NBER WORKING PAPER SERIES

CHINA'S GROWING ECONOMIC ACTIVITY IN AFRICA

Hany Besada
Yang Wang
John Whalley

Working Paper 14024
http://www.nber.org/papers/w14024

NATIONAL BUREAU OF ECONOMIC RESEARCH
1050 Massachusetts Avenue
Cambridge, MA 02138
May 2008

China’s Growing Economic Activity in Africa
Hany Besada, Yang Wang, and John Whalley
NBER Working Paper No. 14024
May 2008
JEL No. F13,F59,O53,O55

ABSTRACT

Trade between the whole of Africa and China (imports and exports summed) grew from $10.6 billion to $73.3 billion between 2000 and 2007, and between Sub-Saharan Africa and China from $7 billion to $59 billion over the same period. China is now Africa's third largest trading partner behind the EU and the US. The Chinese FDI stock in Africa has grown from $49 million in 1990 to $2.6 billion in 2006. On the basis of these data, one frequently hears the claim that China is now a dominant influence in Africa. Here we both evaluate such claims, and assess what factors underlay this phenomenon. We suggest that while the annual growth rates of trade and investment flows are high (around 30% per year sine the late 1990's), the levels are still considerably smaller than such claims might suggest. China in 2006 accounted for only $520 million of inward FDI compared to a total from all sources of $36 billion, around 1.4% of total FDI inflows to Africa; and only 8.6% of African exports and 9.6% of African imports. African interdependence with China thus remains proportionally smaller than that for most other geographical areas, but is growing rapidly. Factors behind this growth are discussed in the text.

Hany Besada
Centre for International Governance
Innovation (CIGI)
Centre pour l'innovation dans la
gouvernance internationale
57 Erb Street West
Waterloo, Ontario, Canada N2L 6C2
hbesada@cigionline.org

Yang Wang
Department of Economics
University of Western Ontario
London, Ontario, N6A5C2
ywang224@uwo.ca

John Whalley
Department of Economics
Social Science Centre
University of Western Ontario
London, Ontario N6A 5C2 CANADA
and NBER
and Centre for International Governance
Innovation (CIGI)
jwhalley@uwo.ca, JWhalley@cigionline.org

1. Introduction

Trade between China and the whole of Africa (exports and imports summed) rose from $10.6 billion to $73.3 billion between 2000 and 2007[2], growing at rates in the order of 30% per year. Trade between Sub-Saharan Africa and China increased over the same years from $7 billion to $59 billion[3], growing at 30% per year. China has become the third largest African trading partner[4], behind the U.S. and EU. FDI inflows to Africa from China are now growing at similar rates. China's FDI outward stock in Africa increased to $2.56 billion in 2006 from $49.2 million in 1990 and FDI outflows from China to Africa reached $520 million in 2006 up from $1.5 million in 1991.[5] In 2006, China accounted for 8.6% of total Africa's exports and 9.6% of its imports,[6] and 1.4% of the continent's FDI inflows. The value of Chinese Official Development Assistance (ODA) to Africa was $2.3 billion in 2006,[7] or 8.4% of total ODA to Africa.

China now accounts for around 9% of Africa's oil and gas exports,[8] and comparable amounts of Africa's other key mineral exports (copper, gold, platinum, manganese, and etc). At the margin, China thus appears to be an increasingly substantial engine of growth in Africa, and this is for an economy which (at official exchange rates) may still have GDP per capita of only US$1500 per year, in contrast to the US$30,000 range for most OECD states. For now, the levels are still modest, but growing rapidly.

In this paper, we document the size and rate of change of this growing presence, focusing primarily on trade and finance.[9] We draw on secondary sources, including the recent IMF Direction of Trade Statistics 2006 Yearbook, 2006/2007 OECD & AfDB's African Economic Outlook report, UNCTAD Handbook of Statistics 2006-2007, and the 2007 UNCTAD's Asian Foreign Direct Investment in Africa report and others to provide a macro sub-continental picture, but also evaluate its concentration by type (resources, construction, etc) and by country. We also discuss its rate of change, and projections of its growth. Inevitably, given that these developments are so recent, we are forced to use incomplete and often anecdotal information in putting the overall picture together.

[2] MOFCOM Statistics & http://www.atimes.com/atimes/China/IL13Ad01.html & http://www.info.gov.hk/gia/general/200707/17/P200707170123.htm & http://en.wikipedia.org/wiki/Sino-African_relations & http://www.afdb.org/portal/page?_pageid=293,174339&_dad=portal&_schema=PORTAL&press_item=19012282&press_lang=us & http://www.info.gov.za/speeches/2007/07051515451001.htm

[3] MOFCOM Statistics

[4] http://www.iht.com/articles/2007/02/09/news/trip.php

[5] 2006 Statistical Bulletin of China's Outward Foreign Direct Investment & UNCTAD/UNDP, Asian Foreign Direct Investment in Africa: Towards a New Era of Cooperation among Developing Nations, New York, March 2007

[6] MOFCOM Statistics & UNCTAD Handbook of statistics 2006-07 **http://www.unctad.org/Templates/webflyer.asp?docid=8612&intItemID=1397&lang=1&mode=toc** & based on our calculations

[7] http://www.imf.org/external/pubs/ft/wp/2007/wp07211.pdf

[8] EU and the US account for 36% and 33% respectively of Africa's oil and gas exports. http://www.dfid.gov.uk/pubs/files/china-factsheet-chinese.pdf, Nov 2007

[9] Broadman, Harry (2007) "Africa's Silk Road: China and India's New Economic Frontier. Washington DC: The World Bank.

What lies behind these developments seems to involve a number of factors. Clearly China's size and rapid GDP growth are clearly central, and to some degree these developments in Africa simply reflect a rapidly growing Chinese engagement globally rather than just in Africa. Chinese enterprises are now active in Latin Africa and in Europe, particularly in Ireland, Bulgaria and Romania. Some inside and outside China, and somewhat tongue-in-cheek, have suggested that growing Chinese presence in all these regions reflects Mao's military strategy in the interwar years in China of surrounding the towns (the OECD in global development terms) by expanding the villages (Africa, Latin America, and the fringes of Europe).

But we also argue that there are other factors which come into play in the African case. One is clearly China's concern to achieve more security of supply for resources (and especially oil and gas), rather than relying on global markets. Another is the search for new avenues to deploy large foreign exchange reserves, and the sense in China of potential political opposition in North America (but also in Europe) to proposed reserve financed buyouts, for example the Union Oil Company of California (UNOCAL) in the US three years ago. The strong commitment at the upper echelons of government in China to speed the growth and development of countries now poorer than China is also important. The approach is to set on one side human rights and governance concerns which have restrained OECD flows in the past and directly use commercial arrangements to fuel growth and development in Africa; in effect, filling the partial void now left in Africa by the OECD. The recent extensive spread of elected governments in Africa and infrastructure improvements further fuels these factors.

Responses to new adjustment resisting trade measures in the OECD against China in textiles and apparel as the Multi-Fiber arrangement (MFA) has been terminated as well, although the initial reaction of Chinese investors to MFA removal was to repatriate quota hopping foreign investment in China. Only subsequently as new measures have been applied to China, has barrier circumventing investment in this sector returned (see Dayaratna-Banda and Whalley (2007)). But clearly if these OECD adjustment resisting measures spread to other product areas (such as autos and electronics), the effect on Chinese FDI flows to Africa could be even larger. Also entering from anecdotal accounts are responses by Chinese enterprises to attempts in China by government agencies to limit corrupt practices by developing new activities in what are seen by such enterprises as lax accounting standard countries. Thus, multiple factors driving the recent growth of Chinese presence in Africa each seem to play a role.

The impact of these developments on Africa has been both significant and positive. Growth rates have been elevated, and with positive impacts on poverty alleviation. Given China's present and projected expansion in Africa over coming decades, future impacts will be even more pronounced. There are issues involving the delivery of this assistance (including links to corrupt practices), but in the main these flows provide large and largely untied development finance for Africa (in contrast to present conditional OECD flows) which impacts directly and positively on living standards and poverty alleviation across the continent. And if this presence continues to grow, China may eventually prove to be the new African growth engine that the OECD has hesitated to become.

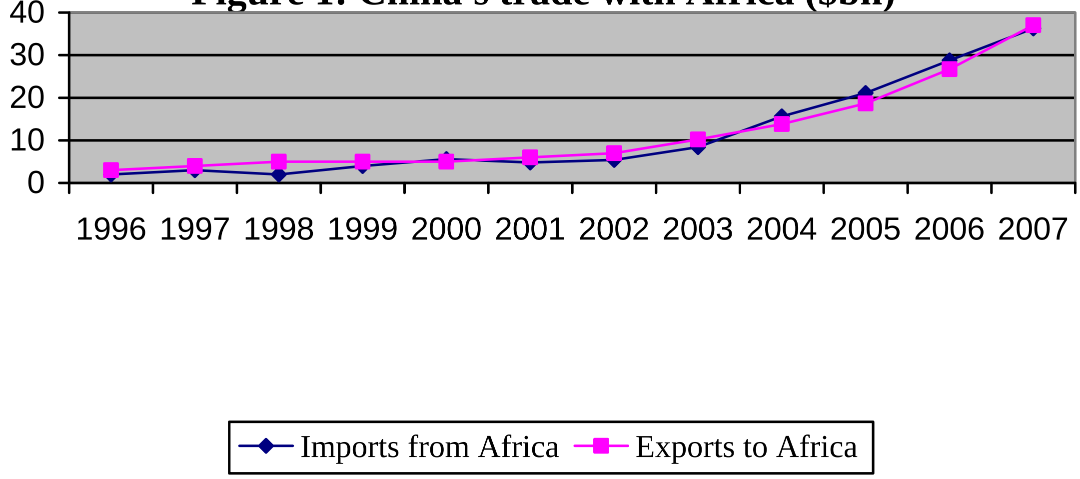
Implications follow for OECD policy toward Africa, and we briefly mention other non-OECD country activity in Africa, including India and Brazil. Africa may thus be but a small part of a rapidly changing global economic structure in which China is centrally involved, but for Africa this will likely prove to be highly significant.

This paper is organized as follows: section 3 summarizes China-Africa trade and China's investment in Africa. Section 4 discusses the broad orientation of China's policy in Africa and sets out data on China's aid to the continent and its effects on its economy. A more detailed analysis of China-Africa activity in energy and mineral resources is outlined in section 5. Textile and apparel trade is discussed in section 6. Some concluding remarks, including discussion of potential links to corrupt practices in China, are set out in section 7.

