

China in Africa

- Incentives behind China's Foreign Aid Investments in the African Infrastructure Sector



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Preface

This master thesis is completed during the tenth semester at Aalborg University's Master program of Development and International Relations with a Specialization in Chinese Area Studies (CAS).

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Abstract

This master thesis is completed during the tenth semester at Aalborg University as a part of the master's program in Development and International Relations with a Specialization in Chinese Area Studies.

The thesis attempts to explore incentives behind China's foreign aid investments in the African infrastructure sector. Two hypotheses have in this regard been developed in order to explore the overall research question, which takes a point of departure in why China invests a large amount of money into the African infrastructure sector. The first hypothesis attempts to investigate if there is a correlation between China's investments in infrastructure and extraction of African resources, as well as investigating if the investments in addition could be due to China's intention of facilitating access to its own goods on the African markets. The second hypothesis takes another approach with the assumption that something in China's own development history is reflected in its African investments and general conduct.

The chosen method has been to examine and analyze various existing quantitative and qualitative data from official foreign and trade relation policies to statistical data on their trade relation, but also more qualitative statements from African officials will be used to emphasize a point.

The theoretical framework consists of concepts from structural realism, and specifically defensive and offensive structural realism as presented by Zbigniew Brzezinski and John J. Mearsheimer. This theoretical stream has been chosen as it provides concepts of states' intentions in terms of power relations and it is considered to be able to reveal something of the nature of China's investments. Additionally, the Beijing Consensus as presented by Joshue Cooper Ramo has been chosen to provide another stream of thoughts and will provide concepts on the background of Chinese political decisions and in general introduce culturally valuable concepts on the Chinese society.

The main findings in the conclusion are, that there are substantial indications on that China makes use of its own development experiences in its way of providing foreign aid to African countries. Additionally, there are strategic notions at stake as well, which is considered to be a rational and pragmatic approach from the Chinese perspective.

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Abbreviations

AfDB	African Development Bank
BJC	Beijing Consensus
CADF	China-Africa Development Fund
CPC	The Communist Party of China
DPRK	Democratic People's Republic of Korea
DRC	Democratic Republic of Congo
Eximbank	Export-Import Bank of China
FOCAC	Forum on China – Africa Cooperation
IMF	The International Monetary Fund
LDCs	Least Developed Countries
MDGs	Millennium Development Goals
MITI	Ministry of International Trade and Industry
PLA	People's Liberation Army
MOFCOM	Ministry of Commerce
SAP	Structural adjustment policies
SEZs	Special Economic Zones
SMEs	Small and medium sized enterprises
SOE	State owned enterprises
SPTT	Special Preferential Tariff Treatment
UN	United Nations
WAC	Washington Consensus
WB	The World Bank
WTO	World Trade Organization

1. Introduction

The following chapter will outline the background information intended to document the issue, which eventually will lead to a formulation of the research question.

1.1. Background

The rhetoric in Western literature and news articles published in the recent years concerning China's activities in Africa cannot be said to be filled with sheer positivity (Behar 2008; BBC 2010). Instead, the tone has been of negative character, and to an extent even with conspiratorial accusations, suspecting the Chinese for not only being in Africa for exploitative reasons but also with a hidden agenda that some voices suspect has neocolonial aspirations (Walsh 2006; Behar 2008; Brautigam 2011b).

Some of this could perhaps be due to China's self-proclaimed "peaceful development" rhetoric when describing their own development goals (first articulated when Hu Jintao took office in November 2002) (Breslin 2010:2), which for some reasons give Western leaders the opposite associations than peaceful ones.

According to the CIA Factbook China became not only the world's largest exporter but also the second largest economical power in 2010 (CIA Factbook on China). One of the consequences of China's economical rise is the continuously quest for primary resources to maintain its economic growth and development.

One of the areas where China gets its natural resources from is the African continent. China is now so involved in the African continent that some voices call the region "ChinAfrica" (Behar 2008). According to a BBC article from December 2010, China has now manifested itself as being Africa's largest trading partner, and in 2010 the amount of bilateral trade grew to almost \$115 billion (Chen 2010).

The importance of the relationship between the two actors became increasingly evident with the establishment of the Forum for China-Africa Cooperation (FOCAC) back in 2000. Furthermore, with China's African policy from 2006 emphasizing mutual benefits and trust, equality, solidarity and strengthening of economic cooperation, there is no longer a doubt that China is serious about its African commitment and partnership, and is in it for the long haul (Brautigam 2009:77-78;

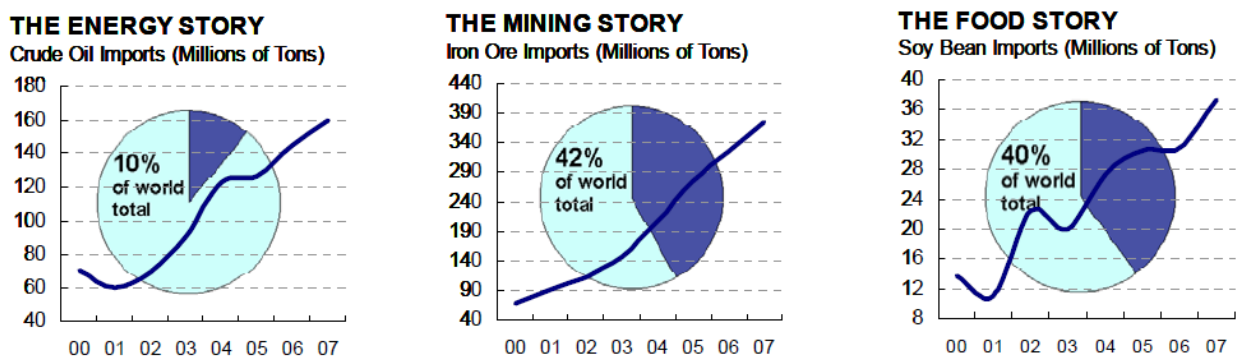
Appendix 2). China is even addressed as Africa's "all-weather friend" (Large 2010:89; Kapembwa 2011), which also implies a long term commitment and more importantly, that China will not suddenly withdraw from Africa if things get tough.

It is evident from the above that China's relations with its African partners are increasing, but so is China's need for resources which is deemed a requirement for China's continued growth (Large 2010:96).

1.2.China's energy consumption

Despite being a country with substantial primary resources at its disposal in its own backyard, China went from being a net exporter to a net importer of oil within just two decades caused by its rapid development causing a surge in the overall energy consumption (Nedergaard 2011:14-15). In 1993, China became a net importer of oil (Brautigam 2009:78; Cabestan 2010:8). However, it is not just oil China is a large consumer of, as China allegedly also is the world's largest consumer when it comes to primary goods as iron, rubber, coal, tin, zinc and cotton but also food products as soy beans, rice, wheat, meat etc. (Sebastian 2008:2). The following figure shows China's commodity consumption in the years from 2000 to 2007.

Figure 4: Showing China's commodity consumption from 2000-2007



Source: Sebastian 2008:2

As seen in the figures above, the need for energy and other resources only seem to increase with time. What can be said to contribute to this trajectory is that the energy consumption will increase along with the Chinese people's improved standards of living (Nedergaard 2011:15). Moreover, China is currently reported to consume a staggering 17 % of the world's energy resources, and is

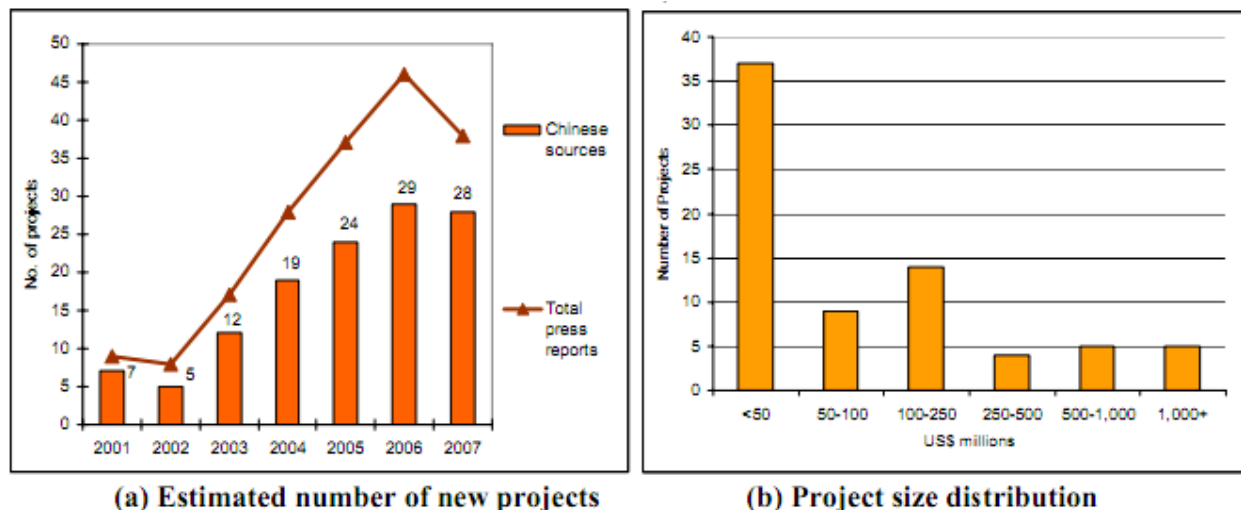
said to overtake the U.S. within few years, and with this become the largest energy consumer in the world (Minqi 2010:117).

1.3.China's role in the African infrastructure sector

According to a World Bank (WB) report from 2008, China has contributed with infrastructure finance to around 35 African countries (Foster et.al. 2008:19). In addition to this, the official action plan for 2010-2012 from the last FOCAC meeting in Sharm El Sheikh in 2009, revealed that during those three years China would provide preferential loans worth US\$ 10 billion to African countries to support infrastructure projects (FOCAC 2009). Furthermore, the report stated that infrastructure is perceived as an impediment for African development and will continue to be a priority in the China-Africa cooperation (ibid.).

The following figures show the estimated number of Chinese projects and the financial size of these in the period from 2001-2007.

Figure 1: Estimated number and size distribution of Chinese-financed infrastructure projects in Sub-Saharan Africa, 2001-2007



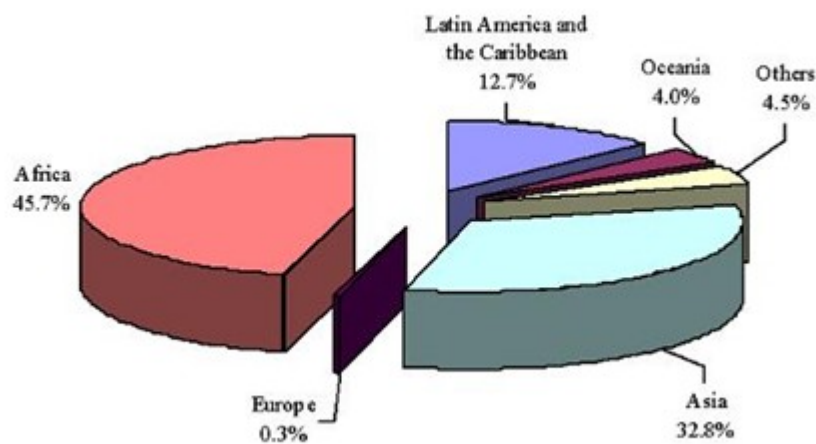
Source: Foster et.al 2008: 14

From the figures it seems clear, that China is emerging as an influential financial partner in the African infrastructure sector, and even though the majority of the projects are valued under US\$ 50 million, the numbers of estimated projects seem to increase.

The figures can be supplemented with the aforementioned WB report stating that Chinese contractors have conducted more than 30 % of projects financed by multilateral actors as the African Development Bank (AfDB) and the WB, which according to the report makes Chinese contractors the most successful ones with a particular expertise in the sectors concerning road and water (Foster et.al 2008: ix).

In April 2011, China released its first white paper on its foreign aid distribution. In order to support the assumption that African countries play a large role in China's foreign activities, the following figure shows the distribution of Chinese foreign aid in 2009:

Figure 2: Geographical distribution of China's foreign aid funds in 2009

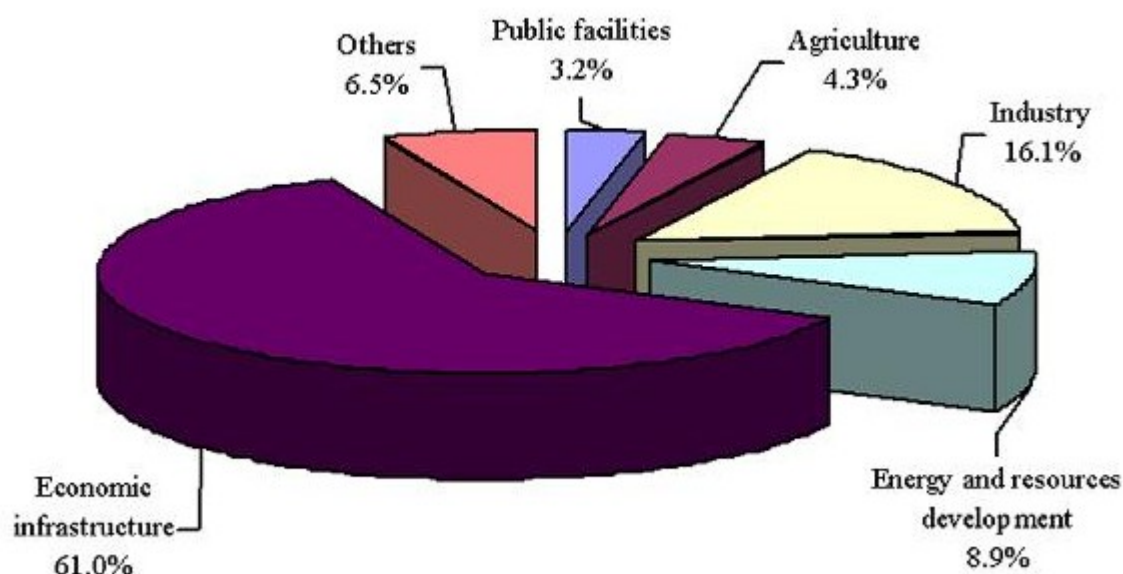


Source: Chinese Government's official Web Portal

From the figure it is evident that the African continent received the majority of the Chinese foreign aid in 2009, hence it illustrates a confirmed interest in the African countries.

Another figure that is deemed of relevance in this context is the following reflecting China's foreign aid in terms of sectoral distribution. Even though the figure reveals China's distribution of its aid to all developing countries, and not African ones in particular, it is still relevant to observe the sectoral distribution as it reflects China's prioritized areas.

Figure 3: Distribution of Chinese Foreign Aid by sectors by the end of 2009



Source: Chinese Government's official Web Portal

According to the figure a staggering 61 % of China's foreign aid went to the infrastructure sector. Regardless which specific infrastructural sector the foreign aid went to, it is noteworthy that such a large proportion went into this sector in general, and it underlines China's priorities.

That infrastructure plays such a large role, is however also reflected in China's African policy from 2006, where an entire section is dedicated to covering the importance of infrastructure and how the Chinese want to go about this issue. In addition, at the last FOCAC meeting in 2009, it was described how the Chinese intent to go about this area in the future and stressing that infrastructure is a pillar in Africa's development (Appendix 2).

1.4.The importance of infrastructure

According to author Bambiso Moyo and her book *Dead Aid* from 2009, it is the lack of sufficient infrastructure that keeps the amount of FDI to Africa at a low level compared to the amount of FDI other developing nations receives (Moyo 2009:98-100). To put things into perspective, Moyo gives the example of it being more cost efficient to produce and ship goods from Asia to Europe, than it is from Africa despite the closer distance to Europe from the latter destination. In addition to this, the before mentioned WB report estimated that poor infrastructure in Africa is costing up to one

percentage point every year of per capita GDP growth (Foster 2010:ix). Further along this line, AfDB vice-president and Chief Economist Professor Mthuli Ncube asserts that Africa has an infrastructure deficit that amounts to a staggering US \$ 1.5 trillion (Campbell 2010).

From the above mentioned it seems clear that the lack of infrastructure has obvious implications for the African development. China has the potential and resources to accommodate some of this rather desperate lack of infrastructure that torments African economic development, and in addition China needs an increasing amount of resources to feed its economical growth.

However, what are the incentives for the Chinese to invest such large amounts in infrastructure projects in African countries, and what factors could help to explain this? The following research question will attempt to get around these aspects.

1.5. Research question

The thesis aims at investigating the above mentioned perspectives which have been narrowed down into the following research question:

Why is China investing a large amount of its foreign aid into the African infrastructure sector?

This explanatory research question has been chosen to frame the scope of the thesis. The word “investing” might not seem as a proper word for allocation of aid funds, but as the foreign aid, for the majority, consists of loans with an interest, it is considered to be an investment as it implies an aspiration of a return for the donor. Additionally, even though there are no official statistics about China’s distribution of its foreign aid to the African infrastructure sector in particular in terms of a consistent time series, the figures above imply that Africa first and foremost is the largest aid recipient and secondly, that economic infrastructure received the largest amount of aid, hence these two are considered to have a certain correlation. The nature of the different Chinese aid loans will be elaborated further upon in the following clarification section.

Furthermore, infrastructure covers a broad range of aspects, a specific focus has been chosen to be on the transport sector with a primarily focus on roads and railway construction. The reasons for choosing this focus will be elaborated further upon in the delimitation section.

In order to get around the research question, two hypotheses have been composed with the objectives of analyzing if these questions formulated as postulates, could facilitate an understanding of some of China’s activities in the African infrastructure sector.

The first hypothesis is as follows:

China invests in infrastructure as a way of getting access to natural resources and in addition to get access to new markets for its own manufactured goods

This hypothesis covers two aspects. First, the objective is to explore if it is possible to observe a certain correlation between China's investments in African infrastructure and access to natural resources, and secondly, if there are indicators on that Chinese goods in an increasingly manner are finding their way to the African markets. In more pragmatic terms it will be done by looking into which African countries China particularly invests in and where China enjoys some sort of rights towards natural resources. Furthermore, it will be done by looking into trade relations during the last years in order to explore the character of the trade relations, and if Chinese goods can be said to flood the African markets.

The second hypothesis is as follows:

China invests in infrastructure in Africa due to its own experience and development path

This hypothesis will look into China's own history of economic development from the late 1970s, and investigate if something particular in China's own history and experiences of development is what could be said to constitute the foundation for their activities in Africa. A special focus will be on China's resource-backed loans and explore China's own experience with this, and how/if China can be said to transfer, or "sinicize", their own development experiences to their foreign aid relations with African countries. The background for this hypothesis derives from an aspiration to go beyond the conventional wisdom that China is only in Africa with an exploitative aim, thus this hypothesis will look into China's own development history and experiences to investigate if there are some characteristics between their own development experiences and their overseas approach.

In general the nature of hypotheses are meant to be either verified or falsified, however, as this is not in the nature of social science, as the research object is not a static thing but constantly changing, the intentions with the hypotheses are merely to serve the purpose of functioning as sub-research questions in order to get around the main research question.

1.6. Clarification of Chinese foreign aid assistance

As Chinese foreign aid includes a broad range of different aspects, this section is meant to provide an overview of these. This is also done in order to clarify various terms in order to establish what will be dealt with in the thesis.

First and foremost, it is important to mention that whereas the western aid systems are concentrated around institutional arrangements, financial transfers and last but not least policy frameworks, the Chinese aid system operates with none of these things. This due to the fact that the Chinese aid system is not (yet?) institutionalized, hence it lacks all the things associated with the western aid systems, that is, an extensive consultancy industry, aid research institutes and evaluation agencies (Opoku-Mensah 2010:74).

This also has the effect that it is not possible to get data from official Chinese source on the amount of several decades of Chinese aid. Since China is not in possession of a centralized aid system, it is the Export-Import Bank of China (Eximbank) which provides the concessional loans on behalf of the Chinese government, and since the bank does not publish any official record of the distribution of the loans, nothing exists on this topic (Wang 2007:26).

As previously mentioned, China has no centralized aid agency, and overall foreign aid is a matter of the Chinese State's expenditure. It is the Ministry of Commerce and other departments functioning under the State Council that has the responsibility for the management of the Chinese foreign aid. The Ministry of Commerce compiles a budget and hand it in to the Ministry of Finance for examination, and afterwards it is passed on to the State Council and the National People's Congress for further approval, and lastly implementation (Appendix 1).

According to the aforesaid white paper on China's foreign aid, the foreign aid can be divided into three categories – grants, interest-free loans and concessional loans. Where grants and interest-free loans are provided for by China's State finances, the concessional loans are granted by the EximBank which is overseen by the Chinese government (Appendix 1).

Grants are typically provided in the case of social welfare projects and covers small and medium sized projects as construction of schools, hospitals and water-supply projects. However, grants are also provided in projects with the focus of human resources development, assistance in kind, technical cooperation and as aid in cases of emergency humanitarian crisis (Appendix 1).

The interest-free loans are mainly provided to countries with what is called “*relatively good economic conditions*”, and are used in the construction of public facilities and to projects that intent on improving the people’s condition of life. The loan period is usually 20 years, where five is for use, the next five of grace and finally 10 years to cover the repayment (Appendix 1).

Finally, the concessional loans are provided for productive projects and covers medium and large scale infrastructure projects intended to benefit both the social and economic sector, and additionally, to cover for the construction of plants, different electrical products, technical services etc. The current annual interest rate is between 2-3 % and the repayment period between 15-20 years with a grace period varying between five to seven years (Appendix 1). Concessional loans are always provided in the Chinese currency RMB and the minimum amount for the loan is RMB 20 million. Furthermore, at least 50 % of the loan must be spent on Chinese materials and services (Brautigam2009:174).

It is the Eximbank which raises the concessional loans on the market and because the interest rate is lower than what the People’s Bank of China can provide, the Chinese State subsidizes the difference (Appendix 1 and footnote for definition).¹

According to an IMF report, this kind of loan is also often referred to as a low-interest loan, and as a preferential loan that has a subsidized interest (Wang 2007:9 and footnote for definition).²

Additionally, Brautigam notes that preferential loans always are provided in US\$ (Brautigam 2009:174). Even though there might be some technical differences between the different loan types, the similarities are the low interest rate. However, other sources state that concessional, preferential and low-interest loans are the same (Hubbard 2008:218), hence it is considered that way throughout the thesis and will not be dealt with in details again.

Apart from dealing with purely economic issues, China’s foreign aid also covers a broad range of other aspects such as providing goods and materials, completing projects, offering technical cooperation, sending medical teams, cooperate with human resource development, offer volunteer programs and provides emergency humanitarian aid and debt relief.

¹ A concessional loan is defined as a “*Loan provided to poorest countries with lower interest rates and longer repayment periods than typical or standard market or multilateral loans, i.e. less than market interest rates and extended grace period. Also known as a soft loan*”. For more information, see Bretton Woods Projects in the bibliography.

² A preferential loan is defined as a “*Government sponsored initiative to stimulate capital investment, specially in less-developed or high unemployment areas, by advancing loans at below market interest rates.*” For more information, see businessdictionary.com.

An additional aspect of the Chinese foreign aid is the fact that it primarily is invested directly into projects, hence the African government leaders will never get the money directly into their hands (Lancaster 2007:4; Brautigam 2009:142-143).

