

AFRICA AND CHINA

Introduction

China's GDP has increased ten-fold over the last three decades. After surpassing Canada, Italy, France and Great Britain, it should soon catch up to Germany. Its influence on the reconfiguration of international dynamics is remarkable and it intends to play a key role. Even though it is not the key issue, Africa is a part of this strategy.

As the third-ranking trading partner, strategic investor, development partner and future financial source, China is shaking up the balance of power established on the continent since independence. The impact is so great that traditional partners - Europe and the United States in particular - are forced to review their relations with Africa. This chapter of the Atlas on Regional Integration in West Africa examines the issues involved in these new dynamics. Contrary to other chapters, it focuses on the entire continent, even though West Africa is studied whenever possible. The Chinese strategy is first and foremost African. It is probable that within a few years, West African particularisms and the much greater presence of China in this region, will justify a more specifically West African focus.

I. The Poor Brothers

Geopolitical Issues

In the early 1950s, the People's Republic of China supported the developing decolonisation process and even aspired to form a "united front" with the African, Asian and South American peoples against imperialism. The Bandoeng conference¹ provided the opportunity to forge links with the African continent or at least with independent States². The first official bilateral contacts were made shortly afterwards, firstly with Egypt in 1956, then with four other newly independent countries: Algeria, Morocco, Sudan and Guinea.

Although China and the Soviet Union had cooperated to "lead Africa to revolution," their goals now diverged. The USSR launched into "peaceful coexistence", putting peace and

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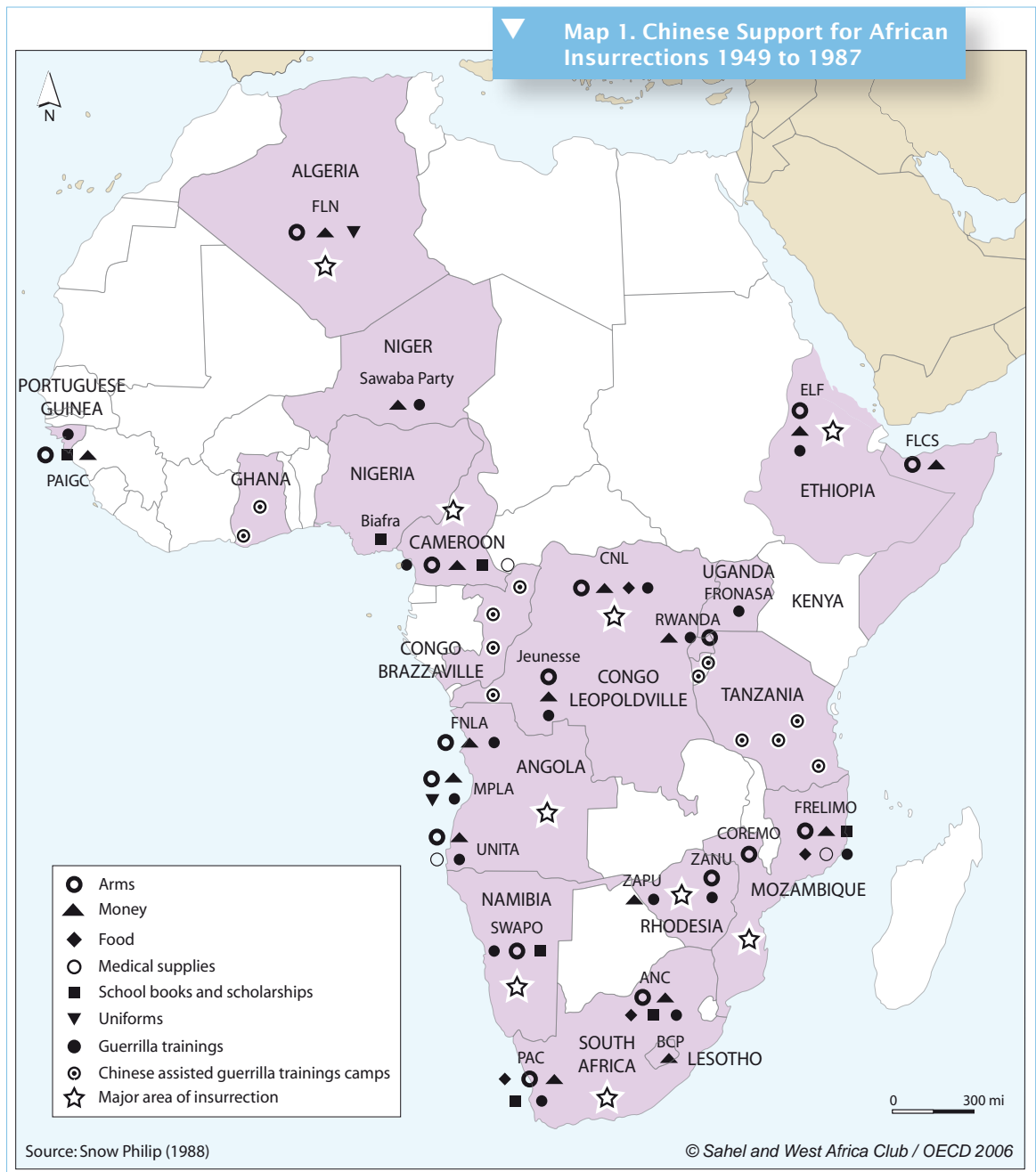
1. Organised in April 1955 in Java (Indonesia), the Bandoeng Conference launched the «non-aligned» movement. Sub-Saharan Africa, still under the colonial control, was not strongly present (besides Côte de l'Or - ex-Ghana - Liberia and Ethiopia).
2. Aicardi de Saint Paul, Marc (2004) *La Chine et l'Afrique entre engagement et intérêt*.

disarmament at the top of its strategic foreign affairs agenda. China's policy was to provide military and financial support to nationalist movements³ (see Map 1). At the end of the 1960s, of the 41 independent African countries, 19 maintained official relations with Beijing as opposed to just 5 ten years prior. However, China's ambitions in Africa were limited by its systematic opposition to the USSR and western interests; it distanced itself from countries close to the Soviets or Americans: Tunisia, Kenya, the Central African Republic, Dahomey (Benin).

Africa is also where the rivalry between the People's Republic of China and Taiwan⁴ was played out. In 1971, China obtained one of the five permanent seats on the UN Security Council to the detriment of Taiwan partly due to the support of African countries. Of the 76 votes obtained at the 1971 UN General Assembly, 26 were from African countries. Mao Zedong said: "We entered the UN owing to the support of the poor brothers of Asia and Africa who supported us"⁵.

This victory gave new impetus to its African policy and during the 1970s new States were recipients of Chinese aid: Benin, Mauritius, Madagascar, Nigeria, Rwanda, Togo, Tunisia, Zaire, Senegal, Upper Volta and Cameroon. By the early 1980s, 44 African States had established diplomatic relations with Beijing. Chinese activism in the region slowed down during the 1980s due to the improvement in East-West relations. Subsequently, several countries (Liberia, Lesotho, Guinea Bissau, Central African Republic, Niger, Burkina Faso, the Gambia, Senegal, Sao Tome and Principe, Chad) re-established close ties with Taipei in the early 1990s. However, some of them also re-established ties with Beijing soon after:

