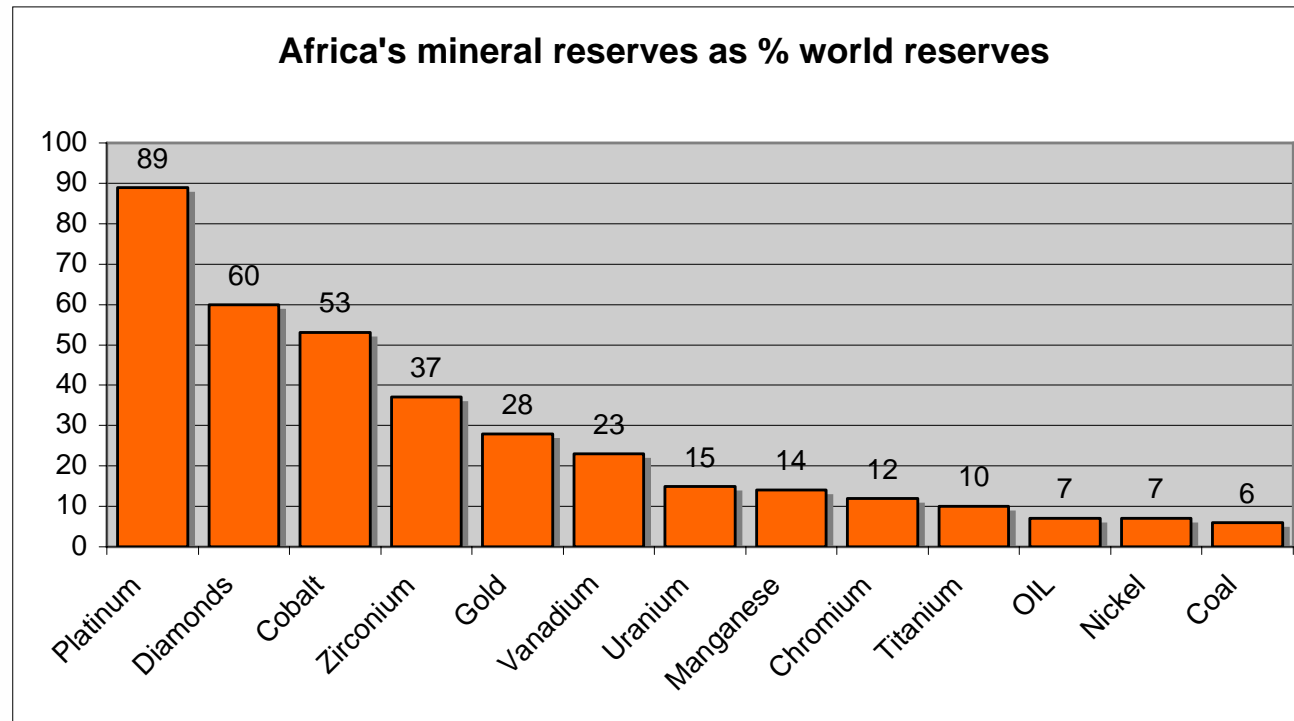
USA accounted for 37% of all investments in Africa

China <5% of all investments

## FDI in Angola

Outside extractive industry, Portuguese dominate with over \$200 million, representing 57% of total FDI to Angola

## Africa is one of the richest continents in the world ...



## Trade and China

Significant growth in trade

- \$11 billion in 2000
- 9% annual growth rate
- 5-fold increase in 10 years expected

## Trade: China in 3rd place

No 1: USA

No 2: France

No 3: China

China's trade with Africa only 10% of  
world trade

## Africa exports to China

- Oil
- Iron ore
- Cotton
- Diamonds
- Logs

Volume of trade comparable  
to trade with **India**

## Africa imports from China

Mainly clothing and textiles:

- Sudan
- Ghana
- Tanzania
- Nigeria
- Ethiopia
- Uganda
- Kenya

## Africa imports from the USA

Oil

Transportation and equipment

Agriculture

Chemicals and related products

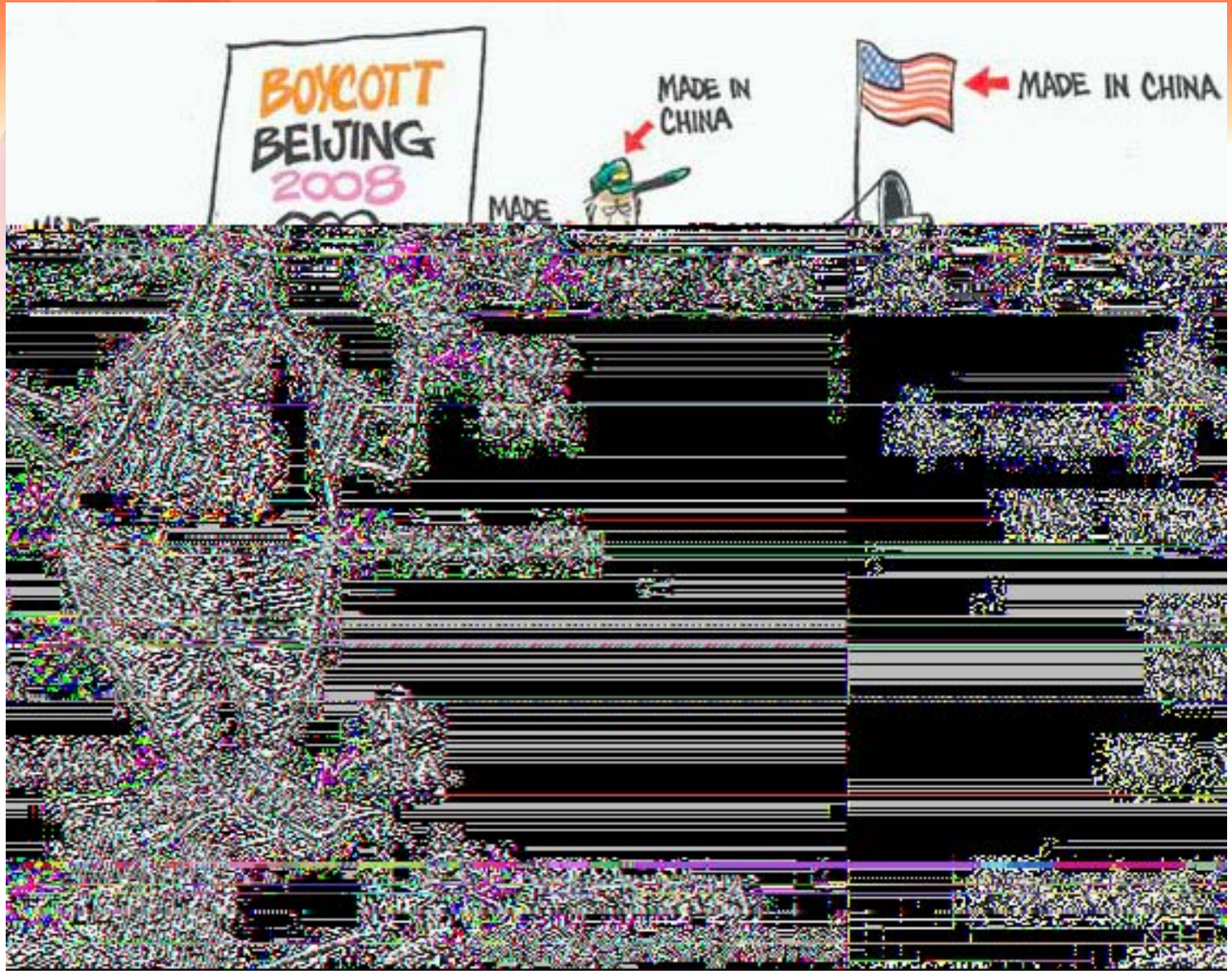
Machinery

Electronic products

Other

## Impact of imports





## Nature of Chinese imports

58% of exports from China are manufactured by foreign owned companies operating in China.

## Oil

China net importer of oil since 1993

China is 2nd largest consumer of  
petroleum products ...