Furthermore, it should be mentioned that when investigating Chinese investments in the infrastructure sector, it is often unclear what exactly the various numbers comprise of. A report from the IMF also mentions that it is hard to separate e.g. trade from FDI numbers (Wang 2007:11), and it is thus also not sure that infrastructure investments will consist entirely of foreign aid. Hence, this must be ascribed to as a bias in terms of the various numbers on Chinese aid to infrastructure projects used in the analysis, as it cannot be entirely clear if FDI also is included in the official numbers. In general, not much information is revealed about these loans. The different aspects of Chinese foreign aid will not be differentiated between again, but considered on the overall aspect as Chinese development aid, which will be used synonymous with foreign aid.

1.7.Objectives

The main objective is to take a point of departure from something that touches upon the conventional wisdom, that is, China is only in Africa for exploitative reasons and solely with a vested interest in mind. However, as this thesis strives to nuance this perception, it will look into China's own development strategy and experiences, in order to analyze if this approach could reveal something more nuanced about the Chinese activities in Africa. In this perspective it has been important to look into Chinese sources to understand how they perceive this issue, and to use Western sources with an understanding for the different cultural context.

The general assumption is that the critical Western media tend to criticize China's activities because they do not comprehend what the background is for the Chinese conduct, and furthermore has no conceptual framework for how to analyze China's activities, apart from theories founded in a Western context, and thus only reflecting something about this area. Linked to this is the concept of "the fear of the unknown", that is, it is within people's nature to tend to be wary about the things they do not understand or simply are different from what they are used to. Hence, with a point of departure in a cultural realism perception, it is the objective to take a step back and observe what also could be said to explain China's activities in the African infrastructure, without judging one approach over another.

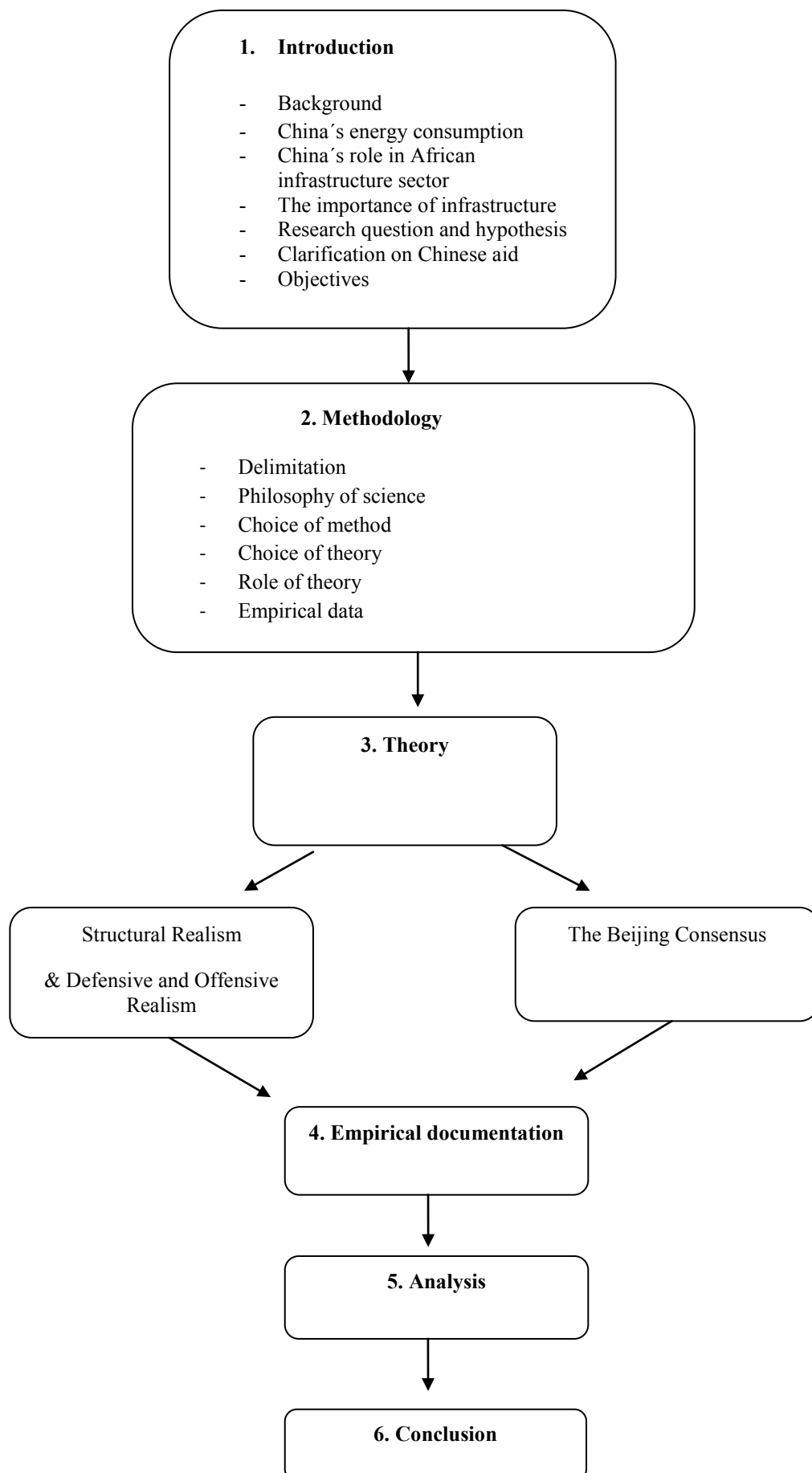
Due to this, the ambition has been to keep an open mind towards China's activities and to use official Chinese sources to get an insight into stated purposes of the foreign aid and general relations with African countries, and from there move on to investigate their activities in African countries in terms of looking for some sort of correspondence, or traits that could reflect if and how the Chinese use their own experiences in an African context.

2. Methodology

The following section contains a description of and argumentation for the methodological considerations and choices for the thesis.

2.1.Design

The following is an illustration of the structure of the thesis followed by a description of the structure of the different chapters.



The first chapter contains the introduction, which will present a documentation of the issue leading to the stated research question along with the hypothesis. The following section will introduce and clarify various concepts around the Chinese aid system. The last section in this chapter is a part on the thesis' objectives. Moreover, the choice of formulating hypotheses should solely be perceived as postulates functioning as work questions serving to investigate the research question, and are not meant to be either verified or falsified.

The second chapter deals with methodological considerations and will firstly cover the limitations of the topic of the thesis, perceptions of philosophy of science, choice of method, choice of theory, the role of theory and lastly a section on empirical data used for the thesis.

The third chapter covers the chosen theories and will consist of two main parts on structural realism and the concepts of the Beijing Consensus respectively. Notions of cultural relativism and a general introduction to realism concepts will also be mentioned, but to a minor degree. Sections on the theoretical relevance and limitations will follow after each of the main theoretical sections, while these considerations will be embedded into the text of the minor concepts.

In order to understand China's activities it is deemed necessary to obtain a general understanding of the Chinese aid relations with African countries as well as get an insight into important Chinese policies, hence the fourth chapter will consist of empirical documentation on these topics. The section will thus cover a brief introduction to China's general aid relations since the 1950s including a mentioning of the Five Principles of Peaceful Coexistence and cover the Chinese development aid to African countries which is divided into three main periods. Additionally, the section will contain an outline of the principles concerning the Eight Principles of Economic and Technical Aid and lastly cover an outline of the contents of the white paper on China's foreign aid. The empirical chapter will serve as a background reference for some of the data analyzed upon in the following analysis section, while other data will be used actively and referred to in the analysis.

The fifth chapter contains the analysis and is divided into two main sections dealing with each hypothesis. The findings in the first hypothesis can be said to facilitate an investigation into China's own development experiences which will be dealt with in the second part of the analysis. In this respect, it will be possible to refer back to the findings in the first part if something should resemble China's own development strategy in the second part. After each of the two main analysis parts there will be a concise conclusion to sum up the findings, before the major conclusion which marks

the sixth chapter of the thesis. The bibliography follows after this, and lastly two appendix sections containing the Chinese white paper on foreign aid from 2011, and China's African policy from 2006 respectively.

2.2.Delimitations

The topic of China in Africa is for axiomatic reasons filled with various issues to explore, but in order to keep the scope of the thesis to a limited area that is possible to investigate with the resources available, the focus has been chosen to deal with infrastructure matters with a specific focus on the road and railway sector. This choice has been made as the transport sector is perceived as a clear indicator and physical manifestation of China's activities, and in addition necessary in order to enable the transportation of the resources from the local site to e.g. a harbor where they then can be shipped to China.

Regarding a time line, the research will look into development aid to Africa from the 1950s and to the present day, and with the focus on various policies said to foster the trade relations. China's own development experiences will concentrate around the time of the late 1970s when Deng Xiaoping embarked on the economical reforms.

Throughout the thesis, a macro perspective with a focus on overall structures is the main point of departure, but it will also be combined with a more micro oriented perspective when it is deemed necessary to understand a specific context. Moreover, it has been chosen not to select specific case countries on beforehand and thus China's activities will be investigated in various countries. However, at times specific countries will be focused more on than others if China's activities are more evident here than elsewhere.

Furthermore, the objective is not to investigate the effects on Africa's development as such, and the effects on the African continent will only be described in a minor manner as the African countries primarily functions as a frame of reference as to observe China's approach.

Additionally, a comparative study would have facilitated an understanding of different approaches, but as the intention primarily is to contribute to an understanding of Chinese activities, other nations or financial institutions will only be mentioned in a limited amount and solely to put things into perspective and to offer a certain context in which to better understand China's activities.

Furthermore, there is a general awareness about the generalization issue that when talking about “Africa” as a term in itself it covers massive differences among the various countries, hence the objective is to address specific countries or otherwise cluster them in order to avoid the Africa term itself. The same goes for “China”, as it is a diverse country filled with contradictions, hence it is hard to say something generalizing about “the Chinese” or “China’s approach”. In general the term should merely be said to reflect decisions made by the Chinese government as the government is the one composing the various policies. However, the business conduct by individual persons in African countries might be singled out and seen in a broader perspective if it is perceived as serving a purpose. Additionally, it is not the scope of this thesis to generalize to a broader context, but merely to conclude on specific findings for this particular investigation.

2.3.Philosophy of science

This section covers a concise outline of a stream of philosophy of science that is deemed necessary to cover, as it is considered to be of importance to reflect upon issues of this character, as it influences one’s perceptions and thus analytical findings. As the following it is a highly complex stream of thought, only the basic concepts will be elaborated upon.

At the heart of the concept of critical realism, as presented by Roy Bhaskar, is the questioning of science and the perception of reality. Bhaskar takes his point of departure in a critique of empirical realists who in Bhaskar’s opinion has the erroneous tendency of focusing on human beings sensory perception and makes this their point of departure (Buch-Hansen & Nielsen 2007:21).

Bhaskar’s critical realism operates with the thesis that reality consists of three domains –firstly, the *empirical* consisting of observations and experiences, secondly, the *actual* focusing on a phenomenon and events that takes place with and without us knowing and thirdly, the *real* which consists of not directly observable mechanisms and structures, which under some circumstances are capable of making a phenomenon happen within the *actual* domain (Buch-Hansen & Nielsen 2007:23-25). While the first two domains constitute things we can observe and that is taking place “out there”, it is the third domain that makes Bhaskar’s theory unique, as this domain consists of the “trigger” point, that is it has the potential of making us understand or experience something we were not able to understand prior to this experience. It is this concept of not knowing what you

cannot see, or in this case what you do not the conceptual frameworks for, that is of importance in this context.

As a Danish citizen who grew up in a Danish context, I am aware that I have been taught a certain conceptual framework which determines my perception and way of looking at things in order to understand them. In this context, it has a consequence for the way I constructed the topic of the thesis, selected the data and analyzed the empirical findings and further on, how I chose to conclude on the findings. At the end this poses a consequence for the validity of the thesis, as the conclusions for axiomatic reasons are affected by this.

However, the objective is not to use these three domains actively in the research, but merely to raise an awareness of potential problems this can create in terms of first and foremost the data selected but also the validity and reliability of the findings.

The concept of only being able to “see” or understand what you have already existing concepts for is deemed to have universal relevance. In this regard, a reference can be made to Joshua Cooper Ramo who refers to Einstein’s dilemma when he states that “*our theories shape what we observe.*” (Einstein in Ramo 2004:7).

Hence, the objective is not to say something generalizing but to conclude something solely on the grounds of this particular investigation, as there always will be empirical implications or culturally conditioned situations that I will not be able to include, as I am lacking the conceptual framework to consider their potential importance.

However, in order enable some kind of understanding of the research question and the selected data, another stream of philosophy of science will briefly be introduced.

Where the abovementioned is perceived as an epistemological issue, the philosophical hermeneutic as presented by Hans-Georg Gadamer covers ontological issues. Gadamer does not consider interpretation as a method in itself like other streams of hermeneutic thinkers, but considers interpretation to be a way of being present, hence an ontological issue (Højberg 2007:314).

It is Gadamer’s concept of the hermeneutic circle that is of relevance in this context, as the idea is, that in order to facilitate an understanding of a certain issue it is conditioned by the observer’s ability to look at both a part and the whole of the issue and vice versa. This dynamic approach is considered to be fundamental for understanding. Important in this context is the notion of previous

information, predetermined opinions and perception about certain issues and various experiences as one uses these to challenge, process and understand new experiences (Højberg 2007:320-324, 338-340). The concept of the hermeneutic circle will be used actively throughout the analysis, as different aspects will be interpreted upon seen in the light of the larger context and vice versa. In this way it can be said to pose as an analytical approach.

2.4.Choice of method

The chosen method is to analyze quantitative and qualitative data with the objective to explore how the Chinese go about the issue of infrastructure in Africa. The focus is primarily on China with the objective to look into overall structures from the Chinese side from politics to trade relations, economic reforms etc. In this way China is the main focus while the African countries serve as a case onto which China's activities will be investigated and analyzed. However, more qualitative data will also be used in order to get investigate a specific context.

Even though it was the initial ambition to conduct interviews, the twist and turns of the scope of the thesis and area of interest meant that it no longer was considered to be conducive to include interviews but to keep the macro structure by looking into policies etc.

Additionally, there is quite a lot of substantial literature concerning China's activities and its role in Africa's infrastructure development, hence a research on existing literature has been considered sufficient to cover the scope of the thesis.

2.5.Choice of theory

Cultural relativism has been chosen to pose as a frame of reference for the entire foundation of the thesis. As it only serves the purpose of being a frame of reference, the description of the concept will not go into depth with the differences among the different scholars on the topic, but merely touch upon the primary idea of the concept. The notions of cultural relativism has been deemed of relevance for the thesis, as it is not the objective to decide if China's activities are good or bad, but to analyze the data in a specific context with the aim of taken cultural aspects into considerations.

The international relations theory of structural realism has been selected to constitute the theoretical framework for hypothesis one, as it focuses on relations among states as well as looking into states

intentions. It has also been chosen to look at defensive and offensive realism as presented by Zbigniew Brzezinski and John J. Mearsheimer in a special report called *Clash of the Titans* from 2005, to get a more concrete picture of how China also can be perceived - as harmless or a potential threat. That is, this stream of thought is intended to clarify what China's intentions are regarding its investments in Africa infrastructure. However, as the theories of realism are founded in a Western context, it has been deemed highly important to find theories that could help explain and provide concepts from an Eastern perspective. In this regard, the Beijing Consensus (BJC) as presented by Joshua Cooper Ramo in his paper from 2004 titled *The Beijing Consensus: Notes on the New Physics of Chinese Power*, has been chosen in order to shed some light upon what is at stake from a Chinese perspective and at the same time be able to contribute to an increasingly nuanced analysis.

Even though the BJC is written by an American, Joshua Cooper Ramo has among many things been the foreign editor at Time magazine and employed at the CNN as an international affairs analyst. He spends his time between Beijing and the U.S., and has an extensive insight into the Chinese culture and language. Ramo based the BJC on talks with Chinese professionals, hence the content is considered to be highly relevant and valid.

The concepts from the BJC is meant to contribute to and facilitate an understanding of China's activities and African investments, hence provide concepts for hypothesis two but in addition, contribute to a general understanding of Chinese policies, characteristics and way of thinking.

2.6.Role of theory

As it is considered impossible to be fully deductive or inductive in social sciences, as it is hard not to be influenced by theories when chosen the empirical data and vice versa, an adaptive approach to theory has to be chosen. That is, new concepts will be introduced in the amount necessary if it turns out that the chosen theories and concepts do not explain what they initially were chosen to explain, or simply that other concepts are more able to explain new discoveries in the data. However, it does not mean that an entirely new theory section will appear but solely the basic foundation for the theory and what this new concept is able to provide and explain. This approach has been chosen as it is considered to be the most rational approach to link the gap between theory and data, and the constantly dynamic process taking place between these two (Hviid 2007:251-253).

2.7. Empirical data

There is as mentioned extensive literature on the relation between China and the African continent and some is more objective and nuanced than others, hence the various range of books, reports and articles have been read with a careful and critical eye and it has been a constant concern to get as many different perspectives included as possible.

An important point of departure and a main source for the thesis is the book by Deborah Brautigam from 2009 called *The dragon's gift: the real story of China in Africa* which is an in depth study of China's activities in Africa. In addition, Brautigam seeks to explore some of the most common myths about China's activities in Africa and in overall she provides a more nuanced story of the two actors and their relations than much of the existing literature on the topic.

Furthermore, a report from the WB called *Building Bridges: China's growing role as infrastructure financier for Africa* from 2008 and the IMF called *What Drives China's Growing Role in Africa?* from 2007 have both provided substantial data for the analysis.

In addition to this, official Chinese policies and papers, news articles from china.org.cn, chinadaily.org.cn, focac.org and other news articles have been used to get a further insight into different aspects of the research topic.

Information sites like the CIA Factbook have been used to get comparable data about some African countries, even though the numbers might not be fully up to date. Lastly, Bambiso Moyo's book *Dead Aid* has been a source of inspiration in providing information about the importance of infrastructure.

As seen above, the sources hence comprise of a broad range of primary, secondary and sometimes even tertiary sources.

3. Theory

The following section reflects the theoretical framework for the thesis and introduces various concepts from the two main streams of theories, and briefly touches upon smaller concepts. As the concept of cultural relativism frames the background perception for the thesis, it is the first to be introduced in this section. The first main theory to be introduced is the structural realism followed by a more specific perception of defensive and offensive realism by Brzezinski and Mearsheimer.

The following section contains an in depth introduction to the main principles and concepts formulated in the BJC presented by Ramo.

A critical notion of the respective theory or concept will be incorporated into each section, and for the smaller parts the critique will be incorporated into the text at the end of the description, while the main theories will have a small independent section describing the theoretical relevance for each hypothesis and limitations of the theories.

3.1. Cultural relativism

As the general aim of the thesis is not to judge any approach over another, the notions of cultural relativism will serve as a point of departure and philosophical frame throughout the thesis. Furthermore, it will only be referred to actively in a minor degree in the analysis contrary the other theoretical concepts.

The concept of cultural relativism derives from anthropology where it is a widely accepted methodological term aiming at observing cultures with an as neutral point of view as possible in order for the observed culture to be understood for its own values and not from the observer's cultural references (Glazer 1994).

At the heart of the concept of cultural relativism is the belief that no cultural approach is superior to another when it comes to moral, politics, law etc. Hence, all cultures are believed to be equally valid and depending on the specific cultural environment. For this reason, it rejects any value judgments, as the belief is, that there is no such thing as values which can be considered true for all the different cultures and by which different cultures can be judged. Morals, aesthetics, beliefs and other aspects are culturally dependent and as a result what is deemed good in one cultural context might be considered bad in another etc. (Glazer 1994). To put it differently, "*...truth is just a*

product of localized beliefs whose origin should be sought in their cultural context..." (Norris 1996:158). As the quotation shows, culture is deemed relative and can only be judged in its own specific context.

There is a natural aspect of critique towards this concept as it can be discussed if it ever is possible to understand a culture without making use of one's own frame of reference. In this specific context it poses some interesting conflicts with philosophy of science as previously described, as it from the hermeneutic perspective is important to draw on own experiences to understand a new phenomenon or situation. The applied position will take a middle ground between the two, as it is the objective to respect each culture on its own terms, but at the same time it is deemed necessary that in order to facilitate an understanding between theories and the empirical data, an interaction between these two combined with my own comprehension of the situation will be applied in order to create meaning. Hence, a dynamic approach is chosen, which will use the concepts of the hermeneutic circle.

The next section covers a brief introduction on the different perceptions of realism followed by a section on structural realism.

3.2. Brief introduction to different perceptions of realism

The realism approach contains various streams of theoretical thoughts which for axiomatic reasons differ on a variety of matters. One aspect where the classical realism and the structural realism differ is on the matter of the incentives for states to pursue power. In the former's perception it is due to human nature, while the latter's perception is that pursuit of power is embedded within the international system as it, so to say, is within the architecture of the international system (Mearsheimer 2007:72). In addition, the classical realists perceive power to be an end, whereas the structural realists perceive power as a means to the end, which ultimately is survival (ibid:72).

The structural realism is furthermore divided into two streams - defensive and offensive realism and this will be elaborated further upon in relations to a concrete discussion between Brzezinski and Mearsheimer.

As the objective is to provide explanatory concepts for the first hypothesis and the analysis of it, the structural realism approach is deemed useful, as it considers power to be a condition in the

international system, hence the following section will describe the core concepts behind this approach.

3.3. Structural realism

At the heart of structural realism is the perception that no authority is above the great powers. In addition, there are no guarantees that one great power will refrain from attacking another, hence it is in each great power's interest to be as powerful as possible in order to be able to protect itself from a potential attack. Mearsheimer uses the analogy of an iron cage, in describing the power relations between great nations as they are forced to fight each other for power in order to survive (Mearsheimer 2007:72).

Furthermore, structural realists do not consider cultural differences to be of any importance, as states are considered to react the same way as they are driven by the same incentives. Also they only consider differences in regime types to be of little importance. In sum, they consider states to be "black boxes", in the sense that states are regarded as being similar, except for some minor difference in power status (Ibid:72). This aspect makes it rather beneficial in terms of analyzing nations, as they are all perceived to want the same, and hence react the same way.

States are considered to have two kinds of power – the first is concerned around the military power and the weapons they are in possession of, and secondly, a latent kind of power focused around the socio-economic factors it takes to establish a military power. The latter power takes the size of a state's population, wealth, technology, resources etc. into consideration as they all are factors required to build up a strong military force (ibid:72-73). That is, the latter approach has the potential to become a military threat to other powers, but the power is still unrealized.

From the above mentioned it seems clear that there are other ways for a state to obtain power than by military means, which e.g. China has proved within the last decades with a special reference to the economic growth and size of its population, which Mearsheimer also refers to. Additionally, a recent article from the Chinese news site China Daily responds to international concerns about the growth of the People's Liberation Army (PLA) and calms the U.S. down by stating that the Chinese military is 20 years behind the U.S.'s military in terms of equipment, and thus it does not pose as a threat to the regional peace (Liyao 2011). This can be said to be an interesting tactic from the Chinese's side, as they are aware that the U.S. is keeping an eye on them as they are one of the most

influential economical power in Asian, hence has the potential of posing as a threat, not only to other countries in the region but also the U.S..

At the core of structural realism are five assumptions explaining why states constantly struggle for power. The first assumption is the idea of the world system being of anarchical character, as referred to above when stated that no authority is above the individual states. Secondly, each state is considered to be in possession of some offensive military capacity that has the potential of doing harm to a neighboring state. Not knowing the intentions of other state's represents the third assumption, and here the main issue is the challenge to verify this intention, which is considered rather impossible as intentions for natural reasons are in the minds of decision makers, as Mearsheimer puts in, and can change instantly and without a warning (Mearsheimer 2007:73).