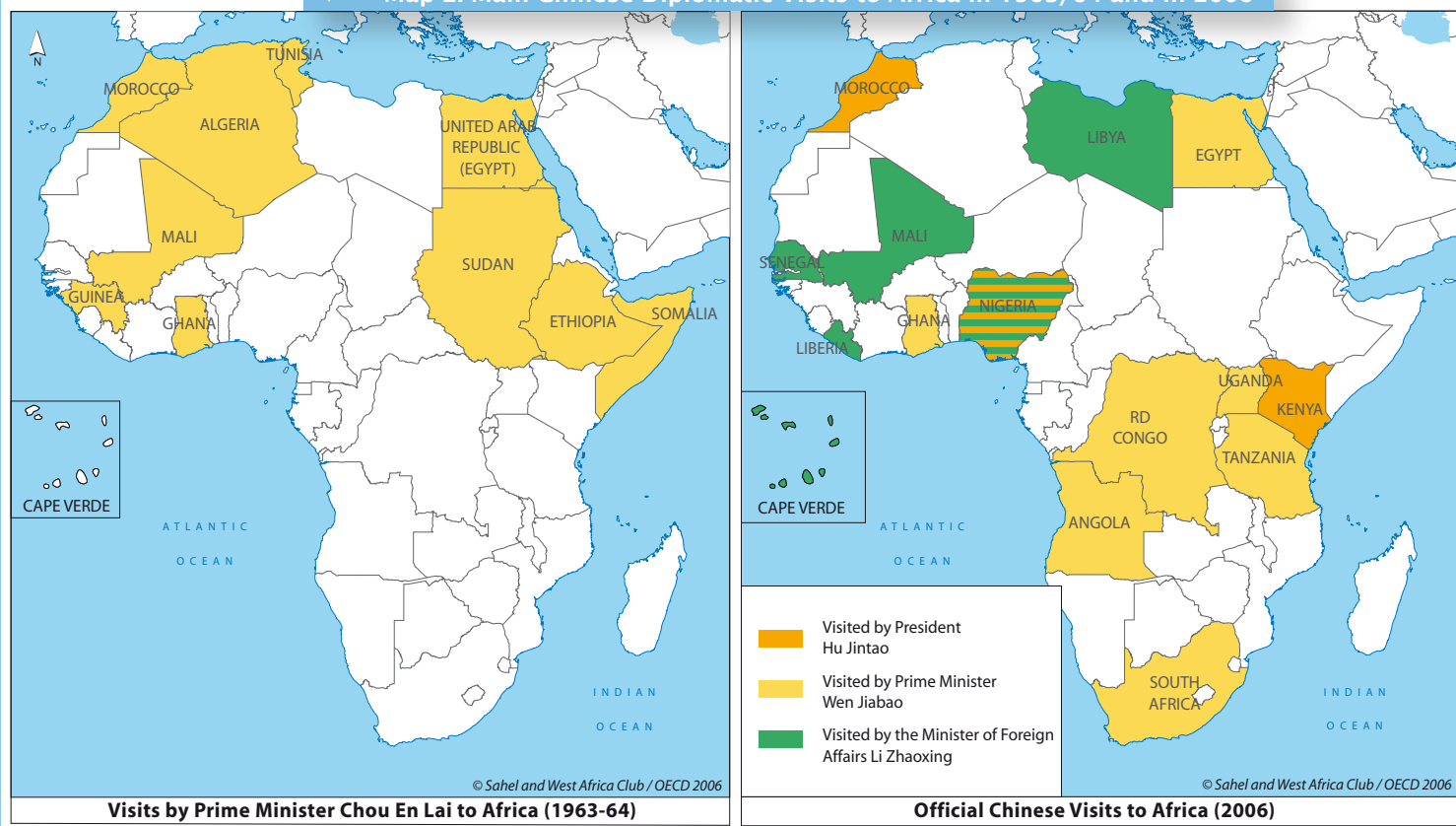
3. At the opening of the 8th Chinese Communist Party (CCP) convention in 1956, Mao declared: "We must give active support to the national independence and liberation movements in Asia, Africa, and Latin America, as well as to the peace movement and righteous struggle in all countries throughout the world" (W.A.C. Adie (1964): *Chinese Policy towards Africa*).
4. This rivalry dates back to the Chinese Civil War (1946) when nationalists were forced off the mainland to the island of Formosa. Since then the reunification of Taiwan with mainland China has been a key issue for Beijing.
5. Zhang, Hongming (2000) *La politique africaine de la Chine*.



6. Lafargue, François (2005) *La Chine et l'Afrique: un mariage de raison*.

Lesotho in 1994, Niger in 1996, Central African Republic and Guinea Bissau in 1998. In the same year, Taipei also lost its main supporter, South Africa, which had sought to convince the People's Republic of China of dual recognition⁶. Following the recent turnaround of Senegal (2005) and Chad (2006), only five States still recognise the island of Formosa (Taiwan): Burkina Faso, the Gambia, Malawi, Swaziland and Sao Tome and Principe. Taiwan's diplomatic isolation is currently undeniable. In contrast, the development of political relations between the People's Republic of China and the African continent is increasing significantly (see Map 2).

Map 2. Main Chinese Diplomatic Visits to Africa in 1963/64 and in 2006



Visits by Prime Minister Chou En Lai to Africa (1963-64)

Official Chinese Visits to Africa (2006)

Aid

Between the 1960s and the early 1980s, the People's Republic of China was already providing development aid (approximately \$100 million per annum). During that time, 150,000 Chinese technical assistants were sent to Africa to implement projects in the areas of agriculture, transport infrastructure development (roads and railways⁷), construction of official buildings (football stadiums), industrial development (almost half of Mali's industrialisation process during the 1960s was supported by China). This aid was modest however compared to the sums provided by other bilateral partners: between 1971 and 1981, Great Britain, the United States and France spent \$250 million, \$800 million and \$1,300 million respectively each year⁸.

The first Sino-African forum (consultative process launched in Beijing in 2000) launched a new era. In the span of six years, several hundred

7. These projects included the construction of the Tam-Zam railway, the most emblematic involvement of China in Africa during that period. In the middle of the cultural revolution, in 1967, the Chinese Minister in charge of aid and cooperation signed a formal commitment to build and finance the line linking Zambia to the Indian Ocean coast in Tanzania. In 1970, Zambia and Tanzania received an interest-free loan of \$400 million and Chinese engineers started to lay the first milestones of the railway. For five years, almost 25,000 technicians were involved in building almost 300 bridges, 10 km of tunnels, 96 railway stations, etc.

8. Snow, Philip (1988) *The star raft: China's encounter with Africa*.

cooperation agreements for economic assistance (technical cooperation, project aid and budgetary aid) to African countries are approved. Since 2000, several protocol agreements were signed to cancel all or partial debt totalling \$10 billion⁹. The cooperation framework has been strengthened, as demonstrated by the success of the third Sino-African summit in November 2006, with 48 African countries present. China is now ahead of other emerging Asian countries (India, Singapore, Thailand, etc.) and rivals OECD Member countries by announcing in 2005 \$10 billion in concessional loans to Africa for the 2006-2008 period. Are the recent commitments by the G-8 to Africa related to China's growing interest in Africa? This situation sets the stage for a new balance of power within which Africa will be better able to negotiate with external development partners.

II. Partners

Trade

In 1978, the economic and social reforms led by Deng Xiaoping put China on track towards globalisation. Today, the country's growth (on average 10% per year for over 20 years) is driven by exports in low-cost goods. The competitiveness of its export products and its raw material requirements are changing the parameters of the global economy. Even if it does not represent a key issue for the Chinese economy, Africa is directly affected by these upheavals.

Trade with Africa has increased considerably: it increased 50-fold between 1980 and 2005 reaching \$40 billion. However, this trade barely represents 2.5% of Chinese foreign trade. From an accounting point of view, Africa remains a marginal trading partner for Beijing. From the African perspective, the dynamic is quite different: practically nil 25 years ago, by 2004, China had become Africa's third-ranking trade partner, after the United States and France. In the span of one decade (1993 to 2004), it has successively surpassed Portugal, Japan, India, Italy, the UK and Germany (see Figure 1). Generally, since 1993, Africa imports more from China - mainly everyday consumer goods - than it exports to it - mainly oil and raw materials (see Figures 2 and 3). However, the situation varies in each region; China is clearly an importer with respect to Central Africa and Southern Africa which have major mining resources, especially oil (see Table 1).

9. As a comparison, the initiative favouring the Heavily Indebted Poor Countries (HIPC) Initiative has approved up to now the cancellation of debt of 29 countries of which 25 are African with a total amount of 35 billion US dollars. Moreover, in June 2005 the G8 proposed that three multilateral institutions - the IMF, the International Development Association (IDA) of the World Bank, and the African Development Fund (AfDF) - cancel 100 percent of their debt claims on countries that have reached, or will eventually reach, the completion point under the joint IMF-World Bank enhanced HIPC Initiative so as to free up additional resources to help these countries reach the Millennium Development Goals (MDGs).

Figure 1. Africa's Main Trading Partners

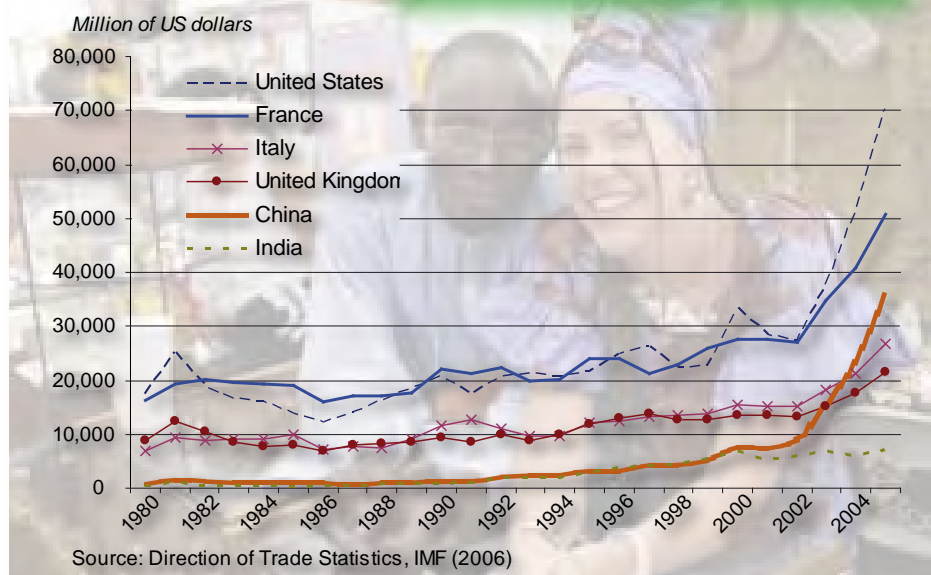
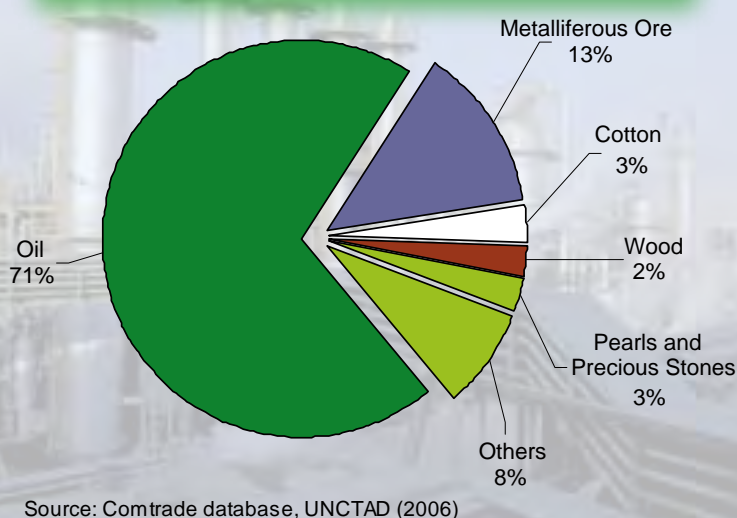


Figure 2. Main Chinese Imports from Africa in 2005



With regard to West Africa, practically all exports to China consist of oil and cotton. Yet these two commodities do not have the same status: cotton¹⁰ is a strategic supply source for the Chinese textile industry whereas West African oil is a marginal supply source for China (see Table 2).