2. Sino-Africa Trade and Investment Flows

China-Africa trade has increased sharply since 2000 when a formal China-Africa Cooperation Forum was initiated.[10] As figure 1 indicates, China's bilateral trade with Africa grew from $10.6 billion in 2000 to $18 billion in 2003, $30 billion in 2004, $40 billion in 2005, $55 billion in 2006, and $73 billion in 2007. About two-thirds of all African exports to China are oil and related products.[11] This trade is expected to grow to $100 billion by 2010. Figure 2 shows the rapidly growing share of China's trade that Africa represents. China is now the continent's third most-important export market, behind the EU and the United States.[12] In 2005, for the first time, China became the largest individual country exporter for Sub-Saharan Africa with a market share of 7.7% and $13.4 billion in exports.[13] By 2010, the projections are for China to be Africa's leading trading partner overall.

Figure 1: China's trade with Africa ($bn)



Source: MOFCOM &
http://www.tralac.org/pdf/20070220_TheAfrican_TradingRelationship_with_China.pdf

In large part, this growth reflects trade in energy and mineral products, but it also reflects China's trade policies. In an effort to promote trade with the continent, China removed tariffs on 196 imports from 28 least developed Africa countries in 2005. While by the end of 2006, duty-free imports from Africa were put at $350 million, covering sesame, copper products, sheepskins, cocoa and other products, in July 2007, China expanded the coverage of African exports exempt from tariffs to 454 items. These included agricultural

---

[10] The China-Africa Forum on Cooperation was launched in October 2000 aimed to address globalization and enhanced cooperation between China and African countries utilizing bilateral social and economic development. "China-Africa Cooperation Forum: Past, Present and Future," (2003) *www.china.org.cn,* Dec 11, http://www.china.org.cn/english/features/China-Africa/82189.htm

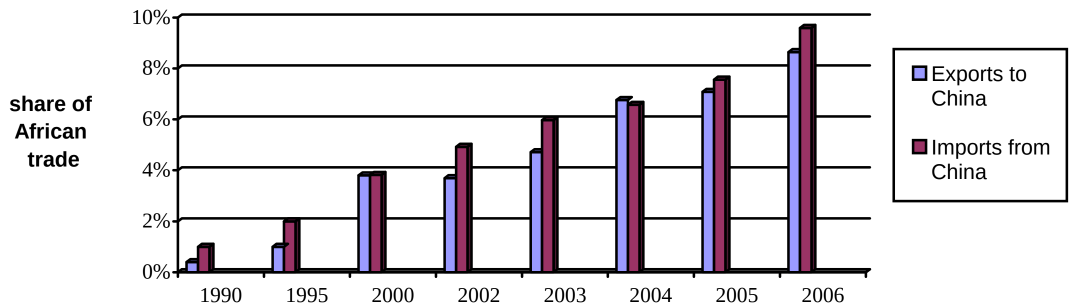
[11] Shinn, David H. (2007) "Africa, China, the United States, and Oil," May 8, http://forums.csis.org/africa/?p=34

[12] http://en.wikepidia.org/wiki/Sino-African_relations

[13] http://www.agoa.gov/resources/US-African%20Trade%20Profile%202007%20-%20Final.pdf

products, textiles and garments, wooden furniture, light industrial products, and mechanical and electric products. Currently, most African exports now receive duty-free access to China's market. These policy initiatives have also helped expand African exports to China.

Figure 2: Africa's Trade with China



Source: UNCTAD Handbook of statistics 2006-07, MOFCOM Statistics, Direction of Trade Statistics Yearbook 2006, IMF & http://www.imf.org/external/pubs/ft/wp/2007/wp07211.pdf & Broadman, Harry (2007) "Africa's Silk Road: China and India's New Economic Frontier. Washington DC: The World Bank.

Table 1 reports data on China's top 10 African trading partners. Mineral resources have been as an especially important part of the growing trade. There is only limited African-China trade in intermediate goods, apart from those used in textiles and agro business, and for now seemingly little incorporation of Sub-Saharan Africa into China coordinated global value chains.

For Sub-Saharan Africa, the share of Africa's total exports to China in five key commodities (oil, iron ore, logs, diamonds and cotton) increased to more than 80 percent in 2005, up from less than 50 percent in 1995. Available studies[14] suggest that between 1998 and 2003 show that China may have accounted for most of the increase in global demand for basic minerals and metals: 99 percent for nickel, 96 percent for steel, 76 percent for aluminum and 100 percent for copper. Indeed the continent's exports to China increased more than 50 percent per annum as China's demand for raw materials and oil increased sharply during this period. Similar growth rates apply for the period after 2003. As table 1 also shows, resource trade from Angola, Sudan, Algeria, Congo (Rep), Equatorial Guinea and South Africa accounts for the most part of China's imports from Africa. China's imports of manufactured products from Sub-Saharan Africa are also growing, but are geographically concentrated in Nigeria, South Africa, Morocco, Algeria and Egypt.[15]

[14] Lennon, J (2004), *Overview of Chinese Commodities*, London: Macquarie Research Metals and Mining
[15] Sandrey R. (2006), "The African Trading Relationship with China." Cape Town: *Trade Law Centre for Southern Africa*

Table 1: China's Top Ten African Trading Partners between 2004 and 2007 (US $)

	Years	China's exports	Annual China export growth rate (%)	China's imports	Annual China import growth rate (%)
Africa (Total)	2007	37.03 bn	38.7	36.28 bn	26.1
	2006	26.69 bn	42.9	28.77 bn	36.4
	2005	18.68 bn	35.3	21.1 bn	34.6
	2004	13.82 bn	35.7	15.64 bn	87.2
South Africa	2007	7.43 bn	28.8	6.61 bn	61.6
	2006	5.77 bn	50.7	4.09 bn	18.9
	2005	3.83 bn	29.6	3.44 bn	16.4
	2004	2.95 bn	45.5	2.96 bn	60.9
Angola	2007	1.23 bn	37.6	12.89 bn	17.9
	2006	894 m	140.3	10.93 bn	66.1
	2005	372 m	92.7	6.58 bn	39.5
	2004	194 m	32.7	4.72 bn	113.8
Sudan	2007	1.48 bn	5.0	4.13 bn	112.9
	2006	1.41 bn	9.3	1.94 bn	-25.7
	2005	1.29 bn	58.5	2.61 bn	53.3
	2004	815 m	70.5	1.71 bn	18.3
Nigeria	2007	3.79 bn	33.0	537 m	93.2
	2006	2.85 bn	23.9	278 m	-47.2
	2005	2.30 bn	34.0	527 m	13.8
	2004	1.72 bn	-3.7	463 m	546.4
Congo (Rep)	2007	419 m	73.9	2.83 bn	1.4
	2006	241 m	67.4	2.79 bn	22.4
	2005	144 m	55.5	2.28 bn	45.2
	2004	93 m	55.3	1.57 bn	92.6
Egypt	2007	4.36 bn	46.3	240 m	10.6
	2006	2.98 bn	54.4	217 m	2.8
	2005	1.93 bn	39.3	211 m	12.3
	2004	1.39 bn	48.3	187 m	23.0
Algeria	2007	2.69 bn	37.9	1.14 bn	697.2
	2006	1.95 bn	38.3	143 m	-60.7
	2005	1.41 bn	43.3	364 m	40.4
	2004	980 m	51.8	259 m	161.1
Morocco	2007	2.16 bn	37.6	422 m	17.5
	2006	1.57 bn	29.8	359 m	29.6
	2005	1.21 bn	27.9	277 m	29.6
	2004	943 m	35.6	214 m	33.0
Equatorial Guinea	2007	93 m	126.8	1.70 bn	-33.1
	2006	41 m	115.8	2.54 bn	76.4
	2005	19 m	85.7	1.44 bn	44.3
	2004	10 m	100.6	996 m	142.0
Libya	2007	859 m	22.0	1.55 bn	-8.3
	2006	704 m	95.6	1.69 bn	79.4
	2005	360 m	41.4	942 m	126.0
	2004	255 m	45.9	417 m	917.8

Sources: Chinese Ministry of Commerce Statistics: 2004 China Trade Statistics, 2005 China Trade Statistics, 2006 China Trade Statistics and 2007 China Trade Statistics, http://www.mofcom.gov.cn

Meanwhile, for seven Sub-Saharan African countries, China has become their largest trading partner in terms of total imports. Sudan, which in recent years has expanded energy trade with China, has the largest import share with China accounting for more that 14 percent of its total imports. This is followed by Tanzania and Ghana with 9.1 percent, Nigeria with 7.1 percent, Kenya and Ethiopia with 6.4 percent and Uganda with 5.1 percent.[16] The majority of these imports are manufactures.

This rapid import growth is linked to recent stronger African growth performance. African Development Bank and IMF data both show that African economic growth rate reached 5.7 percent in 2006[17] and 6.2 percent in 2007[18], and is expected to reach 8 percent in 2008[19]. This faster African growth reflects strong demand for oil and mineral resources outside of Africa.

But more FDI flowing into Africa and stronger agricultural performance have also contributed to this growth. Having received $2.2 billion worth of FDI from all sources during the 1980s, Africa currently attracts approximately $36 billion worth of FDI inflows.[20] FDI inflows to Africa from China, as figure 3 reports, were only $520 million in 2006, a small part of this total, but FDI into Africa from China has still dramatically increased during the years since 2003.

Table 2 reports data on the stock of China's FDI in Africa as of 2005 and compares the situation to 1990 reflecting the rapid growth. These Chinese FDI activities are seemingly different from those which are sourced from North America or the EU. FDI from the developed world is delivered by privately-owned enterprises focusing on profits over a specified period of time, and involves minimal risk. China's FDI on the sub-continent is more heavily undertaken by either partially or wholly state-owned enterprises. These have the objective of not simply making short term profits, but also forming long-lasting relationships with communities and governments. They are assisted in part by access to low-cost capital seemingly financed by low interest foreign exchange loans drawn for China's reserves. Due to China's increasing demands for resources to fuel high economic growth, a number of investments in Africa are linked to securing strategic reserves of mineral resources for Chinese industries.