Survival issues constitute the fourth assumption, with a special focus on territorial integrity and authority of the state's domestic political order as it is deemed the foundation for all other aspects of society, while the fifth assumption focuses on states as rational actors whose focus primarily is on strategies that will make the most of their chances for survival (ibid.:74).

While the abovementioned has focused on the core concepts of structural realism, the following will present a discussion between Brzezinski and Mearsheimer on the concepts of defensive and offensive realism respectively.

3.4. Defensive and offensive realism as conceptualized by Brzezinski and Mearsheimer

In the special report from 2005 called *Clash of the Titans* Mearsheimer and Brzezinski discussed the idea of China as either an aggressive superpower conspiring to take over the U.S. hegemony or China as being a nation more concerned about economic growth which is considered to be predetermined by a stable international society.

From Brzezinski's perspective, China does not have intentions about challenging the U.S., as its military forces are inferior to the former's and due to the perception that China's only intention is to rise economically and while doing so increase its diplomatic influence. Additionally, he asserts that China is too preoccupied with its own development, and gives the example of repeatedly being asked about China's future perspectives at a meeting with the top leadership (Brzezinski & Mearsheimer 2005:1). Brzezinski furthermore asserts that China "...maintains a posture of

minimum deterrence”, even though China according to him has the technology to development nuclear weapons with the capacity to reach the U.S. (Ibid:2). Brzezinski emphasizes that a conflict between the U.S. and China would put an immediate stop towards not only the trade relations between the two, but also the flow of oil which would leave China in a paralyzed state. Additionally, Brzezinski asserts that China is moving towards assimilation into the international system (Ibid:2).

Mearsheimer, on the other hand, believes that it is impossible for China to rise in a peaceful manner and that it is only a matter of time before it comes to the point where a conflict with the U.S. will be inevitable (Ibid:2). He speculates that rising powers will try to establish some sort of hegemony in their own region, and at the same time trying to prevent other rising power from doing the same in their respective region. In Mearsheimer’s perception, the main objective is to maximize power and with time dominate the whole world system (Ibid:2).

Because no one knows the intentions of other states, Mearsheimer’s offensive strategy is that in order to prevent other states from attacking, it is of paramount importance to be as powerful as possible relative to other potential powers. Notwithstanding the ultimate goal is to be a global hegemony, Mearsheimer considers it to be almost impossible for a state to maintain and not least sustain world power, and gives the example of the U.S. only having regional power (Ibid:3). In addition, a regional hegemonic state also has interests in keeping other regional powers from developing as their fear competition, hence the desirable scenario is to let regions be divided by various great powers. Even though Mearsheimer does not consider it to be China’s intention to conquer other nations, he still expects that China will attempt to dominate the rest of Asia when it comes to what is deemed “acceptable behavior”, just like the U.S. does in the Western part of the world (Ibid:3). In his perception is it the only logic approach from China, as it is not to be expected that China should behave any different from what the U.S. have done when it comes to the regional dominance. However, should China make an attempt on this, it is Mearsheimer’s opinion that the U.S. will step in as their main concern is to maintain its position as the only hegemony (Ibid:4).

To this claim, Brzezinski responds that the future cannot be predetermined, and that what happens in the current global politics cannot be analyzed with theories that rely on retrospective happenings as the current world system looks different now than it did decades ago, and holds on to his conviction that the Chinese are not interested in improving its military strengths in order to challenge the U.S.. In addition, he addressed the Chinese leadership as “*much more flexible and*

sophisticated than many previous aspirants to great: power status” (Brzezinski & Mearsheimer 2005:4).

To this notion Mearsheimer states that theories about previous experiences are necessary in order to have some sort of frame of reference. However, he underlines that when he speaks about a future conflict it will take place in 2025 or 2030, when China has established itself as an undeniable dominant economic power, and by that time Mearsheimer claims that China will challenge the U.S. concerning the Taiwan strait disputes (Ibid:5).

To this perspective Brzezinski acknowledges that the situation with Taiwan is a strategic concern for both actors. However, if China succeeds on pushing the U.S. out of Asia, it still has to consider that its neighbor country Japan is a powerful military nation, which makes this scenario seem unlikely. Additionally, there is no doubt about that the U.S. would enter a conflict if it came to it, which makes the whole scenario even more unlikely to occur (Ibid:5).

Mearsheimer’s closing response to the whole discussion is that if China chooses a smart strategy, they should aim at building up their economy until it reaches a stage where it not only is larger than the U.S.’s but also where their economic superiority can be transferred “*into military might*” (Ibid:6). In this scenario they will be able to determine the agenda for other countries in the region and by doing so give the U.S. trouble.

However, as it is not within the scope of the thesis to determine when or if China has the aspirations of being the world’s next leading super power, this will not be discussed further.

The abovementioned has described the discussion between Brzezinski and Mearsheimer and poses a defensive and offensive version of realism respectively.

3.4.1. Theoretical relevance and limitations

The notions of structural realism can be said to pose some rather aggressive statements about how states perceive the international system and each other in regards to the international power balance. However, it is not the thesis’ stance that all states are solely occupied with power politics, but it is acknowledged to play a considerable role. Additionally, it is not believed that states react the same way, as cultural differences might manifest in different way of reacting. In this respect, it can be

said to blur our perceptions of states if we expect a certain reaction, which perhaps never occurs, as it manifests differently. In this way, misinterpretations can be said to occur if we do not consider cultural differences.

However, from an analytical point of view structural realism makes states more analytical accessible as they do not consider culture and regime type differences to matter much but view them as “black boxes”. However, differences in culture and government types will be considered in the analysis as they are aspects deemed to have importance in the international system, as also reflected by the cultural relativism approach. Additionally, past experiences do not seem to matter much, and the whole retrospective aspect seems to be replaced by a present world perspective. However, past experiences are considered to be of paramount importance and will be taken into consideration when looking into a specific context.

The concept of not knowing the intentions of other states, can be said to represent one of the core issues concerning China’s activities in Africa since nobody knows what China’s “true” intentions are, and it is this insecurity that can be said to comprise the, if not negative than, wary image of China in the West.

In sum, these concepts are considered to be linked to the postulates in the first hypothesis, as China can be perceived as investing in infrastructure in order to facilitate an easier access to the African primary resources, which is a requirement for their continued economic growth. Furthermore, it is their continued economic growth, in regard to structural realism concepts, that will enable China to an increased status as being in possession of a latent kind of power with the offensive potential to develop into a military power or to take a more defensive approach in order to prevent other super powers from attacking. Moreover, China can be perceived to be concerned about survival issues in terms of territorial integrity, which in the present context can be said to manifest in China’s emphasis on its One China policy, which is a requirement for other nations to recognize if they wish to have diplomatic relations with China. Last but not least, China is considered to be a highly rational actor and is perceived to create strategies with the purpose of optimizing their chances for survival, and in this respect, its strategic partnership with African government leaders are perceived to be a highly relevant example of this.

Mearsheimer’s assertion that China aims at maximizing power is considered to be speculative, but his point on aiming for regional domination in defining what “acceptable behavior” is which is said

to reflect regional hegemonic ambitions, can to a certain degree be said to be applied to China with its principles of non-interference. Furthermore, Mearsheimer advocates that past experiences should be included while Brzezinski considers theories to be unreliable and instead argues that we should look at present facts to get a full picture. Both aspects will be considered in the analysis in order to facilitate a multifaceted picture of China's activities in Africa.

Brzezinski's defensive perception of China as more concerned about its economic develop than anything else and with a leadership that is considered to be flexible and sophisticated, is also considered when looking at China's pragmatic investments.

It is with a point of departure in these concepts and considerations that the analysis of the first hypothesis will be conducted.

3.5.The Beijing Consensus

The term was first coined by Joshua Cooper Ramo in 2004 in his paper *The Beijing Consensus: Notes on the New Physics of Chinese Power*.

First and foremost it is important to stress, that the BJC entirely is Ramo's interpretations of discussions with people from Chinese universities, think tanks and government. However, Ramo argues that these reflections have been discussed in Chinese think tanks in the period around the post-Asian crisis, and have started to be implemented around the period of his writings (Ramo 2004:4).

Ramo presents the idea behind the BJC as:

“China is marking a path for other nations around the world who are trying to figure out not simply how to develop their countries, but also how to fit into the international order in a way that allows them to be truly independent, to protect their way of life and political choices in a world with a single massively powerful centre of gravity. I call this new physics of power and development the Beijing Consensus” (Ramo 2004:3)

Ramo furthermore describes the BJC as flexible, a dissociation from uniform solutions, an eagerness to experiment and innovate, defense of national borders and general interests, an

accumulation of tools that project an asymmetrical power balance³ and it is both pragmatic and ideological in its approach. In addition, three keywords are change, newness and innovation. Furthermore, Ramo argues that the BJC is just as much about social as economic change (Ramo 2004:4).

The BJC can be perceived as the counterpart to the Washington Consensus (WAC) formulated by John Williamson in 1989 (Williamson 2004). Where the latter comprises of 10 neo-liberal policy prescriptions which were perceived to be the Washington based Bretton Woods institutions approach to developing countries, the BJC consists of three theorems.

3.6.The three theorems

Although the theorems are not explicitly narrowed down by Ramo to consisting of one word or sentence each, the following will try to separate them each into their own theme followed by an explanation.

The theorems presented by Ramo are as follows:

- 1) Innovation
- 2) Chaos management/dynamic perception of growth
- 3) Self-determination (Ramo 2004:11-12).

3.6.1. Innovation

According to Ramo, the first theorem “innovation” deals with the value of innovation and goes against the conventional wisdom that developing nations should start out with what he calls “*trailing-edge technology (copper wires)*” and instead focus on what he calls “*bleeding-edge technology (fiber optic)*”, in order to deal with the problems that change inevitable will create (Ramo 2004:11-12). In sum, Ramo asserts that innovation should be used to minimize the “friction-losses of reform”, as he labels it (Ibid:12). Furthermore, Ramo asserts that “*the only cure for the*

³ With the term asymmetrical power balance is meant “*how to achieve and maintain power when in an asymmetric power relation to the remaining superpower and the transnational capitals*” (Xing 2007:chapter 4)

problems of change is more change and more innovation.”(Ibid:15) That is, innovation is what should prevent potential bottlenecks in a country’s development process.

One sphere where the importance of innovation is especially visible is in the education sector. The amount of students “*creates a climate of innovation*” and hence educational policies have become a top priority in the Chinese reform work (Ibid:18). In addition, a society that dares to be innovative, with reference to the creativity of innovative clusters like Silicon Valley, will also experience that “*experimentation and failure are acceptable*” (Ibid:20). Ramo underlines his point by referring to Deng Xiaoping for saying that first and foremost “*...experimentation and failure are okay.*” and secondly, that “*...one of the truisms of development is that the results of policy actions are usually unpredictable.*” (Ibid:20-21). With these quotations, the aim is to show that when experimenting, the outcomes will not always be as expected, however it is still a valuable lesson in terms of a further development.

3.6.2. Chaos management/dynamic perception of growth

The second theorem focuses on “chaos management/dynamic perception of growth”, and according to Ramo, chaos is first and foremost inevitable in a contradictory society like the Chinese, hence it goes to look beyond traditional perception of growth to be tied to per-capita GDP and focuses instead of a more subjective “quality of life” approach. Additionally, it emphasizes sustainability and equality. Last but not least, chaos management is a key priority in this development approach (Ibid:12).

According to a study by Chinese economists in the 1980s, the most important factor for economic growth is stability. This idea seems to have caught on, and Ramo refers that the quest for stable reforms now is one of the Chinese government’s main priorities (Ibid:23). In addition, Ramo quotes an influential Chinese leader for saying that it is considered to be an enormous accomplishment to pull an increasingly amount of people out of poverty, the way China has done over the last decades. Ramo concludes that this is probably conditioned by a certain amount of stability (Ibid:23-24). Additionally, it can also be speculated that the continued growth also is conducive for maintaining a certain level of stability. Hence, the relations between these two factors, the social stability and the economic growth, can be perceived as being equally dependent upon each other.

3.6.3. Self-determination

The third theorem focuses on “self-determination” and includes a security policy concerning how to prevent influential powers from interfering (Ramo 2004:12). According to Ramo this security policy is based on the idea that “...*all nations are created equal, with no distinction between big or small...*”. And to Ramo it is not accidentally that China wants the rest of the world to know about this policy, as it also affects China’s opportunities to develop and prosper (Ibid:28).

Ramo asserts that the new Chinese policy concerns “...*not conflict, but the avoidance of conflict.*” (Ibid:39). In Ramo’s opinion this approach derives from one of China’s most influential strategic thinker called Sun Zi⁴, who believed that “*every battle is won or lost before it is ever fought*” (Sun Zi in Ramo 2004:39). According to this approach, the real trick is to outsmart your enemy into a result that will be in the Chinese interests but without getting involved in an armed conflict, as this is considered to be an “*indication of failure*” (Ibid:39). Hence, this is a tactical approach in order to prevent armed conflicts from occurring. This also resembles the latent power status described in the structural realism section.

Furthermore Ramo refers to a Chinese study investigating 500 years of history focusing on what triggered the rise and fall of great powers. The result was that to keep a certain amount of growth, the international environment had to be stable (Ibid:39). This explains why China insists on multilateralism, as good relations to various large nations are considered to keep the U.S. from interfering and treat China as an enemy and secondly, to let China handle conflicts before they arise. The latter is perceived as a key strategy in China’s security policy as conflict management is perceived as being connected to China’s opportunity and maintenance for a continued growth pattern (Ramo 2004:39-40). However, another reason for emphasizing self-determination is also partly due to China’s insecurity about the U.S.’s intentions, as some voices within the Chinese policy circles puts a question mark to U.S.’s sentiments towards China’s rise and if it will be allowed by the U.S. (Ibid:40).

⁴ Sun Zi is the author of *The art of War* which is an influential ancient book on military strategies.

3.6.4. Further notions on the BJC

According to Ramo, what separates the WAC and the BJC is that while the former focuses on the bankers, the BJC takes its point of departure in the individual, and a sort of bottom up approach, which dissociates it further with the WAC and its attempt of trying to imply a “one size fits all” policy as the BJC does not believe in uniform solutions as stated above (Ramo 2004:29-31).

The Chinese approach can, however, be interpreted as closely linked with the omnipresent goal of securing a stable society and keeping a social order. But in order for the Communist Party of China (CPC) to be at power in the first place, and not least to maintain its position in power, it is of paramount importance that the party is close to the people. According to Ramo, this is done with a term formulated by Hu Jintao, though a modification of his predecessor Jiang Zemin’s three terms, called the “three closenesses”. The three terms are as follows –to be close to reality, close to the people and close to life (Ibid:30). These three terms are deemed pivotal for the CPC to stay in power, but also releases the citizens to work and plan while keeping the society together (Ibid:30).

Another aspect to be aware of in the BJC is the cultural factor and how much it influences all spheres of society, to the degree of what Ramo calls “...*the Chinese insistence on localisation of ideas, products and way of life. Nothing can be absorbed in China without localisation.*”(Ibid:32). Ramo gives the example of Mao’s approach to Communism, as he did not settle on using the term as such, but addressed it as “Communism with Chinese Characteristics”. According to Ramo this is also visible in other parts of society as buildings, television channels and even ATMs have Chinese characteristics which are contrary to the mainstream perception that the Chinese solely want to copy the West. However, what China wants is, to refer Deng Xiaoping’s words, “...*to combine Chinese ideas with Western learning.*” (Ramo 2004:32) To emphasize this even more, Ramo furthermore states “...*the Chinese want to control, localize and administer their own global future.*”(Ibid:33).

Thus, from this perspective China can be said to contain a certain cultural embeddedness, meaning that nothing can be absorbed into the Chinese society without some form of localisation. This can be said to reflect a relatively strong culture, as there is room for implementing new aspects but all is adapted into the specific cultural setting. Where some nations can be perceived as less embracing towards new occurrences, from this perspective, the Chinese society can be seen as having the “upper hand” as it is the one deciding how new things are implemented and not the other way around, that is, it is not the new phenomenon which sets the rules.

This concept of localization can also be said to reflect the notion of “sinicization”, that is, China’s transformation of already existing terms into a Chinese context. This can be exemplified in China’s approach to Capitalism which turned into “Capitalism with Chinese characteristics (Xing 2010:136-137).

The BJC is said to offer a different path of development as it scrutinizes global ideas from a local context and considers the demand and suitability before implementation. This has the effects, in Ramo’s words that “*When this works, it has the effect of making local culture support development.*”(Ramo 2004:34). Furthermore the balance between innovation and tradition is believed to be very dynamic, and the challenge is to manage this balance. China’s special model of establishment of special economic zones (SEZs), is regarded as an unique way of development and is widely copied around the globe, as it combines innovation and hence knowledge transfers and counterbalance the terms of power relations of globalization (Ibid:34). This poses some structural realism features, that is, if other countries follow China’s development path, China can be perceived as in possession of an amount of regional hegemony. That is, as other countries follow, however a more moderate version of what Mearsheimer terms as “acceptable behavior”, it it still reflects China’s increasing importance for other countries.

As a final comment to this section, it is said that what constitutes all Chinese strategic thoughts against a uni-polar world is said to derive from the humiliation China underwent during the Opium Wars, as China found itself up against a dominant military power and was completely overpowered (Ibid:43). However, as it is beyond the scope of this thesis, this information will only serve as background information.

China is in many ways a contradiction. It has taken its turns and twists in its development and developed into something unique. Ramo also believes that no other nation will be able to undertake the same path of development that China has done (Ibid:5). However, China offers a different development path that might be more appealing to other developing nations than the development models introduced from the Western hemisphere. The BJC can be perceived as a rebellion towards the “one size fits all” policy deriving from a Western perception of development located in ethnocentric theories. The following section will briefly mention some notions of critique of the BJC and afterwards focus on concepts useful for the analysis.

3.6.5. Theoretical relevance and limitations

Whether or not the BJC really is a consensus on a Chinese development model is challenged from different sides. Li Xing represents one of the scholars who put a question mark to the status of “consensus” as he points out that China’s development has happened due to “...*flexibility, adaptation and innovation with “Chinese characteristics”*...” (Xing 2007:17), and not after a specific scheme or strategy. Hence, he argues that the BJC still lacks recognition as a proper term.

However, what goes against this perception is that the BJC is empirically founded, contains a theoretical strength and as an increasing number of developing nations look to it for guidance, it is evolving into a “consensus” in the word’s essential meaning (Ibid).

However, to use the concept of structural realism regarding the difficulties of intentions, Ramo has formulated the BJC on conversations with various influential Chinese, but in this respect it should also be mentioned that intentions can change, hence the BJC could potentially lose its validity in an instant. That said, if the BJC has shown anything, it is that the Chinese approach is a process of adaptation along the way and not instant shock solutions, hence the above is unlikely to occur from this perspective. In sum, it seems from the above mentioned that there is consistency between different Chinese policies, which will be described later, and what is described in the BJC, which can be said to reflect a strengthening of the validity towards the concepts of the BJC.

The BJC can be said to consist of some essential concepts about the Chinese system and way of thinking considered useful for the thesis in general and the analysis in particular. Some of its rhetoric also resembles the content of not only the China’s African policy from 2006, with its strong emphasis on self-determination (which could be linked to the principle of non-interference and respect for countries sovereignty), multilateralism and security policy with the emphasis on every nation being of equal importance, but can also be seen reflected in the Five Principles of Peaceful Co-existence.

As well as reflecting many of the traits described in the previous section on structural realism, and especially the discussion from Mearsheimer and Brzezinski, with the latter’s assertion that China is not interested in improving its military strengths to challenge the U.S, is very much in line with Ramo’s perception of the Chinese strategy when dealing with innovation and the asymmetrical power structure. As also reflected in the section, Brzezinski expresses reservation towards the scenario of China wanting to engage in a conflict with the U.S., since China is too concerned about

its economic growth and the implications a conflict could pose for it. In line with this are the Sun Zi quotation and the rhetoric of an avoidance of conflict, indicating that it is highly unlikely that China will get involved in an armed conflict as they will have tried to outsmart its “enemy” before it should come so far.

Additionally, the emphasis on innovation with a focus on experiments and failures being acceptable, combined with the notions of taking the local context into consideration in order to make the local environment support the development, are deemed crucial concepts for the analysis of the second hypothesis as they provide a dynamic, cultural and context aware position assumed to be useful when exploring China’s development strategy and reforms.

The following section contains the empirical documentation.

4. Empirical documentation

The following will first and foremost describe the Chinese aid relations with African countries, and secondly describe different influential policies and papers. This section has been deemed necessary in order to obtain background information on the nature of the relation between the two actors. As these pieces of information are deemed relevant for the analysis, but are not considered fitting to be included directly in it, they have been assigned their own chapter. However, the documentation will be interpreted on when deemed necessary.

4.1. Brief introduction to Chinese aid relations and policies

The following section covers Chinese aid assistance from the first loan in the 1950s to the present day, and will elaborate upon how the Chinese aid assistance has changed throughout the years and what events can be said to influence this process.

In 1950, China allocated its first development assistance to its struggling neighbor countries the Democratic People's Republic of Korea (DPRK) and Vietnam (Appendix 1).

The next epoch-making event took place in 1954, where China and India formulated the Five Principles of Peaceful Coexistence after a dispute about Tibet, and the principles are as follows:

1. Mutual respect for sovereignty and territorial integrity
2. Mutual non-aggression
3. Non-interference in each other's internal affairs
4. Equality and mutual benefit
5. Peaceful coexistence (Brautigam 2009:30).

The Five Principles of Peaceful Coexistence is still of relevance today and traces of it can for instance be seen reflected in China's African policy from 2006 with the emphasis on mutual benefits, equality and cooperation (Appendix 2).

According to Deborah Brautigam with reference to the five principles: "...Chinese leaders still point to these principles as the bedrock of their foreign policy and their aid strategy. "Equality and mutual benefit" are reflected today in Chinese leaders' frequent insistence that aid is a partnership, not a one-way transfer of charity." (Brautigam 2009:30). Brautigam also notes that the Chinese aid

is meant to both improve the conditions of recipients, but also China's own export and development (Brautigam 2009:25).

Additionally, these principles are later said to be a point of departure for the principles decided upon during the Bandung conference held in Indonesia in 1955 between the 18- 24th of April, (Brautigam 2009:30), where 29 Asian and African leaders joined together as a non-alignment movement with the focus on dissociating themselves from colonialism in general and decided upon a 10 point "declaration on the promotion of world peace and cooperation". Some of these points were inspired by an UN charter, while others are said to have found inspiration in the Five Principles mentioned above (Encyclopedia Britannica).

4.2. Three periods of Chinese development aid to Africa

The main incentives behind the Chinese aid is said to be formulated by Mao in the 1950s and focusing on China's responsibility to help other nations in need, despite China's own development issues (Opoku-Mensah 2010:74). In addition, Brautigam notes that "*China was the first developing country to establish an aid program*" (Brautigam 2009:33).

The first period of Chinese aid to African countries can be divided into the time from the late 1940s to the late 1970s, where aid was considered a tool of ideological, moral and foreign policy character. Put differently, China focused its aid in supporting other socialist countries and other nations attempting to liberate themselves from the colonial powers. In addition, there was a strategic purpose tied to it as China wished to counterbalance the Soviet Union's influence, and at the same time promote the One China Policy. The latter meant that it was only countries that adhered to this policy that received aid (Opoku-Mensah 2010:76). The latter is still a condition for obtaining diplomatic relations with the Chinese government and thus receive aid (Brautigam 2009:150).