Within a few years, China has thus become the leading trading partner for the exports of major cotton producers (Benin, Burkina Faso, Mali, Chad). Conversely, West African imports

10. See the Chapter in the Atlas dedicated to Cotton.

Figure 3. Main Chinese Exports to Africa in 2005

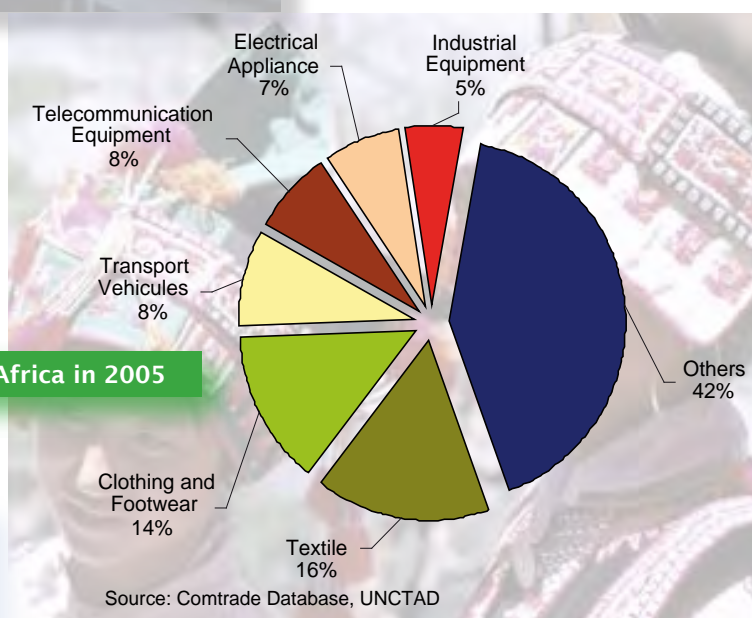


Table 1. Chinese Trade with African Sub-regions* (average 1993-2004)

Millions US dollars	Imports	Exports
North Africa	816	1,564
West Africa	257	1,568
Central Africa	841	71
East Africa	51	401
Southern Africa	2,239	1,311
Africa	4,205	4,916

* Sub-regions as defined by the African Union.

Source: Compiled Data from the Direction of Trade Statistics, IMF (2006)

from China continue to increase (see Table 3). With its sizeable population (300 million in 2006, i.e. a third of the continent's population), West Africa is an attractive consumer market for Chinese products. Nigeria alone represents 45% of the regional population and imports 42% of Chinese exports to West Africa. Besides Nigeria, the main destinations for China's exports,

Table 2. Oil and Cotton in Chinese Imports from Africa (2004)

Chinese Imports	Africa		West Africa	
	Billions US dollars	%	Billions US dollars	%
Oil	10.1	64.2%	0.65	44.8%
Cotton	0.7	4.2%	0.60	37.8%
Others	4.9	31.6%	0.25	17.4%
Total	15.7	100%	1.50	100%

Source: Comtrade Database, UNCTAD (2006)

in decreasing order, are Benin (15%), Ghana (9%), Togo (8%), Côte d'Ivoire (7%) and the Gambia (3%). The share of goods imported from China by Côte d'Ivoire and Ghana seem proportional to their population. However, the respective intensity of trade with Benin, Togo and the Gambia is greater in terms of the market size. This situation is due to their transiting of trade to neighbouring countries.

Investments

The participation of the African continent in the International Division of Labour (IDL)¹¹ has been limited. Financial investments, mainly in the form of foreign direct investments (FDIs), remain low (3% of global FDI in 2004) and vary considerably from year to year (see Map 3). Although the United Kingdom, the United States and France remain the leading investors in Sub-Saharan Africa, new countries in East Asia, South America and even South Africa are interested in the emerging opportunities on the continent. Among these countries, China contributed 0.7% of FDI in Africa between 1979 and 2002.

Between 1979 and 2002, almost 10% of Chinese foreign direct investment was in Africa (see Table 4). Over that period, six African countries were among China's top 30 partners, including two West African countries (Nigeria and Mali)¹². Until 1995, the focus was strongly on southern Africa. Since then, however, the scope of Chinese investments in Africa has broadened.

Recently, the trend has intensified and China could become a major player in the future. In 2004, Chinese FDIs were more than \$900 million of the total \$15 billion in FDI received by Africa. These investments should continue over the coming years for two concomitant reasons. Firstly, the gradual lifting of restrictions on the Chinese government, in order to prevent the increase in currency reserves from putting

Table 3. China's Position in African Foreign Trade Between 2000 and 2005

	Exports		Imports	
	2000	2005	2000	2005
Benin	33	1	4	4
Burkina Faso	50	1	18	12
Cameroon	5	12	8	4
Cape Verde	-	-	14	15
Chad	47	2	22	8
Côte d'Ivoire	58	21	-	4
The Gambia	-	21	1	1
Ghana	19	8	9	2
Guinea	35	17	6	1
Guinea Bissau	14	-	5	8
Liberia	7	11	8	5
Mali	37	1	6	4
Mauritania	19	24	6	4
Niger	-	-	5	9
Nigeria	19	16	8	1
Senegal	11	15	10	7
Sierra Leone	-	10	7	5
Togo	43	-	10	2

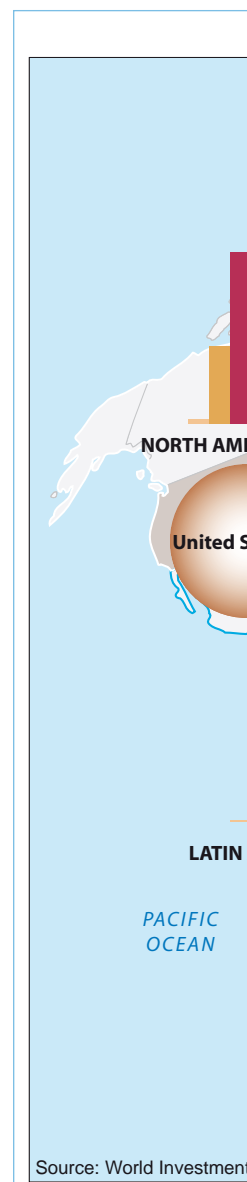
Source: Comtrade Database, UNCTAD (2006)

11. The International Division of Labour is the breakdown of production activities between the world's nations.
12. However, the Ministry of Commerce of China do not include all of China's direct investment. To get a general picture, mainland China outward FDI should reach around \$40 billion (data provided by UNCTAD) whereas those recognised by the Chinese Ministry (officially approved outflows) only represent a quarter of this amount. By including Hong Kong, the financial hub for mainland China, FDI stock will reach 450 billion US dollars. Moreover, a share of foreign direct investment would be financed by former Asian residents in African countries and are thus included in private transfers in terms of balance of payments. According to the studies conducted on Tanzania or Uganda, 20% or 30% of direct investments made by China in these countries are accounted as private transfers. See Bhinda Nils, et al (1999) *Private capital flows to Africa: perception and reality.*

Table 4. China's Approved FDI Outflows, by region

Rank	Region	Number of projects	Accumulated value (1979-2002) \$ million
1	Asia	3,672	5,482
2	North America	847	1,270
3	Africa	585	818
4	Latin America	362	658
5	Europe	1,194	561
6	Oceania	300	550
	TOTAL	6,960	9,340

Source: Ministry of Commerce of China, in « *China: an emerging FDI outward investor* » (2003)



Source: World Investment

Table 5. Chinese Foreign Direct Investments in Selected African Countries (2002)

	Inward FDI stocks (\$ million)	Chinese FDI stocks (\$ million)	Proportion (%)
Cameroon	1,505	16	1.1
Ghana	1,610	19	1.2
Mali	523	58	11
Nigeria	22,570	44	0.2
South Africa	29,611	125	0.4
Tanzania	2,335	41	1.8
Zambia	2,241	134	6.0

Source: Jenkins, R. (2006) *The economic impacts of China and India on Sub-Saharan Africa: trends and prospects*