[16] Jenkins, R. C. Edwards (2005), The Effect of China and India's growth and Trade Liberalization on Poverty in Africa, Department of International Development, DCP 70, London: DFID
[17] http://xyf.mofcom.gov.cn/aarticle/ckqita/200801/20080105360302.html
[18] http://xyf.mofcom.gov.cn/aarticle/xgxz/200803/20080305440906.html
[19] http://xyf.mofcom.gov.cn/aarticle/ckqita/200802/20080205387517.html
[20] "China and the promising Africa," (2007), *People's Daily Online*, May 18 http://english.people.com.cn/200705/18/eng20070518_375880.html & Http://xyf.mofcom.gov.cn/aarticle/ckqita/200711/20071105225691.html

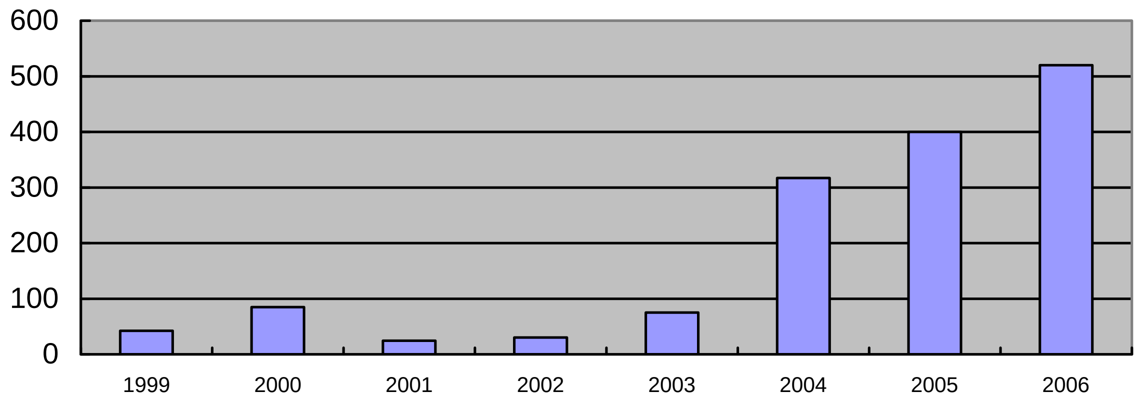
Table 2: FDI stock in Africa Originating from China (Millions of dollars)

Region/country	1990	2005
Africa	49.2	1595.3
North Africa	3.4	618.4
Algeria	0.4	171.2
Egypt	1.8	39.8
Libya	1.0	33.1
Morocco	0.2	20.6
Sudan		351.5
Tunisia		2.2
Other Africa	45.9	976.9
Angola		8.8
Botswana		18.1
Cameroon	0.5	7.9
Cape Verde		0.6
Central African Republic	1.2	2.0
Chad	0.1	2.7
Congo		13.3
DRC		25.1
Cote d'Ivoire	0.6	29.1
Equatorial Guinea		16.6
Ethiopia		29.8
Gabon	2.9	35.4
Gambia	0.5	1.2
Ghana		7.3
Guinea		44.2
Kenya	0.5	58.3
Liberia		15.9
Madagascar	1.7	49.9
Mali	0.0	13.3
Mauritania		2.4
Mauritius	6.3	26.8
Mozambique	0.1	14.7
Namibia		2.4
Niger	0.1	20.4
Nigeria	6.7	94.1
Rwanda	2.9	4.7
Senegal	0.2	2.4
Seychelles		4.2
Sierra Leone	1.1	18.4
South Africa		112.3
Togo	0.2	4.8
Uganda		5.0
Tanzania	1.7	62.0
Zambia	3.2	160.3
Zimbabwe	2.5	41.6

Source: 2006 World Investment Report, UNCTAD

This FDI surge (admittedly from a small base) is in part a response to the Chinese government's strategic call of "go out".[21] Chinese investors have established joint-ventures with local investors across the continent in a number of sectors, particularly in oil, agriculture, agribusiness, textile and light manufacturing sectors. Chinese FDI in agriculture has been strongly supported by African governments given their commitment to food security. For the most part, these investments have helped raise GDP growth across Africa. Chinese investments have also provided a mechanism for assisting Chinese business to circumvent trade restrictions in the OECD against direct textile and apparel exports from China. These have helped to build local capacity, transfer technology and raise export levels for several African states. In Zimbabwe, for instance, for which tobacco has been among its top exports, Chinese investors have helped Zimbabwe process tobacco into cigarettes and export these as finished value-added products. Chinese investors and local company have also formed joint ventures to establish a large cement factory in Gweru to meet national demand.[22]

Figure 3: China's FDI outflows to Africa, 1999-2006 ($million)



Source: MOFCOM & UNCTAD (2007), Asian Foreign Direct Investment in Africa: Towards a New Era of Cooperation among Developing Countries, UNCTAD/ITE/IIA/2001/1, http://www.unctad.org/Templates/webflyer.asp?intDocItemID=13286&docid=8120&intItemID=1397&lang=1&mode=press & Broadman, Harry (2007) "Africa's Silk Road: China and India's New Economic Frontier. Washington DC: The World Bank.

These Chinese investments can be found in a wide variety of sectors, including so-called fragile states and projects that western investors have seemingly deemed too risky. In Mozambique, for example, Chinese companies have recently invested in a large new shopping center and an industrial warehouse in the capital, Maputo. They have also financed a Soya processing plant, reportedly worth $10 million and in a facility

[21] The strategic call of "go out" was launched in Oct 2000. Zhang, Jieying (2007) "Review on China FDI strategic system under the strategic call of 'go out'," Apr 2007, International Trade, http://www.itrade.org.cn/article.php?autoid=87&colum=%E4%B8%AD%E5%9B%BD%E7%BB%8F%E8%B4%B8
[22] "Zimbabwe eager to strengthen economic ties with China," (2006) *People's Daily online*, Sept 28, http://english.peopledaily.com.cn/200609/28/eng20060928_307027.html

processing prawns worth an estimated $12 million.[23] In Zambia, China has invested nearly $160 million in the mining sector.[24] In the Democratic Republic of the Congo (DRC), a country with prior civil conflicts and political instability, China has investments in cobalt and copper. In Sierra Leone, another country emerging from a devastating civil war, China is now developing a luxury hotel and making other investments – going where others would seemingly fear to tread. In Uganda, a Chinese pharmaceutical firm is producing a new anti-malaria drug, and bidding on contracts to supply treated bed nets.[25]

Outside of the oil sector, the most significant investments by Chinese firms have been in infrastructural projects. For example, Chinese firms have been actively involved in the reconstruction of roads around Mozambique, where approximately two-thirds of the country's 600 km of roads have been reconstructed by Chinese multinationals. On the border between Mozambique and Tanzania, Chinese firms have also won a tender to rebuild a large bridge carrying cross border trade between the two countries. They have also recently won tenders to repair water treatment plants in Beira and Quelimane reportedly worth $15 million and in Maputo worth more than $30 million.[26] In Zimbabwe, China is investing in minerals, roads and farming.

Chinese enterprises have also bought a 70 percent stake in the Zimbabwe's only electricity generation facilities at Hwange and Kariba,[27] and a significant stake in the national railway. In Zambia, Chinese investors are working on a $600 million hydroelectric plant at Kafue Gorge.[28] In Angola, 30 percent of a $2 billion soft loan offered by China has gone to finance the building of railroads, schools, roads, hospitals and bridges.[29] In the DRC, China has begun work on roads to facilitate mineral exports, and has evaluated potential future power projects as well.[30]

This growth of Chinese FDI (and primarily in resources, construction and infrastructure) reflects a Chinese decision at high level to contribute to South-South cooperation through mutually beneficial commercial relationships with the African continent. But at the same time, it also reflects commercial decisions made by individual Chinese enterprises. One claim supporting this is that Chinese enterprises have been successful in delivering comparable infrastructure projects at prices between 25 percent and 50 percent less than those other foreign investors charge.[31]

---

[23] www.uk.cn/uploadfiles/2006428172021581.doc

[24] Leggett, Karby (2005) "Staking a Claim China Flexes Economic Muscle Throughout Burgeoning Africa," *Ethiopia Tecola Hagos*, http://www.tecolahagos.com/staking_claim.htm

[25] Lyman**,** Princeton (2005) "China's Rising Role in Africa," presented to the US-China Commission on July 21, 2005, http://www.cfr.org/publication/8436/

[26] http://www.fanrpan.org/newsflash.php?archive=2

[27] http://allafrica.com/stories/200506200960.html

[28] Joshua Eisenman, Jushua and Jushua Kurlantzick (2006) "China's Africa Strategy," *Current History*, May 2006, pp. 219-224, http://www.afpc.org/china-africa.shtml

[29] Thompson, Drew (2005) "China's Emerging Interests in Africa: Opportunities and Challenges for Africa and the United States," *African Renaissance*, Vol. 2, No. 4 (July/August 2005), at *http://www.csis.org/media/csis/press/0508_china_african_interests.pdf* (September 19, 2005).

[30] Lyman**,** Princeton (2005) "China's Rising Role in Africa," presented to the US-China Commission on July 21, 2005, http://www.cfr.org/publication/8436/

[31] www.ids.ac.uk/ids/global/AsianDriverpdfs/DFIDAgendaPaper06.pdf

Anecdotal evidence also suggests a combination of factors that have allowed Chinese enterprises to both outbid and outperform Western counterparts across the continent in their investment activity. These include the use of cheaper Chinese materials; ample supply of Chinese labor which is often even less expensive than local labor and willing to live in isolated communities; access to subsidies provided by the Chinese Government to invest overseas and cheaper capital than local investors; as well as less pressure by the Chinese Government for state-owned companies to adhere to strict environmental and labor standards.

Especially important in the growing FDI picture are infrastructure projects and development initiatives by Chinese state-owned companies across the continent, even in countries without abundant mineral resources. Some have been directly aid funded infrastructure projects assisting Africa governments. For example, in Guinea Bissau, China paid for the tiles and marbles of the parliamentary buildings. In East Africa, China provided financial support for, and assisted with the construction of new foreign ministry buildings and stadiums in both Djibouti and Uganda. All of these reflect the commitment by China to development and poverty alleviation programs for the continent.

While it is worth emphasizing that FDI from China is still small relative to total flows into Africa, its growth is rapid. Importantly, this recent growth in Chinese presence in Africa coexists with relatively stagnant OECD inflows despite government attempts to promote it. For instance, the US has, in recent years, initiated a plan "promoting African economic growth and opportunity partnership" aimed at encouraging American companies to enter African markets.[32] But the aggregate impact has been small. European countries such as France have traditionally regarded Africa as their market due to colonial and linguistic ties as well as cultural factors. In 2006, European Union accounted for 32 percent of all Sub-Saharan exports, and its investment in Africa accounted for 36.6 percent of total investments on the continent.[33] Data for the US were 29.6 percent and 37 percent respectively.[34] Western states have maintained close relationships with Africa through language, information linkage and personnel exchanges, which assist in trade and finance and give Western countries substantial advantages. In comparison, Chinese enterprises have had to face disadvantages in language and culture differences. China's ability to rapidly expand its share of African trade and finance is thus all the more remarkable.