The Chinese aid changed direction during the years of the Cultural Revolution beginning in 1966. From an overall perspective the Chinese aid assistance decreased for the majorities of the African countries and focused instead on a few. The indisputable largest project in this period was the establishment of the railway across Tanzania to Zambia, also called the TAZARA Railway beginning in 1970 and finished six years later. The Chinese Government was said to have financed and constructed the railway as a way of providing Zambia with alternative transport lines, and by this overcome its economic dependence with countries like Zimbabwe and South Africa where the

existing railway system passed through (Opoku-Mensah 2010:76). To this day, it is still the largest infrastructure project constructed by the Chinese (Brautigam 2009:40).

The second period from 1978-1989 marked the time under the rule of Deng Xiaoping. It was a period characterized by a detachment of ideology substituted by economic pragmatism. However, this also meant a decreased assistance to its African allies, as China was focusing on its own economical reforms and development. In addition, the rhetoric changed to consisting of economic sustainability and mutual benefits. At the end of the 1980s, 13 African countries were receiving aid, contrary to 17 countries at the end of 1965. However, trade relations increased, and even though China had curtailed its economic aid to Africa, it was still the sixth largest aid contributor in 1984 (Opoku-Mensah 2010:76).

The third period is addressed as the post-Tiananmen Square and comprises the time from 1989 to the present day. The Chinese aid rose dramatically from 1988 to 1990 from US\$ 60 million to US\$ 375 million respectively (Ibid:77). While the relations steadily increased, the establishment of FOCAC in 2000 and China's African policy from 2006 comprise some of the more influential aspects in this period (Ibid:77).

In sum, what started in the 1950s with the support of loans to African socialist countries, with the primary condition for receiving aid was to adhere to the One China policy, turned into being of more pragmatic and strategic character, with a focus on quality and mutual benefits.

Additionally, the support of its African allies was in the end what helped China regain their seat in the UN in 1971 (Brautigam 2009:34). According to Brautigam, China supported 30 African nations before 1971, and after this time an additional 13 African countries (Ibid:34). It is evident that this incident had a paramount effect on the importance of the overall relations with the African countries.

4.3.Eight Principles of Economic and Technical Aid

The foreign aid assistance to African countries began in 1956 (Appendix 1). In 1964 the Premier of the time Zhou Enlai's presented "China's Eight Principles of Economic and Technical Aid" during a visit to Mali and Ghana (Opoku-Mensah 2010:75). The eight principles can be seen in the Appendix 1 as they are included in the white paper but will briefly be outlined here.

At the heart of these principles, and also mentioned in the Five Principles of Peaceful Coexistence, is the principle of equality and mutual benefits, and “*It [the Chinese government] never regards such aid as a kind of unilateral alms but as something mutual.*” In addition, China pledged to respect countries sovereignty and offered condition-free aid. Interest-free or low-interest loans were provided with the possibility of extension, and the intention with the Chinese aid was stated to be for countries to become more independent and self-reliant. Additionally, China wished to help complete projects with a fast and economically effective result, as well as providing equipments and materials made in China of a good quality and sold at international market price. Technical assistance also comprised a principle with the goal of the recipient country to obtain the technical knowhow. Lastly, it is stated that Chinese experts were not permitted to enjoy special privileges and should have the same standard of living as the local workers.

There are many similarities with the Five Principles of Peaceful Coexistence, though the Eight Principles above have added more physical and practical aspects like work conditions and relations, certain standards for the materials provided, economic efficiency and loan related issues, and transfer of technology. It is evident from these principles that the Chinese government were focusing on the equality and mutual benefit principle between the donor and recipient country.

4.4. White paper on China's foreign aid

China has been criticized for not revealing the amount of its foreign aid (Brautigam 2009:166 & Lancaster 2007:2). However, in April 2011, the Chinese Information Office of the State Council released its first white paper on China's foreign aid with amounts and distribution of the aid.

However, even though the white paper does not reveal a sequentially amount of Chinese foreign aid through the last decades, it does provide an amount that is said to constitute the years up to 2009.

Nevertheless, the white paper can be perceived as a sign of assimilation into the world system as both Brzezinski and to some extent Ramo advocate China intends to. Additionally, it can be interpreted as a way to counterbalance the protests China has received due to its reluctance to reveal its aid figures, since a paper containing these information now suddenly appears. It can however also be interpreted as an indication of China's effort of adapting and listening to its people, as it could be speculated that China as a developing country, has some problems justifying its foreign aid programs to its citizens. However, it is now information available for everyone, and according to

Ramo this is of crucial importance in order for the CPC to stay in power, as the population's acceptance is highly important.

The white paper refers to a rather charitable notion constituting the background for China's aid assistance as China itself was, and still is according to this paper, a developing country when it first began giving economic and technical assistance to other developing countries after its founding in 1949. The paper emphasizes the changes in the Chinese aid assistance happening along with China's own economic development and "*...emerged as a model with its own characteristics.*"(Appendix 1).

This notion can be referred to Ramo's concept of localization as it takes cultural and domestic affairs into consideration.

The white paper also mentions that the Eight Principles described above, still is of relevance and that since the 1960s, China has attempted to improve these. The white paper also contains some basic principles of China's foreign policy focusing on the recipient country's "self-development capacity", that is, China will do its very best to help improve a country's conditions, but in the end a country's development is perceived as conditioned by the country's own strengths. Secondly is the notion of zero political conditions with a reference to the Five Principles of Peaceful Coexistence, and thirdly is the emphasis on equality, mutual benefit and common development. The fourth principle concerns "*remaining realistic while striving for the best*"(Appendix 1), that is, China will give aid in the amount the domestic relations allow it to. Last but not least, are the notions of reform and innovation in relations to national and international situations, hence it reflects a dynamic approach to internal as well as external events in terms of constantly improve its foreign aid practices.

In sum, it seems clear that China's emphasis on the mutual beneficial aspect is in fact closely linked to their policies, which again reflects a contingency in the various policies described. China's approach regarding its detachment from adding conditions to its aid as well as the detachment from political interference in its foreign policies, are evident in both types of policies, which reflect continuity and homogeneity. Hence, much supports China's intentions of cooperation on equally beneficial terms. However, though China does not impose political conditions on its aid, there is still the issue of its aid being tied in another way. That is, in the section on clarification of Chinese

provided loans, it became evident that Chinese goods and services had to cover for at least 50 % of the concessional loan obtained. This aspect will be elaborated further upon in the analysis.

In addition, the low or non-interest rate loans offer terms that no other Western institution can compete with, and that combined with the no-strings attach approach, it can be imagined and understood, that the Chinese approach offers a favorable alternative to the Western institutions loans for the African countries.

Moreover, investments and trade appears to be tightly connected according to the above mentioned section, as especially reflected in the first of the Eight Principles stating that China is not interested in solely giving alms, but that their aid should be considered as something mutual.

In general there can be said to be three main incentives for providing aid to other countries, and according to Brautigam those are: strategic diplomacy, commercial benefits and to reflect ideologies and values (Brautigam 2009:15). In this regard, China is not considered to act any differently than other nations regarding these three incentives.

The following chapter constitutes the analysis where empirical findings will be seen in the light of the theoretical concepts with the objective to reach an understanding of the two hypotheses and lastly, the research question.

5. Analysis

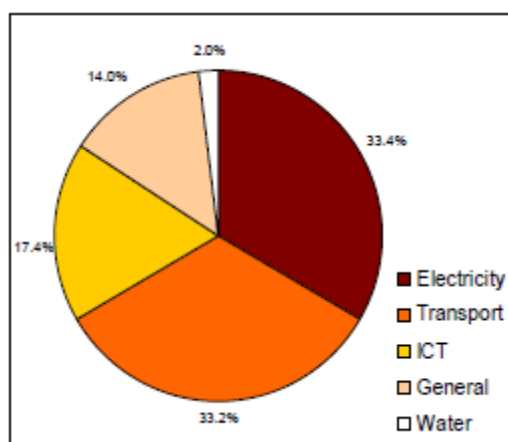
The analysis is divided into two main parts in accordance with the hypotheses. With the objective of searching for a connection between infrastructure projects financed with foreign aid funds and extraction of natural resources, the following will firstly look into where the concentration of Chinese infrastructure projects are, and from this information search for a connection with extraction of natural resources. Additionally, the nature of the trade relations will be investigated as the assumption is that Chinese investments in the African infrastructure, also contribute to the access of Chinese goods to the African markets.

5.1. Chinese infrastructure investments and access to resources

As mentioned in the empirical section, the most influential infrastructure project the Chinese have conducted is without a doubt the almost 2000 km long TAZARA Railway built in the 1970's, connecting the port in Dar Es Salaam in Tanzania to the copper mines in land-locked Zambia (Foster et al 2008:17; Sebastian 2008:5; Brautigam 2009:40).

The transport sector is said to have regained the Chinese attention, with pledged to allocate around US\$ 4 billion to this sector, which will be spend on rehabilitation of 1350 km of rail and an expansion of the railway system with an additional 1600 km of new railway across the African continent (Foster et al. 2008:18). In the figure below it is possible to see in what sectors Chinese investments went to in the period from 2001-2007.

Figure 5: Confirmed Chinese finance commitments per sector in the period 2001-2007



Source: Foster et al. 2008:17

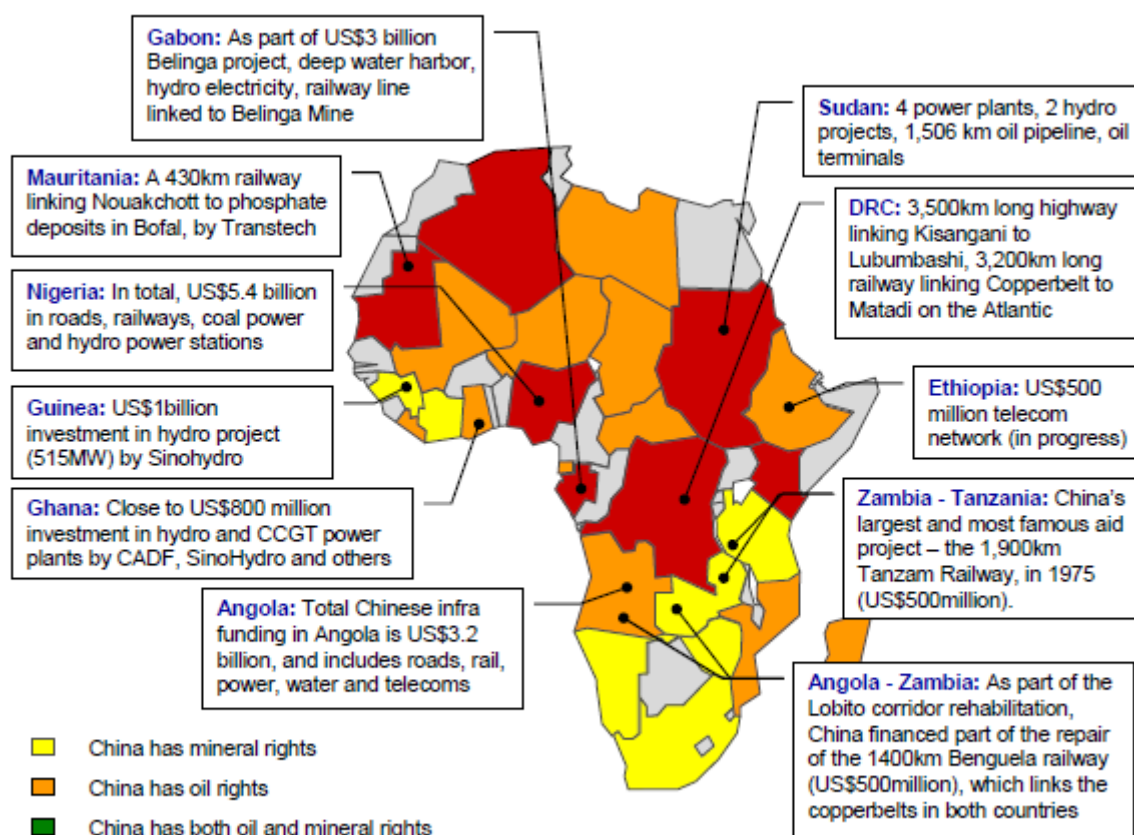
From this figure it is evident that the main priorities for the Chinese finance are targeting the electricity and transport sector.

As mentioned in the introduction, no less than 35 African countries have benefitted from Chinese investments in their infrastructure sector. However, according to the before mentioned WB report, a total of 70 % of Chinese investments into projects of infrastructural character went to four African countries, those being Nigeria, Angola, Ethiopia, and Sudan. Furthermore, of this amount almost 30 % is reported to be allocated to Nigeria. An additional three African countries have gained special Chinese attention, and those are Guinea, Ghana, and Mauritania (Foster et al.2008:19).

In an attempt to clarify the relation between investments and resources, the following takes a closer look on the Chinese infrastructure investments in the seven countries mentioned above, with a priority to the four countries said to have been assigned the most Chinese finance.

A point of departure is the following map clarifying where China has invested in infrastructure projects and is in possession of rights over national resources.

Figure 6: Showing China's oil and mineral rights and investments



Source: Sebastian 2008:5

From the map it is clear to see a correlation between investments and access to resources. Furthermore it is evident that all the countries where China enjoys both mineral and oil rights, apart from Algeria and Kenya, also have received relatively large investments in infrastructure projects. It is however likely that China has activities in other countries than the ones mentioned in the map, but the focus has been chosen to primarily concentrate on these countries as they are reported to attract a large amount of infrastructural finance, not only according to the map but also to the WB report.

In relations to Nigeria, it is one of the countries where China has allocated the largest amount of finance to. According to the map above, China has both oil and mineral rights, and has invested a staggering US\$5.4 billion in the transport sector covering road and railways, but also coal and

hydro power stations. In addition, according to the WB report, China has also been involved in the finance of the modernization cost of the 1315 km long Lagos-Kano line, with an estimated cost of US\$ 8.3 billion and China is said to cover the costs of US\$ 2.5 billion through a line of credit (Foster et al. 2008:18). However, the final status for this project is still unclear.

In terms of investigating the economic and trade relations between Nigeria and China, it reveals that Nigeria is the 15th largest producer of oil in the world, but China does not range on the list of Nigeria's primary export partners. However, interestingly China ranks as no. 1 in regards to import partners and accounts for 14.89 % (and the U.S. as the second largest with 8.88 %) and the products range from machinery to manufactured goods (CIA Factbook on Nigeria). From this minor investigation it seems clear that since China poses as Nigeria's largest import partner, Nigeria constitutes a large market for Chinese goods. For axiomatic reasons, good infrastructure as roads and railways can be said to facilitate an easy access to the Nigerian market. The reasons why China does not appear on the list over export partners could be that the oil reserves China is in possession of, are either not developed or simply not included in the CIA Factbook's numbers which is used to get an overview of the relation.

Moving on to Sudan, China is also in possession of both oil and mineral rights here, but according to the map, there is no mentioning of China being involved in infrastructure investments. However, according to the CIA Factbook, Sudan ranks as the 31st largest producer of oil, which also constitutes the majority of its export. Among its export partners is China who accounts for a staggering 58.20 % , to Japan who ranks second largest export partner with 14.7 %.

Additionally, China also comprises as Sudan's largest import partner with China accounting for 21.87%, while Saudi Arabia is the second largest with 7.22% and the majority of the imports consist of food and manufactured goods (CIA Factbook on Sudan).

In the case of Sudan, China is clearly an influential trading partner. However, from the map it is not possible to connect the link between investments in infrastructure and access to resources and markets. However, according to the WB report China has invested around US\$ 1.3 billion in general infrastructure projects from hydropower to road, rail and the water sector (Foster et al. 2008:viii), hence Chinese investments are not completely underrepresented in the infrastructure sector. Additionally, with more than half of its exports going to China, combined with China being

Sudan's primary importer, the country must be said to have a large influence on the Sudan's trading relations.

In addition, Sudan poses a particularly interesting case since it is one of the countries where China's principle of non-interference in another country's internal affairs, probably is manifested most clearly. In this case, China has been accused of continuing its investments in Sudan, and Zimbabwe for that matter, despite of the fact that Western countries withdrew from the country due to internal conflicts. Furthermore, China is also said to have played a crucial role in the UN with the result of the latter institution's failure to take action against the situation in Darfur, which made the Human Rights Watch "*condemn Beijing's attitude*" (Walsh 2006). A further reflection in this perspective, is the fact that the U.S. embarked on its economic sanctions towards Sudan in 1997, and in 2003 the U.S. and around six other countries established further economic sanctions on the country (Rennack 2005:11-13). This trade embargo is probably what explains the absence of other trading partners and the fact that China poses as such an influential one.

Further notions on structural realism can be referred to in this case as indications point in the direction that China's primarily goal can be said to be to maintain its relations with Sudan, which could be due to its status as an influential trading partner, but also its political stance on non-interference in other countries internal relations as mentioned above. This sends a strong signal to the rest of the world, that China stands by its policies. Hence, China's intentions are in this aspect well known. In addition, China can be said to be a rational actor, who is not ready to potentially jeopardize its relations with a country, simply due to internal and international disputes about the situation.

In relations to Angola, China is in possession of oil rights and has invested US\$ 3.2 billion in roads and rail but also power, water and telecom, according to the map. Additionally, the map also reveals that China has financed some of the reparation costs of the Benguela railway between Angola and Zambia. According to the CIA Factbook, it is evident that Angola is the 17th largest oil producer, and China is Angola's largest export partner with 35.65 % (the U.S. is the second largest with 25.98 %) and the main exports consist of crude oil, diamonds and food products. China constitutes the marginal second largest import partner with 17.39 % to Portugal with 18.71%, and the imported goods consist of a broad range from machinery and electrical goods to medicine and textiles (CIA Factbook on Angola).

According to the WB report, China's activities in Angola started after the end of its civil war in 2002, and the activities was further increased in 2004. The Eximbank provided a concessional loan of US\$ 4 billion in 2004 to repair Angola damaged infrastructure. The first rate of the loan of US\$ 2 billion was according to the WB report said to be backed by the export of 10.000 barrels of oil per day (Foster et al. 2008: viii). This practice has even had a term named after it as the "Angola mode", which is a repayment method of a loan, that according to Western sources, as related to export of national resources (Foster et al. 2008:xiii & Sebastian 2008:6). The term will be elaborated further upon in the second part of the analysis.

The last country said to attract a large proportion of Chinese investments is Ethiopia. According to the map, China is in possession of oil rights in the country but there is no mentioning of infrastructure investments. Although the country clearly is in possession of oil, it does not seem to produce anything according to the CIA Factbook with reference to numbers from 2007. However, China is the primary export and import partner with 10.87 % (Germany 9.75%) and 14.73 % (Saudi Arabia 8.41%) in 2009 respectively. The products of export are mainly food and leather products, while imports consist of food, petroleum and machinery (CIA Factbook on Ethiopia). Even though it from the map is not evident to observe any investments in the transport sector in Ethiopia, the WB report states that it has been a particularly important activity in the country (Foster et al. 2008:18).

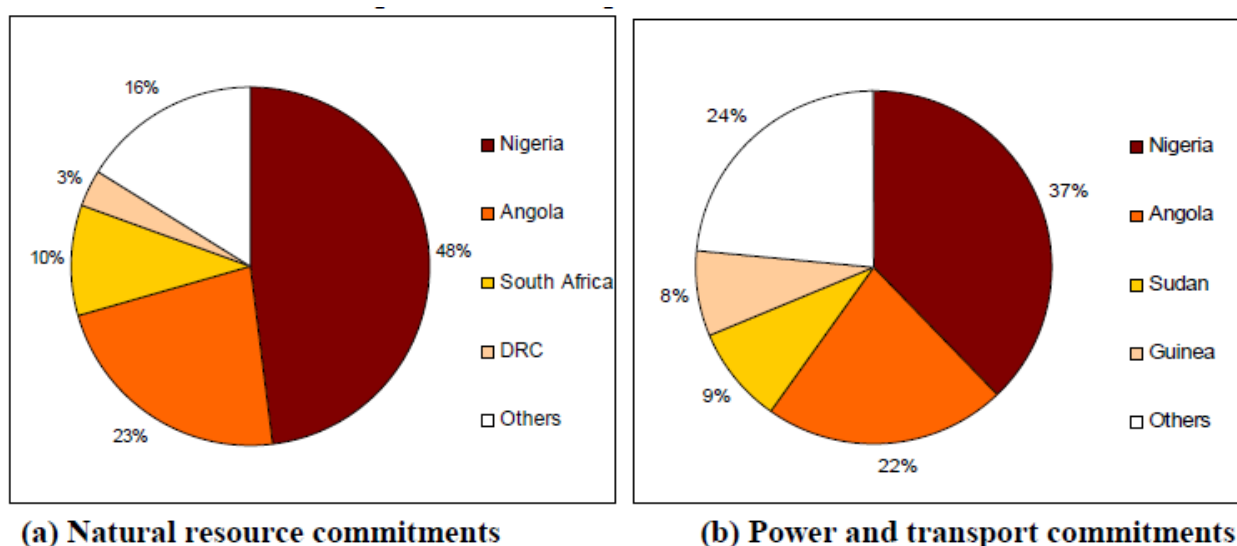
China is also reported to comply a bit too much with their own principles from the Western countries perspectives, as China is accused of selling arms to both sides during the war between Ethiopia and Eritrea (Walsh 2006). Again the principle of non-interference favors international concerns, and can be perceived as an indicator of that China is primarily occupied with its own development issues.

Of the smaller countries previously mentioned, Guinea and Ghana have received investments in hydropower, while Mauritania has received investments in the railway sector, which was agreed upon in 2007, performed by a Chinese firm and financed by an Eximbank loan worth of US\$ 620 million (Foster et al. 2008:18). A country not mentioned previously, but which according to the map is worth mentioning, is the Democratic Republic of Congo (DRC), as a 3500 km long highway and a 3200 km long railway, where the latter connects the Copperbelt to the Atlantic Ocean, have been constructed with the help of Chinese finance, but it is not stated how large the loan was (Sebastian 2008:5).

From the above it seems clear that in the majority of the cases there is a correspondence with infrastructure investments and extraction of resources. China's investments might just be of the rational explanation that China wishes to, so to say, make a way out for its resources. It can, however, also be perceived as a rather beneficial thing for the African countries that China contributes to an improvement of the infrastructure, as insufficient infrastructure is perceived as the largest impediment for African development, hence in this perspective China acts in accordance to its principle of mutual beneficial terms for the China-Africa cooperation.

The following figure visualizes what is mentioned above regarding a connection between resources and investments.

Figure 7: Showing (a) the shares of Chinese natural resource investment per country and (b) the finance commitments in the power and transport sector between 2001-2007



Source: Foster et al. 2008:37

The figure derives from the aforementioned WB report, and clearly shows a relation between the natural resources the specific country is in possession of and Chinese investments.

One explanation to the Chinese investments is, according to the WB report, the belief that insufficient infrastructure often is what keeps resource rich countries from developing into successful exporters of their natural resources, hence investments in this sector often attempts to increase the conditions needed to overcome this problem. That is, there is an emphasis on the recipient country in terms of the gains of infrastructure investments. However, even though a certain correspondence can be observed, the WB report furthermore states that the majority of

Chinese infrastructure projects target specific countries broader development needs (Foster et al. 2008 37).