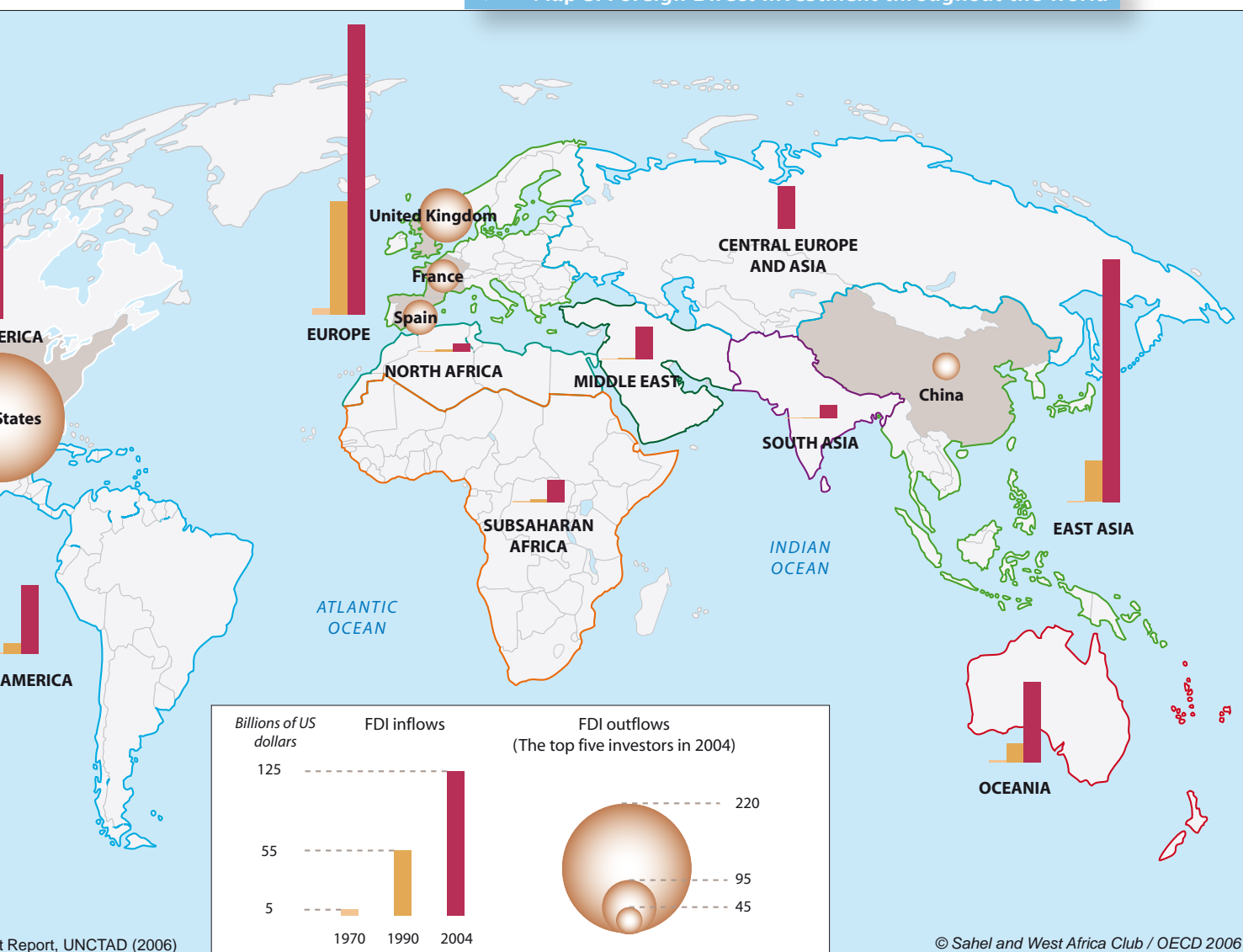
pressure on interest rates, should favour growth of investments outside the country. Secondly, China has made firm commitments to facilitate trade and investment in the African continent.

According to the results of a survey carried out in 2000 on 100 Chinese multinationals, Africa is a priority market for a third of them¹³.

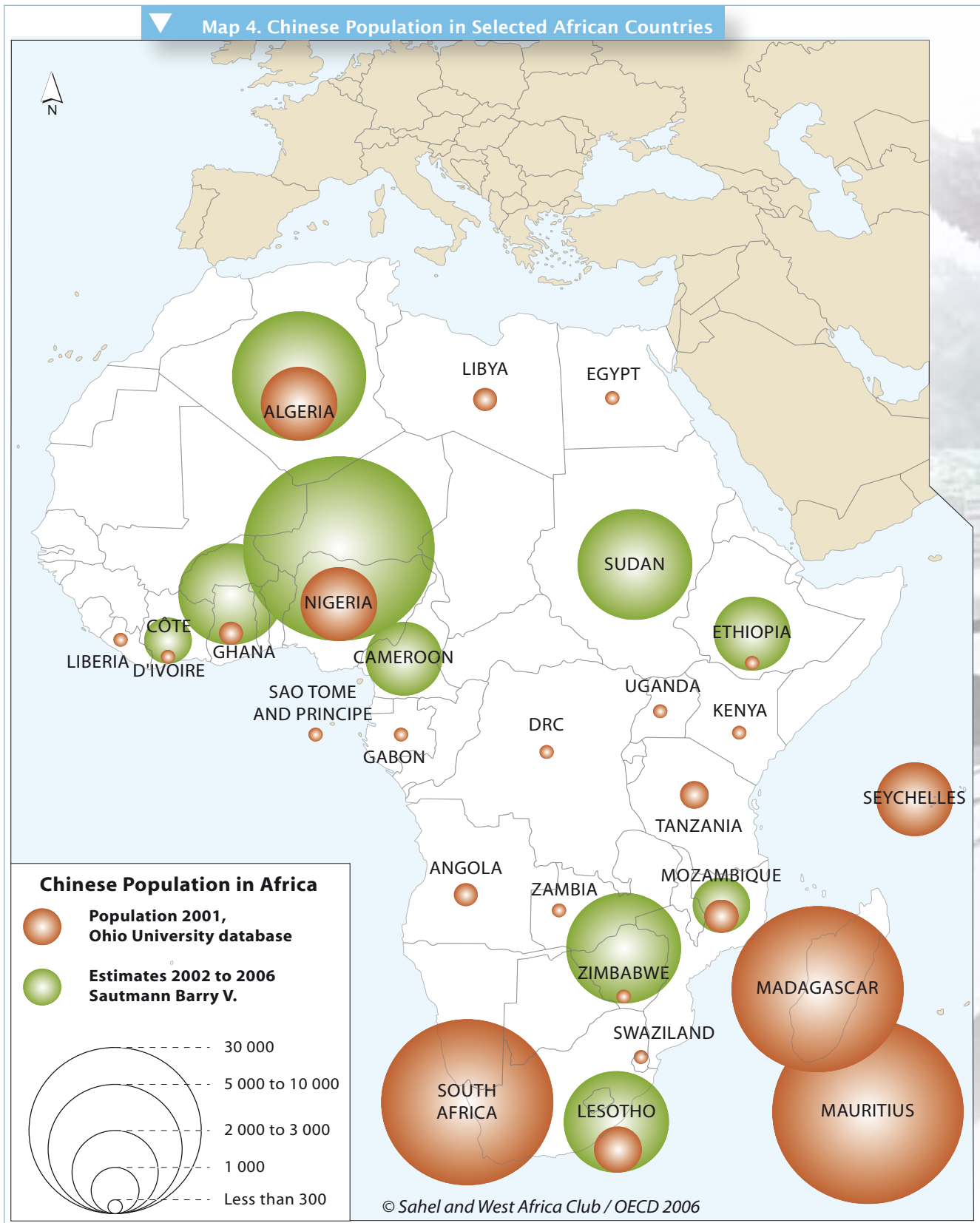
Between 650 and 750 Chinese companies are now established in Sub-Saharan Africa. The main investment sector is oil. But, many other sectors, viewed as high potential or profitable, attract strong capital flows from Beijing, Shanghai and elsewhere: mining, fishing and exotic wood, manufacturing industries as well as infrastructures (roads, railway, ports, airports,

13. UNCTAD (2003) *China: an emerging FDI outward*, p 9.

Map 3. Foreign Direct Investment throughout the World



telecommunications, etc.). Of the thousands of projects executed in Africa, 500 are exclusively conducted by the *China Road and Bridge Corporation* construction company. The *ZTE Corporation* (Chinese group specialising in telecommunications, established in 1985) is launching into several African countries.



14. Ma Mung, Emmanuel (2006) *Deux migrations : l'une ouvrière, l'autre commerçante.*
15. Ibid.
16. Igue, John (to be published) *Impact de la Chine et de l'Inde sur les économies africaines : Cas du Bénin, du Burkina Faso et du Ghana.*
17. As a comparison, there are 35 million Chinese immigrants throughout the world.
18. Airault, Pascal (2006) *Ils ont choisi l'Afrique.*
19. The Three Gorges dam is located in the middle of mainland China on the Yangzi-Jiang River.

Migration

Historically, Chinese migration to Africa goes back to the nineteenth century during the “Coolie trade” when Chinese migrants worked in the South African mines or sugar plantations on islands in the Indian Ocean. They sometimes replaced slaves that had been freed with the abolition of the slave trade¹⁴. It is in fact in these areas that the strongest diasporas are found in Africa (see Map 4). Over the past four decades, China has sent on temporary missions between 15,000 and 20,000 technical assistants in the medical sector and 10,000 agricultural specialists, among others.

