

# THE MAGHREB REVIEW



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A quarterly journal on the Maghreb, the Middle East, Africa and Islamic studies.

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Revue trimestrielle d'études sur le Maghreb, le Moyen-Orient, l'Afrique et l'Islam.

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**VOLUME 38 • No. 1 • 2013**

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**SPECIAL ISSUE ON CHINA'S POLICY  
TOWARDS THE MAGHREB, THE MIDDLE EAST  
INCLUDING IRAN AND TURKEY, AND AFRICA**

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The Maghreb Review, Vol. 38, 1, 2013  
This publication is printed on longlife paper

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## TRENDS AND PROSPECTS OF ECONOMIC COOPERATION BETWEEN CHINA AND AFRICA

BY SERGEY F. SUTYRIN\* AND VLADIMIR N. KOVALENKO\*\*

### ABSTRACT

The article deals with some important aspects of economic cooperation between China and Africa in the historical context. Soviet-American competition for domination in Africa between the 1960s and 1980s is also discussed, as well as the reasons of the failure of Maoist China's attempts to offer an alternative social and economic development model for African countries in the 1960s and 1970s. The rapid growth of the Chinese economy after 1978 created a considerable demand for new sources of raw materials. Africa appeared to be one of these sources. The disintegration of the USSR in 1991 in combination with the United States' lack of interest in Africa in the 1990s provided additional opportunities for China to expand in Africa. Taking into consideration China's promotion to one of the global superpowers and an increasingly important partner for Africa (which during the last several years has become one of the most economically dynamic regions), one might expect a future growing multidimensional competition for Africa between the United States and China (PRC).

### INTRODUCTION

The unprecedented economic growth of the People's Republic of China (PRC) in the last 30 years caused the strengthening of its global influence. Its diverse activities in Africa became one of the visible manifestations of China's new status in the world. In order to assess comprehensively both the nature and the internal logic of the economic collaboration between China and the African countries one should also look at the process from historical and political points of view.

In the 1950s and 1960s the majority of African countries had to solve two main problems: achieving national independence and finding an appropriate social and economic development model. If in the 1950s the countries could choose between a Soviet-type socialism and Western capitalism, in 1960s they got a new option the Maoist version of socialism. The model in particular demanded the unconditional acceptance of the Chinese revolutionary experience. Despite all the efforts of the Chinese leadership, this could not become an attractive social and economic model for the countries of Africa.

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18.htm, (accessed 16 April

The start of the economic reforms in China did not result in any substantial changes in Chinese policy towards Africa till the end of 1980s, because China had no financial and technological capabilities to start any serious economic expansion in this mega-region. At the beginning of the 1990s the Chinese economy successfully entered a new stage of reform. The achievements of the industrial development caused an impressive growth of internal demand for raw materials.

The collapse of the USSR in 1991 and the United States' lack of economic interest in Africa in the 1990s provided a unique chance for Chinese businesses to start penetration of the continent. Large-scale economic expansion began in the 2000s with the support of the Chinese state. During this period China began acting not only as a buyer of raw materials, but also as a major investor as well as a supplier of industrial technologies. The gradual transformation of China into one of the key players on the continent changed the geopolitical status quo. Since the second half of the 2000s the conflict of interest between China and the United States gradually became more and more evident with its most clear manifestation in the case of competition for African oil.

Although the outcome of the rivalry between the two economic superpowers for the continent is still unclear, nowadays for the first time since the disintegration of the USSR, African countries have a choice again – to build their future according to the recipes of either the Chinese or the American government.

#### ESTABLISHMENT OF RELATIONS BETWEEN CHINA AND AFRICA

The modern period of collaboration between China and Africa started in 1955 when at a conference in Bandung (Indonesia) the Chinese prime minister, Zhou Enlai, proposed that the participants should make every effort to develop a political platform of cooperation, rejecting the disagreements, fears and suspicions which some developing countries had concerning China. In 1956 the PRC established diplomatic relations with Egypt. That was the de facto beginning of the Chinese diplomatic offensive on the continent of Africa.

During his visit to ten Asian and African countries from December 1963 to February 1964 Zhou Enlai declared five principles as a basis to build relations between China and the Arab and African countries.

##### The Five Principles<sup>1</sup>

1. China supports the African and Arab peoples in their struggle to oppose imperialism, and old and new colonialism and to win and safeguard national independence.

<sup>1</sup> See 'Chinese Leaders on Sino-African Relations', China facts and figures, 2002, at <http://www.china.org.cn/english/features/China-Africa/82054.htm> (accessed 7 November 2012).

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did not result in any substantial change by the end of 1980s, because China failed to start any serious economic reform. In the beginning of the 1990s the Chinese economy began to reform. The achievements of the reform were limited by the growth of internal demand for raw

materials. The United States' lack of economic incentives and the lack of chance for Chinese businesses to expand their economic expansion began in the 1980s. During this period China began to transform itself into a major investor as well as a major recipient of dual transformation of China. The dual transformation of China changed the geopolitical status quo. The growing interest between China and the United States is evident with its most clear example – the oil.

China and the United States are the two economic superpowers in the world. For the first time since the end of the Second World War, the United States have a choice again – to build the Chinese or the American

## CHINA AND AFRICA

China and Africa started in 1955. In 1955 the Chinese prime minister, Zhou Enlai, made every effort to develop a relationship with the United States. He disagreed, fears and concerns concerning China. In 1956 the United States and the Soviet Union agreed to support Egypt. That was the de facto recognition of the continent of Africa. China began to establish relations with other countries from December 1963 to the present as a basis to build relations with Africa.

China and Africa are in their struggle to oppose imperialism and to win and safeguard

China facts and figures, 2002, at <http://www.chinafacts.com/2002/2002054.htm> (accessed 7 November 2002).

2. It supports the pursuit of a policy of peace, neutrality and non-alignment by the governments of the African and Arab countries.
3. It supports the desire of the African and Arab peoples to achieve unity and solidarity in the manner of their own choice.
4. It supports the African and Arab countries in their efforts to settle their disputes through peaceful consultations.
5. It holds that the sovereignty of the African and Arab countries should be respected by all other countries and that encroachment and interference from any quarter should be opposed.

In the 1960s Mao Zedong made considerable efforts to transform the country into the world leader of anti-imperialistic forces. In spite of the fact that China possessed limited opportunities to assist the poorest third-world countries, it nevertheless implemented a number of projects. The best known example was the construction of the Tan-Zam railway which connected Zambia with Dar es Salaam seaport and became the most significant Chinese project in Africa. It allowed Zambia to do away with transport dependence on racist-ruled Rhodesia allied with South Africa. The Chinese attitude towards cooperation was based on the following eight principles proclaimed by Premier Zhou Enlai during his visit to Africa to superintend China's foreign economic and technical assistance.

### The Eight Principles<sup>2</sup>

1. The Chinese government always bases itself on the principle of equality and mutual benefit in providing aid to other countries. It never regards such aid as a kind of unilateral aim but as something mutual.
2. In providing aid to other countries, the Chinese government strictly respects the sovereignty of the recipient countries, and never attaches any conditions or asks for any privileges.
3. China provides economic aid in the form of interest-free or low-interest loans and extends the time limit for the repayment when necessary so as to lighten the burden of the recipient countries as far as possible.
4. In providing aid to other countries, the purpose of the Chinese government is not to make the recipient countries dependent on China but to help them embark step by step on the road of self-reliance and independent economic development.
5. The Chinese government tries its best to help the recipient countries build projects which require less investment while yielding quicker results, so that the recipient governments may increase their income and accumulate capital.
6. The Chinese government provides the best-quality equipment and material of its own manufacture at international market prices. If the equipment and

<sup>2</sup> 'Chinese Leaders on Sino-African Relations'.

material provided by the Chinese government are not up to the agreed specifications and quality, the Chinese government undertakes to replace them.

7. In giving any particular technical assistance, the Chinese government will see to it that the personnel of the recipient country fully master such techniques.
8. The experts dispatched by China to help in construction in the recipient countries will have the same standard of living as the experts of the recipient country. The Chinese experts are not allowed to make any special demands or enjoy any special amenities.

According to Gregory Chin and Michael Frolic,<sup>3</sup> Chinese foreign aid during the Maoist period can best be understood as operating at three levels: First, China's development assistance was designed to help post-colonial regimes modernize and become self-reliant, and focused on agricultural aid, technical assistance, and projects that could be completed quickly. The central aim of this assistance was to help developing countries feed and clothe their people. Loans to support local projects were usually provided interest-free. The Chinese referred – and continue to refer – to their development assistance as 'poor helping the poor'. A second level was China's desire to help advance communist internationalism and, later, the non-aligned position in the developing world. At the height of their assistance, the Chinese even sought to take a leadership role in the Third World anti-imperialist struggle and the international Communist movement by exporting the Maoist model of peasant-based socialist construction and offsetting Soviet influence. And third, China used development assistance to mitigate the influence of Taiwan's Kuomintang government and counter its diplomatic efforts to maintain international recognition as the government of China.

Gregory Chin and Michael Frolic sensibly argue in their paper that during the first decades of the PRC's existence its main aspirations were the 'export of revolution', the attempts of Mao Zedong to make the country the leader of the third world and ideological competition with the USSR for the countries of Africa. The Chinese approach meant that African countries would repeat the key moments of the Chinese revolution: armed opposition to imperialist power, 'correct leadership' and the use of rural base areas.<sup>4</sup> However, this approach negatively affected the development of relations between China and a number of the African states. It was extremely difficult for their leaders to build long-term relations with the Chinese government, which at any time might cease to be a partner and start supporting radical Maoist groups in their country.

<sup>3</sup> Gregory Chin and Michael Frolic, 'Emerging Donors in International Development Assistance: The China Case', International Development Research Center, 2007, at <http://www.idrc.ca/EN/Documents/Case-of-China.pdf> (accessed 22 January 2013).

<sup>4</sup> 'Zhou Enlai's speech to the Algerian FLN', *Peking Review*, 3 January 1964.

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Therefore the cooperation between the PRC and African countries was unstable, shifting from intensive contacts in the 1960s to sporadic ones in the 1980s.

During this period the Soviet approach to relations with third-world countries differed substantially in comparison with that of the leadership of the PRC. Since 1956 the main trend of Soviet doctrine regarding Afro-Asian countries was acknowledging the possibility that some of them might carry out a 'peaceful transition towards socialism'.<sup>5</sup> In the 1960s this process reached its culmination with the announcement of a new concept, namely national democracy, which was intended to describe the path those countries had to take in order implement peaceful progress towards the first stage of communist society.<sup>6</sup>

#### TRADE COOPERATION BETWEEN THE USSR AND AFRICA

The formation of active relations between the USSR and the African countries started after the second world war. Between 1960 and the 1980s a fierce ideological fight for Africa took place between the USSR and the United States. Primarily the Soviet policy was defined by the socialist messianic ideology and geopolitical considerations, while economics played a secondary role.

The USSR concluded more than 40 long-term agreements on trade and economic and technical cooperation with African countries. Usually it undertook to assist its partners in the construction of industrial enterprises. The USSR provided equipment, machinery and other equipment. To finance the deals the African countries either supplied the Soviet Union with their traditional export commodities or used Soviet long-term commercial loans granted on favourable terms. Thanks to the USSR's assistance, entirely new industries were built up in some African countries. Among the best known large-scale projects carried out with Soviet assistance in Africa were the bauxite mines in Guinea, an oil refinery at Assab in Ethiopia, the Aswan High Dam in Egypt, a metallurgical plant in the city of Ann in Algeria, the Ajaokuta steel plant in Nigeria and a cement plant at Diamou in Mali.

At the beginning of the 1980s the Soviet companies assisted in the construction of 600<sup>7</sup> enterprises in the region (another 280<sup>8</sup> had already been finished by that time). Meanwhile, in order to assess Soviet-African economic cooperation in a more comprehensive way, one should take into consideration the fact that the USSR had a largely self-sufficient economy in terms of natural resources endowment. Therefore the country was only moderately interested in

<sup>5</sup> Donald S. Zagoria, *The Sino-Soviet Conflict 1956–1961*, Princeton, NJ, 1962, p. 40.

<sup>6</sup> Zagoria, pp. 360–2.

<sup>7</sup> G.M. Sidorova, 'Rossiya I Afrika: Etapy sotrudnichestva I perspektivy', (Russia and Africa: Stages of cooperation and its prospects) 2011, at <http://mir-politika.ru/256-rossiya-i-afrika-etapy-sotrudnichestva-i-perspektivy.html> (accessed 27 January 2013).

<sup>8</sup> Sidorova, 2011.

significant oil or other raw materials imports from Africa. Instead the Soviet Union rather focused on the export of machinery, transport and military equipment as well as the promotion of its geopolitical influence.

From 1989 the overall foreign trade between the two superpowers and African countries was as follows.