Hence, the WB report concludes: “...*only 7 percent of Chinese infrastructure finance is directly linked to natural resource exploitation; most of the resources are directed to broader development projects.*” (Foster et al. 2008:x).

The quotation emphasizes what is stated in various Chinese policies and papers, e.g. the white paper emphasizing China as helping other equally developing nations embark on their economic development, and that the relation emphasizes equality and mutual benefits. Hence, the character of the relations is not as much about purely extraction of resources as assumed.

Moreover, Brautigam argues that China first and foremost distributes its foreign aid to all African countries which adhere to the One China policy, and hence not solely due to their amount of resources. This means that Chinese development aid is more evenly distributed than the conventional wisdom has it (Brautigam 2009:278-279).

However, it could in this perspective also be speculated that since it is a relative few, if any, African countries which do not possess some kind of natural resources, this approach offers a win-win situation from the Chinese perspective, as it receives support in its One China policy and offers development aid to various resource rich countries.

Furthermore, even though China has obtained resources and particularly oil rights in numerous African countries, the Chinese oil investments amounting to US\$ 10 billion is still said to dwarf the ones of international oil companies with their investments amounting to US\$ 168 billion. Additionally, the majority of the African oil exports are still directed towards the OECD countries, and in 2006 around 40 % went to the US., 15 % to European countries while China accounted for 16 % (Foster et al. 2008:ix).

The issue might rather be how China has been able to obtain the rights to various natural resources in the first place. A quick investigation shows that all of the mentioned countries have been or are involved with the IMF and/or the WB. As these institutions, as mentioned in the WAC, attach neoliberal conditions to their funds, it could be speculated that these institutions emphasis on liberalization and especially privatization, could include a requirement that the respective countries sold out of their public assets in order to restore its finances. This could pose one explanation of China's acquisition of rights over African resources. This assumption is supported by a report from 2002 by Herbert Jauch from the Labour Resource and Research Institute titled “*The Big*

Privatisation Debate –African Experiences” (Jauch 2002:1-2), in which he describes this practice by the IMF and the WB and the impacts on African development. In this perspective, China’s possession of rights over African resources can be said to be a consequence of conditions imposed by the international financial institutions, hence their policies are what have facilitated China’s access to African resources.

5.2.Overall trade relations

Since 1995, the trade relations between China and African countries have said to have been well balanced (Wang 2007:5; Shinn 2010; Brautigam 2011b:27-28). African countries have experienced rising prices for their main exports comprising natural resources, as China’s increased demands allegedly have been a key driver of a price surge (Zafar 2007:109). However, the decrease in commodity prices in 2009 led to a surplus in the Chinese trade balance (Shinn 2010).

Additionally, the trade relation between China and African countries is said to have experienced a rapid development since 2000. From 2001 to 2006 Africa’s exports increased annually with more than 40 %, and went from US\$ 4.8 billion to a staggering US\$ 28.8 billion in 2006 (Wang 2007:5).

From an article on the official FOCAC homepage, bilateral trade is said to have experienced unprecedented levels with US\$ 126.9 billion in 2010 (Yong 2011).

The aforementioned article also considers the bilateral trade to be “*relatively balanced*” in terms of the amount of China’s import and export to various African countries, although there is a selected amount of countries which have a larger amount of trade relations with China than others as seen in the figure below (Yong 2011).

Figure 8: China's top 10 African trading partners between 2006 - 2010

	Economic type	Average annual trade, 2006-2010 (US \$ million)	Share in total China-Africa trade
Angola	Oil export	18,627	21%
South Africa	Diversified economy	166,86	18%
Sudan	Oil export	6,445	7%
Nigeria	Oil export	5,774	6%
Egypt	Diversified economy	5,384	6%
Algeria	Oil export	4,155	5%
Libya	Oil export	4,154	5%
Republic of the Congo	Oil export	3,241	4%
Morocco	Diversified economy	2,548	3%
Benin	Agriculture	2,097	2%
Weight of top ten trading partners in total China-Africa trade			76%

Source: Yong 2011

From the figure it is evident that 10 African countries account for 76 % of all trade relations with China. It is also clear that natural resources account for most of the export to China.

Additionally, the aforementioned article makes no secret of Africa being a strategic partner regarding natural resources and that this particular focus is what has caused the trading boom between China and African countries. However, the article also emphasizes that China's markets have become export destinations for African goods (Yong 2011).

Furthermore, some of the African countries that experience a trade deficit with China is allegedly said to get the opportunity of getting access to low-cost goods from China with the possibility of paying it back through letting Chinese companies gain access to their infrastructure projects. This again due to the perception that insufficient infrastructure is an impediment for African development, but also due the perception that with good infrastructure, African countries will become more attractive markets for investors and further reduce operating costs, which all in all corresponds with China's overall stated purpose of its development aid (Yong 2011).

By now it should be clear that China's trade relations with African countries for the majority consists of natural resources. However, given that the African countries have abundant resources,

combined with the fact that this is what China is in need of, it only seems logic and rather pragmatic to investment in infrastructure or obtain rights to resources.

How this affects the African countries economic development is not the scope of the thesis, however, the surge in the prices for natural resources, before 2009 as previously mentioned, was said to be due to China's increased demand, hence with this effect China can only be addressed as a paramount important partner. However, there are several additional aspects to this relation as the African countries also can be said to be especially vulnerable to fluctuating prices as they rely primarily on their resources as export goods and hence have "all the eggs in one basket". However, as this is not the objective to investigate, it will not be elaborated further upon.

5.3.China-Africa trade policies and market access

As it should be evident by now, the trade relations between China and African countries are of relatively large importance for both actors.

Ever since the Eight Principles for Economic Aid and Technical Assistance were introduced in 1964, new policies have followed and been implemented, and in this respect, the Chinese government has indeed lived up to its alleged claim of constantly seeking to improve and develop its foreign aid in terms of adapting to internal and external situations as prescribed in the white paper.

Market access to African goods was further bolstered when the Chinese government introduced a Special Preferential Tariff Treatment (SPTT) in January 2005, targeted to remove the tariff on around 190 goods from 25 of the least developed countries in Africa. This meant an increase in the imported goods from these countries under this SPTT amounting to US\$380 million at the end of 2005, and additionally, with an increase from a year to year basis of an impressive 88 %, which accounts for almost 50 percentage points more than China's total amount of imports from Africa for that specific year (Wang 2007:17).

Later that same year, China's president Hu Jintao introduced Five Measures For Assisting Other Developing Countries at a high-level meeting at the UN, where a zero tariff treatment would be provided for all those 39 least developed countries (LDCs) who had diplomatic relations with China, and it would be applied for "*some products*" as it says (Brautigam 2009:314; Appendix 1).

Despite it not having said to only be valid for African countries, an investigation into which countries qualify to be addressed as LDCs at the UNs homepage, reveals that of the 48 countries worldwide, 33 are African, 14 Asian and just one country is from Latin America and the Caribbean (United Nation homepage). Hence, this special term could be speculated to be applied to a fairly large proportion of the African countries. Additionally, further commitments on goods qualified to be included by the SPTT was announced at the end of 2006, where the amount was extended to include more than 440 goods (Wang 2007:16-17).

In the broader perspective, the various policies and pledges can be perceived as connected to larger events taking place, such as China's membership of both the IMF and the WB in 1980 (International Monetary Fund 2004 & The World Bank 2011), the establishment of FOCAC in 2000, China's acceptance into the WTO in 2001 (Brautigam 2009:74), China's "Year of Africa" in 2006 (Large 2010:91), and probably several other events.

The acceptance into and the establishments of organizations and other events, is a clear indication of, that China is Brzezinski's term is attempting to assimilate into the world system. However, this behavior can also be seen in the light of a new theoretical concept. This because China's adaptation of its policies also can be explained by neoliberal concepts, as this International Relations theory considers international organizations to play a role in international power politics in regards to distribution of power and wealth (Martin 2007:110-111). That is, international organizations can be said to influence state's policies, and in this case China has to comply with rules and regulations agreed upon in the various organizations it is a member of, hence China's removal of tariffs and the introduction of the SPTT, can be perceived as a direct consequence of its membership in above mentioned organizations. In this case it is more likely that China created the SPTT in order to adhere to international organizations rules, than simply to enhancing its relations with African countries by ensuring their goods easier access to the Chinese market.

That neoliberals considers international originations to matter, is furthermore in contrast to structural realism, which only considers states to influence each other in a struggle for power, and the general thought is that no authority is above states. However, as seen below, China does rectify its trade policy with South Africa after being accused of undermining its textile industry.

Additionally, a core assumption in neoliberalism is that states are considered to be driven by rationality. That is, a state is considered to make a cost/benefit analysis of a given situation so it can

choose its trajectory must suitable to enhance its current situation (Martin 2007:112).

From this perspective, it can easily be assumed that China's interest is in a strengthening of its trade relations with its African trading partners, therefore complies with the rules of the WTO concerning enhanced free trade by limiting its tariffs. It could furthermore be speculated that China's industry and companies were deemed ready and "mature" enough by the Chinese government, in order to face competition by similar goods on the world market. If this was not the case, the scenario would probably be different, or the Chinese state would probably subsidize its industry, as the BJC refers to the Chinese government as monitoring its domestic development and adjusting according to this.

However, the above mentioned still reflect that China's government is pragmatic and flexible in terms of adjusting its foreign aid and trade relations to external situations, as stated in the white paper, but also in line with Brzezinski's assumptions of the Chinese leadership.

5.4.Chinese goods to African countries

As stated in the first hypothesis it is the assumption that China's infrastructure investments, apart from gaining access to resources, also should improve the access of Chinese goods to the African markets.

Chinese textile goods have been claimed to flood the African markets to such a degree that it has been addressed as a "*textile tsunami*" in 2005. Especially in South Africa it has been reported to be a relatively large issue and affected up to 30.000 people who lost their jobs due to this textile flood (AsiaNews.it 2005). In order to prevent the same thing from happening in Nigeria, the country went a step further and imposed a ban on imports of textiles (Thorniley 2010). However, in 2006 the Chinese Premier Wen Jiabao went to South Africa and met with the President Thabo Mbeki and made an agreement about a restricted export of textiles to South Africa, as the stated intention was not to harm any country's industries (FOCAC 2006b). In this case, China changed its trade policy after negative voices from South Africa but without any known interference from international organizations. Hence, structural realism is still of relevance in this case, as the states are the main actors solving the issue among themselves.

A further notion on the African textile industry, is a reference to a case in Zambia concerning a BBC report from 2008, where China is said to "flood the industry", but in reality it is more the case

that the locals actually prefer imported, not necessarily only from China, textiles of a better quality than what their local textile mill can produce, and this pattern has been developing the last two decades, hence it is not a new phenomenon (Brautigam 2009:215). This comment reflects what is deemed one of the most critical aspects of the China and African trade relations –misinterpretations by the news media.

What is interesting in this relation is the structure of Chinese exports, which is said to have changed since 2000. From in 2000 to mostly consist of apparel (28%), technical equipment (machinery and transport) (27%) and other manufactured goods (26%) (Yong 2011), the majority of Chinese exports comprised in 2009 of technical equipment (41%), communications equipment (20 %), vehicles (19%) and lastly, electronic machinery (18%) (Yong 2011).

From the above it is evident that the trade patterns have changed from textile goods to consisting of more value added goods as heavy machinery. This change in exports could be due to a fierce criticism from African textile producers asserting that their production is being harmed by the Chinese goods, and hence reflecting a Chinese adjustment in their exports. However, the changes could also simply be due to a change in African demands, due to the development of African economies in the recent years.

As the manufactured goods imported from China, seem to decline according to the data, the analysis will move on to something else reported to invade the African markets.

5.5.Chinese competition in the construction sector

There are no official data on exactly how many Chinese people live in African countries at the current moment, but speculations range from 78.000 and up to one million (Wang 2007:19; Brautigam 2011a). Estimates of the number of Chinese companies range about 800, and covers some of the major Chinese companies such as SINOPEC, SinoSteel, China Nonferrous Metal Mining (CNMC) etc. but also consists of smaller companies (Sebastian 2008:6). Regardless how many, the Chinese construction companies are said to increase, and compete with local companies.

While some of the Chinese in Africa are entrepreneurs travelling to Africa for business opportunities, others have functioned as private sub-contractors for SOEs while others have arrived with a SOE and after the work is completed, they stay behind and establish their own company. Private Chinese companies are said to have increased in terms of size and numbers, and the competition among them is described as “fierce” (Wang 2007:17-19).

In Kenya there are reports about the Chinese construction companies being highly efficient both in terms of cost, quality and the time it takes to complete a project, giving the local Kenyan companies fierce competition. However, according to this article, it has led to an admiration for the Chinese efficiency and there are also reports about that they employ local workers (Thuita 2010a).

Another report notes that Chinese contractors have won more than 70 % of all construction projects in the fiscal year 2010/2011 in Kenya. Kenya’s Prime Minister Raila Odinga has encouraged the local contractors to be more competitive, while their response is that the requirements has increased in regards to e.g. former experiences on large building projects, which the local contractors do not have due to previous lack of investments in this sector (Thuita 2010b).

Also in Ethiopia there are reports about Chinese companies winning the major tenders, which again is said to be due to cost efficiency. In Ethiopia they are also said to employ local workers, which is considered valuable as the local workers gain new skills (BBC 2007).

The abovementioned is just an excerpt of a large amount of similar tales about the construction projects in Africa undertaken by Chinese companies.

One reason to this could be due to the before mentioned practice used when African countries run on a trade deficit with China, in which case Chinese companies gain access to infrastructure projects in return for cheaper goods. Another reason is reported to be due the fact that Chinese aid projects have rather low profit margins of just 1-2 %, contrary to 10-15 % for projects of commercial character. One of the outcomes is that the low profits margins help generate a vast amount of new projects (Brautigam 2009:148).

The above can be perceived to reflect a tremendous diligence and productivity from the Chinese companies and workers side. But what are the incentives for the Chinese construction companies to penetrate the African markets to this degree? Some reasons could be said to be due to pledged from the Chinese government to assist African countries development with the help of technical assistance and general training of professionals. This is for instance mentioned in the Five Measures on Financial Development stated at the UN meeting in 2005 and China’s African policy from 2006

(Appendix 1). Another reason could be due to general encouragements from the Chinese government encouraging Chinese companies to take their activities abroad. More on this in the second part of the analysis

For axiomatic reasons there will always be critical voices contesting the Chinese activities and claim that they take the work from the Africans. There have also been reports on Chinese companies only employing Chinese workers. However, as it mainly is the SOEs which arrive with its own workforce, it is primarily in these cases it could be assumed to pose an issue. According to Brautigam there is a correlation between the amount of years a Chinese company has operated in an African country and the amount of local workers it employs. To give an example, she reports about a case from Angola and the DRC, where Chinese companies, which have operated more than five years in the countries, have reduced the amount of Chinese workers by half of the amount new Chinese companies employ. Additionally, she reports that Chinese companies which have operated in Angola for over a decade have a workforce where around 93 % consist of local Sudanese. In her opinion, the workforce issue is more about being able to find skilled workers than anything else (Brautigam 2009:156), hence it can be perceived as a pragmatic approach from the Chinese side to start out with its own workers whose skills and abilities are well-known. However, cultural issues could also be imagined to play a role in this aspect, but it will not be dealt further with (Brautigam 2009:156).

Furthermore, the entire blame cannot alone be assigned to the Chinese companies, as the African governments can be said to have the final responsibility, as they are the ones setting up the rules and regulations in order to control and potentially limit the amount of e.g. work visas given.

However, Brautigam furthermore reports that in the case of Angola and DRC, requirements have started to appear from official side in terms of a certain amount of local worker the Chinese companies must employ. In the case of Angola, the large Chinese companies are required to have a minimum of 70 % of their workforce consisting of local workers, and in the DRC's case, the number is even higher with a requirement of 80 %. In addition to this, Brautigam states that it not only is important for the African leaders to adhere to their populations requirements in regards to employment, but they also gain by the Chinese constructions as it emphasizes rapid development at a low cost (Brautigam 2009:157). This emphasis on implementing or constructing projects at a relatively low cost, combined with efficient period of time for the construction, is also something

the Chinese government has stated to be of importance in the Eight Principles for Economic Aid and Technical Assistance.

5.5.1. Concise conclusion

Regarding the relations between investments and infrastructure, there seems to a certain degree of correspondence, which could be referred to as a Chinese strategic and pragmatic approach of allocating foreign aid investments, which in addition does not seem to be something the Chinese wish to keep a secret but state openly in various policies, that it is a strategic partnership with mutual gains.

Additionally, it has become increasingly evident that the China-Africa cooperation continues to strengthen and increase in bilateral trade. Because of this the outside world has become increasingly worried, and some has even stated that “*Africa is a theater for the political negotiation of China’s changing status in international politics*” (Large 2010:97).

As the quotation implies a rather strategic game can be said to take place in Africa and China’s way of approaching the African continent is said to be of paramount importance in the arena of global power politics. There are substantial indicators on that China’s stated intentions on trading for the sake of mutual benefits, really is the case. Additionally, there are indications on that China’s foreign aid and trade relations are being revised and changed if external situations require it as stated in the white paper.

With reference to the three strategic reasons for giving aid in the empirical documentation section, China is not expected to act differently than other countries and with their emphasis on mutual benefits and cooperation, it is hard to consider China’s activities and investments as something more than straightforward and as a rational act. This combined with the aspect of keeping the domestic relations stable, as Ramo mentions, which also means maintaining the economic growth, it is of paramount importance for the Chinese government to constantly secure access to resources necessary for China’s continued development. However, in terms of structural realism, this also means an increase in China’s latent power status and with this come an increased insecurity from the outside world.

In sum, the abovementioned relation seems to benefit both actors, hence it is more a matter of cooperation than exploitation. However, the Chinese investment surge and cheap loans offered with no strings attached can also be perceived as creating closer diplomatic ties with African state leaders, which has the potential of limiting the role of Western powers in the African countries. Additionally, in the international political arena it can be seen as creating, if not new then, a strengthened relation with its existing alliances. For instance, this was first seen in the UN in 1971 when China regained their seat with the help of its African allies, and lately seen at the climate summit in Copenhagen 2009 where the roles reversed and China supported the African countries demand of climate compensation (Heinlein 2009).

However, the analysis will now move from the mainstream discussion and on to the other perspective of investigating if China's own development experiences can be seen to manifest in China's African relations.

5.6.China's own development experiences

The following part of the analysis will take a point of departure in China's own development history in terms of investigating if some of their activities in Africa can be referred to as experiences of their own past. For this reason, only issues assumed to have an effect on the China's African relation will be investigated and referred to the first part of the analysis if/when locating indicators supporting the second hypothesis.

5.7.Background for China's emphasis on self-reliance

The reasons for China's stress on the concept of self-reliance can be said to go back to the late 1950s, when China experienced a change in its relations with the Soviet Union. Moscow is reported to have stopped, if not completely then dramatically reduced, its aid to China in 1960 and withdrew its technical assistance, which lead to a shock in China as they prior to this had received a relatively steady flow of aid in various forms, and general support from its ally at that time for years. After this incident, China can be seen to stress further importance on the concept of self-reliance as also reflected in their foreign aid as e.g. seen in their Eight Principles presented in 1964 (Brautigam 2009:35; Cohen 2009:31-33). As seen above, the experience with the Soviet Union generated an

idea that it was of paramount importance not to rely too much on other countries, and China's development model can be seen as influenced by this.

5.8.China's experiences with resource-backed loans

In 1973 Japan started to import oil from China, as a way of diversifying its energy suppliers, and by 1977 almost half of Japan's import from China consisted of petroleum. China signed the first resource-backed concessional, long-term loan agreement with Japan in 1978, which manifesting in a mutual beneficial agreement, as Japan would provide a low-interest yen loan in order to finance US\$ 10 billion worth of equipment and materials to update China's oil plant, and China would repay its neighbor country in crude oil and coal (Brautigam 2009:46-47).

This was a practice Japan had experiences with in terms of its trade relations with India in the late 1950s and the concessional loans were to make up for Japan's relatively inferior materials compared to Western products, and India would repay the loan in natural resources (Brautigam 2009:47). So when Japan embarked on its trade relations with China, this practice was projected onto this trade relation as well. In late 1978 China had signed no less than 74 contracts that would finance so-called "turn-key" projects in China's modernization process and repay all of the loans in oil to Japan (Ibid:47).

As seen above, the practice of resource-backed loans have been a widely used way of financing various projects in China's own domestic development history. Despite this historical fact, China's way of providing concessional loans to African countries has received a slightly negative connotation and addressed as "Angola mode" or "resources for infrastructure", with an emphasis on China's extraction and exploitation of African resources (Foster et al. 2008:xiii; Sebastian 2008:6). However, the criticism in the international community might be due to the non-publicly terms of agreements of the loan (Brautigam 2009:145).

In this context, the Chinese way of providing development assistance is simply different to Western practices with the latter's emphasis on transparency. In this regard, notions of cultural relativism can be referred to and applied as China simply has another way of supporting and trading with developing countries deriving from their different culture and development history. Additionally, this practice is in line with China's stated purpose of its foreign aid not being alms but of mutual benefits as e.g. seen in the Eight Principles of Economic and Technical Aid from 1964.

A further reflection on Eurocentric notions is the statement from a Chinese diplomat who, when confronted about the non-transparency of Chinese aid and on what terms it was given, stated that information on such issues exist, but only in Chinese, hence the West is the one shrouded in a “*veil of ignorance*” (Hubbard 2008:218). If this really is the case, the example can be used as an analogy to the West’s constant craving for coining terms for China’s activities with particular reference to “Angola mode”, when in reality other historical aspects could explain this practice.

5.9.China’s need for infrastructure

Moreover, in the above mentioned period of time, China was aware that the country needed infrastructure in various sectors including transport and energy in order to facilitate its export capacity. Hence, China is said to have used the Japanese loans, as mentioned previously, to pay for the construction of these sectors. It was the Japanese Ministry of International Trade and Industry (MITI) which ensured that the loans were spend on infrastructure development. This cooperation meant that Japanese construction companies prospered as they did the construction, and China received much needed infrastructure to facilitate not only its growing export, but also the expanding economic development (Brautigam 2009:48).

In this regard, a reference to a Chinese saying seems suitable: “*If you want to be rich, you must first build roads.*” (Hays 2008). The quotation and abovementioned experiences with Japan’s role in the Chinese infrastructure both reflect incentives behind the Chinese investments, and its emphasis on the importance of African infrastructure. This could also help explain why China has dedicated an entire section on infrastructure in its African policy from 2006, as it is something China has experiences with and acknowledges the importance of if a country wishes to develop. Additionally, with the concessional loans having a requirement tied to them consisting of that 50 % of the loan must be spend on Chinese goods and services, Chinese companies can also be speculated to profit from these activities.

Moreover, general infrastructure projects and improvements are still something highly prioritized by the Chinese government. This is for instance reflected in the 12th Five Year plan released this year for the period 2011-2015. Here the focus is among other aspects on the extension of the Chinese high-speed railway and highway network which are pledged to reach 45.000 km and 83.000 km respectively. Furthermore, a new airport in Beijing will be constructed (Xinhuanet.com

2011). This combined with the forthcoming launch of the bullet train from Beijing to Shanghai the 1st of July 2011 (International business 2011), reinforces the interpretation that infrastructure is a highly prioritized area for the Chinese government.