In recent years, two new phenomena have occurred. Firstly, labour migration follows the penetration rate of companies; *companies arrive with their own site and workforce*¹⁵. Part of this workforce, undoubtedly a tiny minority, never returns home once the work is completed and becomes part of the illegal immigrant environment. Secondly, individual migrations of small entrepreneurs, often traders, restaurant owners, etc. are developing. This migration originates in China as well as European countries, France in particular. This trend is quite recent. Established in African towns, Chinese immigrants set up small businesses and import everyday consumer goods such as electronic appliances, textiles and clothing and compete with local traders. Social tensions could flare up between African and Asian retailers¹⁶. How many Chinese people now live in Africa? There are no reliable figures: the Chinese authorities officially identify 78,000 workers on the continent. Other sources estimate that the Chinese diaspora in Africa – including descendents – could reach approximately 500,000¹⁷, including 150,000 holding a Chinese passport. Most come from the People’s Republic of China but there are also Taiwanese and immigrants from Hong Kong who arrived before the reintegration of the former British enclave¹⁸.

III. Current issues

Oil

Economic recovery and the demographic weight of China demand higher energy consumption than in the past. The structure of this demand historically depends on coal consumption, for which China is the world’s leading producer. By the next generation, coal consumption will still dominate the Chinese energy profile. However, that does not prevent the country from developing other options whether through hydroelectricity (the construction of the Three Gorges dam¹⁹ is an illustration of this), nuclear energy, gas and ... oil. Oil, which is used in transportation and industry, is the country’s second source of energy. Its demand has increased since the 1970s, to such a point that China has become a net importer since 1993.

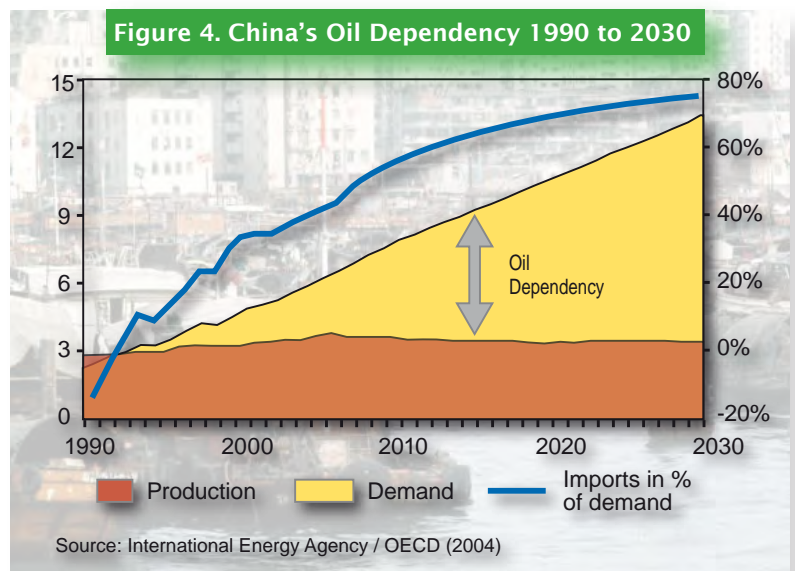
In 2005, China is the second largest consumer of oil in the world with more than 6 million barrels/day behind the US (20 million barrels/day)

and ahead of Japan (5 million barrels/day). By 2030, experts forecast that Chinese demand could exceed 13 million barrels/day (of which 80% would be imported). These significant volumes force China to be more active diplomatically and economically in the petrol sector with respect to other consumer countries. The Middle East is the major supplier to the Chinese economy. Considering the geopolitical tensions in the region, especially since 11 September 2001 and the American offensive in Iraq, Beijing has tried to diversify (see Map 5) and secure its oil imports. This has had a significant impact on the regional (Central Asia, Southern Asia and Russia) and international (South America and Africa) geopolitical situation.

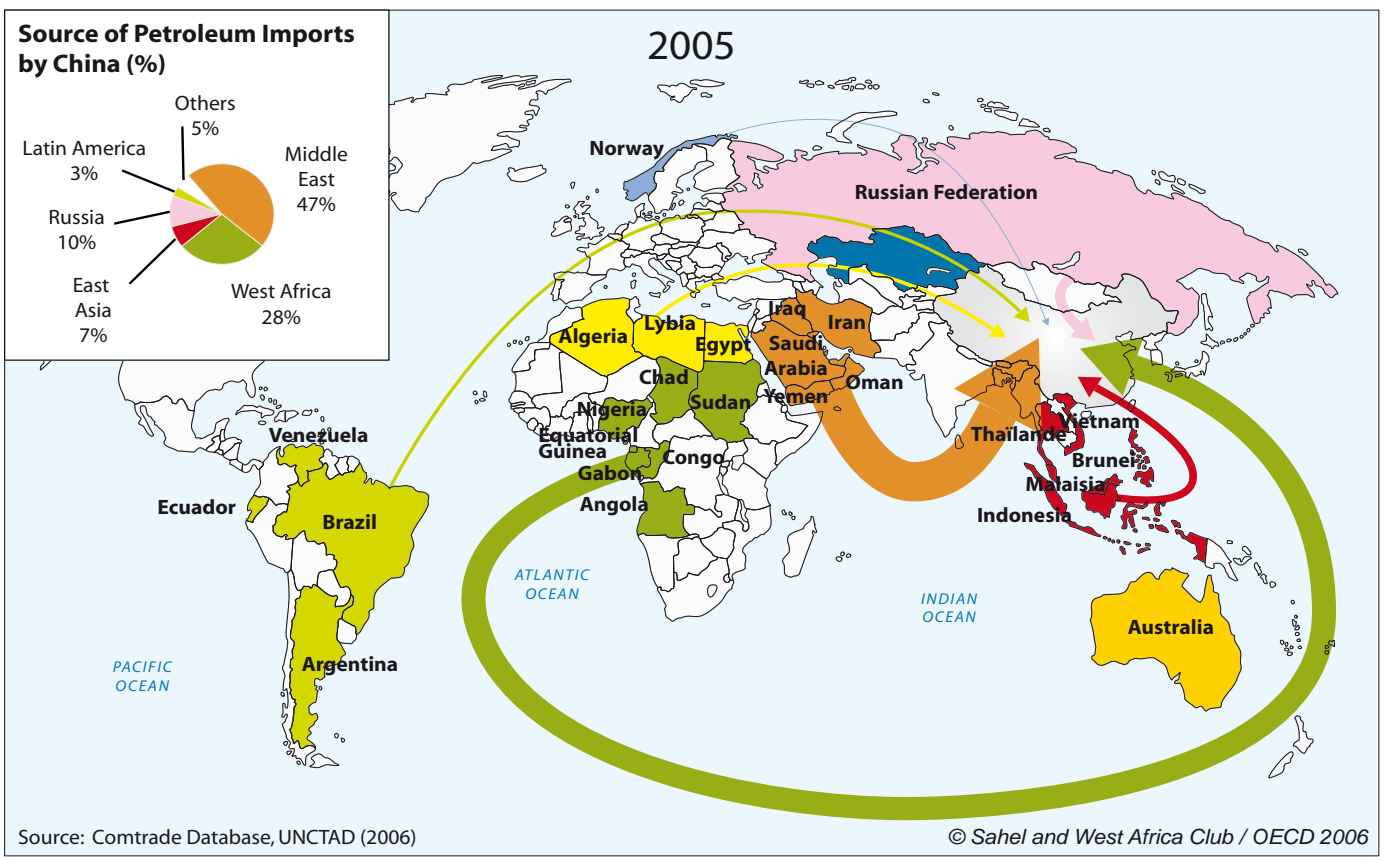
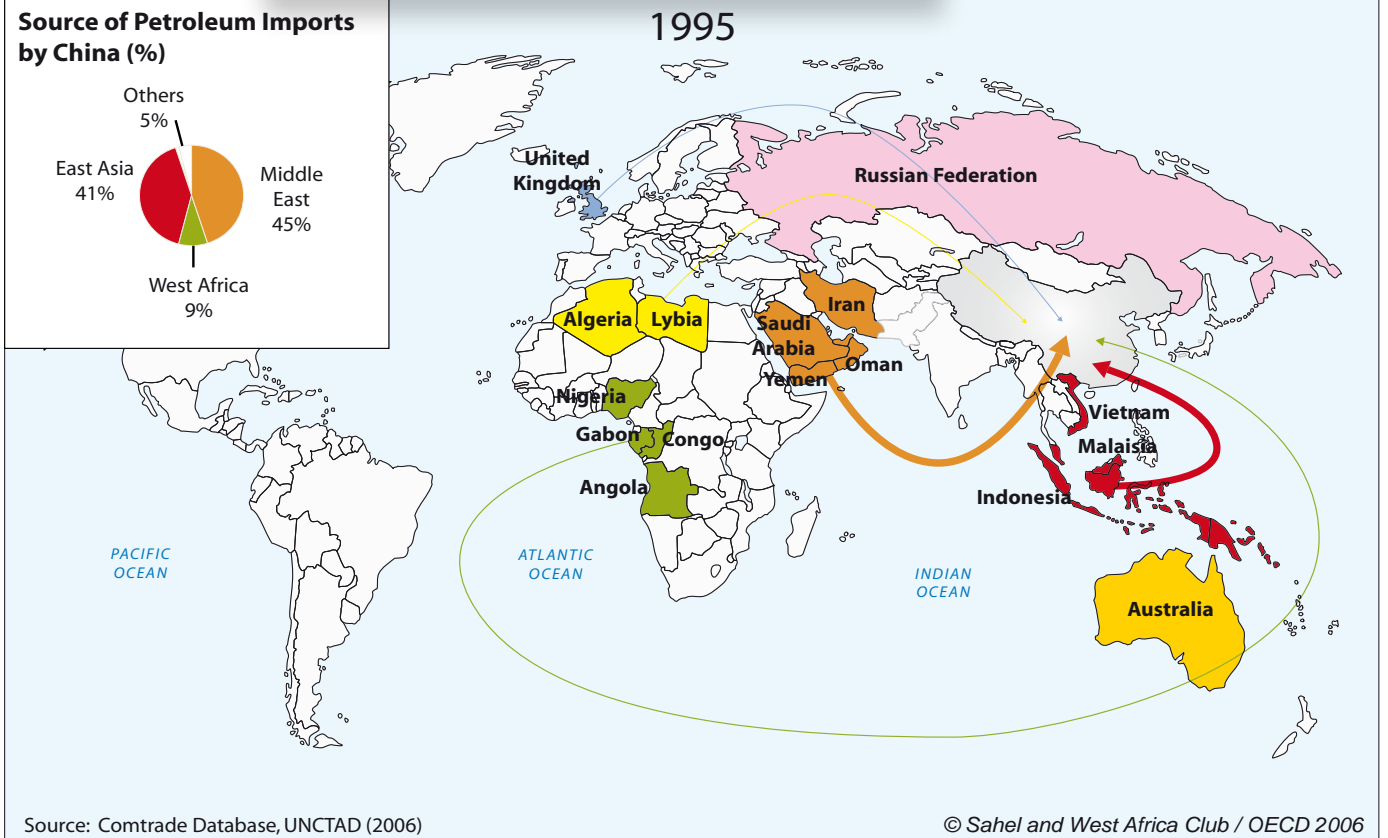
Oil companies increase production contracts as well as prospecting efforts, in a context where current oil prices enable the development of deep offshore sources or the operation of wells that had been considered unprofitable until now. Africa is considered to be an oil El Dorado. With the Middle East and South America, it is one of the regions with the largest number of new sources. Furthermore, oil found in Africa is of high quality. Even if states like Cameroon have no real growth prospects, Sub-Saharan production, particularly by heavyweights such as Angola and Nigeria, will increase over the next few years. In addition, a certain number of countries have recently entered into oil production: Chad in 2003, Mauritania in 2006. Others will most probably do so in the future, such as Mali in 2008 or Sao Tome by 2010.