1. Exports to Africa: USSR, US\$1.6 billion;<sup>9</sup> USA, US\$7.7 billion.<sup>10</sup>
2. Imports from Africa: USSR, US\$1.5 billion;<sup>11</sup> USA, US\$14.0 billion.<sup>12</sup>

The disintegration of the USSR brought dramatic changes in economic cooperation between Russia and Africa (Figure 1).

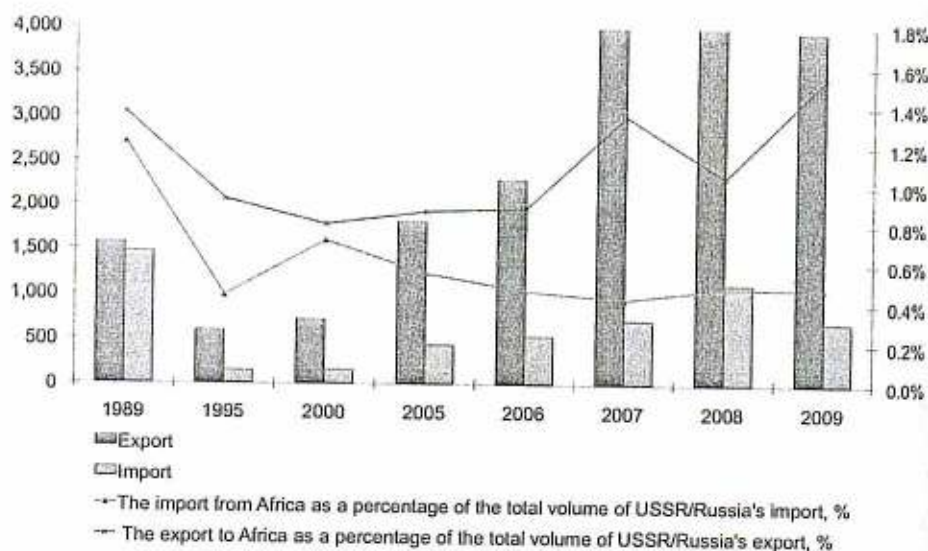


Figure 1. Merchandise trade<sup>13</sup> between USSR/Russia and Africa, US\$ billion, 1989–2009  
Source: Vnesheekonomicheskie svyazy SSSR v 1989 g. Statisticheskiy sbornik. M.: Finansy i Statistika, 1990 (Russian Federation State Statistics Service) at <http://www.gks.ru> (accessed 24 November 2012)

During the first half of the 1990s the commercial ties under review experienced dramatic contraction. In 1995 trade between Russia and Africa declined to

<sup>9</sup> Authors' calculations based on Vnesheekonomicheskie svyazy SSSR v 1989 g. Statisticheskiy sbornik. M.: Finansy i Statistika, (USSR's foreign economic relations in 1989. Statistical year book, Ministry of Finance and Statistics) 1990, pp. 13–14.

<sup>10</sup> International Trade Administration, US Department of Commerce, at <http://tse.export.gov/TSE/ChartDisplay.aspx> (accessed 24 November 2012).

<sup>11</sup> The authors' calculations based on Vnesheekonomicheskie svyazy SSSR v 1989 g. Statisticheskiy sbornik. M.: Finansy i Statistika, 1990, pp. 13–14.

<sup>12</sup> International Trade Administration, US Department of Commerce, TradeStatsExpress, at <http://tse.export.gov/TSE/ChartDisplay.aspx> (accessed 24 November 2012).

<sup>13</sup> In current prices.

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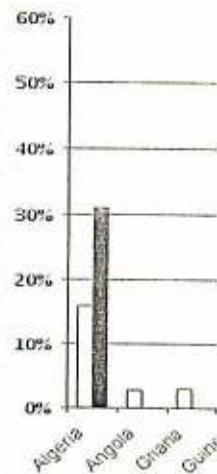


Figure 2. The main trade partners of Russia in Africa  
Source: Vnesheekonomicheskie svyazy SSSR v 1989 g. Statisticheskiy sbornik. M.: Finansy i Statistika, 1990 (Russian Federation State Statistics Service) at <http://www.gks.ru> (accessed 24 November 2012)

A variety of reasons for the decline of trade between Russia and Africa in the 1990s were the dominance of ideological factors, the violation of their mutual interests, and the violation of their mutual obligations. The main obstacle for trade between Russia and Africa were carried out with the violation of their mutual obligations.

In the 1990s the export of machinery, transport and military equipment to Africa and the import of raw materials from Africa were carried out with the violation of their mutual obligations. In the 1990s the export of machinery, transport and military equipment to Africa and the import of raw materials from Africa were carried out with the violation of their mutual obligations.

Africa as a US trading partner and political ally.

<sup>14</sup> China – Africa, Beijing.

<sup>15</sup> Sidorova, 2011.

US\$739 million (comparable with the PRC's performance – US\$935 million<sup>14</sup> – in the 1990s). Later on the situation started to improve. In particular, the share of Africa in total Russian merchandise exports in 2009 slightly exceeded respective data for 1989. Nevertheless, several important long-term trade partners and political allies such as Ethiopia, Angola and Libya have been basically lost (Figure 2).

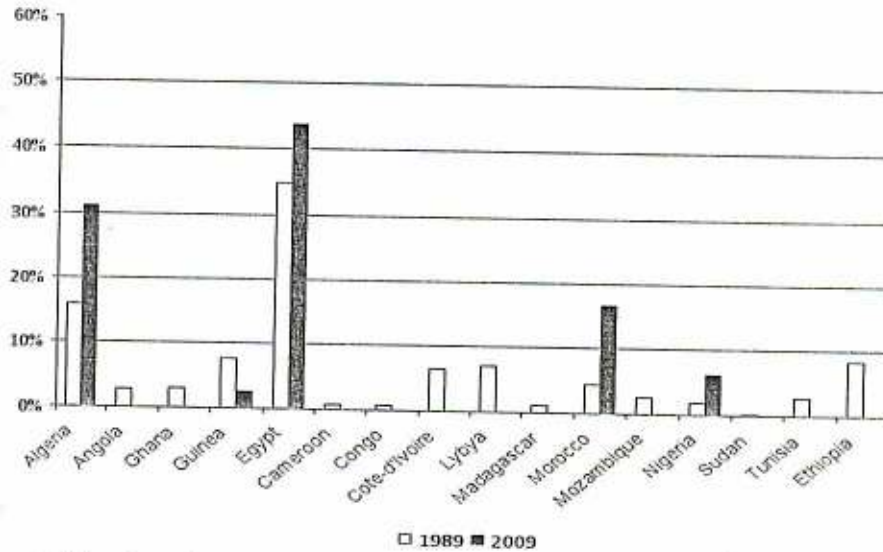


Figure 2. The main trade partners of USSR/Russia in total trade volume with Africa, 1989 & 2009  
 Source: Vnesheekonomicheskie svyazy SSSR v 1989 g. Statisticheskiiy sbornik. M.: Finansy i Statistika, 1990, (Russian Federation State Statistics Service) at <http://www.gks.ru/> (accessed 24 November 2012)

A variety of reasons generated the dramatic reduction in foreign trade between Russia and Africa in 1990s, but the major one was most probably the dominance of ideology over economic considerations. As G.M. Sidorova wrote, 'the main obstacle for development of Soviet-African economic relations was violation of their main principle – mutual profit. The "prestigious" projects were carried out without taking into account the long-term interests.'<sup>15</sup>

In the 1990s the ex-Soviet rival, the United States, was profoundly involved in European and Middle East policies and Africa was not included in the focus of their interests. Despite the fact that both US exports and imports in value terms tended to increase during the decade (Figure 3), the relative significance of Africa as a US trading partner contracted.

<sup>14</sup> China – Africa, Beijing, 1996, 2, p. 11.

<sup>15</sup> Sidorova, 2011.

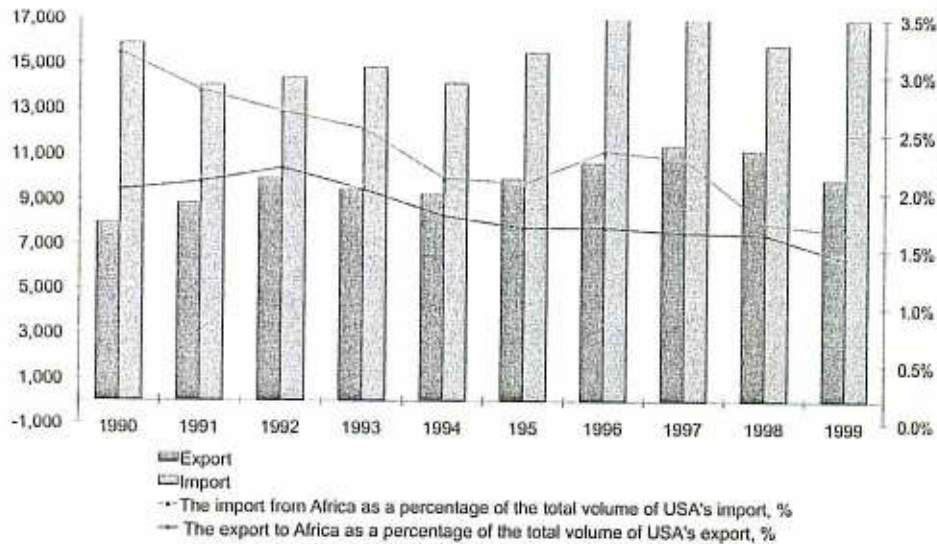


Figure 3. Merchandise trade<sup>16</sup> between the United States and Africa, US\$ million, 1990-99

Source: International Trade Administration, US Department of Commerce at <http://tse.export.gov> (accessed 24 November 2012)

From the point of view of geopolitical rivalry it might be interesting to examine the developments in geographical distribution of foreign trade between the United States and Africa, as shown in Table 1.

Country	1989	1999
Algeria	11.94	8.50
Angola	9.03	9.94
Ghana	1.15	1.64
Guinea	1.05	0.64
Egypt	13.06	13.47
Cameroon	2.07	0.43
Congo	2.38	1.72
Côte-d'Ivoire	1.44	1.69
Libya	0.00	0.00
Madagascar	0.21	0.69
Morocco	2.28	3.54
Mozambique	0.28	0.17
Nigeria	26.32	18.66
Sudan	0.46	0.03
Tunisia	0.99	0.87
Ethiopia	0.64	0.72

Table 1. Share of ex-Soviet African partners in US foreign trade, %, 1989 and 1999

Source: Authors' calculations based on International Trade Administration, US Department of Commerce, at <http://tse.export.gov>

<sup>16</sup> In current prices.

Available statistical data on the economic development of Angola has the other words, the country's economic incentives for the United States. The Soviet economic aid to Angola is a 'History'. At the same time, the country's economic development is in a way.

#### THE CHINESE APPROACH

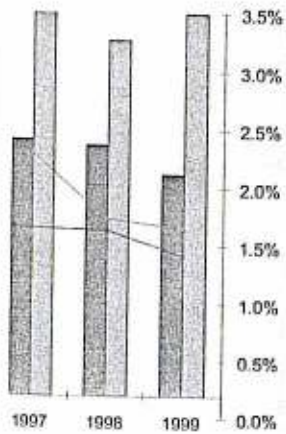
In the 1990s China's economic development paradigm of economic development prioritized business. "South-South" is the main strategy. It provides the trade in mastering of international trade. Scholars believe that in order to obtain the trade, China and Africa need political support.

In the 2000s the United States elected as a leader of the Comoros Union, consolidating and strengthening its foreign policy of peaceful relations and looking forward to the benefit of the long-term benefit.<sup>15</sup>

One of the major economic development in China and Africa was into a big oil-impoverished economic development countries. It was a resource-rich partner or would at least cooperate with African states fitted

<sup>17</sup> T. Deych, Africa v. China, Institute for African Studies, Moscow, 2008.

<sup>18</sup> "Chinese Leaders on Africa", Africa Today, 2008.



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Available statistical data clearly demonstrate that in relative terms only in case of Angola has the United States slightly expanded its trade involvement. In other words, the collapse of the USSR did not provide any substantial additional incentives for the United States to increase its activity in order to attract former Soviet economic allies. According to Francis Fukuyama, that was 'The End of History'. At the same time China perceived the situation in an entirely different way.

### THE CHINESE ADVANCE IN AFRICA

In 1990s China saw a real opportunity in Africa and took a chance. A new paradigm of economic cooperation with the continent was introduced. It prioritized business interests. According to Tatiana L. Deych, 'The formula "South-South" is the basic doctrine of cooperation between China and Africa. It provides the trade expansion between developing countries, the cooperation in mastering of intermediate technologies, the technical mutual aid. Chinese scholars believe that the capacity of the African countries is high enough, in order to obtain the accelerated economic growth and self-reliance on the food.'<sup>17</sup> At the same time, notwithstanding the rapid development of trade between China and Africa in the 1990s in order to obtain new levels of cooperation, political support was strongly needed.