5.10. Open Door Policy

Between 1949 – 1978 China hardly had any international trade but that was about to change, and in the years between 1978-1993 China experienced unprecedented high growth rates unlike any other country (Cohen 2009:35,66).

When Deng Xiaoping came to power in 1978, it was the beginning of a new era, emphasizing pragmatism over previous times of ideology (Cohen 2009:34-35). With various catchphrases as *“Black cat, white cat, as long as it catches mice it’s a good cat”* (Xiaoping in Brautigam 2009:9) and *“crossing the river by feeling the stones”* (Xiaoping in Brautigam 2009:45), Xiaoping changed the domestic climate and introduced what still is addressed as “socialist market economy” (Brautigam 2009:9; Cohen 2009:35). This marked a new period intended to increase the economic development by opening up the Chinese market for outside investments, but in a steady pace. The latter quotation furthermore implies what Ramo mentions in the BJC, in regard of considering the domestic situation and adapting in line with this and introducing new features as a part of a gradual process.

The main principles behind the Open Door policy was to attract foreign investments, new technologies and skills, but also sending Chinese students abroad in order to obtain new knowledge and skills was a priority. Due to the above, private businesses flourished, in a combined business environment of planned and market economy, and was furthermore encouraged to go abroad and seek profits (Brautigam 2009:9). That is, the policy emphasized both a “going out” policy but also a “bringing in” approach (Brautigam 2009:76). In order to increase the investments abroad, the Chinese State Council passed a law in 1979 which allowed Chinese companies to do business overseas, and the first joint venture overseas happened in 1981 (Brautigam 2009:61-64).

According to Naughton (2007), the Chinese reforms began out of an assessment that things needed to change in order to kick start the economic development, but without any overall “blueprint” in mind, as Naughton refers to it (Naughton 2007:86). The reform work was a gradual process that took its point of departure in the rural, agricultural sector. While Naughton divides the reform

period onto two stages, that is, before and after 1993 (Naughton 2007:85-86), Xing (2008) divides it into three, and the latter division has been chosen as a point of departure, combined with references to Naughton. As will be shown, this period had specific implications for its relations to the African countries.

According to Xing, the periods of economical reforms can be divided as follows; the first from 1978 – 1988, the second from 1989-1991 while the third stretches from 1992 and to the present. The first reform period focused primarily on agrarian reforms, with the epoch-making event of releasing the peasants from the collectivities, and they were now able to rent the land. This created unprecedented incentives for each peasant to work harder, as the procurement system shifted from the collective to every households (Xing 2008:2-3), which meant that the peasants could sell the crops they still were in possession of after the obligatory procurement (Naughton 2007:88-89-90).

As for the market reforms also taking place in this period, they were developed from a point of departure of improvement within the socialist system more than dismissing the system entirely (Xing 2008:2). Hence, a process of adaptation began. This is furthermore in line with Ramo's reflections on the Chinese system as adapting within its own pace, and the concepts of localisation and sinicization can be referred to here, as the Chinese leaders are implementing processes into existing ones in a way that calls for a certain amount of flexibility. Additionally, it can be speculated that since one of the prime targets was to maintain social stability, it is considered to be a rational and pragmatic choice of initiating the reforms in the agricultural sector, as a sufficient food supply can be considered to be one of the major factors to achieve stability. Added to this is the consideration of the specific period of time, as this was just after the Cultural Revolution said to have had a critical affect on the food supply, and in order to regain the people's support which again is a concern for the Chinese government, this would be a rational place to embark on the reforms. This last assumption is supported by Naughton who asserts that the Chinese reformers were encouraged by the successful development in the rural communities and along with an increase in the income level at the countryside, the reforms were furthermore supported by the majority of the Chinese people (Naughton 2007:90).

The industrial sector was also a target for reforms in the first period, with the objective of allocating autonomy to this sector meant to increase the financial incentives. Hence, the SOEs in this sector were allowed to keep a part of the profit to use according to their priorities. At the same time, the enterprises were evaluated on their performances and in relation to this a certain bonus system

developed, meant to further increase the economical incentives. Additionally, a “dual-price” system was introduced, which meant that SOEs were required to sell an certain amount of their products according to a specific price regulated by the state, but hereafter were allowed to sell their products at market price. The performance of enterprises kept being emphasized while in the period around 1985, enterprises were further released from the state’s grip and the relations formalized and they now paid a tax of their profits (Xing 2008:3). This practice reflects Xiaoping’s approach in terms of experimentations as a way to develop, but also the aspect of adapting along the way.

The second period marked a brief period between 1989-1991, concentrating on the Tiananmen Square incident, which caused a pause in the reform work and a further constrained relation with the West (Xing 2008:2,9). However, China received support from its African friends, especially Zimbabwe and Sudan (Taylor 2006:939; Shinn 2008), on the international political arena.

The third period marked a period of a further leap onto the road of economic liberalization initiated by the first stage. In terms of reforms aimed at economic development, the first and third period are said to be the most important ones (Xing 2008:2), however, in terms of politics, the second period comprised an interesting period as China further enhanced its relations with some African nations.

In general, the reforms aimed at a transformation and shifts of power with a focus on decentralization, from an economy being controlled purely by the Chinese State to it having a more regulation function and with it allocating more responsibility from centralized planners and to the hands of the local people (Naughton 2007:90; Xing 2008:1).

According to Xing (2008), the Chinese model offers two valuable lessons concerning the background for its economic reforms – that is, first and foremost that is “selective learning”, meaning that Chinese policy makers looked to the West in order to see what would be desirable to implement and furthermore, how it could be applicable in the Chinese society with the example of entrepreneurship, innovation and trade with the international society. Secondly, it is a lesson in “trial adaptation”, meaning implementation of the various new policies in a prioritized sequence, e.g. beginning with less complicated policies first and afterwards introducing more substantial ones. Another prioritized sequence is beginning in the rural areas and moving on to the urban ones and economical reforms before political ones etc. (Xing 2008:4). Xing states that “...*the Chinese practices demonstrates that the experiences gained in the former create conditions for the latter.*”(Ibid). This notion touches exactly on the BJC concepts of considering the domestic aspects

combined with a continuing adjustment along the way. In sum, it is an evident dissociation from a “one size fits all” development model.

In addition to the above, foreign investments were invited to China with the possibility to operate within the established SEZs. The anticipated goal with this venture was not only a transfers of foreign technology but also increased investments, which was considered to be conducive for China’s pattern of economic growth (Naughton 2007:87). China established its first four SEZs in 1979, and added further on in 1984 with 14 Chinese coastal cities designated to comprise minor versions of industrial and technological zones. To the present day, China is said to have developed more than one hundred zones. These zones are furthermore said to have had a large influence on China’s rapid economical development (Brautigam 2009:97-98).

That China wished to establish SEZs in African countries, was first located in a report summarizing the points discussed during the third FOCAC summit in 2006. According to this, China pledged to help built three to four so called “...*economic and trade cooperation zones in African countries where conditions permit.*” (FOCACc). Additionally, a report from the forth FOCAC meeting in 2009, stated that the two actors will continue to establish what is addressed as “*business cooperation zones in Africa*”, with the objective to attract further investments and the Chinese government is said to encourage Chinese companies to invest in these zones (FOCAC 2009).

So far, the African continent are said to have seven SEZs spread across Egypt, Mauritius, two in Zambia, two in Nigeria and Ethiopia (Hurst 2011), and China is said to have established all of them (Davies 2008:140; Brautigam 2009:98-99). This will be elaborated further upon in the next section.

In sum, the reform period from 1978 to the present day, can be seen as reflecting much of China’s conduct on the African continent, and this notion is additionally supported by Brautigam (Brautigam 2009:103-104).

Furthermore, there are also indications on that China’s involvement with African nations in essence is a strategic partnership taking place, and former colonial powers might consider their position in Africa as threatened by China’s continued influential status and as offering an alternative development practice. Additionally, it is not only in financial terms the Chinese enjoy the relationship with the African nations, but also in terms of diplomatic influence (Rotberg 2008:2). The former colonial powers are still blamed for Africa’s present development issues (Clements

100:157) and perhaps this accounts for some of the welcoming remarks China's presence in Africa experiences, as the following quote will show "*This is a new strategic partnership. There is no colonial history between Africa and China, so they [the Chinese] are well received here*", a senior official from Ethiopia's Foreign Ministry called Tsegab Kebebew says about the Chinese after a meeting in Beijing, and goes on "*There is no psychological bias against the Chinese*." (BBC 2007).

Additionally, China is described as not having a "colonial hangover" by a Nigerian diplomat, which according to him has the advantage for the Chinese that they are considered to be more credible from an African perspective (Brautigam 2009:10).

Is it evident from the above, that the China-Africa relation is important for both actors. And as previously mentioned, African countries have supported China on several occasions with the most noteworthy ones being in 1971 when China regained their seat in the UN, and in 1989 after the Tiananmen Square incident. Additionally, as stated in China's African policy from 2006, China "...will continue to strengthen solidarity and cooperation with African countries on the international arena..." (Appendix 2:4), which gives associations to the previously mentioned quotation regarding Africa as being a theater for China's growing international influence.

5.11. Crossing the *ocean* by feeling the stones

The headline is inspired by the former Chinese Minister of Commerce, Bo Xilai, who changed Deng Xiaoping's legendary statement, when the former described China's "going global" policies (Brautigam 2009:103).

According to a BBC article from 2007, Li Ruogu, the head of the Eximbank, gave a speech in a rural town in the region of Chongqing, emphasizing the importance of Africa for Chinese farmers and encouraged them to move to Africa, as African countries had vast resources of land but low productivity in the agricultural sector. In return the Eximbank would support and investment in the development of projects as well as help sell the crops. According to Liu Jianjun from the China-Africa Business Council "*At first, people were not willing to go to Africa because it's too hot, there are diseases and there are wars, but after the Chinese government called for people to go, they were more positive*." (Bristow 2007). As the quotation implies there is a strong encouragement from the Chinese government's side for its people to go to African countries, which is further supported

by the Eximbank's pledge to support the venture. The main incentive to travel to Africa is said to be an increased wage, as Chinese workers can make more than three times as much in Africa compared to the wage in their home country (Bristow 2007). According to the above, it also offers an alternative for its people to make a living in a different country with the potential of earning a higher salary.

Furthermore, due to China's rapid development more land is being developed for industry etc., and food scarcity is a constant worry in order to maintain social stability, and according to Brautigam *"Chinese planners see overseas farms as a way to relocate displaced Chinese peasants and provide long-term, offshore "insurance" for China's own food security."* (Brautigam 2009:234). The quotation implies that the encouragements also have another intention, that is, keeping the food production and supply stable, and to make use of the vast land in Africa with efficient Chinese methods.

Additionally, Brautigam reports that the Chinese government encouraged investments in agricultural crops as cotton, rubber and palm oil (Brautigam 2009:255). This practice would furthermore ensure what is to be considered as a steady line of import for China from these Chinese producers in Africa, not only of food products but also for its industry. There is however, also substantial indications on that this is exactly what China is attempting, as the country became a net importer of food in 2003 (Brautigam 2009:257). This puts China in a particularly delicate situation, which supports Mearsheimer's assumption, that China will not risk an armed conflict with e.g. the U.S., as it would affect China's trade relations, and if the food supply is cut off, a just limited, it could be speculated to have a catastrophic effect on the social stability.

Another aspect that is aimed at enhancing trade relations among China and Africa is the China-Africa Business Council, which was established in 2005 with the help of the UN Development Program. The objective with the council was to promote Chinese enterprises in countries like Ghana, Cameroon, Tanzania, Nigeria, Mozambique and South Africa (Wang 2007:19). The Chinese government is said to actively encourage all sized companies to make investments in Africa. Moreover, the access to state-supported finance is said to have been dramatically reduced, hence removing the differences in access in relations to private and SOEs (Wang 2007:19).

This encouragement from the government's side to invest abroad can explain why the amount of Chinese in African countries is increasing (even though the amount is still unknown). However, to

support the assumption that the number is, if not increasing then of dynamic character, is the fact that e.g. Ethiopian Airlines this year in May opened a direct route from Ethiopia to Beijing with no less than 26 weekly flights (Nazret.com 2011). This does however remove every doubt about the character of the relations, as it indicates a substantial amount of people travelling between these destinations.

However, the amount of Chinese in African countries can also be seen as a visible manifest of China's pledges of contributing with technical assistance in numerous sectors, which require a number of Chinese people to travel to Africa. As mentioned in e.g. China's African policy, China pledges to keep sending medical assistance and experts, but also encourages a so called "people-to-people" exchange with Chinese volunteers "*to serve in African countries*" (See Appendix 2 under the third section). Another prioritized sector is the agricultural sector, and since the 1960s, China has sent more than 10.000 experts to 44 African countries. Brautigam refers to a Chinese student from China Agricultural University, who mentions that around 10 professors will leave for African countries for two years at a time, as a part of the Chinese government's pledges to African countries on sending technical experts (Brautigam 2009:236-237). The above gives indication of the size of technical experts sent overseas to serve the countries, and at the same time, it adds seriousness to the Chinese pledges.

Furthermore, overseas investments are also driven by the "going global" strategy, and in 2006 SEZs were mentioned as being a part of this strategy by the Ministry of Commerce. On a worldwide basis, the Chinese government is said to support the establishment of up to fifty zones (Brautigam 2009:97). Additionally, SEZs were promoted in China's 11th Five Year Plan in 2006 (Davies 2008:140). Firstly it is deemed necessary to elaborate a bit on the establishment of these overseas SEZs.

It is the Ministry of Commerce (MOFCOM) which supports the establishment of the overseas zones, but there are also cases of private initiatives by Chinese companies. However, it will only be MOFCOM developed zones mentioned in the following. Additionally, the SEZ term is the overall term and it covers everything from export processing zones (EPZ), industrial parks and free trade zones (FTZ) (Brautigam 2011b:28-29). In theory, these zones are said to facilitate economic growth as they, in the successful cases, will attract foreign and local investments, create employment for the local Africans, transfer technology and knowhow, increase the local competition among African countries and promote export and all of this in a social and environmentally friendly manner.

However, in the not so successful cases, these zones could end up as purely Chinese controlled areas, without employing the locals which results in a limited amount of transfer of technology and limited economic growth and in general includes the opposite of the above mentioned example of the good case scenario (Brautigam 2009:29). In order to keep the last scenario from occurring, there are three parties involved in the establishment of these zones, those being the Chinese developers, the African governments as well as the Chinese government (Brautigam 2011b:33).

According to Brautigam the SEZs are “*to be built and operated by Chinese enterprises as profitable enterprises*”, or that is, they should be “*company-centered and business-based*”. The process is said to be as follows –a company proposes a specific location for a zone and then compete with other companies’ proposals in terms of gaining the support from Beijing. The company that wins, are helped along by the support of the Chinese state represented by the MOFCOM, in terms of infrastructure, feasibility studies and to the payment of the land (Brautigam 2009:98). In this regard it can be considered as a practical approach that the Chinese established these zones as they are the ones with the experience. However, this approach was determined by the Chinese government which decided on this lead in order to make the zones “*sustainable*” (Brautigam 2011b:31).

This approach could derive from previous experiences with Chinese aid projects in Africa. That is, after the completion, the project would be handed over to the Africans, just to realize after a period of time that the latter could not maintain or run the projects sufficiently enough, and the respective project would be run down economically speaking. This is for instance seen in the case of the TAZARA railway, where Chinese managers were asked to come back and run it (Brautigam 2009:84-85). An additional remark in this perspective is the notion of management of projects, since it has connotations of interference in countries internal issues, which China claims to avoid. However, because the experience showed that many projects required Chinese management, Premier Zhao Ziyang announced in the 1980s that this practice would not be considered as interference but, in his words to “*helping them [the Africans] to build self-reliance*” (Zhao Ziyang in Brautigam 2009:57). This is a rather pragmatic but also dynamic approach in terms of adapting its foreign aid practices to external situations requiring it.

However, as the SEZs are developed and managed by Chinese companies it can be said to be of increasingly important for the African governments to regulate and direct the Chinese investments into a direction the former deem suitable for the African development with e.g. a requirement of a certain amount of local employment, technological transfer etc. It can in this respect be speculated,

that to reach a consensus on terms that both sides agree upon could potentially pose some challenges. However, there are indications on, that there is no interest in forcing any establishments forward from the Chinese side, if the zones do not live up to some requirements. In this case, it is for instance seen that proposals of establishments of zones have been rejected as they were considered to be uneconomical, while the establishment of other have been put on a hold while other zones have been evaluated (Brautigam 2011b:31). This reflects that these zones not are political means that for every price must be pushed forward just to promote the relationship between China and African countries.

Moreover, the majority of the zones are joint ventures, while the ones in Ethiopia and Mauritius are 100 % Chinese owned. Furthermore, Brautigam makes it clear that there is no specific “Chinese model” for how to develop these zones (Brautigam 2011b:31). This again reflects a consideration for each context and assessment of each proposed project.

Furthermore, the majority of the African countries where China has established these zones in additionally scored high in the WB “Doing business” surveys reflecting a conducive business environment (Brautigam 2011b:33). However, one reason for this correlation could simply be due that the countries have been selected because of these good business premises, as it also states in the previously mentioned FOCAC report, that the countries selected for these zones will be countries with conditions that permit it.

That is, China chose to establish the zones in these countries because of this conducive business environment. However, it could also be that these zones had the impact that it improved the business environment as the local governments regulated some of its policies in order to facilitate further investments.

There are several reasons to China’s emphasis on the establishment of overseas SEZs. According to Brautigam, overseas SEZs are a problem solving solution to domestic issues, as China allegedly needed to transfer some of its “mature” industries overseas before the domestic competition will lead to the closure of them. Additionally, small and medium sized enterprises (SMEs), with a limited competitive edge, were offered to go overseas in groups aimed at eliminating “anxieties” (Brautigam 2009:99). According to Davies (2008), the overseas SEZs provided a solution towards Chinese goods affected by various restricting trade barriers (Davies 2008:140). The latter approach

can be said to be a rather pragmatic solution to accommodate different countries tariff practices by moving overseas, hence the Chinese goods are no longer “Chinese” in origins.

However, here are also more positive features emphasized about the overseas SEZs, from the African perspective. Brautigam refers to these zones as offering a so called “*protective bubble*”, allowing the African countries to experiment without changing national policies (Brautigam 2009:99). In this regard, it should be mentioned that these zones are regulated on other conditions than in the rest of the country, according to China’s own experience (Brautigam 2009:99).

Additionally, as stated in the report from the fourth FOCAC meeting in 2009, SEZs were meant to contribute to Chinese investments in African SMEs (FOCAC 2009).

A critical notion to this aspect is however, if China established these zones in order to free its own market for its highly mature and competitive companies, and transfer these to the African zones, how will the African companies ever be able to mature themselves, seeing that the Chinese ones now have the competitive edge? It is however also possible that the African companies will develop their competitive edge in cooperation with Chinese companies and learn from their practices in e.g. joint ventures. However, as this is a highly complicated practice, there might be other reasons for this than the ones included here.

Lastly, the Chinese government reflects in this case features of what is addressed as “Asian developmental state” and is said to use its subsidies as a “carrot” for investments (Brautigam 2011b:34). That the state has this function is perceived as a highly important instrument in facilitating further growth. As mentioned in the section on China’s economic reforms, the state has changed its role from controlling to regulating the market if considered necessary. This is considered to be an extraordinary powerful and efficient tool in terms of supporting economic growth.

When China first announced its intentions of establishing these zones in 2006, around ten African countries were said to express an interest in being the host country for these zones (Brautigam 2011b:31)). That African countries express an interest in establishing something that has facilitated growth in China, can be said to reflect that China is in possession of soft power.

In this regard, a reference to Professor Joseph S. Nye Jr’s term of “soft power” can be referred to. According to Nye, soft power and leadership are closely linked and he regards leadership as

“...leading by example and attracting other to do what you want.” and added *“Your power is greater if you can get others to buy in to your values and vision.”* (Nye 2006:2-3). Even though this can be seen to contain manipulative connotations, it still reflects something about China’s development model. That is, if they like it or not, it affects the developing world into considering the Chinese development model as an attractive alternative to the Western policies and conditions. This is not to say that China has the ambition of exercising soft power or leadership towards the developing countries it provide aid assistance to, but more a notion of that if others “buy into your ideas” you have basically exercised indirect power.

However, in this regard the following quotation stated by Deng Xiaoping in 1985 can be seen as reflecting the opposite case: *“Please don’t copy our model. If there is any experience on our part, it is to formulate policies in light of one’s own rational conditions.”* (Xiaoping in Xing 2008:5).

The quotation yet again implies that the “one size fits all” policy is not in line with the Chinese perception. And that Xiaoping actually encouraged nations to find their own development strategies, which takes its special context into consideration, reflects again a pragmatic and rational approach toward development, as something that should be developed step by step and not as a “quick fix” solution by taking something that has already been observed to work in other countries. However, seeing that things change and that new people are in charge of the Chinese policies, this might differ with the contemporary approach.

A final remark in this regard, is the Chinese perception that the Open Door policy combined with the inflow of foreign investments was what contributed to China’s dramatic poverty reduction. However, some African nations are said to criticize Chinese companies for their competitive strengths, in which regard the Chinese response was that they themselves had to face the competition when they opened up their market, but that it in the end contributed to their current development stage (Brautigam 2009:193). The last comment reflects neoliberal notions of the free market and the affects of the competitive climate.

However, it can be speculated that the Chinese State has been better at protecting its own industries in its “infant stages” when it opened its market, than what African governments have been capable of. There seems to be notions of that the end justifies the means in terms of assisting Chinese goods, even though the means are internationally agreed upon e.g. with international organizations at the WTO. Furthermore, much indicates that the Chinese State and manufactures do not validate

the foreign protectionism its goods are meeting, and argue that “...it [China] *should not be penalised if its manufacturers are more competitive.*” (AsiaNews.it 2005). As the quotation implies it is considered as unfair for Chinese products to be suffering because of their relative competitive edge. Because of this, the SEZs previously mentioned, also serve as a way of exporting these products from a different location and hence, not be discriminated against. However, to what degree this actually is the case will be left unsaid. A further notion in regards to China’s goods in Africa is the Chinese SPTT to an increased number of African goods. However, this will also benefit Chinese goods produced in African and exported to China. However, this is not meant to be interpreted in the way that this was another incentive to establish this SPTT, but it nevertheless also affects these goods. Thus, the following section will investigate the Chinese focus on trade as the primarily objective instead of giving pure aid.

5.12. Trade and cooperation instead of aid

As China states in its white paper on its foreign aid, it is a developing nation, thus its amount of foreign aid is conditioned by its own development stage. However, as China is believed to have reached its current prosperous stage because of foreign investments and trade, it is assumed to promote the same path for its developing partners.

Because there is no official amount of the aid China has allocated to African countries over the last decades, another point of departure has been chosen to investigate this assumption.

It is for obvious reasons impossible to determine the exact trajectory of China’s development aid in terms of its ambitions, which is in line with realism concepts of not knowing the exact intentions of other states. However, it is for the current moment possible to state that China has diplomatic relations with 49 African countries, while four still remain loyal to Taiwan, those being Burkina Faso, The Gambia, Sao Tomé and Príncipe and Swaziland (Large 2010:94-96).