China's red carpet treatment for 50 of Africa's Heads of State in November 2006, which formally commemorated five decades of Sino-African relations, bears testimony to the continent's current economic importance as seen from Beijing. High-profile state visits by top Chinese officials, including the Chinese President Hu Jintao and Chinese Premier

[32] http://bic.cass.cn/English/InfoShow/Arcitle_Show_Conference_Show.asp?ID=364&Title=Africa%20Beyond%202000&strNavigation=Home-%3EForum&BigClassID=4&SmallClassID=11

[33] http://web.worldbank.org/WBSITE/EXTERNAL/NEWS/0,,contentMDK:21052520~pagePK:64257043~piPK:437376~theSitePK:4607,00.html & 2007 World Investment Report, UNCTAD (http://www.unctad.org/en/docs/wir2007p1_en.pdf)

[34] http://web.worldbank.org/WBSITE/EXTERNAL/NEWS/0,,contentMDK:21052520~pagePK:64257043~piPK:437376~theSitePK:4607,00.html & http://italy.usembassy.gov/pdf/other/RL31772.pdf

Wen Jiabao to dozens of African states in recent months underscore its perceived importance. These visits occurred shortly after pledges to increase China's aid to Africa from $2.3 billion in 2006 to $10 billion by 2009[35] (in comparison, U.S. aid to Africa is to reach $9 billion by 2010[36], and EU aid to Africa more than $20 billion depending on the next EU budget[37]), and to further expand China's trade and Foreign Direct Investment (FDI) with the continent.

[35] http://www.csmonitor.com/2007/0202/p06s01-woaf.html
[36] Fletcher, Michael (2006), "Bush has quietly tripled aid to Africa," *Washington Post*, Dec 31, http://www.washingtonpost.com/wp-dyn/content/article/2006/12/30/AR2006123000941.html
[37] Kroeger, Alix (2005), "EU boosts aid to Africa by $10bn," *BBC News*, Oct 12, http://news.bbc.co.uk/2/hi/europe/4335954.stm

3. The objectives behind China's Africa Policy

A key element in understanding what is behind the growth in China's involvement in Africa is the central Chinese precept that business should not be mixed with politics. China's growing presence in Africa thus largely reflects commercial rather than other political considerations. To underscore the point, Chinese officials have repeatedly argued that attempts by other countries to link positions on democracy and human rights to economic integration violate the rights of sovereign countries. This position is reflected by in comments of China's deputy foreign minister, Zhou Wenzhong: "Business is business. We try to separate politics from business…. You [the West] have tried to impose a market economy and multiparty democracy on these countries which are not ready for it. We are also against embargoes, which you have tried to use against us."[38]

This is in contrast to a seemingly Western policy of linking aid to African recipients to Western values or specific development models for African countries. In the process, Western governments have often set meeting political indicators in areas such as democracy, freedom, openness, transparency, and human rights as criteria for aid.[39] In contrast, China has promoted what it calls the "Beijing consensus"[40] in Africa by providing unconditional aid to African countries. This reflects an underlying Chinese position of not interfering in other countries' internal affairs and respecting country rights to choose the road of development that best suits them. In its financial dealings with Africa, either through aid or FDI, China thus does not typically use links to policy to impose its own value system or development model on African economies.

With Western aid increasingly tied to human rights and Western notions of economic reform, Africa has welcomed China's unconditional aid approach. Thus, when the Angolan government hesitated over accepting an IMF loan linked to transparency in its oil revenue accounting, the Chinese Export-Import Bank offered an interest-free loan with no such accounting required.[41] China also similarly funded infrastructure projects such as railroad, schools, roads, hospitals and bridges as well as laying a fiber-optic network.in Angola. In these cases, the wider Chinese interest was perceived to lie in developing country to country relationships in the anticipation that resource project approvals would follow. One could claim that narrower self interest still prevailed, but it remains the case that such aid was untied; it promoted development, and had not been forthcoming from much wealthier OECD countries.

---

[38] French, Howard (2004) "China in Africa: All Trade and No Political Baggage," *New York Times*, August 8, 2004.

[39] Zhang, Chun (2006) "'Neocolonialism' label can not be pinned on China," Shanghai Research Center for International Issues, Nov 02, http://www.sinofile.net/saiweng/sip_blog.nsf/d6plinks/YZHI-6VB8J3

[40] The "Beijing Consensus" was brought forward spontaneously by international opinions against the background of China's fast economic development since the reform and opening up and considerable raise in people's living standard, while "Washington Consensus" was put forward deliberately and systematically. Participants of the "Washington Consensus" reached their consensus on the basis of actual acceptance of Neo-liberalism. "The 'Washington Consensus' and 'Beijing Consensus'," *People's Daily Online*, Jun 18, 2005, http://english.peopledaily.com.cn/200506/18/eng20050618_190947.html

[41] Lombard, Louisa (2006) "Africa's China Card", Apr 2006, http://www.foreignpolicy.com/story/cms.php?story_id=3419

Equally, when the UN Security Council proposed sanctions against Sudan because of the Darfur situation, Beijing insisted on their position set out above, namely "the internal situation in the Sudan is an internal affair, and China is not in a position to impose upon Khartoum."[42] China then provided assistance in other ways. To help Sudan develop its oil industry, PetroChina invested $2.7 billion in Sudan, built a 1506km oil pipeline, a crude processing plant with an annual capacity of 2.5m tons, and several gas stations.[43] This not only changed Sudan from an oil importing to an oil exporting country, but also ensured Sudan had an integrated oil industry structure covering exploration, production, refining and transport for sales. In addition, China subsequently invested over $20 million to help the Sudan build other facilities, including schools and hospitals.[44] This unconditional investment and aid has flowed quickly into Sudan since China adopted a policy of non involvement in Sudan's domestic affairs. But China's principle of not interfering in other countries' internal affairs through conditional aid or FDI has not restrained China from pursuing humanitarian concerns in Africa. For example, in 2004, China contributed 1,500 peacekeepers to UN missions across Africa, such as in Liberia.

Along with growing Chinese trade and foreign direct investment in Africa, Chinese aid to Africa has also grown correspondingly. China began to provide official development assistance and debt relief from the mid 1950s on. From 1956 to May 2006, it contributed a total of $5.7 billion[45] for more than 800 aid projects.[46] Meanwhile, the value of Chinese aid in Africa reportedly reached $2.3 billion in 2006. More recently, China has aimed to keep to its long-standing commitments made to the continent in the early 1990s, by providing financial assistance and facilitating the forgiveness of loans. More recently, the third summit of the Forum on China-Africa Co-operation, held from 3 to 5 November 2006, took a number of steps in this direction. China pledged to double its 2006 aid flows to Africa by 2009. China also cancelled all debt stemming from Chinese interest-free government loans that matured at the end of 2005, estimated to have reached approximately $1.4 billion, for the 31 highly indebted and least developed countries (LDCs) on the continent which had diplomatic relations with Beijing.

China also provided $3 billion in preferential loans and $2 billion in preferential buyer's credit to African states, and offered zero-tariff treatment for various exports to China from 30 of the least developed African countries. In order to further promote China's FDI in Africa and bilateral trade, a China-Africa development fund of $5 billion was set up by the Chinese government to encourage Chinese companies to invest in Africa and provide support to them. In the meantime, China further opened its market to Africa, increasing from 190 to over 440 the number of export items to Beijing receiving zero-tariff treatment from the African LDCs.[47]

---

[42] French, "China in Africa: All Trade, with No Political Baggage," p. A12.
[43] Zhang, Chun (2006) "'Neocolonialism' label can not be pinned on China," Shanghai Research Center for International Issues, Nov 02, http://www.sinofile.net/saiweng/sip_blog.nsf/d6plinks/YZHI-6VB8J3
[44] He, WenPing (2006), "Partners in Development," *Beijing Review*, Vol. 44, http://www.bjreview.cn/EN/06-44-e/sp-1.htm
[45] This stock figure may not be consistent with aid flows discussed throughout this paper.
[46] He, Wenping, 2006, "China-Africa Relations Moving into an Era of Rapid Development," in: Africa Institute of South Africa, Inside AISA, Oct/Dec., pp.3-6.
[47] Chee, Yoke Ling, (2006) "China: Doubles aid and investment to Africa," *Third World Network*, Nov 5, http://www.twnside.org.sg/title2/finance/twninfofinance010.htm

There has also been further assistance beyond direct financial flows. In Liberia, as well as in Mozambique[48], China has signed a memo, canceling all debts owing to it by these states – which jointly amounted to more than $35 million.[49] In Liberia's case, Beijing specially introduced a tariff exemption policy for all imports from Liberia.