Between 1998 and 2005, Chinese imports of African oil increased nine-fold, rising from 100,000 to more than 900,000 barrels/day. This growth is particularly strong when compared to its total imports of crude oil which only increased by 3.5 over the same period. 90% of these flows come from Sub-Saharan African countries, mainly Angola, China's leading African supplier (45% of its imports), followed by Sudan (18%), the Republic of the Congo (14%) and Equatorial Guinea (9%).

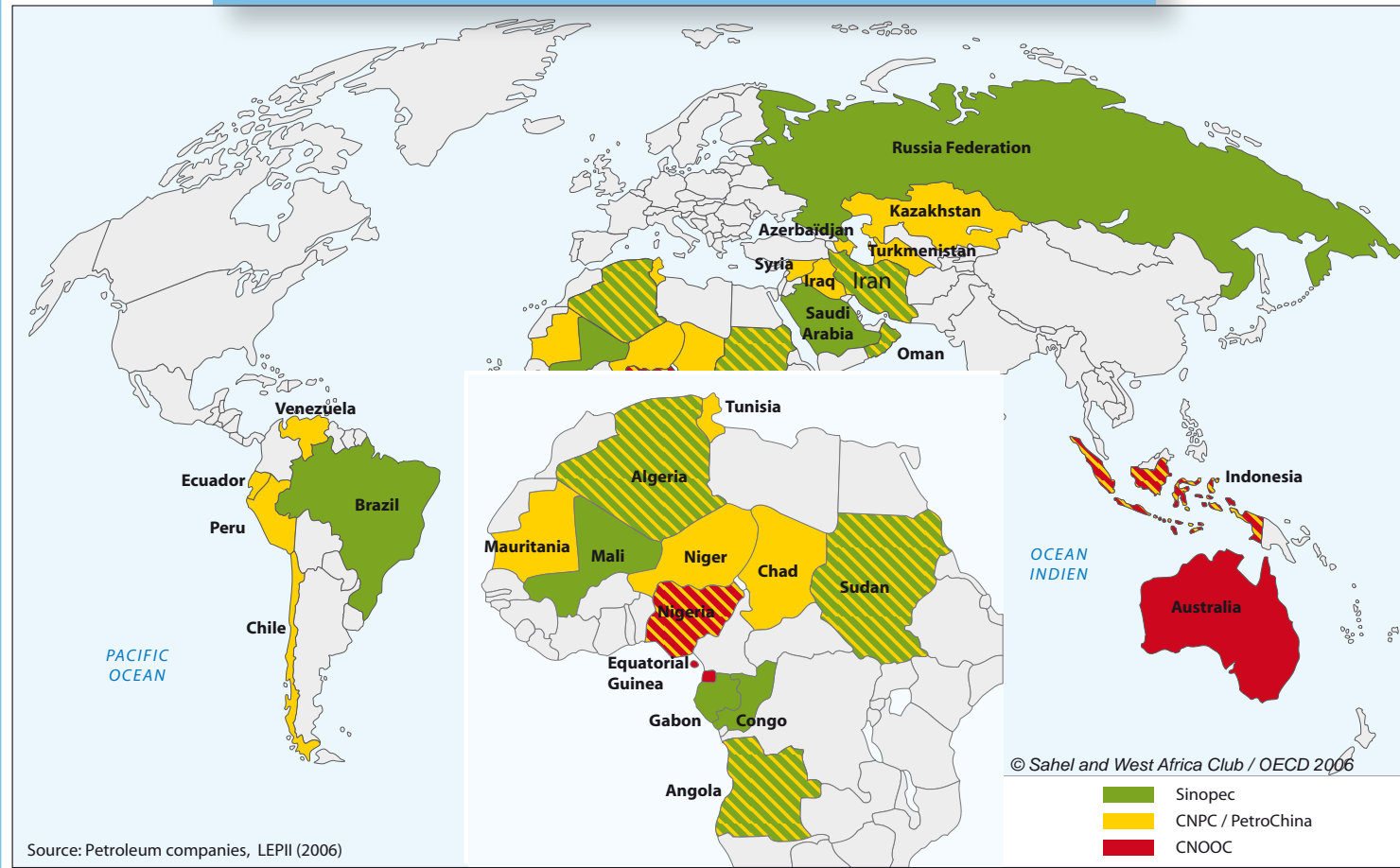
The intensification of trade relations between China and Sub-Saharan oil-producing countries results from growing investments by Chinese oil companies. They are now active, to varying degrees, in Sudan, Angola, Nigeria, Algeria, Gabon, Mauritania, Niger and Mali (see Map 6) and could soon be active in Chad, Libya or the Central African Republic. The CNPC (China National Petroleum Company) is the company that has invested most on the continent. It is present in 8 countries with a strategic positioning in Sudan where it has a majority stake in the country's main oilfields (*Muglad* and *Melut*). The SINOPEC group (China Petroleum Corporation) has signed exploration and production agreements in 6 African countries (Algeria, Angola, Congo, Gabon, Mali and Sudan). Finally, the CNOOC (China National Offshore Oil Corporation), reflecting



Map 5. Chinese Oil Imports in 1995 and in 2005



Map 6. Main Foreign Investments by Chinese Oil Companies 1995 to 2006



China's ambition for offshore operations, is above all visible in the Gulf of Guinea. This company targets deep-sea extraction which could be profitable over 20 years or more. It has entered the recently discovered *Akpo Field* in Nigeria. This company has invested \$2.3 billion to acquire 45% of the capital. In February 2006, it also signed an exploration contract with Equatorial Guinea for the offshore S block (see Map 6).

West Africa is therefore not the current major issue for China: West African oil exports only amount to 5% of African exports to China. However, in the long term, West Africa is attractive because of reserves in Nigeria, recent operations opened in Mauritania and Chad and potential operations in the Sahelian strip confined between Chad and Mauritania.