USA remains the largest consumer, with  
25% of its requirements destined to  
come from Africa by 2009

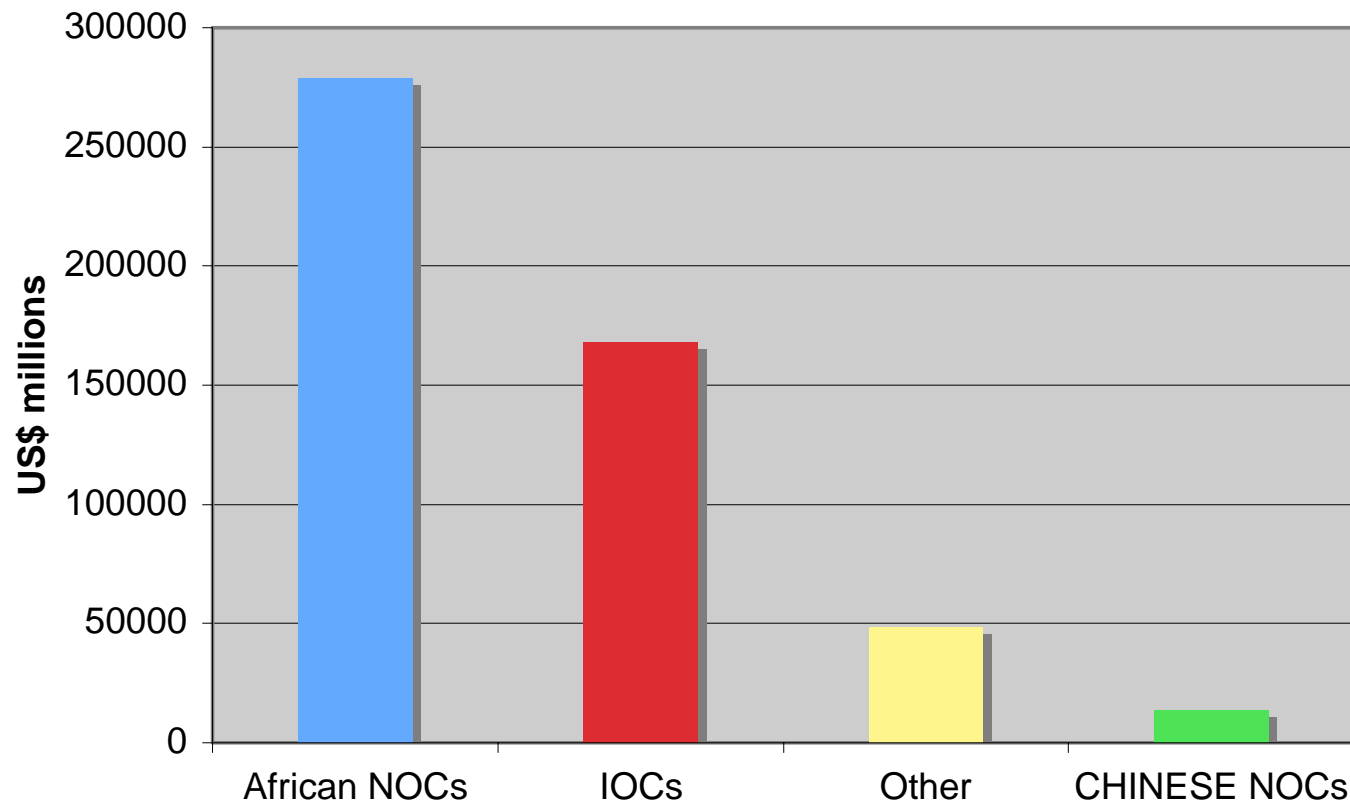
## Oil from Africa

Oil accounts for more than 70% of all US imports from Africa

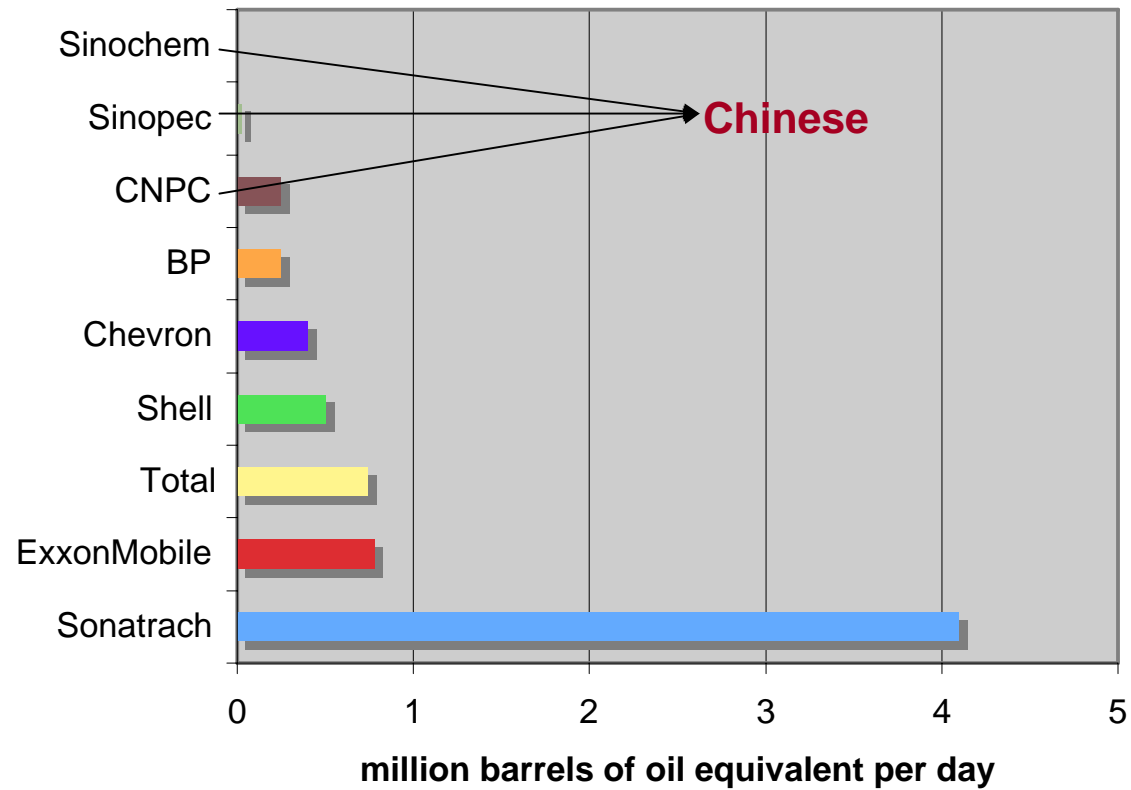
More than 60% of Sudan's oil produced by Chinese companies but accounted only for 5% of China's oil needs, and 1% of China's energy consumption

China consumed in 2005 less than 10% of oil exported from Africa

## Commercial Value of Oil Investments in Africa



### 2006 Production in Africa



## China is small fry in oil

Commercial value of oil investments of Chinese NOCs is 8% of combined value of IOCs in African oil and 3% of all companies invested in Africa.

In 2006 output of Chinese NOCs about 1/3rd of ExxonMobil, and 7% of that by Sonatrach (Algerian).

## African production of oil

African output of Chinese NOCs is overwhelmingly in Sudan, with Angola likely to grow to second place

Acquisitions by China small because of still competition.

Majority of oil produced is for world market and not destined for China

## Oil and Nigeria



China National Petroleum Corporation



中国石油化工股份有限公司  
CHINA PETROLEUM & CHEMICAL CORPORATION



中国海洋石油总公司  
CHINA NATIONAL OFFSHORE OIL CORP.

## China, Oil and Nigeria

“The three main Chinese state-owned oil companies, CNPC, Sinopec and CNOOC, are all present in Nigeria. ***However, the companies are relative late-comers and together can be expected to account for 3-4 per cent of Nigeria’s oil production in 2008.*** Unless the Chinese state-owned oil companies make further large acquisitions similar to Block OML 130, which CNOOC purchased for USD 2.3 billion in 2006, *it will take many years before the companies play a very significant role in the petroleum sector.*”  
He Wenping et al ([www.econ.no](http://www.econ.no))

## China, oil and Angola

'The influence of China in Angola is often overplayed, and there is a growing fatigue among senior Angolan officials about the West's fixation with China's engagement in Angola. For the most part, Angolan officials are open about their cooperation with China and candid about not wanting to depend on any one development or commercial partner.'

Indira Campos and Alex Vines, Chatham House  
2008

## China, oil and Angola

China's share increased, but so have shares of India, South Africa and Brazil

With exception of Portugal, EU's share has decreased

Failure to reach agreement with IMF pushed Angola into China's open arms

US remains largest importer of oil from Angola

## USA, oil and Angola

Since 1970s, US has been main importer of oil, followed in second place by China



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## China's military might

'In the field of security, the most obvious contrast between China's role and that of USA and European powers is the lack of direct military component as compared to AFRICOM or continued and frequent military intervention by US and France.'