Another element in this picture is China's participation in the African Development Bank. China joined both the African Development Bank Group's (AfDB)[50] and the African Development Fund in 1985. Currently, China has 24,230 shares, or a 1.117 percent stake in the AfDB. Since joining, China has donated $314 million to the African Development Fund, supporting infrastructure construction, and poverty alleviation as well as educational projects in Africa. To further develop cooperation between China and the AfDB, Beijing signed a $2 million technical cooperation agreement in 1996. This agreement provides subsidies for Chinese experts who work on projects and bring advanced technology to Africa. So far, the Chinese government has paid $900,000 to support 14 projects in eight African countries.[51]

Chinese development assistance has also taken a variety of forms in Africa. Engineering, medical and agricultural teams have provided technical support to African states since the 1960s, although this accelerated by the late 1980s. China trained over 14,600 people in different fields for Africa.[52] In both Liberia and the Central African Republic, China has directly provided funding for training programs to strengthen the capacity of the civil service in these countries. In areas of small-scale agricultural production and hydro-irrigation, China has supported training programs that have involved thousands of African farmers across the continent.[53] In Djibouti, Ethiopia and elsewhere in the Horn of Africa, Beijing has in recent years supplied modern telecommunication equipment, along with training programs designed to help locals entrepreneurs maintain their equipment.[54] During the 2006 Beijing Summit, China pledged to train 15,000 African professionals, send 100 senior agricultural experts to Africa, and set up 10 special agricultural technology demonstration centers across the continent over the by 2009. Additionally, the number of Chinese government scholarships to African students is planned to double from 2,000 per year in 2006 to 4,000 per year by 2009.[55]

China's aid has also financed building schools and clinics treating patients suffering from HIV/AIDS. China has thus far sent medical teams to 43 African countries, amounting to

---

[48] http://www.poptel.org.uk/mozambique-news/newsletter/aim335.html#story7
[49] http://www.csmonitor.com/2007/0209/p01s04-woaf.htm
[50] The African Development Bank Group's (AfDB) is the main development finance institution in Africa and was established in 1964. It has 77 members, 53 from Africa and 24 outside the continent. The bank's priorities include the reduction of poverty, improving the living conditions of African populations and resource mobilization for the economic and social progress of its regional member countries.
[51] Zhang, Lu (2007) "Gathering to boost Sino-African ties," *China Daily*, May 14, http://www.china.org.cn/english/features/adb/210662.htm
[52] Zhang, Chun (2006) "'Neocolonialism' label can not be pinned on China," Shanghai Research Center for International Issues, Nov 02, http://www.sinofile.net/saiweng/sip_blog.nsf/d6plinks/YZHI-6VB8J3
[53] http://panafricannews.blogspot.com/2006_10_01_archive.html
[54] http://www.bjreview.com.cn/expert/txt/2006-12/15/content_50879.htm
[55] Chee, Yoke Ling, (2006) "China: Doubles aid and investment to Africa," *Third World Network*, Nov 5, http://www.twnside.org.sg/title2/finance/twninfofinance010.htm

more than 16,000 person/visits, and helped treat 240 million patients,[56] including 180 million cases of HIV/AIDS.[57] Today more than 900 Chinese doctors work in Africa.[58] Furthermore, during November 2006's Beijing Summit, China's leadership announced the dispatching of more than 300 volunteers to Africa, RMB300 million for artemisinin (an anti-malaria drug) and 30 malaria prevention and treatment centers, and pledged to build more than 100 schools and 30 hospitals across the continent by 2009. [59]

At the same time, China's success in securing mineral rights in Africa has gone hand in hand with support for a wide range of construction projects and financial assistance. In Sudan, for instance, Beijing used its technical expertise and links to other government owned companies to help the country's oil industry become a major export earner. It also invested some $2 billion in the country's Merowe hydropower dam, due to open in 2008, which is expected to provide for all of the country's energy needs for the next two decades.[60] China's Sino Hydro Corporation has helped Ghana build a 400 megawatt hydroelectric dam worth $600 million in the north of the country.[61] Beijing also helped build a $300 million dam project for Ethiopia.[62] In Rwanda, Chinese companies have paved more than 80 percent of the main roads.[63] In late 2006, China agreed a $2 billion credit line to help fund infrastructure projects in Equatorial Guinea. [64]

Debt forgiveness and aid from China have also contributed to infrastructure development in African countries, which in turn has been key for political stability. Particularly important have been China's programs in education and health in Africa, which are recognized as central to African growth, and have improved local living standards. These infrastructure improvements have also helped African countries secure other loans and investment opportunities, contributing to further development. "South-South cooperation" has thus been centrally embodied in China's aid activity in Africa, which in turn has been welcomed by a large number of African governments.

---

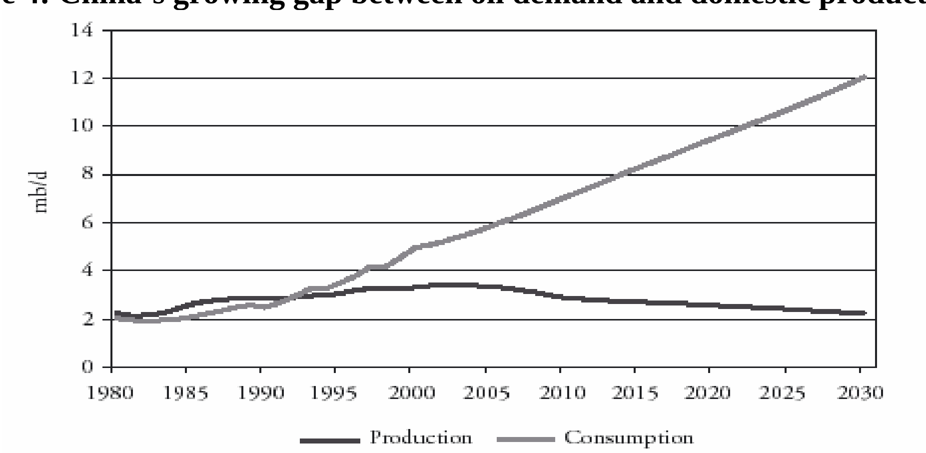
[56] Zhang, Chun (2006) "'Neocolonialism' label can not be pinned on China," Shanghai Research Center for International Issues, Nov 02, http://www.sinofile.net/saiweng/sip_blog.nsf/d6plinks/YZHI-6VB8J3
[57] Thompson, Drew (2005) "China's Soft Power in Africa: From the 'Beijing Consensus' to Health Diplomacy," Jamestown Foundation *China Brief*, Vol. 5, No. 21, Oct 13
[58] Lyman**,** Princeton (2005) "China's Rising Role in Africa," presented to the US-China Commission on July 21, 2005, http://www.cfr.org/publication/8436/
[59] Chee, Yoke Ling, (2006) "China: Doubles aid and investment to Africa," *Third World Network*, Nov 5, http://www.twnside.org.sg/title2/finance/twninfofinance010.htm
[60] http://www.jamestown.org/terrorism/news/uploads/cb_007_007a.pdf
[61] "Africa: Western Leaders Monitor China-Africa Summit" (2007), www.allAfrica.com, May 17, http://allafrica.com/stories/200705161110.html
[62] Joshua Eisenman, Jushua and Jushua Kurlantzick (2006) "China's Africa Strategy," Current History, May 2006, pp. 219-224, http://www.afpc.org/china-africa.shtml
[63] Leggett, Karby (2005) "Staking a Claim China Flexes Economic Muscle Throughout Burgeoning Africa," Ethiopia Tecola Hagos, http://www.tecolahagos.com/staking_claim.htm
[64] Country Profiles Foreign and Commonwealth Office, UK
http://www.fco.gov.uk/servlet/Front?pagename=OpenMarket/Xcelerate/ShowPage&c=Page&cid=1007029394365&a=KCountryProfile&aid=1019672564304

4. Resources and China's Involvement in Africa

A key factor underlying China's recent rapid expansion in Africa is Beijing's desire to gain secure access to supplies of oil, gas and key minerals. The Chinese leadership has always emphasized that China's continued high growth will require a growing supply of raw materials, especially oil. The country's growing energy demands, coupled with relatively stagnant coal output[65] and falling domestic crude oil production[66], prompted the country to look overseas for stable sources of mineral resources from the early 1990s. In 1993, a turning point for China came when it changed from a net exporter to a net importer of oil.

By late 2004 China had become the world's second largest oil user consuming 5.5 million barrels a day (bbl/d), more than Japan's 5.4 million bbl/d, and placing it behind only the US at 19.7 million bbl/d.[67] Currently, China's oil consumption is put at 7 million barrels a day while the U.S. consumes about 20 million barrels.[68] China's oil and gas imports are projected to increase to 60 percent of its total oil and gas demand by 2020 from the current level of 33 percent,[69] while its oil consumption is expected to increase by 10 percent per annum[70]. Approximately 40 percent of the increase in global oil demand between 2000 and 2004 and 2002 to 2006 is attributed to China's rapid growth in demand.[71] China's oil imports from Asia's oil producing states are not sufficient to meet either its current or projected energy demands and Chinese officials seemingly believe there are limits to Middle East oil and gas production, especially given its current primary allocation to Europe and the US.

Figure 4: China's growing gap between oil demand and domestic production (mb/d)



Source: *International Energy Agency*, 2002, p.53

[65] http://www.rice.edu/energy/publications/docs/AsianEnergySecurity_MainStudy.pdf
[66] http://www.pnl.gov/aisu/pubs/engenvup.pdf
[67] US Department of Energy, Energy Information Agency: Country Analysis Brief: China, Sept 15, 2005, and Downs, Erica: "The Chinese Energy Security Debate", China Quarterly, No. 1777, Mar 2004, pp.21 - 41.
[68] Shinn, David H. (2007) "Africa, China, the United States, and Oil," May 8, http://forums.csis.org/africa/?p=34
[69] Goodman, Peter (2004) "China Invests Heavily in Sudan's Oil Industry" *The Washington Post*, Dec 23
[70] Blair, David (2005) "Oil-Hungry China Takes Sudan under Its Wing," *The Telegraph*, Apr 23
[71] www.palgrave-journals.com/development/journal/v50/n3/full/1100407a.html

As a late entrant to the global oil market, Africa represents perhaps the last major source of oil reserves which is not primarily managed by major Western energy companies, and hence available for Chinese corporations to invest in and ultimately partly control. Libya's 39 billion barrels of oil reserves and Nigeria's 36 billion barrels are twice the size of China's proven reserves. Africa has only 9 percent of the world's proven petroleum reserves compared to almost 62 percent for the Middle East. IHS Energy, an oil and gas consulting firm, believes that Africa will provide 30 percent of the world's growth in hydrocarbon production by 2010. A U.S. Department of Energy study projected that African oil production would rise 91 percent between 2002 and 2025. African oil tends to be high quality and low in sulfur, making it particularly desirable to refiners. Africa currently supplies almost one third of China's oil imports.[72]

In recent years, Chinese state-owned enterprises have not only invested heavily in foreign oil reserves and but have also used Chinese construction and engineering to assist African oil producing exporters such as Nigeria, Zimbabwe, Angola, Sudan, Gabon and Algeria in further developing their oil, gas and other mineral resources. In 2005, China imported more than 38 million tones of crude oil from Africa, about one-third of China's oil imports[73], and this reflects major investments in oil and gas projects in countries such as Nigeria, Sudan, Gabon and Angola.