Cotton

Since the late 1980s, China has been heavily dependent on American cotton: it imports between 40% and 60% of its annual requirements from the United States and more than 75% from the United States, Central Asia, West Africa and Australia combined. The rest of its imports come

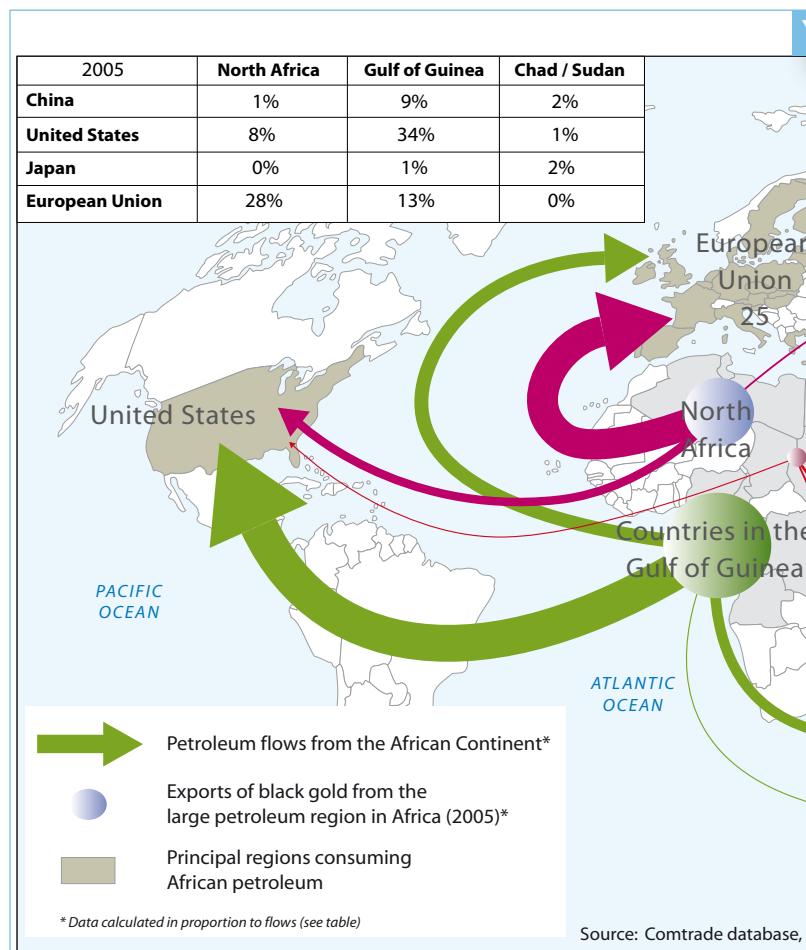
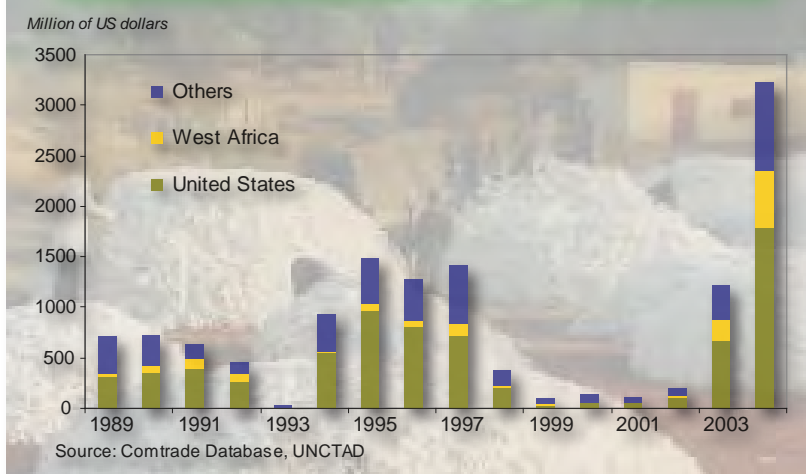


Figure 5. Origin of Chinese Cotton Imports 1989 to 2004



from various sources: Southern Asia (Pakistan in particular), South America (Brazil), Africa, the Middle East. West Africa had a minor role, as in 1994, only 2.2% of Chinese cotton imports came from the West African region. However, since 2002, between 15 and 20% of Chinese cotton imports have come from West African countries (see Map 8).

Cotton exports from West Africa naturally target the most dynamic industrial zones. As for West Africa, it is estimated that in 2004 almost half of the region's cotton was exported

to China (see Figure 5). In 2004, more than 50% of cotton from Benin, Burkina Faso, Côte d'Ivoire, Ghana and Togo was exported to China. Moreover, almost one third of cotton from Cameroon, Mali and Chad was bought by China and only 10% of Senegalese and Nigerian cotton.

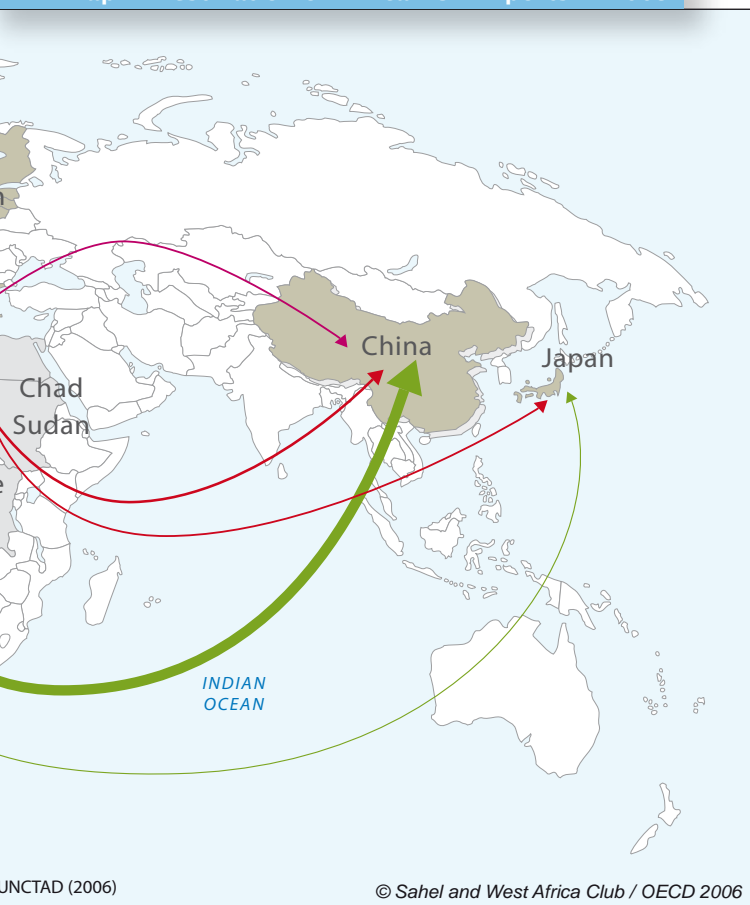
More broadly, 80% of this cotton was exported to the rest of Asia, namely Thailand, Pakistan, Bangladesh, Indonesia and India. Chinese and Asian demand has therefore contributed to restructuring cotton trade flows²⁰. Over and above the restructuring of international flows, Chinese demand has increased West African cotton exports.

At the regional level, it is estimated that between 2002 and 2004, Chinese imports contributed to 41% of the growth rate in farming exports for all cotton producing countries put together. More broadly, Chinese imports contributed to 2.5% of the growth rate of total exports and to 1.1% of the economic growth rate of cotton-producing countries. Among the countries, the most visible macroeconomic impacts are in Benin, Burkina Faso, Mali and Togo. Chinese cotton imports contributed to 7% of the economic growth rate in these four countries.

According to current outlooks, Chinese demand for cotton and Chinese cotton imports should remain high until 2010. Given its key position on the international market, China plays a fundamental role in determining the level of international prices. Growth in Chinese imports seems to have increased prices in the short term over the past two to three years. Is this situation sustainable? Will West Africa benefit from this new configuration? Very recently, Michel Fok highlighted that "The cotton world is now very attentive to the impact China has on the development of rules governing transaction contracts. This country is currently setting out its own rules without completely following the Liverpool rules. Considering