In the 2000s the African continent came again into focus when Hu Jintao was elected as a leader of the PRC. In June 2003, during talks with the visiting Comoros Union president, Azali Assoumani, Hu Jintao pointed out that consolidating and strengthening unity and cooperation with all African countries, including the Comoros Union, was a vital part of China's independent foreign policy of peace. He said that China would abide by the basic principles of 'sincere friendship, equal treatment, unity and cooperation, common progress and looking forward into the future' in dealing with Africa and would be dedicated to the long-term stable new partnership based on equality and mutual benefit.<sup>18</sup>

One of the major incentives for the promotion of active cooperation between China and Africa was the transformation of China in the first half of the 1990s into a big oil-importing economy. In order to maintain the high speed of economic development, China wanted not mere trade relations with supplier countries. It was interested in building long-term relations with reliable resource-rich partners who in their foreign policies would choose 7as a priority or would at least conduct a relatively independent policy. A certain number of African states fitted these requirements. The US invasion of Iraq in 2003 with

<sup>17</sup> T. Deych, *Africa v strategii Kitayay*. M.: Institut Afriki RAN, (Africa in Chinese strategy, Institute for African Studies of the Russian Academy of Science), 2008, p.168.

<sup>18</sup> 'Chinese Leaders on Sino-African Relations'.

its subsequent occupation finally convinced the PRC leaders of the unreliability of oil supplies from the Middle East and stimulated a choice in favour of several African countries as alternative suppliers. Considerable stocks of oil and other natural minerals in Africa allowed China to open a new channel of delivery of raw materials to the mainland. As David Zweig and Bi Jianhai argue, 'Beijing has been able to adapt its foreign policy to its domestic development strategy.'<sup>19</sup>

From 2003, trade between China and Africa expanded fairly rapidly. Figure 4 clearly illustrates the point.

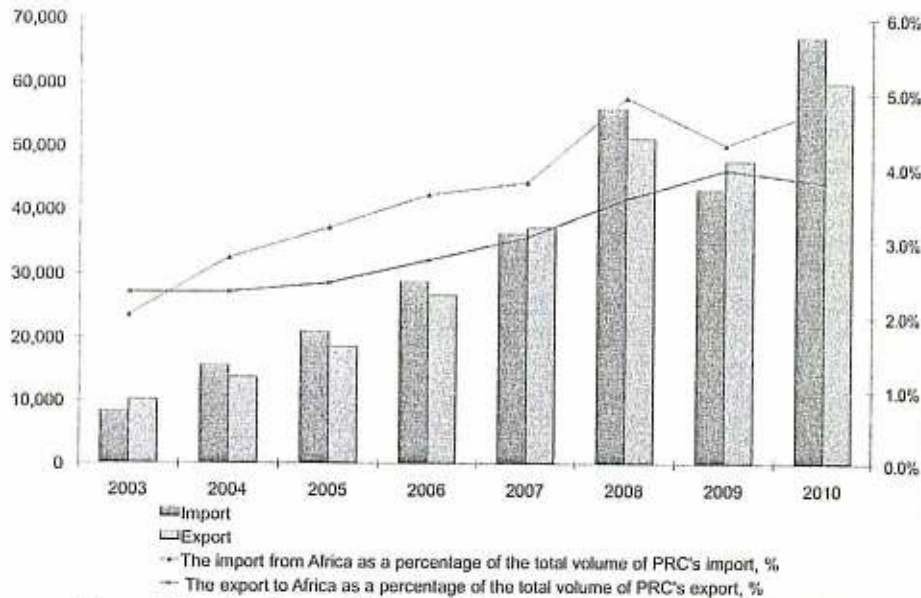


Figure 4. Merchandise trade<sup>20</sup> between China and Africa, US\$ million, 2003–10  
Source: National Bureau of Statistics of China  
at <http://www.stats.gov.cn> (accessed 24 November 2012)

Chinese–African foreign trade turnover reached US\$127.1 billion<sup>21</sup> (Figure 4) in 2010 (imports US\$67.1 billion<sup>22</sup> and exports US\$60 billion<sup>23</sup>), compared with US\$8.7 billion<sup>24</sup> in 2000. The result is very impressive especially compared

<sup>19</sup> David Zweig and Bi Jianhai, 'China's Global Hunt for Energy', *Foreign Affairs*, 2005, at <http://www.foreignaffairs.com/articles/61017/david-zweig-and-bi-jianhai/chinas-global-hunt-for-energy> (accessed 27 January 2013).

<sup>20</sup> In current prices.

<sup>21</sup> National Bureau of Statistics of China, at <http://www.stats.gov.cn/tjsj/nds/j/2011/html/R0607E.xls> (accessed 24 November 2012).

<sup>22</sup> Ibid.

<sup>23</sup> Ibid.

<sup>24</sup> *Marchés tropicaux et méditerranéens*, no. 3122 (7 October 2005), p. 6.

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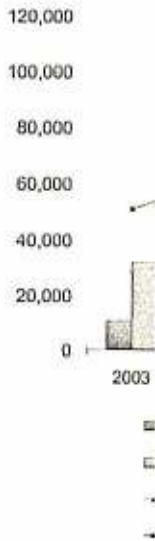


Figure 5. Merchandise trade between China and Africa, US\$ million, 2003  
Source: National Bureau of Statistics of China

The key destin South Africa (1 Algeria (4.2 per

<sup>25</sup> International <http://tse.expor>

<sup>26</sup> Ibid.

<sup>27</sup> The share of th authors.

<sup>28</sup> In current price

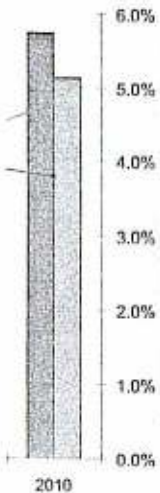
with US exports to Africa. In 2010 it reached US\$28.35 billion<sup>25</sup> (US\$11 billion<sup>26</sup> in 2000). Chinese imports during the same period soared eight times compared with 2.7-fold increase of the US's one. Although in absolute terms the US imports from Africa are still bigger than the Chinese one, the gap is being cut.

Among the most important destinations of Chinese exports are: South Africa (18 per cent), Nigeria (11.2 per cent), Egypt (10.1 per cent), Algeria (6.7 per cent), Libya (3.4 per cent), Angola (3.3 per cent) and Sudan (3.3 per cent).<sup>27</sup>

In the 2000s the share of Africa in US merchandise trade increased: in the case of exports from 1.5 per cent in 2003 to 2.2 per cent in 2010, in imports from 2.5 per cent to 4.4 per cent (Figure 5).

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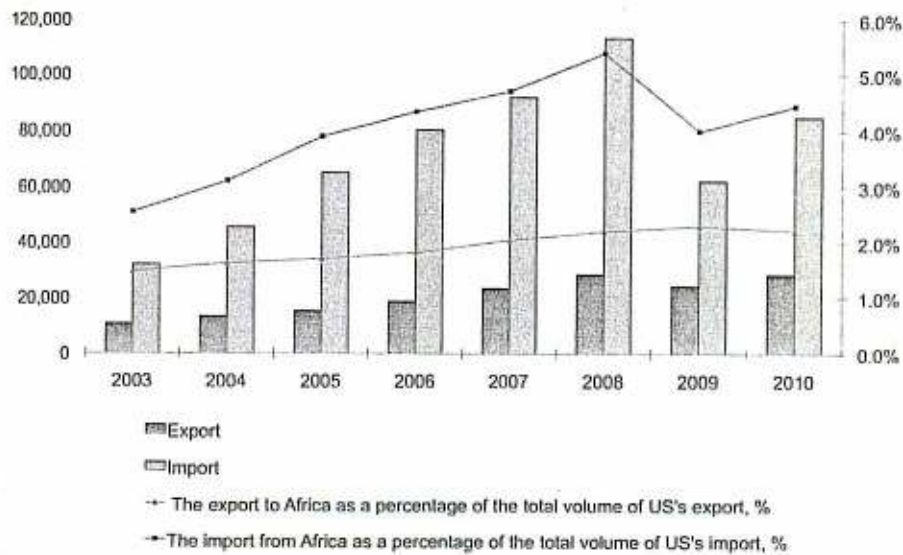


Figure 5. Merchandise trade<sup>28</sup> between the United States and Africa, US\$ million, 2003–10  
Source: International Trade Administration, US Department of Commerce  
at <http://tse.export.gov> (accessed 24 November 2012)

The key destinations of US exports in the region are Egypt (24.1 per cent), South Africa (19.9 per cent), Nigeria (14.3 per cent), Angola (4.6 per cent) and Algeria (4.2 per cent).<sup>29</sup>

<sup>25</sup> International Trade Administration, US Department of Commerce, at <http://tse.export.gov/TSE/ChartDisplay.aspx> (accessed 24 November 2012).

<sup>26</sup> Ibid

<sup>27</sup> The share of the country in the total volume of the PRC's exports to Africa, calculated by the authors.

<sup>28</sup> In current prices.

The results of the Chinese–American export performance can be interpreted in the following way. Despite the fact that the United States is the most technologically advanced world power, it does not have substantial opportunities in Africa, because the demand for products made in the United States is limited by the low levels of income in most African countries. In contrast, the PRC is able to offer relatively advanced equipment and products for prices affordable and acceptable for African consumers.

In addition, China is really interested in supporting the industrial development of some African countries because of the creation of global supply chains (GSCs). These provide Chinese multinationals with the opportunity to relocate from the PRC some labour-intensive industries and intermediate goods production in a pattern similar to that already successfully implemented in Asia. According to the research of Alessandro Nicita, Victor Ognitsev and Miho Shirotori:

In the case of the East and South-East Asia region, the data illustrate the rising importance of China as an assembly powerhouse. In relative terms, China intermediate exports to the region have been declining constantly since the early 1990s. On the contrary, China has become increasingly important for regional suppliers of intermediates. This may suggest that GSCs are increasingly fragmenting the production processes, localizing their assembly operation to China, while delocalizing the supply of part and components to other countries in the region.<sup>29</sup>

Since the 2000s China has initiated the same process in Africa. The best confirmation of that fact is provided by the establishment of special economic zones (SEZ). We will analyze details of this process below.

Coming back to the competition for Africa's mineral resources, one could sensibly argue that economic miracle of China was and still is strongly dependent on a stable supply of raw materials from abroad. This is the Achilles' heel of the Chinese economy. To compare Chinese foreign policy with the American one, Fanie Herman and Tsai Ming-Yen claim that 'US interest in SSA (sub-Saharan Africa) includes promoting democracy, good governance and transparency in economies of petroleum producing states, along with establishing a strong military command to protect its oil interests and monitor the actions of militant groups.' On the other side they assert, 'Trade and economical intentions are high on China's African business agenda, offloading Chinese products in the host countries in exchange for oil and other resources ... The supply of oil in return for investments and other economical incentives

<sup>29</sup> The share of the country in the total volume of the United States' exports to Africa, calculated by the authors.

<sup>30</sup> Alessandro Nicita, Victor Ognitsev and Miho Shirotori, 'Global supply chains: trade and economic policies for developing countries', Study series, UNCTAD, Geneva, 2011.

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According to the latest c  
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Figure 6. China's crude

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<sup>31</sup> Fanie Herman and Tsai M  
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<sup>32</sup> 'BP Statistical Review of  
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<sup>33</sup> 'Frack to the future', *Globe*

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States' exports to Africa, calculated

i. 'Global supply chains: trade and UNCTAD, Geneva, 2011.

are the driving force for petroleum producing states to establish relations with China.<sup>31</sup>

According to the latest estimates,<sup>32</sup> the biggest proved reserves of oil in the region are located in the following countries: Nigeria (37.2 billion barrels), Angola (13.5 billion barrels), Libya (46.4 billion barrels), and Algeria (12.2 billion barrels). At present Angola and Sudan belong to the group of China's most important oil partners (Figure 6).