Stephen Marks, Pambazuka News

## Military expenditure

USA:	\$696.3 billion
Britain:	\$79.27 billion
France:	\$65.74 billion
China:	\$58.07 billion
Japan:	\$48.1 billion

## Military mythologies

Despite mythologies, the country receiving the largest military support from China is South Africa.

And South African companies compete with China in the supply of arms in Africa, especially in Sudan.

## Increased military budget

China's defense budget increased 4-fold since 1998. But most of that has been the result of large pay and benefit increases, uniforms, housing, and computerisation.

Unlike France, USA, Britain, India, China is the only power with **NO military presence** in Africa or in the Indian Ocean.

## Aid to Africa

2006 - approx \$2.3 bn in aid to Africa, and  
planned to increase to \$10 bn by 2009

USA - approx \$9 bn, and EU \$20 bn by  
2010

## Debt cancellation

China cancelled debt of \$1.4 bn for 31 highly indebted and LDCs in Africa in 2005.

## China as imperial power

Imperialism is a political and economic phenomenon. MNCs operate in many countries with the support of the imperial state concerned with the MNC.

This characterisation is as true of China as it is of US, EU, UK, France, Germany etc.

## Not the only game in town

The problem with focusing only on China is that it detracts attention from the traditional imperial powers.

Tempting to suggest that the traditional powers encourage focus on China precisely because of that.

## The poor have been aiding the rich

“Between 2002 and 2007, developing countries transferred cumulatively an amount of \$563bn in ODA to developed countries. Net flows to low income developing countries however are marginally positive, but nowhere on the scale necessary to reduce poverty substantially ...”

## The poor have been aiding the rich

“... developing countries became net capital providers to rich countries, and not the other way round as theory predicts. Cumulatively, this amounted to \$2,577bn in the period 2002 - 2007. Add to this, the volume of capital flight, especially illicit capital flight from developing countries (estimated annually between \$150bn - \$250bn), and the scale of reverse aid is staggering.”

Christian Aid 2008

## China not yet there

This scale of robbery has not been  
manifested by China - although not yet!

## Challenge

- Need to apply to all external players in Africa the same criteria for analysis and judgement that is applied to China
- Need to build links between CSOs/academics in Africa with CSOs/academics in China

## Media is not neutral

The 'facts' presented are more in need of being explained than explaining anything in and of themselves.

We need consistently to ask not just what the 'facts' are, but **why** they are presented so.

## Why is China presented so?

Historical presumption that this is 'our' territories

Real threat that Africa might find alternatives to neoliberal policies of IFIs

Deep seated racism about the 'yellow peril'

Insecurity arising from loss of dominance in the world



African perspectives on  
**China in Africa**

Edited by Firoze Manji and Stephen Marks



**China's New Role in  
Africa and the South**

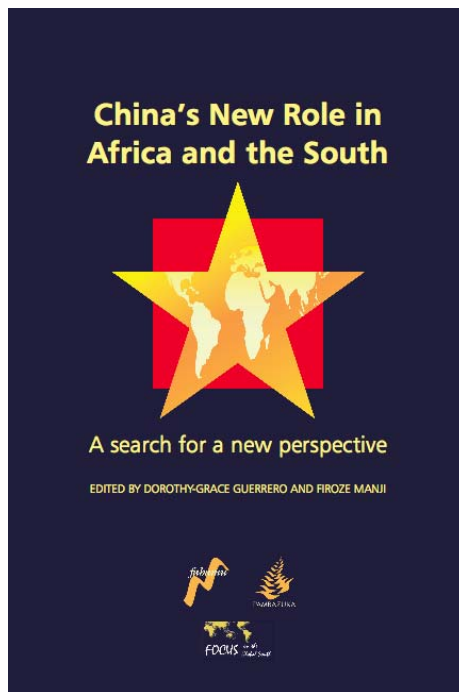


**A search for a new perspective**

EDITED BY DOROTHY-GRACE GUERRERO AND FIROZE MANJI



Thank you



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