20. For more information on this subject, see the cotton chapter in the Atlas on Regional Integration in West Africa.

Map 7. Destination of African Oil Exports in 2005

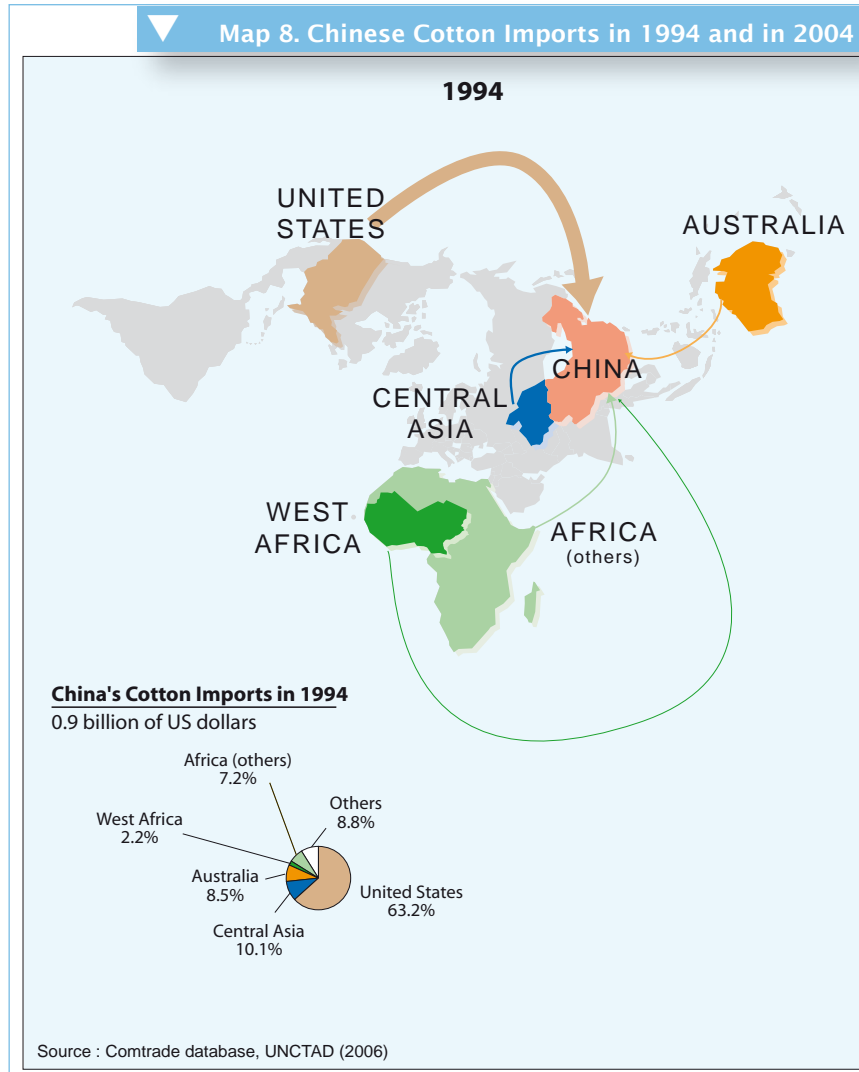


that it is a major destination for West African cotton, countries in that region should be extremely attentive to this development”²¹.

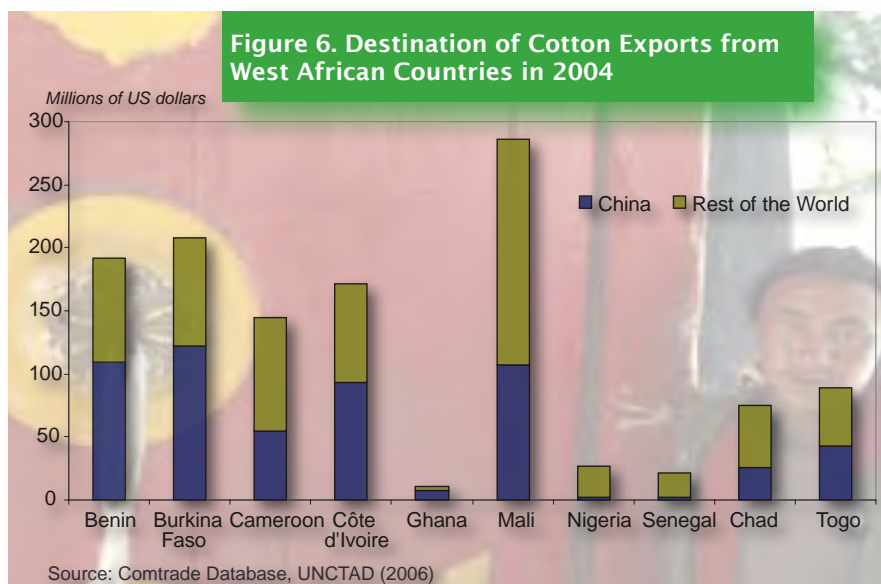
The other issue is linked to the impact of competition from Chinese textile exports on the West African textile sector: *Chinese textile exports have harmed industries in Lesotho, Swaziland, Ghana, Uganda, Kenya, South Africa, and Morocco. Since the surge in Chinese textile imports began in 2003, South Africa lost 55,000 jobs in the industry by the end of 2005. More than ten clothing factories closed in Swaziland, forcing 12,000 employees out of work. There were another 13,000 job losses in Lesotho. Low-cost Chinese textile and other consumer imports also devastated consumer product industries in several Nigerian cities*²².

But it seems important to put this impact into perspective. In West Africa, textile imports come from other regions of the world, not counting the market in second-hand clothes coming from the European Union. And, as paradoxical as it may seem, a certain number of Chinese economic operators have invested in the African textile industry. For example, in West Africa, in the four textile industries operating in Ghana, two belong to Chinese groups. Likewise, in Benin, of the three industries currently operating, two are funded by Chinese companies. Could this be indicative of a trend that will be confirmed in the future?

In any case, negotiations between China and African countries will be important for the future of the West African cotton-producing and textile sectors. The forum on China/Africa cooperation could be the venue for such negotiations. Recently, China pledged to support the West African cotton-textile industry through technology transfers to “help these countries increase the volume of their cotton production and develop their cotton industry.” Within this context, China “will open clothing production plants and textile processing centres in several West African countries.”²³ Could this episode be the first sign of a change in Chinese strategy in Africa?



21. Fok, Michel (2005) *Coton africain et marché mondial : une distorsion peut en cacher une autre plus importante.*
22. Shinn, David H. (2006) *Africa and China's Global Activism*, p. 3.
23. AllAfrica.com: Afrique de l'Ouest : Coton, la Chine promet son appui à l'Afrique de l'ouest, 8 novembre 2006.

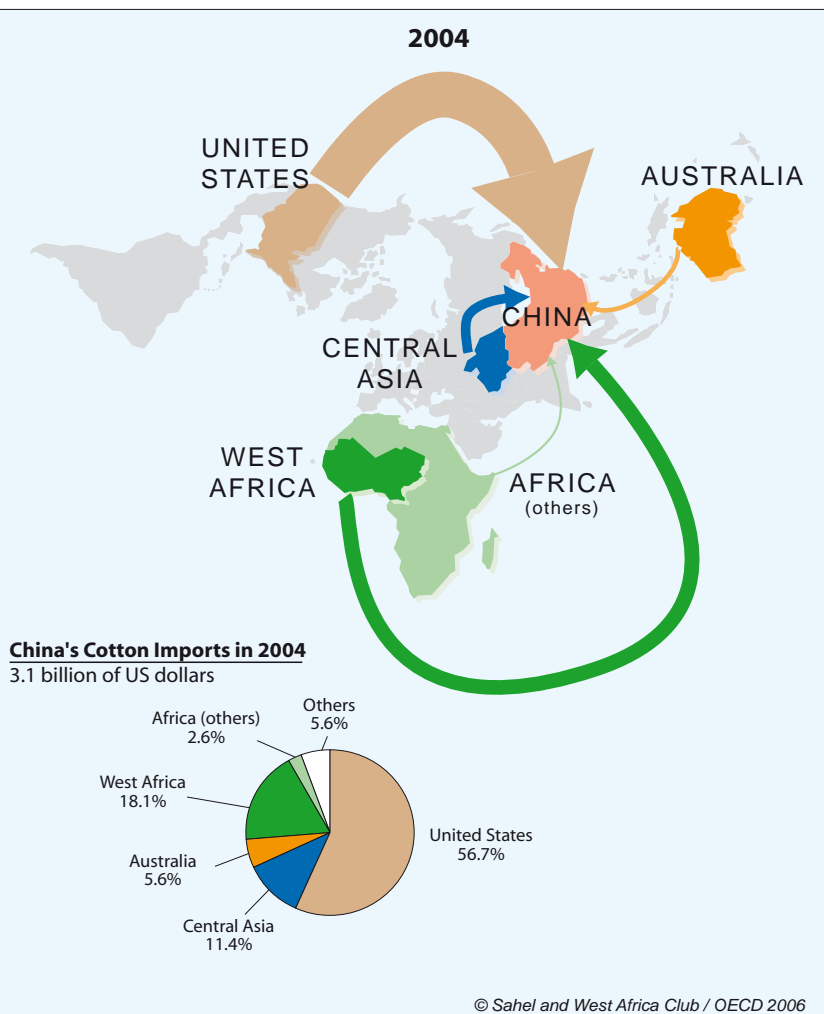


IV. Future issues

Oil and cotton will remain key issues at the core of Sino-African relations in the coming decades. However, they will not be the only issues at play. It is already possible to discern tension on the world steel and aluminium (bauxite) market.

More generally, the African continent will undoubtedly remain an attractive market showing constant growth (if only in demographic terms) for Chinese manufactured products. The risk of a growing “invasion” of competing imports or imports preventing the development of local industry should therefore be taken into account. To balance this, two factors could encourage Chinese investors to finance West African industry: firstly, the increase in sea transportation costs should progressively favour the creation of primary processing units in particular (iron, bauxite). Secondly, the prospect of the Economic Partnership Agreements (EPAs) between African regions and the European Union should encourage Chinese industrialists (but also Indian, Brazilian, etc.) to produce within these regions in order to gain access to the European market. The ECOWAS zone is, from this perspective, particularly well-positioned as it offers three advantages: geographic proximity

to Europe, availability of raw materials (cotton, iron, bauxite, etc.) and a more available, abundant and low-cost workforce than in North Africa, for example. If this hypothesis is proven, it is probable that countries with non-convertible currency (Ghana, Nigeria, etc.) will be more attractive than countries in the franc/euro zone where production costs are higher. Political and geo-strategic considerations will undoubtedly continue to have an impact and will probably partly compensate for this bias. Whatever happens, many African leaders see the Chinese irruption on their continent as an economic opportunity – “what if development came from the East?”-, doubled by a political opportunity – “What if Africa became a strategic issue, it could leave the era of submission to go forward into the era of negotiation.”



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