Table 3: Resource exports to China in 2005 in (percentage of total trade)

	Crude oil	Metals	Wood	Cotton
Angola	100			
Sudan	98.8			
Nigeria	88.9			
Congo	85.9			
Gabon	54.8		42.3	
DRC		99.6		
Ghana		59.8		
South Africa		45.6		
Cameroon			39.7	
Tanzania			23.4	53.8

Source: OECD Development Center, 2006

Table 3 indicates that oil, minerals and other natural resources account for the major part of Africa's exports to China. Currently, all exports of Angola to China are oil. Exports of Sudan, Nigeria and Congo (DRC) are also all largely oil. The huge reserves of minerals in DRC imply that its exports are mainly metals. Gabon, Cameroon and Tanzania are

[72] Shinn, David H. (2007) "Africa, China, the United States, and Oil," Center for Strategic and International Studies (CSIS) Africa Policy Forum, May 8

[73] York, Geoffrey, `China, Africa Forging Closer Ties.' *Globe and Mail, 10* November, 2006

abundant in timber which is imported by China. Agricultural products, such as cotton, also play an important role in Tanzania's exports to China. In 2006, oil and gas accounted for 62 percent of Africa's exports to China, followed by non-petroleum minerals and metals with 13 percent. China's high demand for oil, minerals and other natural resources is thus motivating active engagement in investment in these sectors and strengthening economic cooperation with Africa.

By country, the following situations apply:

Nigeria

As a member of OPEC, Nigeria is the largest oil producer in Africa and the eleventh-largest producer in the world. Nigeria is a major oil supplier to both Western Europe and the US, producing roughly 2.5 million barrels per day. Nigeria's proven oil reserves are approximately 35.2 billion barrels, and there are plans by the Nigerian government to expand this to 40 billion barrels by 2010. In July 2005, PetroChina finalized a deal reported to be worth $800 million with the Nigerian National Petroleum Corporation to purchase approximately 30,000 barrels of oil per day for five years.[74] In January 2006, the Chinese state-owned China National Offshore Oil Corporation (CNOOC) acquired a 45 percent stake in a Nigerian offshore oil and gas field reported to be worth more than $2.27 billion. The company subsequently promised to additionally invest up to $2.25 billion in field development.[75] In addition, China has won a license to operate four of Nigeria's oil blocs as part of wider package involving a commitment to build a hydro power station. China is currently reported to be considering $7 billion in investments in Nigeria, covering a wide variety of sectors.[76]

Angola

Angola is the second-largest oil producer in sub-Saharan Africa after Nigeria with oil production expected to reach 2 million barrels per day by 2008. Angola also has major offshore sources of gas. China has invested heavily in Angola given its relative current political stability.[77] In March 2004, China granted Angola a $2 billion soft loan as part of a longer term aid package in exchange for a contract to supply 10,000 barrels of crude oil per day.[78] Under the agreement, the proceeds of the loan will be heavily invested in infrastructure construction, with 70 percent of funds earmarked for Chinese companies and the remaining 30 percent going to local subcontractors, including funds for Chinese

[74] "China, Nigeria Sign Oil Supply Pact" (2005), *Xinhua News Agency*, July 9.

[75] "Linebaugh, Kate and Shai Oster (2006) "CNOOC Pays $2.27 Billion for Nigerian Oil Gas Stake," *The Wall Street Journal*, Jan 10.

[76] Onyebuchi Ezigbo (2005) "Nigeria-China Sign $800 million Crude Oil Sale Agreement," *This Day (Lagos)*, July 11, on the web at http://allafrica.com/stories/printable/200507111391.html. Dianna Games (2005) "Chinese the New Imperialists in Africa, *Business Day Johannesburg)* February 21, on the web at http://allafraca.com/stories/printable/200502210104.html

[77] Shinn, David H. (2007) "Africa, China, the United States, and Oil," Center for Strategic and International Studies (CSIS) Africa Policy Forum, May 8

[78] Lee, Don (2004) "China Barrels Ahead in Oil Market," *The Los Angles Times*, November 14, 2004, at http://energybulletin.net/3159.html (September 19, 2005).

companies to build railroads, schools, roads, hospitals, bridges, and offices; lay a fiber-optic network; and train Angolan telecommunications workers.[79] According to the World Bank, Angola accounted for half of China's oil imports from Africa in 2005, and exported 25 percent of its oil production to China.[80]

Sudan

Sudan has proven reserves of some 563 million barrels of oil. Since 1999, Chinese enterprises have invested more than $3 billion in pipeline construction and in refineries.[81] The China National Petroleum Corporation (CNPC) entered Sudan in 1996 and now is the single largest shareholder in a major project with a 40 percent share[82] of $1.7 billion in the Greater Nile Petroleum Operating Company, which is Sudan's largest petroleum company and controls Sudan's oil fields. CNPC's operation, which also discovered additional oil in Sudan, produced 500,000 barrels per day in 2006 and was expected to reach 750,000 barrels per day in 2007.[83] In addition, China has recently signed new partnership agreements to extract oil from the Melut Basin and Darfur.[84] China now takes 64 percent of Sudan's oil exports, which are approximately 7 percent of China's total oil imports.[85]

Zambia

China is now the world's largest consumer of copper, followed by the United States.[86] Zambia-CRC hold the largest copper deposit in the world. In 2004, proven copper reserves in the southern African states were put at 2 billion tons. In 2005, the China Non-Ferrous Metals Corporation in Africa (NFCA) invested $160 million[87] in the Chambishi Copper Mine, one of Zambia's largest copper mines, and holds an 85 percent stake.[88] Besides copper, Zambia's mineral resources spans a range of metals, particularly gold, gemstones, a variety of industrial minerals and potential energy resources - uranium, coal

---

[79] Thompson, Drew (2005) "China's Emerging Interests in Africa: Opportunities and Challenges for Africa and the United States," *African Renaissance*, Vol. 2, No. 4 (July/August 2005), at *http://www.csis.org/media/csis/press/0508_china_african_interests.pdf* (September 19, 2005).

[80] Broadman, Harry G. (2006), *Africa's Silk Road: China and India's New Economic Frontier* http://web.worldbank.org/WBSITE/EXTERNAL/COUNTRIES/AFRICAEXT/0,,contentMDK:21056305~pagePK:146736~piPK:146830~theSitePK:258644,00.html

[81] Brookes, Peter and Ji Hye Shin (2006) "China's Influence in Africa: Implications for the United States," *Backgrounder #1916*, Feb 22, at http://www.heritage.org/research/asiaandthepacific/bg1916.cfm

[82] The other partners in the joint venture of the Greater Nile Petroleum Operating Company include Talisman Energy of Canada, the Sudanese Government and Petronas of Malaysia. Goodman, Peter (2004) `China Invests Heavily in Sudan's Oil Industry' *The Washington Post*, December 23

[83] Shinn, David H. (2007) "Africa, China, the United States, and Oil," Center for Strategic and International Studies (CSIS) Africa Policy Forum, May 8

[84] http://www.cfr.org/content/publications/attachments/Africa_Task_Force_Web.pdf

[85] Blair, David (2005) "Oil-Hungry China Takes Sudan under Its Wing," *The Telegraph*, Apr 23

[86] "China Scoops Up Minerals, Infrastructure Contracts," *SouthScan (London)*, June 30, 2005. Posted to the web July 6, 2005, http://allafrica.com/stories/printable/200507060674.html

[87] Leggett, Karby (2005) "Staking a Claim China Flexes Economic Muscle Throughout Burgeoning Africa," *Ethiopia Tecola Hagos*, http://www.tecolahagos.com/staking_claim.htm

[88] Zhang, Xiaoyu (2005) "A Promising Market for Resources Development in Zambia," Vol.11-2005, *International Economic Cooperation*

and hydrocarbons. Chinese companies have also invested in coal and gemstone mining. China has also begun to invest in copper and cobalt mines in the neighboring DRC.

Zimbabwe

Zimbabwe has large gold reserves and is home to the world's second-largest platinum mines. Zimbabwe together with South Africa constitutes China's major source of platinum and iron ore.[89] In addition, China is Zimbabwe's largest importer of tobacco, one of the country's major exports. China has made large investments in Zimbabwe's tobacco production and processing, and the agriculture industry. In September 2006, China announced a $200 million capital injection in Zimbabwe's farming, manufacturing and mining.[90] The largest deal announced was the $1.3 billion agreement in 2006 with China Machine-Building International Corporation to mine coal and build thermal-power generators in Zimbabwe aimed to reduce the country's electricity shortage.[91]

Gabon

Gabon has proven oil reserves of roughly 2.5 billion barrels. The China National Petrochemical Corporation (SINOPEC) plans to explore both onshore and offshore in Gabon.[92] A Chinese consortium also recently signed a $3 billion iron ore deal in Gabon, which includes extending a railway and building a bulk commodities and container port.[93]

South Africa

South Africa has large reserves of several minerals, including diamonds. Mineral products are the major exports from South Africa to China, accounting for 65.3 percent of South Africa's exports to China in 2005. In 2006, China imported $1.47 billion worth of mineral products and $1.19 billion worth of diamonds, with growth rates of 41.3 percent and 24 percent from 2005.[94]

Liberia and West Africa

China and Liberia have signed a preliminary deal to allow China's second-largest state oil and gas firm, Sinopec Group, to explore for oil and gas in the West African state.[95] In

---

[89] Brookes, Peter and Ji Hye Shin (2006) "China's Influence in Africa: Implications for the United States," *Backgrounder #1916*, Feb 22, at http://www.heritage.org/research/asiaandthepacific/bg1916.cfm
[90] "Zimbabwe eager to strengthen economic ties with China," (2006) *People's Daily online*, Sept 28, http://english.peopledaily.com.cn/200609/28/eng20060928_307027.html
[91] "China Undates," (2006) *Mines and Communites*, Jun 16, http://www.minesandcommunities.org/Action/press1109.htm
[92] Brookes, Peter and Ji Hye Shin (2006) "China's Influence in Africa: Implications for the United States," Backgrounder #1916, Feb 22, at http://www.heritage.org/research/asiaandthepacific/bg1916.cfm
[93] "Africa: Western Leaders Monitor China-Africa Summit" (2007), The Nation (Nairobi), May 17, http://allafrica.com/stories/200705161110.html
[94] "China—South African Supplement: Open to Trade," (2007), Beijing Review
[95] "Africa: Western Leaders Monitor China-Africa Summit" (2007), The Nation (Nairobi), May 17, http://allafrica.com/stories/200705161110.html

addition, a small West African country, Equatorial Guinea, has proven oil reserves estimated at 1.28 billion barrels. Although Equatorial Guinea has attracted less investment from China in oil sector than Angola and Sudan, it is still an important supplier of crude. Since 1999, Equatorial Guinea has been China's third largest African supplier. In 2006, its oil exports to China exceeded $2.5 billion.[96] Chinese companies are expected to bid for oil blocs in the 2007 licensing round.[97] Chinese companies also run a major timber operation in this country.[98] The Republic of Congo, Sub-Saharan Africa's fifth largest oil producer, also has 1.5 billion barrels in proven reserves. They may become potential oil exporters and Chinese investment has also begun here. China has also begun to invest in cobalt and copper mines in the Republic of Congo.