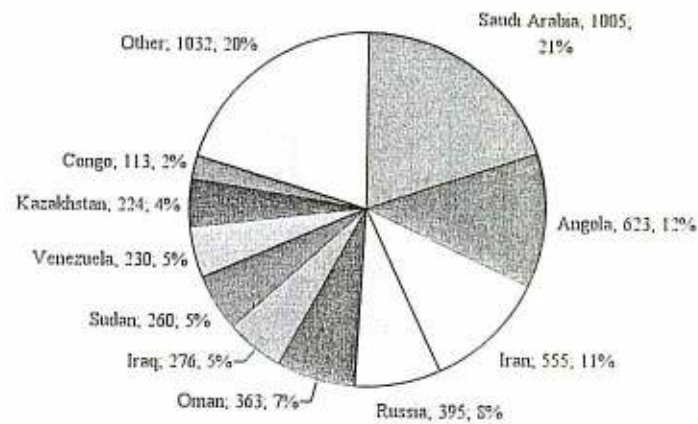


Figure 6. China's crude oil imports by source, thousand barrels per day, %, 2011

Source: US Energy Information Administration

at <http://www.eia.gov/countries/analysisbriefs/China/china.pdf> (accessed 04 December 2012)

In addition to oil, some African countries proved to be owners of big natural gas reserves. 'Projects in East Africa – namely Mozambique and Tanzania – have grabbed headlines over the last year for their impressive size and scope. More than 100 trillion ft<sup>3</sup> of gas has been discovered off the coast of East Africa, all of which has been found in the last three years. Analysts say that both Mozambique and Tanzania have the potential to become major suppliers in the global LNQ market in a decade's time.'<sup>33</sup>

Angola, Sudan, Republic of Congo, Libya and Algeria are key African suppliers of energy resources for China. Their share in Chinese imports from Africa was relatively stable from 2007 to 2010 (Figure 7). These five countries

<sup>31</sup> Fanie Herman and Tsai Ming-Yen, 'Preference over outcomes: Explaining US-Sino oil diplomacy in Sub-Saharan Africa', 2011, Academicjournals.org. at <http://www.academicjournals.org/ajpsir/PDF/pdf2011/August/Herman%20and%20Ming-Yen.pdf> (accessed 4 January 2013).

<sup>32</sup> 'BP Statistical Review of World Energy', June 2011, OPEC *Annual Statistical Bulletin*, 2010/11, at <http://www.inosmi.ru/infographic/20121119/202367059.html> (accessed 4 January 2013).

<sup>33</sup> 'Frack to the future', *Global Trade Review*, 11(3) (January/February 2013), p. 55.

in 2010 accounted for 57 per cent of the total Chinese imports from Africa.<sup>34</sup> Besides, China actively cooperates in oil business with Nigeria, Equatorial Guinea, Niger, Mauritania and Chad. The Republic of South Africa is a most important source of non-oil mineral resources for China.

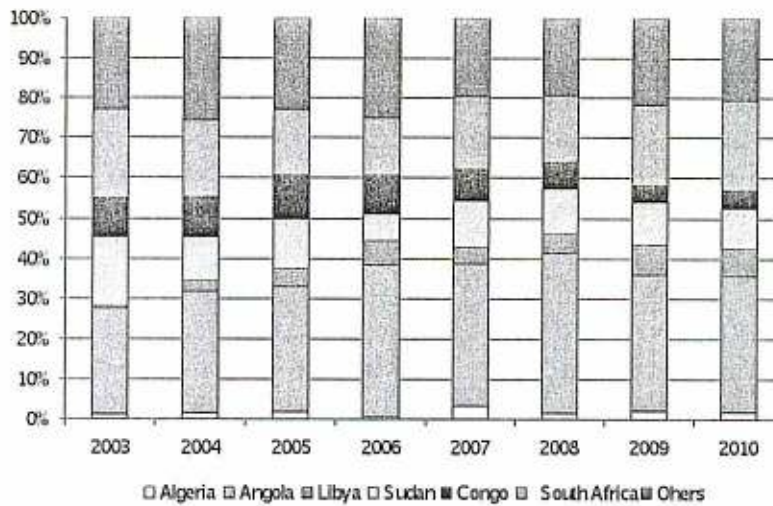


Figure 7. Dynamics of import share of China's main African partners, by country, 2003-2010  
Source: National Bureau of Statistics of China  
at <http://www.stats.gov.cn/tjsj/ndsj/2011/html/R0607E.xls> (accessed 04 December 2012)

By the end of 2010 the total stock of Chinese foreign direct investment in African countries, according to data from the National Bureau of Statistics of China, equalled US\$13.4 billion.<sup>35</sup> Comparing the investment performance of the PRC and the United States (Figure 8) in Africa we can conclude:

- 1) The US FDI flows surpassed the Chinese one every year except 2008.
- 2) Africa accounted on average for 4.8 per cent (in case of the Chinese) and 4.1 per cent (in case of the United States) of total FDI outflows for the period 2003–10.
- 3) Taking into consideration the results of the Arab spring in Libya and the separation of South Sudan we would argue that US–Chinese competition for African mineral resources transformed itself into a hard stage in 2011.

<sup>34</sup> Authors' calculations, based on data at <http://www.stats.gov.cn/tjsj/ndsj/2011/html/R0607E.xls> (accessed 17 October 2012).

<sup>35</sup> National Bureau of Statistics of China, at <http://www.stats.gov.cn/tjsj/ndsj/2011/indexh.htm> (accessed 24 November 2012).

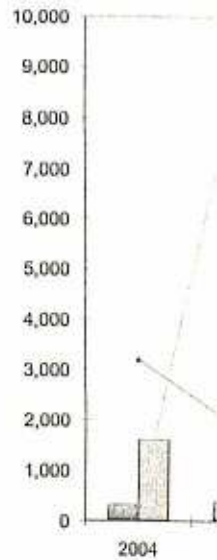


Figure 8. Change in FDI flows from the US and China to Africa in 2004  
MOFCOM, '2010 Statistical Yearbook of China' at <http://imc.gov.cn>

'China confronts foreign investment in Africa. China Contemporary Africa and affiliated with Africa. China's investment in Africa for oil where American investment represents this strategy. In the face of US demands, China still defends national interests. China's investment in Africa from direct confrontation of the Chinese economy with overseas markets has been increasing. Since 2009 China's new geopolitical strategy for the rising superpower. One of the main targets (Algeria) do not keep

<sup>36</sup> *Washington Post*, 2004Dec22.html (accessed 24 November 2012).

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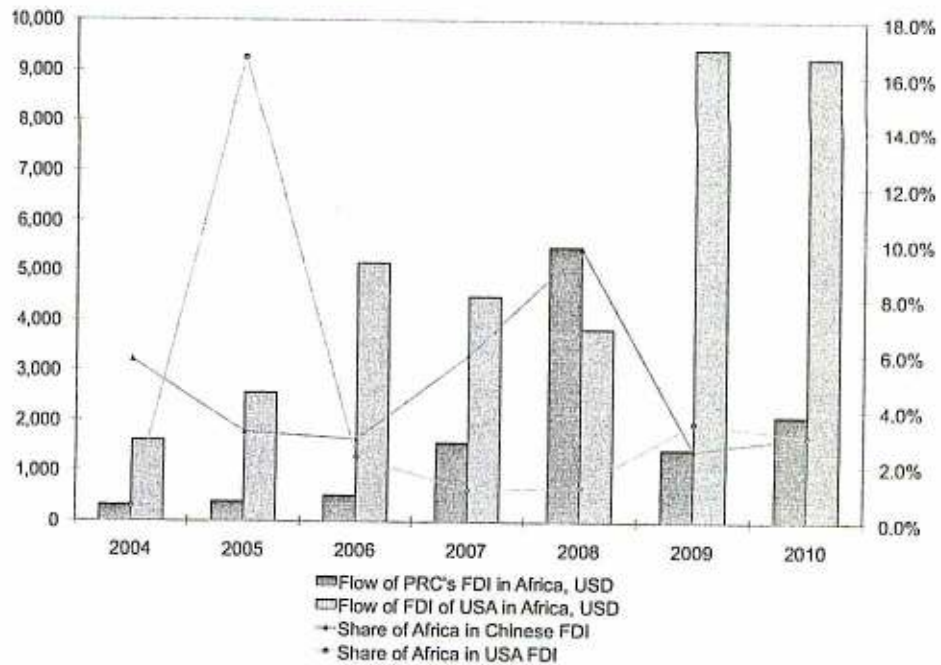


Figure 8. Changes in Chinese-American FDI flows into Africa, US\$ million, 2003-10

Sources: OECD, StatExtracts, at <http://stats.oecd.org>;  
MOFCOM, '2010 Statistical bulletin of China's outward foreign direct investments', 2010  
at <http://images.mofcom.gov.cn/hzs/accessory/201109/1316069658609.pdf>  
(accessed 12 January 2012)

'China confronts foreign competition,' claimed Chen Fengying, an expert at the China Contemporary International Relations Institute, which is based in Beijing and affiliated with the state security system. 'Chinese companies must go places for oil where American [and] European companies are not present. Sudan represents this strategy put into practice.'<sup>36</sup> According to Deng Xiaoping's behests, China still keeps a low profile and prefers a pragmatic policy in defending national interests. For a long period of time China managed to escape from direct confrontation with the United States. Meanwhile, the transformation of the Chinese economy into the world's workshop strongly dependent on overseas markets has made the collision of their interests practically inevitable.

Since 2009 China has conducted an active foreign policy corresponding to its new geopolitical status. Africa appeared to be some kind of a proving ground for the rising superpower. The oil from Sudan, Libya, Angola and Algeria is one of the main targets. These countries are Soviet ex-allies that (except for Algeria) do not keep up close economic contacts with post-communist Russia.

<sup>36</sup> *Washington Post*, at <http://www.washingtonpost.com/wp-dyn/articles/A21143-2004Dec22.html> (accessed 30 November 2012).

and in the 1990s these countries did not improve their trade relations with the United States. As these economies were so important for China, their trade and investment cooperation will be discussed below.

### Algeria

In the 1960s Algeria was one of the targets of Chinese African policy, which rendered aid for the National Liberation Front (NLF) in its fight for the country's independence and later supported the new independent state. Algeria in its turn helped China to restore its legitimate status in the United Nations. After the beginning of reforms in China, Chinese–Algerian trade increased fairly quickly. In 1982 the bilateral trade turnover reached US\$170 million.<sup>37</sup>

In 1990s Algeria supported China in a variety of issues from human rights to the Taiwan problem. The high level of trust between two countries was confirmed in 1996 when Algeria built two nuclear reactors, one of which was built by China.<sup>38</sup> The new page of bilateral relations was the conclusion of the 'Agreement on Holding Regular Political Consultations' in April 1997. Algeria made a significant contribution in terms of preparatory work in from 1999 for the China–Africa Cooperation Forum.

Since the signing of the trade and payment agreement in 1964 China and Algeria experienced strongly boosted trade relations. In the 2000s, trade between two countries increased from US\$745.15 billion in 2003 to US\$5.18 billion in 2010 (Figure 9).

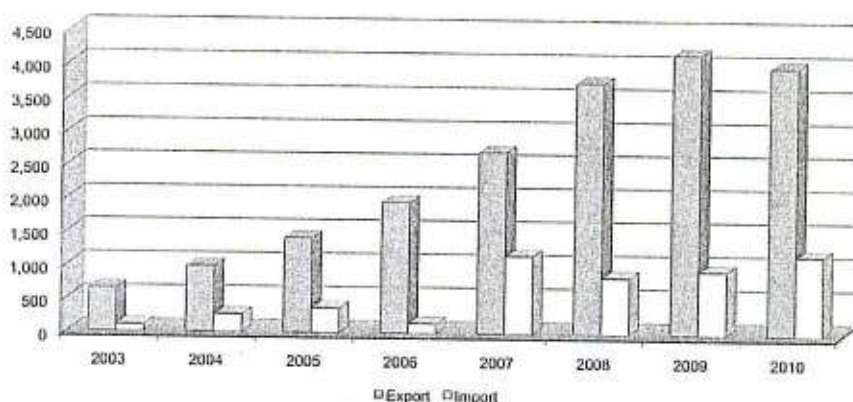


Figure 9. Merchandise trade<sup>39</sup> between China and Algeria, US\$ million, 2003–2010  
Source: National Bureau of Statistics of China, at <http://www.stats.gov.cn> (accessed 15 January 2012)

<sup>37</sup> China.org. At <http://www.china.org.cn/english/features/focac/183581.htm> (accessed 21 January 2013).

<sup>38</sup> *New York Times*, at <http://www.nytimes.com/1996/06/03/world/algeria-china-nuclear-tie.html?pagewanted=1> (accessed 13 January 2012).

<sup>39</sup> In current prices.