Yet, this does not prevent Chinese activities in these countries, and China has obtained oil and drilling rights in São Tomé and Príncipe in recent years (Foster et al. 2008:ix), done construction work in The Gambia (Brautigam 2009:64-65) and even won contracts in Swaziland, despite latter being the only African country China has never had diplomatic relations with (Brautigam 2009:68-69). First and foremost, it seems that economical considerations favor political issues when it comes to the activities in these countries. However, the obtainment of oil rights can be assumed to

be an exception from this rule, since it supplements China's energy need, and the construction work was not financed primarily by China but by other countries in these cases, which also could be seen as making a difference. In sum, it can be said to reflect that China's activities are primarily driven by the economic pragmatism initiated by Xiaoping in the late 1970s.

Furthermore, other aspects that support the assumption that China's primary goal is trading is that China reformed its aid assistance in the 1990s. But even before this time, China had attempted of restructuring its aid practices with an attempt to connect aid to investments. That is, to invest in former aid projects in the form of a leasing practice, or to establish joint ventures on the terms that China would buy some of a country's debt in return for equity shares in joint ventures (Brautigam 2009:62-63). This furthermore reinforces the interpretation that the Chinese government was interested in revising its aid practices and made new attempts of changing these, in case it would provide new economical opportunities. Moreover, it reflects what Xiaoping mentioned regarding his emphasis on the importance of experimenting and that this is a way to improve established practices.

This led to a reform of the Chinese aid practices in the 1990s, where China introduced several new policies and agreements concerning and connecting it further to its African friends. However, it also meant to redirect the aid projects from prestigious building projects and into a "value for money" approach from a Chinese perspective. This would also include lessons learned in the previously decades of foreign aid assistance, but are also referred to as including more "market oriented principles" (Brautigam 2009:78-79).

In 1993, the Chinese government established the Foreign Aid Fund for Joint Ventures and Cooperative Projects with some of the repayments of the interest-free loans given to developing nations. Additionally, the Eximbank was established in 1995 and offered medium- and long term loans with a low-interest (Appendix 1). In the same year Chinese foreign aid would now attempt to "*combine aid to Africa, mutual cooperation and trade together.*". This notion was furthermore said to have been developed due to own experiences (Brautigam 2009:80). That is, an expansion of the Eight Principles from 1964 stating that aid should be more than just alms but of mutual benefit, and that aid is not meant to make countries dependent but self-reliant and economic independent. Last but not least, the China-Africa Development Fund (CADF) was established by the China Development Bank in 2007, with the objective to promote joint ventures between either SOEs or private Chinese companies with African companies or other nationalities. Furthermore, the

objective was not to provide aid, but to set up a fund on market based principles (Brautigam 2009:93-94).

However, even though several cooperative ventures and other funds meant to facilitate and foster cooperation between the two actors have been established, it does however not directly reflect the amount of cooperation between China and African countries. However, it can still be perceived as an indication of a willingness to increase the amount, as well as a diversification of loan options. It can also be considered as a genuine interest in African development. However, in general China can be said to only have an interest in maintaining good relations with its African partners, due to not only economical and resource supply issues, but also due to diplomatic reasons.

In terms of cooperating there are several indications on that China to a large degree asks the African countries what they want, however, China will also turn a project down if it turns out not to be economical feasible (Brautigam 2009:72-73,55). In general, China's aid rhetoric tends to imply rapid practical implications and a distancing from political conditions (Large 2010: 94 & Brautigam 2009:76). However, to what degree it in reality is unconditional will briefly be discussed. Seeing that the concessional loans are tied to a certain requirement of Chinese goods and services having to constitute 50 % of the loan, it cannot be considered as entirely unconditional. However, according to Brautigam, the percentage used to be 70 % but was later reduced to 50 % as the Chinese are aware of the international attempt of reducing the amount of tied aid (Brautigam 2009:174). This clearly reflects that China is emphasizing its mutual benefits paradigm often referred to in various policies, but also to China's dynamic approach to adapting to international situations and improvement of contemporary practices as described in the white paper on Chinese foreign aid. In general, much indicates that China is more interested in trading with the sole explanation that it is a developing country itself and wish to get "value for its money".

Another observation in this regard is the notion of China's principle of non-interference. As mentioned above, this principle was revised not to include Chinese management of former African aid projects. Another example of bending the rules can be seen with the Chinese ships patrolling the waters off the coast of Somalia in 2008. This can be connected with a concern for China's imported energy sources as a significant proportion is transported by ship across the Indian Ocean (Large 2010:96). This can be said to be an additional indication of that when it comes to economic concerns, rational and pragmatic aspects are considered to favor political ones. That is, China finds it necessary to protect the source to its continuing growth –resources.

Another remark concerning the emphasis on trading is the volume and importance of the Eximbank as a financial creditor. The Eximbank is said to be one of the world's largest export promoting, financial institutions. Brautigam has made a comparative figure in her book where the U.S. and European countries have been compared with the Chinese flow of official aid and other financial flows to African countries. According to her estimates, only a minor part of the total amount of the Chinese financial flow includes official aid support, while the majority consists of other financial flow to African countries. This indicates a strong emphasis on the importance of trade for China (Brautigam 2009:179-184).

In sum, it is indisputable that China's role is increasing on the African continent, and its foreign aid is popular with a no strings attached approach and low- or interest free loans. Additionally is the Chinese development model popular gaining momentum among developing nations. However, if the developing nations are supporting this model, it will inevitable mean that they reject something else, that is, the Western models which again reflects the Western approach and values. It could furthermore be speculated that this poses some challenges in the international arena on global politics. However, this will mark the end of this investigation.

5.12.1. Concise conclusion

In sum, much seems to support the notion that China has sinicized its own development experiences when it comes to their conduct in and stated purposes of the relation with African countries. The section has revealed that the resource-backed loans are a practice experienced with its relations with Japan in the 1970s, and that other policies in the late 1970s opened the country and introduced not only new policies but also a new rhetoric conducive for overseas investments and general increased attention to neoliberal concepts.

Moreover, it has been emphasized that China's emphasis on the importance of infrastructure could derive from own development experiences, and even today China continue to increase and improve its infrastructure.

Encouragements and economical support from the Chinese government has furthermore facilitated an increased interest in the African continent. Additionally, issues of food scarcity and a general need for resources can also be seen as incentives behind the encouragements.

Additionally, a concrete example of China's "export" of its development model to African countries is exemplified in its establishments of the overseas SEZs. These serve various purposes where one

is speculated to be relabeling of Chinese goods. However, as the majority of them are joint ventures it is considered to be a potentially equally profitable model in attracting investments and promotion of African economic growth. In this aspect, the Chinese government furthermore positions itself as a strong regulator and facilitator of overseas investments.

However, the Chinese practices in for instance the African SEZs, also witness about a pragmatic solution towards their mature companies and goods and hence reflect some BJC notions.

Moreover, the emphasis on mutual benefits and cooperation is strong which is seen with the establishments of various cooperative initiatives, but also in terms of the restructuring of China's foreign aid in the 1990s. In general, there is no longer any doubt that the relationship is highly beneficial for both actors in terms of international influence, or pressure depending on the perspective.

6.0. Conclusion

China can be said to invest in the African infrastructure sector because it first and foremost is here where they have an expertise and Chinese construction companies are said to be among the most successful ones in the world. In addition to this, the aid financed infrastructure projects completed by Chinese companies are said to generate additional projects, hence the foreign aid can be seen as a tool for further investments benefitting Chinese companies. Apart from this, infrastructure projects are still highly emphasized domestically in China with a focus on constantly extending and improving existing projects, hence the value and importance of sufficient infrastructure in terms of facilitating economic development is acknowledged.

Additionally, the investments can be seen in the light of China's own development issues, which require a stable economic growth to maintain social stability, and as social stability furthermore is said to be fundamental for economic growth, these two factors are inseparable and an omnipresent concern. In this regard, the regulating function of the Chinese state and supporting role of financial institutions can be referred to. Not only in terms of encouraging and supporting Chinese companies to invest and move overseas, but also in terms of the establishment of the overseas SEZs and the opportunities this creates for mature companies and Chinese goods.

Additionally, even though estimates from the WB only consider investments in infrastructure and extraction of resources to be linked with 7 %, it is still considered to be an underlying incentive to the investments to some degree. As is diplomatic influence and recognition from African leaders, which also is highly important in a larger and international context, hence the description of the relation as a strategic partnership. Moreover, China's investments in the African infrastructure can be said to reduce costs of African goods and attract further investments to African countries. All this while the Chinese companies benefit by the construction work, and as their foreign aid loans require Chinese goods and services this also adds value to the Chinese side. Hence, this approach can indeed be considered to be focused on mutual beneficial aspects and a win-win approach which can be said to gain momentum across the paved roads on the African continent.

Moreover, the China-Africa relation offers new opportunities for the African countries with access to the Chinese loans, but it is also up to the respective government leaders to make the most of this opportunity and at the same time being able to control, regulate and perhaps even adapt its policies in line with the Chinese approach and experiences, in order to benefit from this experience but still

adapt it to the specific context. Hence, China's presence and eager investments offer both opportunities and constraints to be aware of from an African perspective.

In general, incentives to allocation of foreign aid are multiple and can change depending on internal or external situations. Additionally, in this case the incentives can equally be said to be multifaceted and to sum up, include – a win – win cooperation in terms of resources extraction, new opportunities for its own mature companies and goods, and due diplomatic pledges to help the African development process. This is however not in a prioritized sequence, but the objective is to portray the relation as rational as possible. That is, no country is considered to do anything that potentially would or could harm its own economic progress, hence the above are considered to be the rational acts of China's African infrastructure investments.

While the theoretical concepts each provided concepts to facilitate an understanding of the relations and incentives behind the investments, the BJC is clearly the one offering the most substantial concepts. This is considered to be because it takes the cultural context into consideration, whereas the concepts of structural realism are concerned with overall state relations and potential struggles and various assumptions concerning this. However, the most valid concept in structural realism is considered to be the overall concept of not knowing the intentions of other states. Even though it can be said to be of universal validity, it still proves a point even in such a dynamic and pragmatic society as the Chinese.

Additionally, even though the degree, to which China's disclaim of conditions on its foreign aid and in general the whole notion of its non-interference principle can be discussed, the various data seem to indicate that economic concerns favor everything else. This can again be referred back to the concern of domestically economic growth. However, in this case, it is possible to argue that economic issues have the potential of turning into political ones.

Lastly, China and African countries can be perceived to need each other for their respective development progress – China in terms of the import of resources and African countries for the increased amount of Chinese investments targeting its infrastructure. Additionally, China has the clear advantage of being a developing country itself, which makes the relation relatively more equal compared to Western nations.

However, as China emphasizes continuous adjustments of its foreign aid practices in order to adapt to internal and external situations, only the future will tell how this dynamic and pragmatic institution will manifest itself in the future in regards to its African development partner.

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8.0. Appendix

The following two appendix sections contain China's white paper on its foreign aid, and China's African policy respectively.

8.1. Appendix 1: China's white paper on its foreign aid

Extracted from: http://www.chinadaily.com.cn/cndy/2011-04/22/content_12373944.htm

China's Information Office of the State Council issued a white paper on China's foreign aid in Beijing on Thursday the 21st of April 2011. Following is the full text:

China is a developing country. Over the years, while focusing on its own development, China has been providing aid to the best of its ability to other developing countries with economic difficulties, and fulfilling its due international obligations.

In the 1950s, soon after the founding of the People's Republic of China, although it was short of funds and materials, China began to provide economic aid and technical assistance to other countries, and gradually expanded the scope of such aid. Since China adopted the reform and opening-up policies in the late 1970s, its economy has been developing rapidly, with the overall national strength growing notably.

However, China remains a developing country with a low per-capita income and a large poverty-stricken population. In spite of this, China has been doing its best to provide foreign aid, to help recipient countries to strengthen their self-development capacity, enrich and improve their peoples' livelihood, and promote their economic growth and social progress. Through foreign aid, China has consolidated friendly relations and economic and trade cooperation with other developing countries, promoted South-South cooperation and contributed to the common development of mankind.

Adhering to equality and mutual benefit, stressing substantial results, and keeping pace with the times without imposing any political conditions on recipient countries, China's foreign aid has emerged as a model with its own characteristics.

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I. Foreign Aid Policy

Course of development in foreign aid

China's foreign aid began in 1950, when it provided material assistance to the Democratic People's Republic of Korea (DPRK) and Vietnam, two neighboring countries having friendly relations with China. Following the Asian-African Conference in Bandung, Indonesia in 1955, the scope of China's aid extended from socialist countries to other developing countries, along with the improvement of China's foreign relations. In 1956, China began to aid African countries. In 1964, the Chinese government declared the Eight Principles for Economic Aid and Technical Assistance to Other Countries, the core content of which featured equality, mutual benefit and no strings attached, hence the basic principle for China's foreign aid was formulated.

In October 1971, with the support of other developing countries, China resumed its legal seat in the United Nations, established relations of economic and technical cooperation with more developing countries, and funded the Tanzania-Zambia Railway (TAZARA) and other major infrastructure projects. In this period, China overcame its own difficulties, and provided the maximum assistance it could afford to other developing countries in their efforts to win national independence and develop a national economy, thus laying a solid foundation for its long-term friendly cooperation with developing countries.

After the adoption of the policies of reform and opening-up in 1978, China's economic cooperation with other developing countries extended from economic aid to multi-form and mutually beneficial cooperation. China adjusted the scale, arrangement, structure and sectors of its foreign aid in accordance with its actual conditions. It strengthened its foreign assistance to the least developed countries, paid more attention to the economic and long-term effects of aid projects, and provided aid in more diversified and flexible ways. To consolidate the achievements of existing productive projects, China conducted multi-form technical and managerial cooperation with recipient countries, such as managing aid projects on behalf of recipient countries, lease management and joint ventures. After adopting the aforesaid cooperation models, some already-completed productive projects accomplished more than traditional technical cooperation in improving enterprise management and production level. Through adjustment and consolidation, China's foreign aid embarked on a development road which better suit China's actual conditions and the needs of recipient countries.

In the 1990s, in the course of the shift from the planned economy to the socialist market economy, China took a series of measures to reform its foreign aid mechanism, focusing on diversifying the sources and means of funding. In 1993, the Chinese government set up the Foreign Aid Fund for Joint Ventures and Cooperative Projects with parts of the interest-free loans repaid to China by developing countries. The fund was mainly used to support Chinese small and medium-sized enterprises to build joint ventures or conduct cooperation with the recipient countries in the production and operation spheres. In 1995, China, via the Export-Import Bank of China, began to provide medium- and long-term low-interest loans to other developing countries, effectively expanding the funding sources of its foreign aid.

Meanwhile, it attached greater importance to supporting the capacity building of recipient countries, and kept enlarging the scale of technical training. Officials from recipient countries receiving training in China became an important part in the cooperation of human resources development between China and those countries. In 2000, the Forum on China-Africa Cooperation (FOCAC) was initiated, and it became an important platform for dialogue between China and friendly African

countries and an effective mechanism for pragmatic cooperation in the new circumstances. Through reforms in this period, China further expanded its foreign aid with more notable effects.

In the 21st century, especially since 2004, on the basis of sustained and rapid economic growth and enhanced overall national strength, China's financial resources for foreign aid have increased rapidly, averaging 29.4 percent from 2004 to 2009. In addition to deciding aid projects arranged through traditional bilateral channels, group consultations were held by China with recipient countries at the international and regional levels. The Chinese government announced a series of well-targeted foreign aid policies at many international and regional conferences, such as the UN High-Level Meeting on Financing for Development, UN High-Level Meeting on the Millennium Development Goals, Forum on China-Africa Cooperation, Shanghai Cooperation Organization, China-ASEAN Leaders Meeting, China-Caribbean Economic & Trade Cooperation Forum, China-Pacific Island Countries Economic Development & Cooperation Forum, and Forum on Economic and Trade Cooperation between China and Portuguese-Speaking Countries, to strengthen foreign aid in the fields of agriculture, infrastructure, education, healthcare, human resources, and clean energy. In August 2010, the Chinese government held the National Conference on Foreign Aid to summarize its experience of foreign aid work, and define the major tasks for strengthening and improving foreign aid in new circumstances. China's foreign aid thus entered a new stage.

China's foreign aid policy has distinct characteristics of the times. It is suited both to China's actual conditions and the needs of the recipient countries. China has been constantly enriching, improving and developing the Eight Principles for Economic Aid and Technical Assistance to Other Countries - the guiding principles of China's foreign aid put forward in the 1960s. China is the world's largest developing country, with a large population, a poor foundation and uneven economic development. As development remains an arduous and long-standing task, China's foreign aid falls into the category of South-South cooperation and is mutual help between developing countries.

Basic features of China's foreign aid policy are as follows:

Unremittingly helping recipient countries build up their self-development capacity. Practice has proved that a country's development depends mainly on its own strength. In providing foreign aid, China does its best to help recipient countries to foster local personnel and technical forces, build infrastructure, and develop and use domestic resources, so as to lay a foundation for future development and embarkation on the road of self-reliance and independent development.

Imposing no political conditions. China upholds the Five Principles of Peaceful Coexistence, respects recipient countries' right to independently select their own path and model of development, and believes that every country should explore a development path suitable to its actual conditions. China never uses foreign aid as a means to interfere in recipient countries' internal affairs or seek political privileges for itself.

Adhering to equality, mutual benefit and common development. China maintains that foreign aid is mutual help between developing countries, focuses on practical effects, accommodates recipient countries' interests, and strives to promote friendly bilateral relations and mutual benefit through economic and technical cooperation with other developing countries.

Remaining realistic while striving for the best. China provides foreign aid within the reach of its abilities in accordance with its national conditions. Giving full play to its comparative advantages, China does its utmost to tailor its aid to the actual needs of recipient countries.

Keeping pace with the times and paying attention to reform and innovation. China adapts its foreign aid to the development of both domestic and international situations, pays attention to summarizing

experiences, makes innovations in the field of foreign aid, and promptly adjusts and reforms the management mechanism, so as to constantly improve its foreign aid work.

II. Financial Resources for Foreign Aid

Financial resources provided by China for foreign aid mainly fall into three types: grants (aid gratis), interest-free loans and concessional loans. The first two come from China's State finances, while concessional loans are provided by the Export-Import Bank of China as designated by the Chinese government. By the end of 2009, China had provided a total of 256.29 billion yuan (\$38.83 billion) in aid to foreign countries, including 106.2 billion yuan in grants, 76.54 billion yuan in interest-free loans and 73.55 billion yuan in concessional loans.

Foreign aid expenditure is part of the State expenditure, under the unified management of the Ministry of Finance in its budgets and final accounts system. The Ministry of Commerce and other departments under the State Council that are responsible for the management of foreign aid handle financial resources for foreign aid in their own departments in accordance with their respective jurisdictions. Each of these departments draws up a budget for foreign aid projects every year and submits it to the Ministry of Finance for examination, and then to the State Council and the National People's Congress for approval and implementation. Each department controls and manages the funds for foreign aid projects in its budget. The Ministry of Finance and the National Audit Office supervise and audit the implementation of foreign aid budget funds of these departments based on relevant State laws, regulations and financial rules.

Grants

Grants are mainly used to help recipient countries to build hospitals, schools and low-cost houses, and support well-digging or water-supply projects, and other medium and small projects for social welfare. In addition, grants are used in projects in the fields of human resources development cooperation, technical cooperation, assistance in kind and emergency humanitarian aid.

Interest-free loans

Interest-free loans are mainly used to help recipient countries to construct public facilities and launch projects to improve people's livelihoods. The tenure of such loans is usually 20 years, including five years of use, five years of grace and 10 years of repayment. Currently, interest-free loans are mainly provided to developing countries with relatively good economic conditions.

Concessional loans

Concessional loans are mainly used to help recipient countries to undertake productive projects generating both economic and social benefits and large and medium-sized infrastructure projects, or to provide complete plant, mechanical and electrical products, technical services and other materials. Concessional loans are raised by the Export-Import Bank of China on the market, and since the loan interest is lower than the benchmark interest of the People's Bank of China, the difference is made up by the State as financial subsidies.

At present, the annual interest rate of China's concessional loans is between 2 and 3 percent, and the period of repayment is usually 15 to 20 years (including five to seven years of grace). By the end of 2009, China had provided concessional loans to 76 foreign countries, supporting 325 projects, of which 142 had been completed. Of China's concessional loans, 61 percent are used to help developing countries to construct transportation, communications and electricity infrastructure, and 8.9 percent are used to support the development of energy and resources such as oil and minerals.

III. Forms of Foreign Aid

China offers foreign aid in eight forms: complete projects, goods and materials, technical cooperation, human resource development cooperation, medical teams sent abroad, emergency humanitarian aid, volunteer programs in foreign countries, and debt relief.

Complete projects

Complete projects refer to productive or civil projects constructed in recipient countries with the help of financial resources provided by China as grants or interest-free loans. The Chinese side is responsible for the whole or part of the process, from study, survey, to design and construction, provides all or part of the equipment and building materials, and sends engineers and technical personnel to organize and guide the construction, installation and trial production of these projects. After a project is completed, China hands it over to the recipient country.

Complete projects are a major form of China's foreign aid. From 1954, China had helped Vietnam and the DPRK repair war-damaged railways, roads, ports, bridges and urban transport facilities, and assisted them in building a number of basic industrial projects, thus making great contributions to their post-war reconstruction and economic development. Later, foreign aid in complete projects expanded in scale and scope, and accounted for a bigger proportion among China's foreign aid expenditure. At present, they account for 40 percent of China's foreign aid expenditure.

By the end of 2009, China had helped developing countries construct and complete over 2,000 complete projects closely linked to local people's life and production, covering industry, agriculture, culture and education, health care, communication, power supply, energy, transportation and others.

Goods and Materials

They include materials for production and living, technical products or single-item equipment, and necessary technical services covered by foreign aid financial resources provided by China.

China started foreign aid by providing goods and materials. In the 1950s and 1960s, China was short of goods and materials at home. But to help Asian and African countries win national independence and develop their economies, it provided these countries with a large amount of goods and materials. In addition, China provided supporting equipment and materials for complete projects. China always uses products of the highest quality for foreign aid, and the materials it provides include machinery, equipment, medical devices, testing equipment, transport vehicles, office equipment, food and medicine. These supplies meet recipient countries' urgent needs in life and production; and some equipment, such as civil airplanes, locomotives and container-testing equipment, have helped recipient countries improve their equipment capacity and develop their industries.

Technical Cooperation

Technical cooperation means that China dispatches experts to give technical guidance on production, operation or maintenance of complete projects after they are completed, and train local people as managerial and technical personnel; to help developing countries grow crops, raise animals and process products on a trial basis, and teach local people China's agricultural technologies and traditional handicraft skills; and to help developing countries in inspection, survey, planning, research and consultation work of some industries.

Technical cooperation is an important means by which China helps recipient countries strengthen their self-development capacity. It covers a wide range of fields, including industrial production and

management, farming and poultry raising, handicrafts such as weaving and embroidery, culture and education, sports and physical training, medical and health care, clean energy development such as bio-gas and small hydropower generation, geological survey and prospecting, and economic planning. Technical cooperation projects usually last one to two years, and can be extended at the recipient country's request.

Human Resource Development Cooperation

Human resource development cooperation means that China, through multilateral or bilateral channels, runs different kinds of research and training programs for government officials, education programs, technical training programs, and other personnel exchange programs for developing countries.