China's emphasis on securing reliable sources of minerals in Africa for its own economy is also reflected in its approach to vertical integration and ownership of oil production facilities through to transportation tankers. As a means of securing oil for Chinese consumers below international market prices, instead of buying rights for future exploration and development, Chinese enterprises have concentrated on purchasing equity shares in established oil fields. With a vision of turning themselves into global players in the energy market, Chinese oil companies in Africa, such as the China National Petroleum Corporation, have sought to secure equity positions which will enhance their ability to learn industrial practices, minimize risks and allow for technology transfer. This strategic judgment thus also partly explains China's long-term vision with regard to its engagement with Africa. Chinese enterprises thus have plans to be involved with the development of oil reserves in Africa for the long haul.

While China's position in oil in Africa is growing, it is nonetheless worth emphasizing that Western companies remain the largest consumers of Africa's oil and related products. Currently, over 18 percent of U.S. crude oil imports are sourced from Africa,[99] and by 2015 this is projected to increase to 25 percent.[100] Of U.S. oil imports from Africa, Nigeria accounts for 47 percent, and Algeria and Angola provide 19 percent each.[101] In 2003 alone, US companies invested $10 billion in African oil.[102] The American oil company Chevron Texaco invested over $5 billion during 1998-2003 in its African projects,[103] and planned to spend another $20 billion in Africa over the following five

---

[96] Shinn, David H. (2007) "Africa, China, the United States, and Oil," Center for Strategic and International Studies (CSIS) Africa Policy Forum, May 8

[97] Country Profiles Foreign and Commonwealth Office, UK http://www.fco.gov.uk/servlet/Front?pagename=OpenMarket/Xcelerate/ShowPage&c=Page&cid=1007029394365&a=KCountryProfile&aid=1019672564304

[98] Leggett, Karby (2005) "Staking a Claim China Flexes Economic Muscle Throughout Burgeoning Africa," Ethiopia Tecola Hagos, http://www.tecolahagos.com/staking_claim.htm

[99] Cohen, Ariel and Rafal Alasa, (2007) "Africa's Oil and Gas Sector: Implications for U.S. Policy," *Backgrounder* #2052, Jul 13, http://www.heritage.org/Research/Africa/bg2052.cfm

[100] National Intelligence Council, "External Relations and Africa," discussion paper, March 16, 2004, www.dni.gov/nic/PDF_GIF_2020_Support/2004_03_16_papers/external_relations.pdf (May 10, 2007)

[101] U.S. Department of Energy, Energy Information Administration, "U.S. Imports by Country of Origin," April 19, 2007, http://tonto.eia.doe.gov/dnav/pet/pet_move_impcus_a2_nus_ep00_im0_mbblpd_a.htm (April 19, 2007)

[102] Zhang, Chun (2006) "'Neocolonialism' label can not be pinned on China," Shanghai Research Center for International Issues, Nov 02, http://www.sinofile.net/saiweng/sip_blog.nsf/d6plinks/YZHI-6VB8J3

[103] "Africa**:** Oil Firms Plan Large African Investments," Oct 27, 2003, http://allafrica.com/stories/200310271010.html

years.[104] It owns a 40 percent stake in the joint venture Chevron Nigeria Limited (CNL) with NNPC which is the second largest oil producer in Nigeria and produces approximately 400,000 barrels per day.[105] Another American oil company Exxon-Mobil laid a $3.7-billion 670-mile oil pipeline from Chad to the Atlantic coast in Cameroon,[106] and also holds 40 percent shares of Mobil Producing Nigeria Unlimited with a yield of around 900,000 barrels per day.[107] Exxon alone invested nearly US$10 billion in three deep-sea oil exploitation projects in Angola in 2000.[108] The French oil company Total, one of the world's top four oil companies, plans to invest $10 billion in Nigeria and $5 billion in Angola during the next five years for oil exploration.[109] British/Dutch Shell owns 55 percent of the 30 billion barrels of oil reserves in Nigeria (since 2002), and 40 percent of the 2.2 million barrels of daily output in Nigeria.[110] In comparison, China's oil exploration and operations in Africa remain small. Currently, China's oil imports from Africa are less than one third of US oil imports from the continent.[111]

While Sino-African oil trade is developing rapidly due to the Chinese focus on partnering in infrastructure development, it is often viewed by Africans as more mutually beneficial than trade with OECD countries. For instance, at the end of 2003, PetroChina had invested $2.7 billion in Sudan, built 1506km in oil pipeline, a crude processing plant with an annual capacity of 2.5m tons, and several gas stations. This ensured that Sudan has a complete oil industry system from exploration, production, refining and transport to sales. In addition, China invested over $20 million to help the Sudan build other facilities including schools and hospitals. In comparison, Western companies have explored for oil for over 50 years in Nigeria. However, the country continues to import gasoline, and it does not have its own oil production and processing system. Western oil companies are also believed to pay less attention to infrastructure investment. China's energy policy in Africa is thus seen, for now, by both parties as being more fully implemented in ways which yield mutual benefits.

---

[104] Swindells, Steve (2004) "Chevron to Invest $20 Billion in African Oil, Natural Gas," The Oil Daily, Sep 30, http://goliath.ecnext.com/coms2/gi_0199-893254/Chevron-to-Invest-20-Billion.html
[105] http://en.wikipedia.org/wiki/Petroleum_in_Nigeria
[106] Silverstein, Ken (2003) "Pipeline's Profits May Bypass Africans**,"** *Los Angeles Times*, Jun 17, http://www.commondreams.org/headlines03/0617-06.htm
[107] http://en.wikipedia.org/wiki/Petroleum_in_Nigeria
[108] "US targets oil in Africa," (2005), *People's Daily Online*, Aug 05, http://english.peopledaily.com.cn/200508/05/eng20050805_200508.html
[109] Zhang, Chun (2006) "'Neocolonialism' label can not be pinned on China," Shanghai Research Center for International Issues, Nov 02, http://www.sinofile.net/saiweng/sip_blog.nsf/d6plinks/YZHI-6VB8J3
[110] http://en.wikipedia.org/wiki/Petroleum_in_Nigeria
[111] Zhang, Chun (2006) "'Neocolonialism' label can not be pinned on China," Shanghai Research Center for International Issues, Nov 02, http://www.sinofile.net/saiweng/sip_blog.nsf/d6plinks/YZHI-6VB8J3

5. Textile and Apparel Investments

A further element in the growth of China's trade and investment in Africa has been the continued use of African operations to in circumvent new trade restrictions specifically targeted against China following the removal of the Multi-Fiber Arrangement (MFA) in 2005. The situation is complex since immediately following the termination of the MFA, some of the quota hopping foreign investment induced to enter Africa to avoid trade restrictions on apparel imports in the OECD from China was induced to return to China. It has been the subsequent new restrictions against China (see Dayaratna-Banda and Whalley (2007)) under China's WTO accession terms that have induced new investment flows.

The Multi-Fiber Arrangement (MFA) was originally set up by European Union (EU), Canada and the US in 1974 to protect their clothing and textile industries from more efficient producers in Asia by capping the amount any country could export to them. Under successive MFAs, country and product coverage expanded as more developing-country exporters became involved and more categories of textiles and clothing were progressively added to the agreements. China's exports of clothing and textiles to OECD countries were highly restricted by MFA quotas before the removal of the MFA at the end of 2004. During the MFA implementation period, quota utilization rates in OECD countries for Chinese imports for the MFA category were extremely high, and some of them were nearly 100%.

One of the further effects of the MFA has been its generation of quota-hopping foreign investment (Whalley, 2006). In order to circumvent trade restrictions under the MFA, some Chinese clothing and textile firms moved production away from their newly quota-restrained homes to temporarily unconstrained countries. One of the areas especially suitable for quota-hopping foreign investment was Sub-Saharan Africa.

Africa's textile and apparel sector also benefited from the US Africa Growth and Opportunity Act (AGOA) in May 2000 that allowed textile exports of 38 eligible African countries with tariff and quota exemptions if they meet certain rules. Those included a restriction that the product's raw materials originate either in the exporting country or in the US. But African countries categorized as least developed[112] were exempt from this additional requirement. Their products are allowed duty-free access into the US market under the condition that the final assembly of the textile products takes place in the exporting country, no matter where the yarn spinning, fabric weaving or knitting occurs. This opening in the U.S. clothing market created a ready market for AGOA countries.

These advantages for those African textile-exporting countries of less constrained quotas and preferential market access into the EU and the US attracted investments from many Chinese companies. By way of example, textiles and clothing became Lesotho's economic mainstay, which at one point employed 56,000 workers — accounting for virtually every manufacturing job in the country. Between 1999 and 2001, US imports from Kenya, Lesotho, Madagascar, Mauritius and South Africa increased by 66 percent.

[112] The least developed country is the country with per capita incomes of $1,500 or less in 1998.

From 2001 to 2004, the average increase of Lesotho exports to the U.S. was over 85 percent. In 2003, Africa exported $1.2 billion of clothing and textiles to the US, a 50 percent increase from the previous year. The market share of sub-Saharan Africa in the U.S. textiles market increased between 2002 and 2004. China has been credited with promoting Africa exports in both textiles and clothing in this process.

The MFA termination in Jan 2005 brought sharp product specific increases in China's exports to the U.S. and the EU in the initial 4 month period (January –April 2005). While the aggregate exports of clothing and textiles surged substantially to both the U.S. and the EU in this period, the largest percentage and absolute surges came from China. And these increases were accompanied by the fall in the market share of non Asian suppliers, including sub-Saharan Africa. During the first quarter of 2005, textile and apparel exports from Africa to the U.S. fell to $270 million from $370 million during the same period the year before, and the market share of sub-Saharan Africa in the U.S. textiles market dropped in the year of 2005.

Although the Agreement on Textile and Clothing (ATC)[113] ended the MFA and aimed to eliminate quotas and increase developing countries' access to the previously protected markets of developed countries, it also allowed developed countries to apply special safeguard measures under certain conditions by introducing new trade restrictions if their domestic industries were believed to be threatened by the liberalized imports. Such new restrictions were also facilitated by China's WTO accession terms. As a result, after substantial increases in China's textile and clothing exports to the U.S. and the EU in the first quarter of 2005, a series of new restraints on textile and apparel exports against China successively appeared. These new restraints have been termed the China Containment Agreements (CCAs) by Dayaratna-Banda & Whalley (2007). In accordance with the terms of China's WTO accession protocol, a special safeguard mechanism similar to MFA aiming at preventing a surge of China's exports remains in effect until Dec 31, 2008. In addition, product-specific safeguards which allowed for restrictions to prevent market disruption caused by any specific products, as well as anti-dumping measures were also used by developed countries to contain Chinese textile and apparel exports.