According to accounting for main destinations calculations, oil supplied to China from the United States Petroleum, mainly export goods.<sup>40</sup>

China started to invest in oil and gas. It is rich in oil and gas. The National Petro-

CNPC embarked on a major oilfield expansion in oilfield exploration and refined products. It acquired the 438b in Algeria downstream in oilfield appraisal marketing of 1 Oil Company Refining Company and 30 per cent an oilfield with 2007, a 600 Km<sup>2</sup>

On 10 May 2012 the construction composed of 1 (Mt/a) condensate and LPG and Skikda Refinery went onstream was completed industrial park EPC contractor

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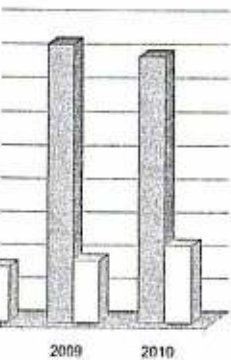
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<sup>41</sup> CNPC, at <http://www.cnpc.com.cn>  
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According to WTO data, in 2011 China was a key origin of Algerian imports, accounting for up to 10 per cent of the total. At the same time China was not the main destination for Algerian oil exports. According to the authors' calculations, only nearly 2 per cent of the total Algerian exports in 2010 were supplied to China. Algerian main export partners were the EU 50.8 per cent, the United States 20.6 per cent, Canada 6.1 per cent and Brazil 4.4 per cent. Petroleum, natural gas and petroleum products constituted Algeria's main export goods.<sup>40</sup>

China started to take part in different projects in Algeria in 1979. As Algeria is rich in oil and gas, Chinese-Algerian cooperation focuses on oil. The China National Petroleum Corporation (CNPC) plays the leading role in this process.

CNPC embarked on oil and gas operations in Algeria<sup>41</sup> in 2003 involving itself in oilfield exploration and development, refinery construction and operation, and refined products marketing. While providing oilfield services, CNPC acquired the exploration licenses for Block 102a /112, Block 350 and Block 438b in Algeria. The company also operated the Adrar upstream and downstream integrated project. The project was composed of three parts, that is, oilfield appraisal and development, the construction of a refinery and the marketing of refined products. On 14 July 2003, CNPC and the Algeria State Oil Company (SONATRACH) signed the Shareholders Agreement of the Refining Company of Adrar project. CNPC and SONATRACH had 70 per cent and 30 per cent holdings respectively in the project. In 2006, the construction of an oilfield with an annual output of 600,000 tonnes was completed, and in April 2007, a 600 Kilotonnes per annum (Kt/a) refinery was put into operation.

On 10 May 2005, the CNPC and SONATRACH signed an EPC<sup>42</sup> contract for the construction of the Skikda Gas Condensate Refinery. This project was composed of two contracts, one the construction of a 5 Megatonnes per annum (Mt/a) condensate refinery, and the other the storage installations for naphtha and LPG and the forwarding installations for the naphtha and fuel oil of the Skikda Refinery. The refinery was accepted by the supervisor and owner, and went onstream in July 2009. On 25 July 2009 a 5 Mt/a gas condensate refinery was completed and successfully put into operation in East Algeria's Skikda industrial park. The China Petroleum Engineering Construction Co. was the EPC contractor of the Skikda refinery.

Chinese foreign direct investment into Algeria was complementary to bilateral mutual trade cooperation. China invested in the Algerian oil industry as a producer of a key Chinese commodity. In addition to that China tried to develop assembly production in Algeria in order to be closer to local consumer markets

<sup>40</sup> World Trade Organization, at <http://stat.wto.org/CountryProfile/WSDBCountryPFView.aspx?Language=E&Country=DZ> (accessed 30 January 2013).

<sup>41</sup> CNPC, at <http://www.cnpc.com.cn/en/cnpcworldwide/algeria> (accessed 9 January 2012).

<sup>42</sup> Engineering, Procurement and Construction contract.

and then to get benefits from preferences granted by the Algerian government for foreign investors. In 2010 the FDI stock reached US\$937.26 million.<sup>43</sup>

China is not the main investor in Algeria but it is one of the important destinations for Chinese FDI in Africa. In 2004–10 the average share of FDI annually directed by China to Algeria reached 11.3 per cent (Figure 10) of the total Chinese FDI flow into Africa (the average share of US FDI in Algeria for the same period was 13.2 per cent).

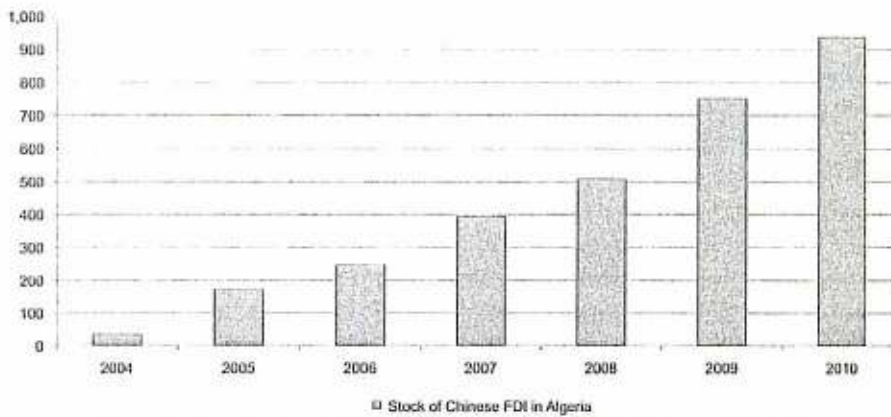


Figure 10. Stock of the Chinese FDI into Algeria, US\$ Millions, 2003–10

Source: MOFCOM, at <http://images.mofcom.gov.cn/hzs/accessory/201109/1316069658609.pdf> (accessed 17 January 2012)

Algeria conducts a balanced international policy, so the further development of trade and investment relations with China as an independent world power is very important for it. China, in its turn, is also very interested in long-term cooperation with an owner of the third-biggest oil reserves in Africa (after Nigeria and Angola) and a reliable political partner.

#### Angola

Chinese involvement in civil war in Angola has been very inconsistent. Since 1960s the leadership has several times changed its key partners in Angola. First, China supported the Popular Movement for the Liberation of Angola (MPLA), then in 1963 it started to support the National Front for the Liberation of Angola (FNLA). In 1964 it turned in favour of the UNITA (National Union for the Total Independence of Angola), the movement ideologically connected to Maoism. Jonas Savimbi, a leader of the UNITA, was a protégé of the Republic of South Africa and the United States against the pro-Soviet MPLA,<sup>44</sup> had

<sup>43</sup> National Bureau of Statistics of China, at <http://www.stats.gov.cn/tjsj/ndsj/2011/index.htm> (accessed 22 November 2012).

<sup>44</sup> Monique Mas, 'Hu Jintao l'Africain', Radio France Internationale, 2004, at [http://www.rfi.fr/actufr/articles/049/article\\_26295.asp](http://www.rfi.fr/actufr/articles/049/article_26295.asp) (accessed 10 November 2012).

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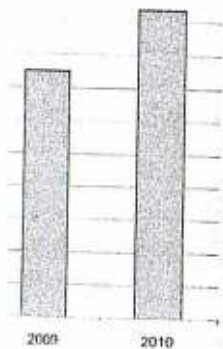
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special training in China in 1964-5 and acquired Maoist guerrilla tactics against the MPLA and its allies. China supported anti-apartheid forces in Tanzania and Zambia as well as supporting UNITA, a protégé of South Africa, in Angola. Thus Angola became an ideological battlefield between the USSR and China. Since 1975 Angola had been ruled by the MPLA with Jose Eduardo dos Santos as president.

The gradual improvement in Sino-Soviet relations in the 1980s stimulated the reassessment of relations between China and Angola. On 12 January 1983 China and Angola established diplomatic relations. In 1984 the two countries signed their first agreement on trade and cooperation and then set up a mixed Economic and Trade Commission in 1988. These agreements were inactive until 2002, when the civil war finished in Angola and the new Chinese African policy began. China gradually managed to establish a fruitful cooperation with the MPLA leaders.

Since 2003 trade between China and Angola has increased from US\$2.35 billion in 2003 to US\$24.82 billion in 2010 (Figure 11).

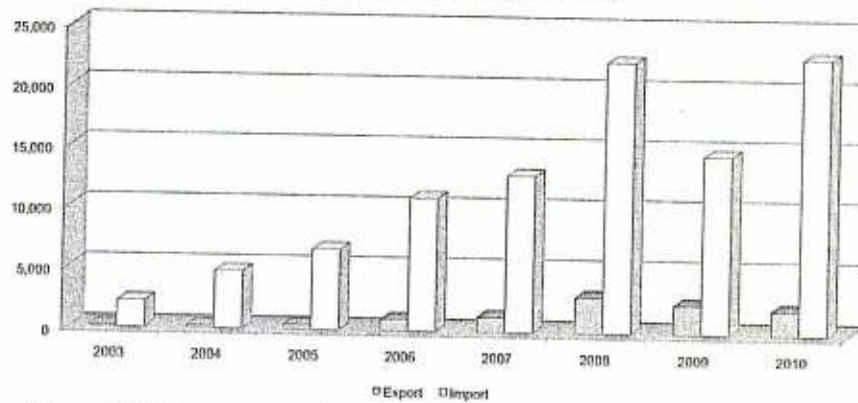


Figure 11. Merchandise trade<sup>45</sup> between China and Angola, US\$ billion, 2003-10

Source: National Bureau of Statistics of China at <http://www.stats.gov.cn> (accessed 20 January 2012)

According to WTO and National Bureau of Statistics of China data, in 2011 China was a key partner for Angola, accounting for 38.0 per cent of total Angola exports and 12.7 per cent of its total imports. The United States is the second export market for Angola, sharing up to 20.8 per cent of Angola's exports.<sup>46</sup> Angola's main export commodities are crude oil, diamonds, refined petroleum products, coffee, sisal, fish and fish products, timber and cotton.

<sup>45</sup> In current prices.

<sup>46</sup> Authors' calculations based on <http://www.stats.gov.cn/tjsj/nds/2011/html/R0607E.xls>; <http://tse.export.gov/TSE/ChartDisplay.aspx> (accessed 4 February 2013).

The stock of Chinese foreign direct investment in Angola reached US\$351.77 million in 2010.<sup>47</sup> It was not much compared with the United States (US\$1,968 million in 2010<sup>48</sup>). Nevertheless, China had a number of investment projects in Angola's oil industry, as well as providing credits for Angola's development needs.

The China Petrochemical Corporation (Sinopec) and China Sociedade Nacional de Combustíveis de Angola (China Sonangol) established a joint venture,<sup>49</sup> Sonangol Sinopec International, which holds a 50 per cent participating interest in Block 18 in Angola. Block 18, operated by BP, covers an area of more than 5000 km<sup>2</sup> and lies in water depths of 500–1,600 m. It contains the Greater Plutonio development which is the first BP-operated asset in Angola, consisting of five distinct fields discovered between 1999 and 2001 in water depths of up to 1,450 m. Apart from Block 18, China Sonangol together with many of the big names in the oil and gas industry, namely British Petroleum, Total, ExxonMobil, Petrobras, Sonangol E.P. etc, has interests in eight other oil blocks in Angola. Sinopec's group role in Angola's oil industry is tiny comparing with oil multinationals because it is a latecomer, and does not possess sufficiently sophisticated deep-water drilling technology.

Angola conducts a multi-vector international policy, so the further development of trade and investment relations with the second economic superpower in the world is very important to it. In its turn China is interested in establishing close links with the owner of the second-biggest oil reserves in Africa (after Nigeria). In order to achieve this it grants large concessional loans providing assistance in the reconstruction of Angola's economy. All in all, the economic and political relations between two countries have good prospects for further development.

#### Libya

Diplomatic relations between Libya and China were established in August 1978, after which inter-state cooperation began to develop very intensively. The countries signed the first agreement on trade, cooperation, science and technology in August 1978, which came into force in October 1982. Also in this period the partners signed the Agreement on the Establishment of Sino-Libyan Joint Committee on Economic, Trade, Scientific and Technological

Cooperation, a mutually beneficial infrastructure cooperation started in 1981.

In the 2000s US\$215.68 milli

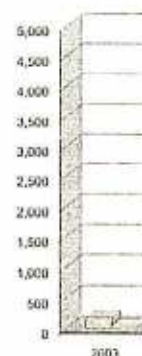


Figure 12.1

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<sup>47</sup> MOFCOM, '2010 Statistical bulletin of China's outward foreign direct investments', 2010 at <http://images.mofcom.gov.cn/hzs/accessory/201109/1316069658609.pdf> (accessed 12 January 2013)

<sup>48</sup> OECD, StatExtracts, at [http://stats.oecd.org/Index.aspx?DatasetCode=FDI\\_FLOW\\_PARTNER#](http://stats.oecd.org/Index.aspx?DatasetCode=FDI_FLOW_PARTNER#) (accessed 12 January 2013).

<sup>49</sup> China Sonangol, at [http://www.chinasonangol.com/oil\\_and\\_gas.html](http://www.chinasonangol.com/oil_and_gas.html) (accessed 13 January 2013).

<sup>50</sup> china.org.cn, a November 2012

<sup>51</sup> In current prices

<sup>52</sup> 'Kitai sozhaleet regrets military' at <http://ria.ru/w/>

<sup>53</sup> Ibid

Cooperation, and the Sino-Libyan Mutual Cooperation Programme.<sup>50</sup> The mutually beneficial business cooperation between China and Libya in fact started in 1981. Chinese companies successively entered Libya's industrial and infrastructure construction market.

In the 2000s trade between China and Libya expanded rapidly from US\$215.68 million in 2003 to US\$6.58 billion in 2010 (Figure 12).

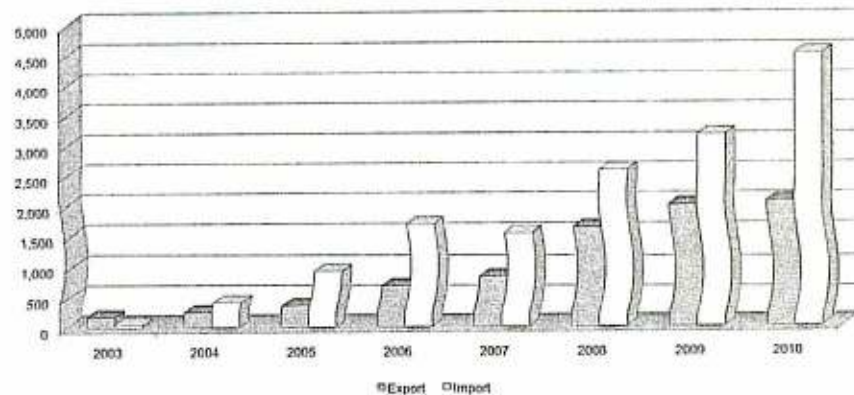


Figure 12. Merchandise trade<sup>51</sup> between China and Libya, US\$ million, 2003-10

Source: National Bureau of Statistics of China  
at <http://www.stats.gov.cn> (accessed 22 January 2012)

The Libyan version of 'the Arab spring' brought a huge threat to mutually beneficial bilateral cooperation and its further prospects. China did not support a power solution of the conflict in Libya and together with Russia refrained in from voting at the UN Security Council on Resolution No. 1973, which authorized foreign military operation to protect the Libyan population against Muammar Gaddafi and his army.<sup>52</sup> Besides Jiang Yu, an official representative of the Ministry of Foreign Affairs of the People's Republic of China declared on 20 March 2011 that Beijing expressed regret in connection with the military operation which the Western countries coalition led by the United States began in Libya.<sup>53</sup> As a result of the civil war in Libya, militarily supported by a number of the NATO countries and their allies, the government of Muammar Gaddafi was overthrown in 2011. The Libyan National Transitional Council (NTC) came into power.

<sup>50</sup> china.org.cn, at <http://www.china.org.cn/english/features/focac/183438.htm> (accessed 16 November 2012).

<sup>51</sup> In current prices.

<sup>52</sup> 'Kitai sozhaleet o nachale voennoi operatzii v Livii, zayavlyaet MID KNR' ('China says regrets military strike against Libya' statement by Chinese Ministry of Foreign Affairs), 2011, at <http://ria.ru/world/20110320/355847329.html> (accessed 17 November 2012).

<sup>53</sup> Ibid

On 12 September 2011 China notified the NTC of its decision to recognize it, declaring that it respected the choice of the Libyan people, and valued the important status and role of the NTC, and it has maintained close contact with it. China recognizes the NTC as the ruling authority of Libya and the representative of the Libyan people and would like to work with it to push for the smooth transition and development of China–Libya relations. China hopes that the previously signed treaties and agreements between the two sides will remain valid and be earnestly implemented.<sup>54</sup>

According to the European Commission, total Libyan exports in 2011 plummeted €12.8 billion from €31.8 billion in 2010.<sup>55</sup> The main Libyan export commodities were crude oil, refined petroleum products, natural gas, and chemicals. The EU was the main economic partner of post-revolutionary Libya, accounting in 2011 for 81.8 per cent of the country's total exports.<sup>56</sup> Nevertheless, China still remained an important partner for Libya in 2011. The Chinese share equalled 12.1 per cent of exports and 8.6 per cent of imports.<sup>57</sup>

The stock of Chinese FDI in Libya in 2010 diminished to US\$32.19 million from US\$378.62 million in 2007 (Figure 13). It is worth mentioning that the United States did not invest in Libya from 2008.

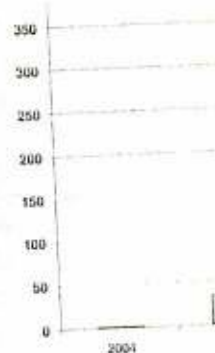


Figure 13  
Source: MOFCOM, 1

The China National Oil & Gas Corporation (CNOC) since 2005<sup>58</sup> and now also providing oil. In December 2005, CNOC and the National Oil Corporation of Libya signed the northwestern oilfield production sharing agreement with a water depth of 200 meters and 20 years of production sharing.

The company provides engineering and testing services and processing services. Sipek, Ramsa and other companies have completed and accomplished the project.

In 2002, the Chinese National Oil & Gas Corporation (CNOC) construction of a 5,000 km pipeline invested in by the Chinese National Oil & Gas Corporation (CNOC) in the hinterland of the oilfield. There were two parallel pipelines: one was 5,000 km for the natural gas and the other was 5,000 km for the crude oil pipes. The 16-inch pipeline and a 5,000 km pipeline were completed in 2004, with its capacity of 1.5 million barrels per day.

<sup>58</sup> For CNOC in Libya? COLL.C

<sup>54</sup> Ministry of Foreign Affairs of the People's Republic of China, Foreign Ministry Spokesperson Ma Zhaoxu's Remarks on China's Recognition of the Libyan National Transitional Council, 2011, at <http://www.fmprc.gov.cn/eng/xwfw/s2510/2535/t858833.htm> (accessed 17 November 2012).

<sup>55</sup> 'EU Bilateral Trade and Trade with the world (Libya)' at [http://trade.ec.europa.eu/doclib/docs/2006/september/tradoc\\_113414.pdf](http://trade.ec.europa.eu/doclib/docs/2006/september/tradoc_113414.pdf) (accessed 4 February 2013).

<sup>56</sup> Authors' calculations based on 'EU Bilateral Trade and Trade with the world (Libya)' at [http://trade.ec.europa.eu/doclib/docs/2006/september/tradoc\\_113414.pdf](http://trade.ec.europa.eu/doclib/docs/2006/september/tradoc_113414.pdf) (accessed 4 February 2013).

<sup>57</sup> Authors' calculations based on 'EU Bilateral Trade and Trade with the world (Libya)' at [http://trade.ec.europa.eu/doclib/docs/2006/september/tradoc\\_113414.pdf](http://trade.ec.europa.eu/doclib/docs/2006/september/tradoc_113414.pdf) (accessed 4 February 2013); National Bureau of Statistics of China, at <http://www.stats.gov.cn/tjsj/ndsj/2012/indexeh.htm>; <http://www.irs.gov/Individuals/International-Taxpayers/Yearly-Average-Currency-Exchange-Rates> (accessed 4 February 2013).

sion to recognize it, etc, and valued the close contact with of Libya and the with it to push for tions. China hopes the two sides will

Libyan exports in 2011. The main Libyan exports, natural gas, and evolutionary Libya, Libya's total exports.<sup>56</sup> Libya in 2011. The cent of imports.<sup>57</sup> US\$32.19 million mentioning that the

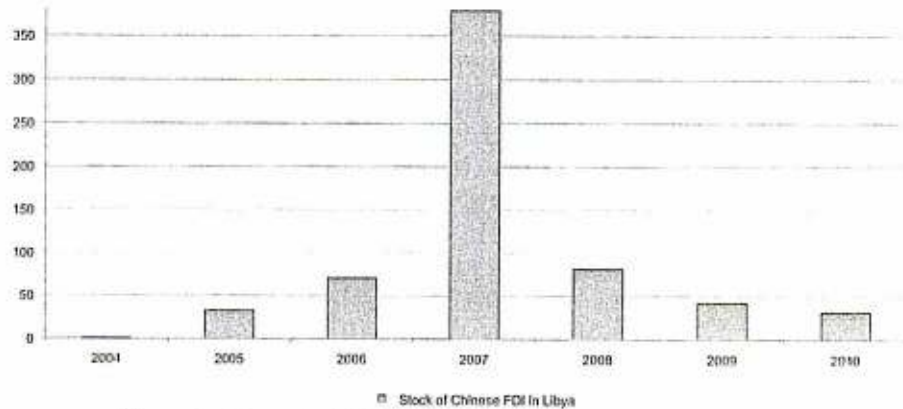


Figure 13. The stock of Chinese FDI in Libya, US\$ million, 2003–10  
Source: MOFCOM, <http://images.mofcom.gov.cn/hzs/accessory/201109/1316069658609.pdf> (accessed 22 January 2012)

The China National Petroleum Corporation (CNPC) has been present in Libya since 2005<sup>58</sup> and now is engaged in a risk exploration project in the country and also providing oilfield services, and engineering and construction services. On 7 December 2005, CNPC signed a risk exploration contract for Block 17-4 with the National Oil Corporation of Libya (NOC). Located in the Pelagian Basin of the northwestern coast of Libya, the block covers an area of 2,566 km<sup>2</sup> with a water depth of 200–400 m. The contract for Block 17-4 is an exploration and a production sharing agreement (EPSA) covering five years of exploration and 25 years of production.

The company provided geophysical prospecting, well drilling, and logging and testing services in Libya. CNPC also offered seismic data acquisition and processing services for Total, Shell, Woodside Energy, Waha, Remsa, Agoco, Sipex, Ramsa and Eni in Libya, signed drilling contracts with Tpec and Repsol, and accomplished logging and testing operations for Repsol.

In 2002, the China Petroleum Pipeline Bureau of CNPC won the tender for the construction of a pipeline in western Libya. The 1,050-km long pipeline, jointly invested in by the NOC and Italy's Agip started at the Wafa Oilfield in the hinterland of the desert and ended at Mellitah on the Mediterranean coast. There were two parallel lines in different channels with a diameter of 32 inches (40.64 cm) for the natural gas pipes and a diameter of 16 inches (20.32 cm) for the crude oil pipes. Eighteen communication towers have been built along the pipeline and a 527-km long optic cable has been paved in the same channel with the 16-inch pipe. This project was completed and put into operation in July 2004, with its quality and services being highly praised.

<sup>58</sup> For CNPC in Libya, see <http://www.cnpc.com.cn/en/cnpecworldwide/libya/?COLLCC=515201249&> (accessed 9 January 2013).

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Since the political changes in 2011 the perspectives of Chinese–Libyan relations are still unclear. Taking into consideration the pro-Western orientation of the new Libyan leadership, securing the status quo could be perceived as a good option for China.

#### Sudan

China and Sudan established diplomatic relations on 4 January 1959. The trade between the two countries in 2000s increased from US\$1.92 billion in 2003 to US\$8.63 billion in 2010 (Figure 14).

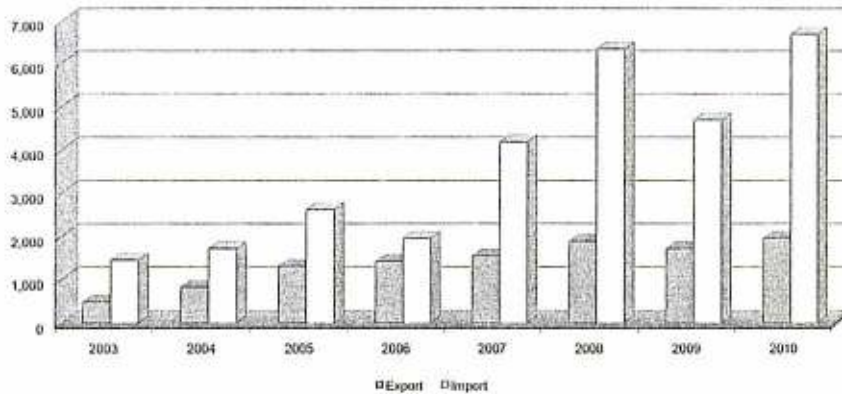


Figure 14. Merchandise trade<sup>59</sup> between China and Sudan, US\$ million, 2003–10

Source: National Bureau of Statistics of China  
at <http://www.stats.gov.cn> (accessed 30 January 2012)

According to WTO data, China was the most important partner for Sudan in 2011, accounting for 65.3 per cent of Sudanese total exports and 16.6 per cent of total imports. The other Sudanese export partners were the UAE, 10.5 per cent, Canada, 8.8 per cent, and Saudi Arabia, 2.8 per cent. The main Sudanese export commodities are oil and petroleum products, cotton, sesame, livestock, groundnuts, and gum.<sup>60</sup>

The Chinese leaders gave multifaceted support to the authorities of Sudan in their fight against rebels in the south of the country. This type of support was very important, especially since 2008 when Omar Hassan Ahmad Al Bashir, the president of the country, was accused by the International Criminal Court of being criminally responsible.<sup>61</sup>

<sup>59</sup> In current prices.