By late summer of 2005, the U.S. made use of China's WTO accession protocol to force China to accept new growth rate quotas. The new agreement re-imposed quotas on 34 product categories and major import products (shirts, trousers and underwear) are all covered by the new restrictions. The EU followed and then reached a similar agreement with China in the early autumn of 2005. Effectively, the CCAs have placed China's textile and clothing sector in a similar situation to the old MFA era.

Although these post MFA quotas are generally higher than the older MFA quotas and covered fewer categories, they were effective in significantly slowing further export growth by China. In 2005, aggregate imports of textiles and clothing by both the U.S. and the EU increased at modest rates (6 percent for U.S. clothing imports, 1 percent for U.S.

[113] The Agreement on Textile and Clothing (ATC) was concluded in the Uruguay Round negotiations in the World Trade Organization.

textiles imports, 6 percent for EU clothing and textiles imports). Due to the CCAs, Chinese export growth under the imposition of new restrictions fell from that of the immediate post MFA period of 2005. In total, over 12 months on from January 2005, China's textile and clothing exports increased, but only at a modest rate of 8 percent for the U.S. and 7 percent for the EU (Whalley, 2006).

The impacts of the CCAs on China's FDI investment parallel those of the MFA. The large volume and share surges into the U.S. and the EU markets in 2005 have been much reduced in percentage terms in 2006 (Dayaratna-Banda & Whalley, 2007). China's textile and clothing exports to the U.S. rose slightly in 2006. This was due in large part to the surges in products not covered by the agreements. China's share in the U.S. markets in restricted categories remained at 25 percent in value terms and 28 percent in volume terms in 2006, and even several key restricted categories of products show negative growth in 2006, but shares in unrestricted categories of products rose substantially from 26 percent in 2005 to 46 percent in 2006. Although overall EU apparel imports rose in 2006, EU imports from China in knitted clothing categories declined by 2 percent in 2006 compared to an increase by 53.76 in 2005. In woven clothing categories, EU imports from China rose only by 4.69 percent in 2006 compared to 39.32 percent increase in 2005. Chinese quota in the EU in 2006 was nearly fully used by mid-summer. In contrast, other Asian countries' exports rose considerably in this period. These show that China's exports have suffered in the U.S. and EU markets in 2006 due to CCAs.

Therefore, most of the responses to the MFA, including quota-hopping foreign investment, are still presented under the CCAs. So far, AGOA countries still hold a significant advantage in sectors where duty-free exports to the US are allowed since average US tariffs amount to 17 percent of the landed value of products, with cotton products averaging 13 percent and synthetics 25 percent for non-AGOA countries. In order to circumvent the quota limitation under CCAs, Chinese firms have kept using AGOA countries production to get preferential tariff treatment in the U.S. after MFA abolition.

6. Other considerations and concluding remarks

China's rapid growth and now its growing presence in Africa is the main focus of this paper. In the text, we document its content, coverage and speed of change. Africa has clearly gained, and most likely significantly from this interaction with China. And somewhat paradoxically, China with GDP per capita of perhaps US$1,800 (rather than the OECD with incomes per capita of around US$30,000) is now poised to become a major source of new developmental finance in Africa.

There are, however, other evaluations offered elsewhere of this growing presence not discussed above. One is the claim that despite all the benefits, China's growing presence is also co-mingled with responses to attempts to discipline corrupt practices at home and this amount to exported corruption. Stories of Chinese enterprises approaching African governments offering reserve financed low interest loan infrastructure projects on conditions that contracts are awarded to specified Chinese enterprises tend to underscore such concerns, and emphasize the incentive to conduct business lax accounting standard jurisdictions in Africa. Another is claims by local unions of low wage employment of local workers on the continent by Chinese enterprises, and even displacement of local labor by arriving Chinese labor. Both arguments have been used to suggest negative consequences follow for Africa from a growing Chinese presence.

In the bigger picture, however, we would argue that such claims have to be seen alongside the large benefits flowing to Africa from China's involvement. Whether or not corruption at home motivates some amount of FDI, Africa seems to benefit. Meanwhile, labor adjustments from Chinese FDI appear to be small, especially given the large FDI in oil and resources. The bottom line would seem to be that large trade and investment benefits have already accrued to Africa from China's growing presences, and more seem poised to follow. China in Africa is thus seemingly a highly positive story for Africa and also offers an even more promising future for the continent.

Bibliography

Africa Programme (2003). *Opening a Sino-US Dialogue on Africa*, Washington DC: CSIS

Blair, David (2005) `Oil-Hungry China Takes Sudan under Its Wing,' *The Telegraph*, April 23, 2005.

Broadman, Harry (2007) "Africa's Silk Road: China and India's New Economic Frontier. Washington DC: The World Bank.

China Brief, Jamestown Foundation, Volume 7, Issue 7 (April 5, 2007)

China Daily (2005) `3/21 China's economy to grow 8% annually from 2006 to 2010.'

`China, Nigeria Sign Oil Supply Pact' (2005), *Xinhua News Agency, 9* July.

Dayaratna-Banda, OG and John Whalley (2007), "After the MFA, the CCAs (China Containment Agreements)," *Asia Trade Review*, Vol.3, No.1, pp.27-54

Direction of Trade Statistics Yearbook 2006, IMF

Don Lee, Don (2004) `China Barrels Ahead in Oil Market,' *The Los Angeles Times*, November 14, 2004.

Erica Downs, Erica (2004) "The Chinese Energy Security Debate", *China Quarterly*, no. 1777, March: 21-41.

French, Howard (2004) `China in Africa-All Trade, with No Political Baggage,' *The New York Times*, August 8.

Goodman, Peter (2004) `China Invests Heavily in Sudan's Oil Industry*' The Washington Post*, December 23

He, Wenping, 2006, "China-Africa Relations Moving into an Era of Rapid Development," in: Africa Institute of South Africa, Inside AISA, Oct/Dec., pp.3-6.

http://allafrica.com/stories/200506200960.html

http://bic.cass.cn/English/InfoShow/Arcitle_Show_Conference_Show.asp?ID=364&Title=Africa%20Beyond%202000&strNavigation=Home-%3EForum&BigClassID=4&SmallClassID=11

http://www.atimes.com/atimes/China/IL13Ad01.html

http://en.wikipedia.org/wiki/Sino-African_relations http://en.wikipedia.org/wiki/Foreign_exchange_reserves

http://panafricannews.blogspot.com/2006_10_01_archive.html

http://web.worldbank.org/WBSITE/EXTERNAL/NEWS/0,,contentMDK:21052520~pagePK:64257043~piPK:437376~theSitePK:4607,00.html

http://www.american.com/archive/2006/november/chinas-new-scramble-for-africa

http:// www.bloomberg.com, November 3, 2006

http://www.bjreview.com.cn/expert/txt/2006-12/15/content_50879.htm

http://www.cfr.org/content/publications/attachments/Africa_Task_Force_Web.pdf

http://www.csmonitor.com/2007/0202/p06s01-woaf.html

http://www.csmonitor.com/2007/0209/p01s04-woaf.htm

http://www.evancarmichael.com/African-Accounts/1667/IIC-Other-DebtCreating-Financial-Flows-TRADE-AND-CAPITAL-FLOWS-BETWEEN-CHINA-AND-AFRICA.html

http://www.fanrpan.org/newsflash.php?archive=2

http://www.ids.ac.uk/ids/global/AsianDriverpdfs/DFIDAgendaPaper06.pdf

http://www.iht.com/bin/print?id=4881100

http://www.imf.org/external/pubs/ft/wp/2007/wp07211.pdf

http://www.oecd.org/document/17/0,2340,en_2649_33721_38341265_1_1_1_1,00.html

http://www.jamestown.org/terrorism/news/uploads/cb_007_007a.pdf

http://www.mofcom.gov.cn

www.palgrave-journals.com/development/journal/v50/n3/full/1100407a.html

http://www.pnl.gov/aisu/pubs/engenvup.pdf

http://www.poptel.org.uk/mozambique-news/newsletter/aim335.html#story7

http://www.rice.edu/energy/publications/docs/AsianEnergySecurity_MainStudy.pdf http://www.tralac.org/pdf/20070220_TheAfrican_TradingRelationship_with_China.pdf

http://www.uk.cn/uploadfiles/2006428172021581.doc

http://www.unctadxi.org/templates/Pages_1006.aspx

IMF Direction of Trade Statistics, 2005

Jenkins, R. C. Edwards (2005), The Effect of China and India's growth and Trade Liberalization on Poverty in Africa, Department of International Development, DCP 70, London: DFID

Lennon, J (2004), *Overview of Chinese Commodities*, London: Macquarie Research Metals and Mining

Linebaugh, Kate and Oster, Shai (2006) `CNOOC Pays $2.27 Billion for Nigerian Oil Gas Stake,' *The Wall Street Journal*, January 10.

McLaughlin, Abrajam "A Rising China Counters U.S Clout in Africa," *The Christian Science Monitor*, March 30, 2005

MOFCOM Statistics

OECD Development Center, 2006

Sandrey R. (2006), "The African Trading Relationship with China." Cape Town: *Trade Law Centre for Southern Africa*

`The Host with the Most' (2007), *The Economist*, May 19-25.

UNCTAD Handbook of statistics 2006-07

UNCTAD/UNDP, Asian Foreign Direct Investment in Africa: Towards a New Era of Cooperation among Developing Nations, New York, March 2007

UNCTAD, World Investment Report 2007: Transnational Corporations, Extractive Industries and Development

U.S Department of Energy, Energy Information Agency (2005), Country Analysis Brief: China.

Whalley, John (2006), "The Post MFA Performance of Developing Asia," NBER working paper No.12178

World Bank (2004), Patterns of Africa-Asia Trade and Investment, Potential for Ownership and Partnership, Africa Region Private Sector Group, Washington: World Bank. Vol. 2

York, Geoffrey, `China, Africa Forging Closer Ties.' *Globe and Mail, 10* November, 2006

Yi Ding, Chen "A Research on Economic Globalization and its Influences to Overseas Chinese Economy", *World Regional Studies*, vol. 12, no.3, September 2005