<sup>60</sup> World Trade Organization, at <http://stat.wto.org/CountryProfile/WSDBCountryPFView.aspx?Language=E&Country=DZ> (accessed 30 January 2013).

<sup>61</sup> International Criminal Court, at [http://www.icc-cpi.int/EN\\_Menus/ICC/Situations%20and%20Cases/Situations/Situation%20ICC%200205/Pages/situation%20icc-0205.aspx](http://www.icc-cpi.int/EN_Menus/ICC/Situations%20and%20Cases/Situations/Situation%20ICC%200205/Pages/situation%20icc-0205.aspx) (accessed 13 January 2013).

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<sup>62</sup> *Sudan Tribu* at [www.s](http://www.s) November 2

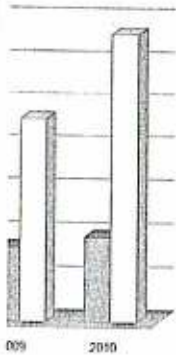
<sup>63</sup> CNPC, at (accessed 30

<sup>64</sup> Ibid

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After South Sudan's transformation into an independent state on 9 July 2011, Beijing sought ways to build working relations with its leadership. In July 2011 Yang Jiechi, a Foreign Minister of the People's Republic of China, visited the South Sudanese capital of Juba. In addition to discussion on bilateral inter-state contacts, relations between two Sudans were reported to be on the agenda. China has been interested in their normalization in particular since the main oil fields are located in South Sudan while the main seaport facilities remain in the North Sudan. The Chinese diplomat was quoted by the government-sponsored Sudanese Media Centre(SMC) website as saying that North and South Sudan 'will lose the peace equation' by not cooperating on the joint and controversial issues.<sup>62</sup>

Not by chance, the CNPC's large-scale projects in Sudan became the most significant among all being executed in Africa.<sup>63</sup> Successful cooperation of the CNPC with Sudan since 1996 allowed the latter to revive the Sudanese oil industry which seriously suffered from civil war and Western sanctions. Together with Petronas, SPC and Sudapet, CNPC established the Greater Nile Petroleum Operating Company (GNPOC), which won the tender for oil Block 1/2/4 in March 1997. CNPC's oil and gas businesses in Sudan mainly include four upstream projects of Block 1/2/4, Block 3/7, Block 6 and Block 15, three downstream projects of Khartoum Refinery, Khartoum Petrochemical Co. and petrochemical trading, as well as crude oil pipelines in Block 1/2/4, Block 3/7 and Block 6. Nowadays CNPC has a 40 per cent stake, and the shares of three partners, Petronas, ONGC and Sudapet, are 30 per cent, 25 per cent and 5 per cent respectively.<sup>64</sup> Chinese oil companies currently control about 40 per cent of Sudan's oil assets and nearly 60 per cent of the oil they pump is exported to China.<sup>65</sup>

The CNPC has completed engineering and construction of a range of major projects, including:

- oilfield surface engineering of Block 1/2/4, Block 3/7 and Block 6
- construction of Khartoum Refinery
- construction of Khartoum Petrochemical Plant
- crude oil pipeline between Block 6 and Khartoum Refinery
- offshore terminal and pipeline between Block 3/7 and Port Sudan

<sup>62</sup> *Sudan Tribune*, 'China FM warns North & South Sudan against losing peace equation', 2011, at [www.sudantribune.com/China-FM-warns-North-South-Sudan,39770](http://www.sudantribune.com/China-FM-warns-North-South-Sudan,39770) (accessed 10 November 2012).

<sup>63</sup> CNPC, at <http://www.cnpc.com.cn/en/cnpcworldwide/sudan/?COLLCC=2875878084&> (accessed 30 November 2012).

<sup>64</sup> *Ibid*

<sup>65</sup> 'CNPC Braces for Change in Sudan's Oil Fields', China Energy Intelligence and Communication, 2012, at <http://energychinaforum.com/news/68072.shtml> (accessed 30 November 2012); Peter Goodman, 'China Invests Heavily in Sudan's Oil Industry', 2004, *Washington Post*, at <http://www.washingtonpost.com/wp-dyn/articles/A21143-2004Dec22.html>

- crude oil pipeline from Block 1/2/4 to Port Sudan. Construction of the pipeline from Heglig Field of Block 1/2/4 to Port Sudan was commenced in May 1998 and completed in June 1999. During the 11 months of construction some engineering troubles brought about by tropical rain forest, desert, mountains and marsh were tackled
- Khartoum Refinery. CNPC has contracted the phase I in construction and phase II in upgrading of Khartoum Refinery. It designed and built the world's first delayed coking unit for high-acid and high-calcium crude oil. The refinery became operational on 16 May 2000 and currently has an annual processing capacity of 5 million tonnes. On 17 November 2009 CNPC and Sudan's Ministry of Energy and Mining signed an MOU on the second phase expansion of Khartoum Refinery and an MOU on further strengthening cooperation in upstream projects in Sudan<sup>66</sup>

The stock of Chinese foreign direct investment in Sudan in 2010 increased to US\$613.36 million from US\$171.61 million in 2003 (Figure 15). As a matter of fact, the United States has no investment in the country.

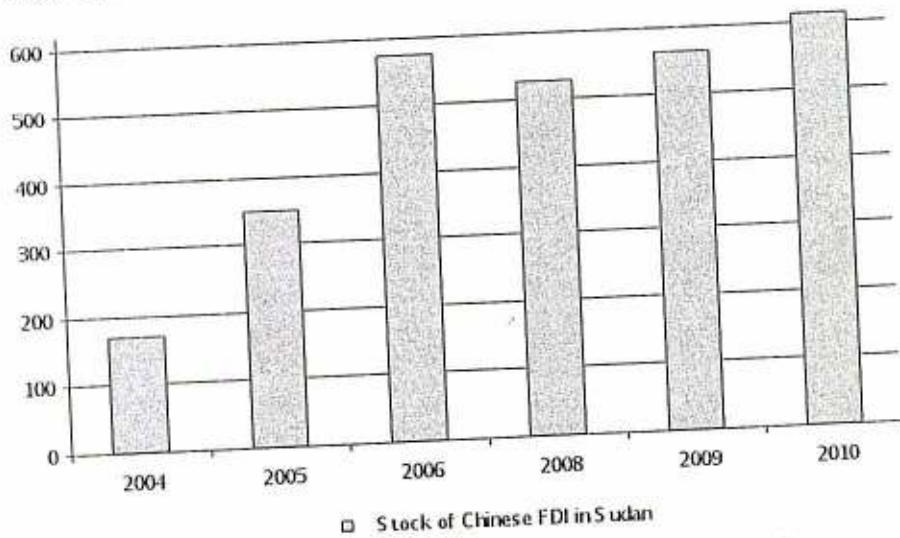


Figure 15. Stocks of Chinese FDI in Sudan, US\$ million, 2003-10

Source: MOFCOM, <http://images.mofcom.gov.cn/lzsz/accessory/201109/1316069658609.pdf> (accessed 31 January 2012)

The government of Sudan conducts a Chinese-friendly foreign policy. At the same time South Sudan has tense relations with Western countries. Under the

<sup>66</sup> CNPC, at <http://www.cnpc.com.cn/resource/english/images1/pdf/09AnnualReportEn/09-Major%20Events.pdf> (accessed 30 November 2012).

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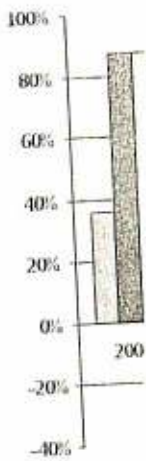


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<sup>67</sup> Howard <http://www> January 20

circumstances the prospects for relations between China and the both Sudans in the medium run remain unclear.

All in all the results of Chinese policy towards Africa in the first decade of the 21st century were impressive. The annual growth of imports from Africa was higher (except year 2009), compared with the total Chinese import growth. At the same time, trade with four selected economies expanded in most cases even faster (Figure 16). Thus China was able to build stable and reliable relations with relatively independent oil suppliers from Africa: Algeria, Angola, Libya, Sudan, and hedge its own risks from Middle East turmoil.

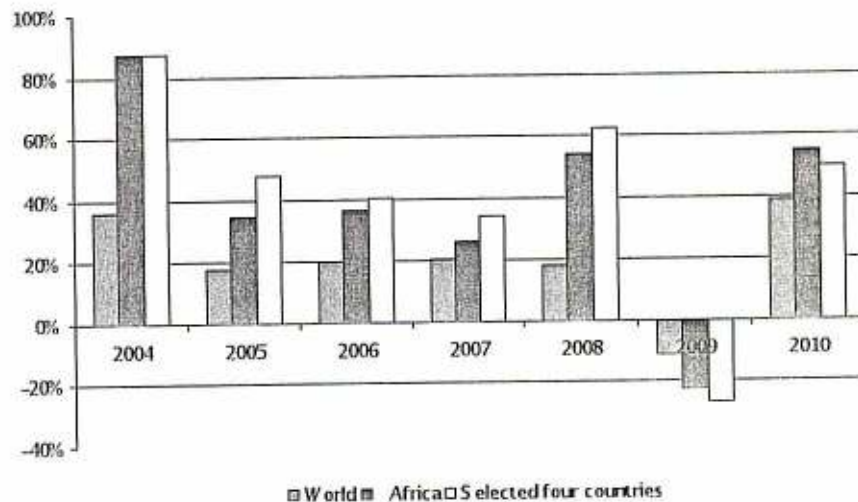


Figure 16. The dynamic of Chinese imports from the world, Africa and four selected countries (imports from Algeria, Angola, Libya and Sudan combined), 2003-10  
 Source: National Bureau of Statistics of China  
 at <http://www.stats.gov.cn> (accessed 31 January 2012)

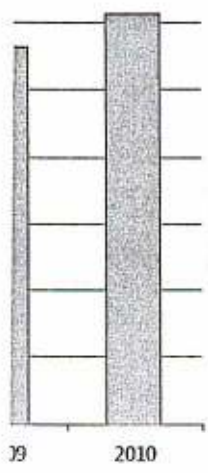
The Chinese cooperation with these four countries demonstrates a new pattern of policy for the continent. As Howard W. French sensibly argues: 'In its recent approach to Africa, China could not be more different from the West. It has focused on trade and commercially justified investment, rather than aid grants and heavily subsidized loans. It has declined to tell African governments how they should run their countries, or to make its investments contingent on government reform. And it has moved quickly and decisively, especially in comparison to many Western aid establishments.'<sup>67</sup>

At the same time it would be fair to claim that views on the methods of Chinese expansion in Africa differed and still differ. In particular, a certain

<sup>67</sup> Howard W. French, 'The Next Empire', 2010, at <http://www.theatlantic.com/magazine/archive/2010/05/the-next-empire/308018> (accessed 27 January 2013).

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scepticism of the behaviour of Chinese banks has been frequently expressed. These institutions 'have long been criticized for their initial activity in Africa; securing access to raw materials is the Asian country's number one interest, and its efforts in doing so have often been construed as being government-linked ... But now ... Chinese financial institutions appear to be attempting to improve their profile in Africa.'<sup>68</sup>

#### SPECIAL ECONOMIC ZONES IN AFRICA: NEW OPPORTUNITIES FOR COLLABORATION

In the 2000s China was ready to invest in Africa on a significant scale. Sufficient institutional infrastructure had been already established for that. In particular, special economic zones (SEZ) were set up in a number of the African countries, giving birth to a new stage of cooperation. It is a well-known fact that China's special economic zones paved the way for the country's market reforms in general as well as contributed substantially to the expansion in foreign economic cooperation in particular. Initially the first four special economic zones were set up in the south of the country in 1980s. These zones were replicas of similar ones set up in the 1960s and 1970s by the governments of Taiwan, South Korea, Singapore and Hong Kong in their respective economies.

It seems fair to claim that successful international (largely Chinese) experience encouraged African countries to set up their own SEZs. On the other hand, Chinese economic actors logically enough perceived the initiatives as one of the most important tools to facilitate their operations in Africa. More specifically, SEZs could provide extra opportunities in achieving the following goals:

- promotion of Chinese goods in African markets
- restructuring of some Chinese industries via FDI as well as by transferring technologies to a number of the African countries, implementing the model of catch-up development<sup>69</sup>
- assistance for expansion of China's small- and medium-sized enterprises and exposing them to a positive economy of scale effect

One should take into consideration that China's authorities provided large-scale support to the process under review. At the opening ceremony of the Beijing

<sup>68</sup> 'Raising the stakes', *Global Trade Review*, 11(3) (January/February 2013), p. 67.

<sup>69</sup> A similar model of economic development was successfully implemented in East Asia and was named the 'flying geese mode'. According to it, the technological leader in the process of the development starts experiencing inflation of expenses. In order to preserve the profitability of business, it is compelled to transfer labour-intensive production from the national territory to other low-wage areas, concentrating on development of capital-intensive branches. This type of economic policy is reproduced at each subsequent lower level of hierarchy.

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Summit of the Forum on China-Africa Cooperation in November 2006, President Hu Jintao promised: 'to set up a China-Africa development fund which will reach US\$5 billion to encourage Chinese companies to invest in Africa and provide support to them and establish three to five trade and economic cooperation zones in Africa in the next three years'<sup>70</sup>. An opening ceremony of the China-Africa Development Fund took place on 26 June 2007. The fund started its operations relying on the support of China Development Bank and the Ministry of Commerce (MOFCOM) of the Chinese government.

The following main projects<sup>71</sup> have been realized via SEZ under the auspices of the Chinese state.

#### 1. Algeria-China Jiangling Free Trade Zone

Investors: Jiangling Automobile Group from Nanchang, Jiangxi province and Zhongding International Group (Construction)  
 Cost: US\$556 million  
 Started: 2006  
 Size: 5 km<sup>2</sup>, 1st phase 1.2 km<sup>2</sup>  
 Focuses on: Automobiles and construction materials

The project got the support of MOFCOM in 2007.

#### 2. Nigeria Lekki Free Trade Zone

Investors: Four Chinese companies plus China-Africa Development Fund (60 per cent of the Chinese share) and Lagos State Government (40 per cent of the Nigerian share)  
 Cost: US\$369 million  
 Started: 2003  
 Size: 30 km<sup>2</sup>, 1st phase 10 km<sup>2</sup>, start-up 3.5 km<sup>2</sup>  
 Focuses on: Automobiles, textile and light industry, home appliances and other industry

The Lekki Free Trade Zone (LFTZ) is situated about 60 km east of Lagos (next to a future deepwater port). The China Civil Engineering Construction Corporation (CCECC) acted as the initiator of the project. Since November 2007 the project has been supported by MOFCOM. The zone is supposed to be an industrial anchor for a new city which will decongest Lagos, with a new airport, residential areas, and two ports.

Olusegun Aganga, Minister of Trade and Investments, has said that LFTZ attracted over NGN170 billion (1.08 billion USD) in investment commitments.

<sup>70</sup> Forum on China-Africa Cooperation, at <http://www.focac.org/eng/ltda/dscbzjhy/SP32009/t606840.htm> (accessed 30 December 2012).

<sup>71</sup> The Africa Report in 2011. December 2010-January 2011, p.28-29. At <http://ru.calameo.com/read/000028401773bc75adb9> (retrieved on 28.11.2012).

He disclosed this fact at the LFTZ Investment Forum at the Eko Expo 2012 opening ceremony in Lagos. An amount equal to US\$1.1 billion is to be invested by about 48 firms spanning different sectors of the economy, including energy, transportation and real estate.<sup>72</sup>

### 3. Nigeria Ogun-Guangdong Free Trade Zone

Investors: Chinese consortium, Guangdong, 82 per cent, Ogun State Government, 18 per cent

Cost: US\$220 million start-up, US\$500 million for 1st phase

Started: 2004

Size: 100 km<sup>2</sup>, 1st phase 20 km<sup>2</sup>, start-up 2.5 km<sup>2</sup>

Focuses on: Light manufacturing, high-tech agricultural demonstrations

Originally sited in Imo State, but relocated to Ogun State because of high administration fees and insecurity. The Xinguang International Group acted as the initiator of the project. The project got support from MOFCOM in 2006.

### 4. Egypt Suez Economic and Trade Cooperation Zone

Investors: Tianjin Economic Technological Development Area (TEDA)

Cost: US\$80 million

Started: 1998

Size: 5.08 km<sup>2</sup>, start-up 1.07 km<sup>2</sup>

Focuses on: Textiles and garments, petroleum equipment, assembly of automobile and electrical equipment, petroleum equipment; high tech (electronics) and heavy industries to be added in the 2<sup>nd</sup> phase

The Egypt Suez Economic and Trade Cooperation Zone is situated in the North-West Suez Canal Economic Area near Egypt's new deepwater El Sokhna Port, 120 km from Cairo. The current plans for development assume the existence of four clusters in the zone: automobile assembly, textiles and garments, electrical equipment, petroleum equipment. The zone of 5 km<sup>2</sup> is projected to be complete by 2020 and requires a total investment of up to US\$1.5 billion<sup>73</sup>.

### 5. Mauritius Jin Fei Economic and Trade Cooperation Zone

Investors: 100 per cent Chinese-owned companies, Tianli plus two big state-owned companies

<sup>72</sup> NigeriaPilot, at [http://nigerianpilot.com/index.php?option=com\\_content&id=4677:lekki-free-trade-zone-attracts-n170bn-investments&Itemid=208](http://nigerianpilot.com/index.php?option=com_content&id=4677:lekki-free-trade-zone-attracts-n170bn-investments&Itemid=208) (accessed 27 November 2012).

<sup>73</sup> Hu Yang, 'Egypt seeks Chinese investment', 2010, *China Daily*, at [http://www.chinadaily.com.cn/bizchina/2010-01/29/content\\_9398418.htm](http://www.chinadaily.com.cn/bizchina/2010-01/29/content_9398418.htm) (accessed 27 November 2012).

Cost:  
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### 6. Ethiopia

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<sup>74</sup> Fiona Dw model <http://www.ecor-mauritius.com> (2012).

<sup>75</sup> Ibid

<sup>76</sup> Ibid

Cost: initially US\$220 million, rising to US\$720 million  
 Started: 2006  
 Size: 2.11 km<sup>2</sup>, start-up 0.75 km<sup>2</sup>  
 Focuses on: High-tech manufacturing and service base for Sino-African businesses

The Jin Fei Economic and Trade Cooperation Zone is situated in Riche Terre near the Free Port. Tianli Group is a developer from the Shanxi province, which acted as the initiator of the project. Tianli started the business in Mauritius in 2001 by setting up a modern spinning mill. Tianli Group offer (on creation of Economic and Trade Cooperation Zone) was supported by MOFCOM in 2006. Headed by Taiyuan Iron & Steel Group, the Shanxi Group and the Tianli Group, negotiations for a SEZ in Mauritius' capital, Port Louis, began in March 2007. Development on the US \$550 million project began in late 2009 and is expected to be completed in 2016.<sup>74</sup> The Jin Fei Trade and Economic Cooperation Zone is thus the biggest investment by a foreign entity to date. The project, which will cover 200–500 hectares, is expected to see an inflow of US\$750 million and create 34,000 jobs (of which 8,000 will go to Chinese contractors) over the next five years, be home to 40 Chinese businesses and generate US \$220 million worth of export earnings annually, thus creating a ripple effect on the entire economy.<sup>75</sup> Infrastructural investments in line with the project include the construction of roads and new town developments, a fishing port and a dam, while the manufacturing sectors targeted include light industrial products, medicines, textiles and electronics.<sup>76</sup> The construction started on 16 September 2009.

#### 6. Ethiopia Oriental Industrial Park

Investors: 100 per cent Chinese-owned  
 Cost: initially US\$101 million, rising to US\$720 million  
 Started: 2006  
 Size: 2.0 km<sup>2</sup>, start-up 1.0 km<sup>2</sup> with 10 km<sup>2</sup> reservation area  
 Focuses on: Construction materials, steel products (plates and pipes), and potential move to leather industry to take advantage of large Ethiopian livestock sector

<sup>74</sup> Fiona Dwinger, 'Special Economic Zones (SEZs) in Africa: China's economic development model comes to Mauritius', 2010, Consultancy Africa Intelligence, at [http://www.consultancyafrica.com/index.php?option=com\\_content&view=article&id=490:special-economic-zones-sezs-in-africa-chinas-economic-development-model-comes-to-mauritius&catid=58:asia-dimension-discussion-papers&Itemid=264](http://www.consultancyafrica.com/index.php?option=com_content&view=article&id=490:special-economic-zones-sezs-in-africa-chinas-economic-development-model-comes-to-mauritius&catid=58:asia-dimension-discussion-papers&Itemid=264) (accessed 27 November 2012).

<sup>75</sup> Ibid

<sup>76</sup> Ibid

The Ethiopia Oriental Industrial Park was created in 2006 by Yonggang Group and Qiyuan Group from Zhangjiagang city (both privately owned Chinese steel companies). The plan was supported by MOFCOM in 2007. The Zhangjiagang Free Trade Zone was invited as a partner. It has been under construction since 2009.<sup>77</sup> The former major shareholder Yonggang left the project in early 2009.

#### 7. Zambia-China Economic and Trade Cooperation Zone/Chambishi Multifacility Economic Zone

- Investors: China Nonferrous Mining Co., 95 per cent, Zambia state-owned mining company, 5 per cent  
 Cost: US\$410 million  
 Started: 2003 in operation and construction  
 Size: 11.58 km<sup>2</sup>, start-up 2 km<sup>2</sup>  
 Focuses on: copper and cobalt mining and processing

The China Nonferrous Mining Co (CNMC Group) was an initiator of the creation of the Zambia-China Economic and Trade Cooperation Zone in Chambishi (420 km north of Lusaka). The creation of this zone allowed the company to use additional territories for mineral processing and development of the accompanying businesses connected with Chambishi copper mine. In 2006 the project got the support of MOFCOM. In February 2007 the zone was opened by China's Hu Jintao and Zambia's Levy Mwanawasa. On 15 January 2009, the opening ceremony of the Lusaka sub-zone of 5 km<sup>2</sup> under the Zambia-China Economic and Trade Cooperation Zone was held in Lusaka, the capital of Zambia in 2009. The newly established Lusaka sub-zone will focus on the development of industries such as light industrial machinery, textiles and clothing, household appliances, manufacturing and food processing.

The Chambishi Zone concentrates on copper and cobalt production, which includes mining, processing, recycling, machinery and services with an estimated level of investment up to US\$ 900 million<sup>78</sup> over five years. It is expected to attract more than 50 or 60 enterprises, from China and other parts of the world, as well as Zambia itself.

<sup>77</sup> Kim Yejoon, 'Chinese-led SEZs in Ethiopia yet to bear fruit', 2012, Centre for Chinese Studies at Stellenbosch University, at <http://www.ccs.org.za/wp-content/uploads/2012/11/YK-Chinese-led-SEZs-in-Ethiopia.pdf> (accessed 27 December 2012).

<sup>78</sup> Sinkamba Kapembwa, 'Chambishi and Lusaka Multifacility East economic zones to generate USD 800 million', 2011, at [http://www.steelguru.com/metals\\_news/Chambishi\\_and\\_Lusaka\\_Multifacility\\_East\\_economic\\_zones\\_to\\_generate\\_USD\\_800\\_million/221196.html](http://www.steelguru.com/metals_news/Chambishi_and_Lusaka_Multifacility_East_economic_zones_to_generate_USD_800_million/221196.html) (accessed 27 November 2012).

## CONCLUSIO

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## CONCLUSION

China was able to take a chance in 1990s when Russia almost left Africa and the United States gave up the policy of cooperation with African countries. Cooperation with ex-Soviet allies in the 2000s (Algeria, Angola, Libya and Sudan) helped China to secure oil supplies (Since 1969 Sudan had been an ally of the USSR and after 1977 it became an ally of the United States.)

Successful expansion of China in Africa has created the following opportunities:

- access for the 'world's workshop' to the mineral resources of the continent;
- entry for companies and banks from China into African markets.

The African countries also get benefits from cooperation with China:

- oil-rich countries get politically influential customer-investors, providing them with opportunity to diversify both the political and the commercial risks of working with Western countries;
- SEZs being set up in a number of African countries help them to get access to high technologies.

All the achievements in China-Africa cooperation would have been impossible without serious institutional and political support of the projects at governmental level in China:

- establishing of a network of representations in Africa – embassies, trade bureaux, economic advisers (a unit of MOFCOM), cultural centres, Confucius centres;
- regular state visits to African countries;
- creation of the China-Africa Cooperation Forum (ministerial conference), the first of which took place in Beijing on 10–12 October 2000.

The positive results of Chinese policy in Africa are substantial. Nevertheless, there are some serious problems which are subjects of sharp criticism from some of the international community. These are first and foremost problems of environmental pollution and the labour disputes between locals and the Chinese employers. Without going into details of specific cases, it seems sound to argue that these violations are in profound contradiction with the declared global purpose of the Chinese leadership, which is the transformation of the People's Republic of China into the driving force of a new 'win-win' global order.

Finally, in its hunt for Africa's natural resources China might rely on its relatively positive image on the continent. On the one hand, in contrast to the United States, China as an emerging global power has a good credit history in its relations with African countries. On the other hand, China demonstrates a

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close to fairytale example of saving from starvation and misery hundreds of millions of its citizens. The Chinese economic success is often used by governments of developing countries as an undeniable argument in favour of alternative ways of development, in comparison with the notorious prescriptions of the Washington consensus.

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