China started to run such programs in 1953. From then until 1979, China hosted a large number of trainees from the DPRK, Vietnam, Albania, Cuba, Egypt and some other countries, covering over 20 sectors, including agriculture and forestry, water conservancy, light industry, textiles, transportation and health care. Since 1981, China has worked with the United Nations Development Program and hosted training courses in practical techniques in different fields for developing countries. In 1998, the Chinese government began to run seminars for officials. The departments involved and the scale and scope of such training programs have expanded rapidly. By the end of 2009, China had run over 4,000 training sessions of different types for developing countries, attended by some 120,000 people, including interns, managerial and technical personnel and officials. These trainees were from over 20 fields, including economy, diplomacy, agriculture, medical and health care, and environmental protection. At present, roughly 10,000 people from developing countries receive training in China every year. Moreover, China has trained a large number of managerial and technical personnel for recipient countries by means of technical cooperation and other ways.

Chinese Medical Teams Working Abroad

China sends medical teams to recipient countries and provide free medical devices and medicines. These medical teams then provide location-based or touring medical services in those countries.

In 1963, China dispatched the first medical team to Algeria. So far, China has sent medical teams to 69 countries in Asia, Africa, Europe, Latin America, the Caribbean and Oceania. These teams usually work in underdeveloped areas where conditions are harsh and people lack medical services and medicines. These teams have cured many patients with common and frequently occurring diseases, and treated some complicated and serious diseases with acupuncture and moxibustion, medical massage and integrated use of traditional Chinese and Western medicine, saving many critically ill patients. They have also passed on their skills to local medical staff, helping improve local medical and health services. With sound medical skills, lofty medical ethics and a high sense of responsibility and mission, they have worked hard to serve the people of the recipient countries, and thus won respect and praise from the governments and peoples of these countries. By the end of 2009, China had altogether sent over 21,000 medical workers to other countries, and they have treated 260 million patients in the recipient countries. In 2009, 60 Chinese medical teams composed of 1,324 members provided medical services at 130 medical institutions in 57 developing countries.

Emergency Humanitarian Aid

Emergency humanitarian aid is provided when a country or region suffers a severe natural or humanitarian disaster. In such cases, China provides materials or cash for emergency relief or dispatches relief personnel of its own accord or at the victim country's request, so as to reduce

losses of life and property in disaster-stricken areas and help the victim country tackle difficulties caused by the disaster.

Over the years, China has taken an active part in emergency relief operations in foreign countries, and has been playing a more and more important role in international emergency humanitarian relief. To make relief actions quicker and more effective, the Chinese government formally established a response mechanism for emergency humanitarian relief and aid in foreign countries in September 2004. In December 2004, when a tsunami hit countries bordering the Indian Ocean, China launched the largest ever emergency relief operation in its history, providing 700 million yuan worth of aid to the disaster-stricken countries. In the past five years, the Chinese government has provided on nearly 200 occasions emergency aid to foreign countries, including offering emergency technical aid to Southeast Asian countries for the prevention and treatment of bird flu; providing emergency aid in materials and cash to Guinea-Bissau hit by a locust plague and cholera, to Ecuador to fight dengue fever and to Mexico to fight A (H1N1) influenza. It also assisted Iran, Pakistan, Haiti and Chile following severe earthquakes, Madagascar after a hurricane, Myanmar and Cuba following tropical storms, and Pakistan following a flood. In addition, it sent emergency food aid to the DPRK, Bangladesh, Nepal, Afghanistan, Burundi, Lesotho, Zimbabwe, Mozambique and other countries.

Overseas Volunteer Programs

China selects volunteers and sends them to other developing countries to serve the local people in education, medical and health care and some other social sectors. The volunteers now China sends mainly include young volunteers and Chinese-language teachers.

In May 2002, China dispatched, for the first time, five volunteers to Laos to provide services in education and medical and health care for half a year. By the end of 2009, China had dispatched to 19 developing countries, including Thailand, Ethiopia, Laos, Myanmar, Seychelles, Liberia and Guyana, 405 young volunteers who provide services in the fields of Chinese-language teaching, traditional Chinese medicine treatment, agricultural technology, sports and physical training, computer skills, international relief and so on. China has sent regular teams of volunteers to Ethiopia, Guyana and a few other countries. In 2003, China started to dispatch volunteer Chinese-language teachers to other countries. By the end of 2009, China had dispatched 7,590 Chinese-language teachers to over 70 countries around the world.

Debt Relief

Debt relief means that China cancels the mature governmental debts of some developing countries that they owe China. China never urges indebted countries to pay back governmental debts. When recipient countries encounter difficulties in repaying due interest-free loans, the Chinese government usually adopts flexible ways and extends the period of repayment through bilateral discussions. To reduce the debt burden on financially troubled countries, China has, on six occasions, declared that it would cancel debts incurred by mature interest-free loans owed to China by those heavily indebted poor countries and least developed countries which have diplomatic ties with China. Those occasions were the FOCAC First Ministerial Conference in 2000, UN High-Level Meeting on Financing for Development in 2005, Beijing Summit of the FOCAC in 2006, UN High-Level Meeting on the Millennium Development Goals in 2008, the FOCAC Fourth Ministerial Conference in 2009 and UN High-Level Meeting on the Millennium Development Goals in 2010. By the end of 2009, China had signed debt relief protocols with 50 countries from Africa, Asia, Latin America, the Caribbean and Oceania, canceling 380 mature debts totaling 25.58 billion yuan.

IV. Distribution of Foreign Aid

The recipients of China's foreign aid are mainly low-income developing countries. Regarding the distribution of its foreign aid, China sets great store by people's living conditions and economic development of recipient countries, making great efforts to ensure its aid benefits as many needy people as possible. Geographical Distribution

The geographical distribution of China's foreign aid shows a comparatively even coverage. The recipients cover most developing countries in Asia, Africa, Latin America, the Caribbean, Oceania and Eastern Europe. About two-thirds of China's aid always go to the least developed countries and other low-income countries. By the end of 2009, China had aided 161 countries and more than 30 international and regional organizations, including 123 developing countries that receive aid from China regularly. Of them, 30 are in Asia, 51 in Africa, 18 in Latin America and the Caribbean, 12 in Oceania and 12 in Eastern Europe. Asia and Africa, home to the largest poor population, have got about 80 percent of China's foreign aid.

Major Fields

China's foreign aid projects are oriented to agriculture, industry, economic infrastructure, public facilities, education, and medical and health care, with the focus on improving recipient countries' industrial and agricultural productivity, laying a solid foundation for their economic and social development, and improving basic education and health care. In recent years, coping with climate change has become a new area in China's foreign aid.

Agriculture

China makes agriculture, rural development and poverty reduction in developing countries priorities of its foreign aid. The agricultural aid mainly covers building farms, agro-technology demonstration centers, and experiment and promotion stations of agro-technology; constructing farmland irrigation and water-conservancy projects; supplying agricultural machinery and implements, farm produce processing equipment and related agricultural materials; dispatching agro-technicians and senior agricultural experts to pass on agricultural production technologies and provide consultations on rural development, and training agricultural personnel for recipient countries. Agricultural projects aided by China have promoted agricultural development in recipient countries, increased their output of grain and cash crops, and provided raw materials for the development of their light industry. In Guinea-Bissau, Chinese agricultural experts helped build 11 demonstration areas for paddy rice, with a total growing area of 2,000 hectares. They bred 530 tons of fine strains of rice, which were planted in areas totaling 3,530 hectares. Several of the rice strains produced an output three times or more than the original output. In 2008, the Chinese agricultural experts were awarded first prize for scientific and technological progress by the Agricultural Department of Guinea-Bissau. Chinese experts assisted in the operation of a hybrid rice development and demonstration center in Madagascar, where 34 strains of Chinese hybrid paddy rice were grown, with average per-hectare output of 8 tons, about two to three times the average output of local paddy rice. In the 1960s and 1970s, after succeeding in helping Mali grow sugarcane, China went on to help the country establish sugarcane farm and sugar mills, enabling Mali to grow and process sugar by itself for the first time ever. This sugar-making corporation is playing an important role in Mali's economy. In the 1980s, China helped Tunisia construct the Medzerdah-Cap Bon Canal, which enabled the transfer of water from west to east for farmland irrigation, laying a solid foundation for agricultural development in Tunisia.

China has been increasing its aid for agriculture and grain production in particular. In recent years, food security has become a global issue, and China has adopted a series of measures to address this problem in its foreign aid. For instance, at the UN High-Level Meeting on the Millennium Development Goals in 2010, China pledged to establish 30 demonstration centers for agricultural technologies in other developing countries, dispatch 3,000 agricultural experts and technicians to these countries, and invite 5,000 agricultural personnel from these countries to China for training.

By the end of 2009, China had aided 221 agricultural projects in other developing countries - 35 farms, 47 agro-technology experiment and promotion stations, 11 animal husbandry projects, 15 fisheries projects, 47 farmland irrigation and water-conservancy projects, and 66 other types of agricultural projects. On top of that, China had provided a large amount of agricultural equipment and materials to them.

Industry

Industrial aid was an important part of China's foreign aid in its early stage. From the 1950s to the 1970s, China helped many newly-independent Asian and African countries undertake a number of industrial projects. These projects, many of them first ever of their kind in these countries, laid the foundation for their industrial development. Industrial aid increased rapidly in the 1970s, constituting an important part of China's complete projects' aid to other countries at that time. Since the mid-1980s, China gradually reduced its aid in this regard, as many developing countries stepped up privatization in the industrial sector. The industrial projects established with China's help have played an active role in promoting production and economic development, creating jobs, increasing tax revenues and invigorating markets in the recipient countries. By the end of 2009, China had helped developing countries construct 688 industrial production projects, covering light, textile, machinery, chemical, metallurgical, electronic, construction materials, and energy industries. Of these, the Hama Textile Mill in Syria, the Cement Factory in Rwanda, the Rioja Cement Factory in Peru, the Agriculture Machinery Factory in Myanmar and the Loutete Cement Factory in the Republic of Congo are always profitable. They employ a large number of local people and yield sound economic and social benefits.

Economic Infrastructure

Economic infrastructure construction is always an important part of China's foreign aid. Despite its limited foreign aid funds, China has made full use of the mature technologies and relative low cost of manpower to help other developing countries construct a host of infrastructure projects in transportation, communication, power supply, etc. By the end of 2009, China had helped other developing countries build 442 economic infrastructure projects, such as the Sana'a-Hodeida Highway in Yemen, the Karakoram Highway and Gwadar Port in Pakistan, the Tanzania-Zambia Railway, the Belet Uen-Burao Highway in Somalia, the Dry Dock in Malta, the Lagdo Hydropower Station in Cameroon, Nouakchott's Friendship Port in Mauritania, railway improvement in Botswana, six bridges in Bangladesh, one section of the Kunming-Bangkok Highway in Laos, the Greater Mekong Sub-region Information Highway in Myanmar, the Shar-Shar Tunnel in Tajikistan, the No7 Highway in Cambodia, and the Gotera Interchange in Addis Ababa of Ethiopia. These projects have helped improve the environment of life and production for the local people, and create better conditions for the development of the local economy and society.

Public Facilities

Public facilities built with aid from China in other developing countries mainly include municipal utilities, civilian buildings, wells for water supply, conference centers, sports venues, culture

venues, and facilities for scientific, educational and medical care purposes. By the end of 2009, China had helped other developing countries build 687 public facilities of various kinds. The major ones include the Bandaranaike Memorial International Conference Hall in Sri Lanka, the Friendship Hall in Sudan, the National Theater of Ghana, the Cairo International Convention and Exhibition Center in Egypt, the Radio and Television Broadcast Center in Comoros, the International Convention Center in Myanmar, the Moi International Sports Center in Kenya, the Multi-Functional Sports Stadium in Fiji and the Tanzania National Stadium. They have all become centers for social, political and cultural activities as well as landmark buildings. Some public welfare facilities, including the Capital Water Supply Project in Nouakchott, Mauritania, the Well-Drilling Project in Cambodia, the Water Supply Project in Chalinze, Tanzania, and the Water Supply Project in Zinder, Niger, low-cost housing projects in Angola and Suriname, have played an active role in improving the living conditions of local poor people.

Education

The Chinese government always attaches great importance to aid in education for other developing countries. Most of China's foreign aid for education is spent in building schools, providing teaching equipment and materials, dispatching teachers, training teachers and interns from other developing countries and offering government scholarships to students from other developing countries to study in China.

In the 1950s, China began to provide financial support to students from other developing countries coming to China to study, and aid Asian and African countries to build their own colleges and technical schools, providing them with teaching instruments and laboratory equipment. Since the 1960s, China has dispatched Chinese teachers to other developing countries. In the 1970s and 1980s, at the request of some countries, China began to train middle- and high-level technicians and managerial personnel from these countries, who would work for complete projects undertaken with Chinese aid, including the Tanzania-Zambia Railway, the Friendship Port in Mauritania, a coal mine in Tanzania and a textile factory in Guyana. In recent years, China has strengthened its aid for education in other developing countries, helping them build nearly 100 rural primary schools, increasing government scholarships and the number of teachers who come to receive training in China, dispatching more Chinese teachers abroad to help strengthen the weak academic disciplines, and enhancing cooperation with other developing countries in vocational, technical education and distance education. Educational aid from China has helped recipient countries train a large number of qualified personnel in the fields of education, management, and science and technology, and rendered intellectual support for their social and economic development.

By the end of 2009, China had helped other developing countries build more than 130 schools, and funded 70,627 students from 119 developing countries to study in China. In 2009 alone, it extended scholarships to 11,185 foreign students who study in China. Furthermore, China has dispatched nearly 10,000 Chinese teachers to other developing countries, and trained more than 10,000 principals and teachers for them.

Medicine and Public Health

Medical aid plays an important role in China's foreign aid. It mainly covers building hospitals and medical care centers, and establishing malaria prevention and treatment centers; dispatching medical teams; training medical workers; and providing medicines and other medical materials. By the end of 2009, China had aided other developing countries to build more than 100 hospitals and medical care centers, and provided them with a large amount of medical equipment and medicines. At present, over 30 hospitals are under construction with the help of China.

Many hospitals built with aid from China, such as the Ta'izz Revolution Comprehensive Hospital in Yemen, and hospitals in the Central African Republic, Guinea-Bissau, Zimbabwe, Chad and Laos, have contributed much to solving local people's difficulties in getting medical service. In recent years, China has strengthened exchanges and cooperation with developing countries, especially African countries, in the prevention and treatment of infectious diseases like AIDS and malaria, and in the research and application of traditional medicines. China has also trained a large number of medical workers for other developing countries. In the last three years, China has built 30 malaria prevention and treatment centers in African countries, and provided artemisinin anti-malaria medicines worth 190 million yuan. China's aid has made a positive contribution to the development of medical undertakings, improvement of the medical care infrastructure and advance of medical treatment technologies in the recipient countries.

Clean Energy and Coping with Climate Change

China was one of the first countries which have developed clean energy sources such as bio-gas and small hydropower stations. Thus, it has advantages in this regard when it comes to foreign aid. At the beginning of its foreign aid efforts, China helped developing countries in Asia and Africa in utilizing local water resources to build small- and medium-sized hydropower stations and projects of power transmission to meet the needs for electricity by local people as well as by agricultural and industrial production. In the 1980s, by working with relevant agencies of the United Nations, China imparted bio-gas technologies to many developing countries. Meanwhile, China passed on bio-gas technologies to Guyana and Uganda by way of bilateral aid. China's efforts achieved the expected results and helped the recipient countries reduce their dependence on imported fuels.

China has steadily increased aid in coping with climate change. In recent years, as the problem of global warming has been getting worse, China has expanded the scope of relevant aid to other countries. China has carried out cooperation with Tunisia, Guinea, Vanuatu and Cuba in utilizing bio-gas, assisted in the building of hydropower stations in Cameroon, Burundi and Guinea, and cooperated with Mongolia, Lebanon, Morocco and Papua New Guinea in exploring solar energy and building wind-power stations. In addition, China has held training courses on clean energy sources and climate change for other developing countries. From 2000 to 2009, China held 50 training workshops attended by more than 1,400 people from other developing countries on the development and use of renewable resources such as bio-gas, solar energy, and small hydropower stations, as well as forestry management, and desertification treatment and prevention.

V. Management of Foreign Aid

The decision-making power in China regarding foreign aid lies with the central government. Ever since the 1950s, with the development of foreign relations and foreign aid, agencies at various levels of the Chinese government responsible for the management of foreign aid have been gradually established and improved, and management of projects has been gradually strengthened.

The Ministry of Commerce of the People's Republic of China is the administrative department authorized by the State Council to oversee foreign aid. It is responsible for the formulation of foreign aid policies, regulations, overall and annual plans, examination and approval of foreign aid projects and management of the project execution. The Executive Bureau of International Economic Cooperation, China International Center for Economic and Technical Exchanges, and Academy of International Business Officials affiliated to the Ministry of Commerce are entrusted with tasks of managing the implementation of complete projects and technical cooperation projects, material aid projects and training programs connected with China's foreign aid. The Export-Import Bank of China is responsible for the assessment of projects with concessional loans, and the allocation and

recovery of loans. Chinese embassies or consulates abroad are in charge of the direct coordination and management of foreign aid projects in the relevant countries. The local commercial administration departments are required to cooperate with the Ministry of Commerce to deal with affairs related to foreign aid within its jurisdiction.

In providing foreign aid, the related departments of the Chinese government keep in close contact and cooperate with each other. In drafting foreign aid programs and foreign aid funds plans for each country, the Ministry of Commerce communicates regularly with the Ministry of Foreign Affairs, Ministry of Finance and the Export-Import Bank of China to seek their suggestions. Some other departments of the State Council are responsible for or participate in the management of foreign aid programs that require better professional expertise. In order to strengthen the coordination of the departments concerned, the ministries of commerce, foreign affairs and finance officially established the country's foreign aid inter-agency liaison mechanism in 2008. In February 2011, this liaison mechanism was upgraded into an inter-agency coordination mechanism.

VI. International Cooperation in Foreign Aid

China's foreign aid is provided mainly through bilateral channels. At the same time, China also has done its best to support and participate in aid programs initiated by organizations like the United Nations, and has actively conducted exchanges and explored practical cooperation with multilateral organizations and other countries in the field of development assistance with an open-minded attitude.

Since 2005, China has carried out exchanges in development assistance with many international multilateral organizations and countries. It has sent delegations to participate in conferences and dialogues on international development and cooperation such as the UN High-Level Meeting on Financing for Development, UN High-Level Meeting on the Millennium Development Goals, UN Development Cooperation Forum, High-Level Forum on Aid Effectiveness, Heiligendamm Process Dialogue between G8 and the five most important emerging economies, and WTO Global Review on Aid for Trade, to strengthen its communication and exchanges with other aid providers and promote South-South cooperation.

In addition to developing bilateral aid, China gets involved in trilateral and regional cooperation with some multilateral organizations and countries in capacity building, training and infrastructure construction that give full play to the advantages of all participants. Positive results have been achieved. In 1981, China worked with the UNDP (United Nations Development Program) to implement the Technical Cooperation among Developing Countries (TCDC) program in China, it has trained more than 6,000 technicians for other developing countries in more than 20 years. Since 1996, China has cooperated with UNFAO (United Nations Food and Agriculture Organization) for sending Chinese agricultural experts to developing countries. By the end of 2009, China had sent more than 700 agricultural experts and technicians to Africa, the Caribbean and the Asia-Pacific area. In the field of training, China has conducted effective cooperation with multilateral organizations such as the World Bank, the UN Conference on Trade and Development, the UN Industrial Development Organization and Singapore. Within the framework of the Greater Mekong Sub-regional cooperation, China, together with Thailand and the Asian Development Bank, raised funds to build the Laos section of the Kunming-Bangkok Highway, which was opened to traffic in March 2008. At present, China, Thailand, Laos and the Asian Development Bank are working together to build a bridge over the Mekong River for the Kunming-Bangkok Highway.

At present, the scope of international aid for development is being gradually expanded. South-South cooperation is developing rapidly, becoming an effective and beneficial supplement to South-North

cooperation. Under the framework of South-South cooperation, China will work with all parties concerned to conduct complementary and fruitful trilateral and regional cooperation on the basis of respecting the needs of recipient countries and jointly promote the process of global poverty alleviation.

Conclusion

Currently, the environment for global development is not favorable. With the repercussions of the international financial crisis continuing to linger, global concerns such as climate change, food crisis, energy and resource security, and epidemic of diseases have brought new challenges to developing countries, aggravating the imbalance in the development of the global economy, and widening the gap between North and South, rich and poor. The international community should strengthen cooperation and jointly rise to the challenges facing development.

Against this background, China has a long way to go in providing foreign aid. The Chinese government will make efforts to optimize the country's foreign aid structure, improve the quality of foreign aid, further increase recipient countries' capacity in independent development, and improve the pertinence and effectiveness of foreign aid. As an important member of the international community, China will continue to promote South-South cooperation, as it always has done, gradually increase its foreign aid input on the basis of the continuous development of its economy, promote the realization of the UN Millennium Development Goals, and make unremitting efforts to build, together with other countries, a prosperous and harmonious world with lasting peace.

Appendix I

China's Eight Principles for Economic Aid and Technical Assistance to Other Countries (January 1964)

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 alms but as something mutual.
2. In providing aid to other countries, the Chinese government strictly respects the sovereignty of 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 on recipient countries as far as possible.
4. In providing aid to other countries, the purpose of the Chinese government is not to make 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 does its best to help recipient countries complete projects which require less investment but yield quicker results, so that the latter may increase their income and accumulate capital.
6. The Chinese government provides the best-quality equipment and materials manufactured by China at international market prices. If the equipment and materials provided by the Chinese government are not up to the agreed specifications and quality, the Chinese government undertakes to replace them or refund the payment.
7. In giving any particular technical assistance, the Chinese government will see to it that the personnel of the recipient country fully master the technology.

8. The experts dispatched by China to help in construction in 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.

Appendix II

Five Measures Announced by the Chinese Government at the UN High-Level Meeting on Financing for Development (September 2005)

1. China has decided to accord zero tariff treatment to some products from all the 39 least developed countries (LDCs) having diplomatic relations with China, which covers most of the China-bound exports from these countries.
2. China will further expand its aid programs to the heavily-indebted poor countries (HIPC) and LDCs, and, through bilateral channels, write off or forgive in other ways, within the next two years, all the overdue parts as of the end of 2004 of the interest-free or low-interest governmental loans owed by all the HIPC countries having diplomatic relations with China.
3. Within the next three years, China will provide \$10 billion in concessional loans and preferential export buyer's credit to other developing countries to improve their infrastructure and cooperation between enterprises on both sides.
4. China will, in the next three years, increase its assistance to other developing countries, African countries in particular, by providing them with anti-malaria drugs and other medicines, helping them set up and improve medical facilities and training medical staff. Specific programs will be implemented through such mechanisms as the Forum on China-Africa Cooperation as well as bilateral channels.
5. China will train 30,000 personnel of various professions from other developing countries within the next three years so as to help them speed up their human resources development.

Appendix III

The Eight-Point Plan China Pledged at the FOCAC Beijing Summit (November 2006)

1. Increase assistance to African countries, and by 2009 double the size of its assistance to African countries in 2006.
2. Provide \$3 billion in concessional loans and \$2 billion in preferential export buyer's credit to African countries in the next three years.
3. Set up the China-Africa Development Fund, the total amount of which will gradually reach \$5 billion, to give encouragement and support to Chinese companies investing in projects in Africa.
4. Help the African Union to build a convention center in order to support African countries in their efforts to strengthen themselves through unity and speed up African integration.
5. Cancel the repayment of interest-free government loans that had become due by the end of 2005 to China by Heavily Indebted Poor Countries (HIPC) and Least Developed Countries (LDC) in Africa that have diplomatic ties with China.
6. Further open the Chinese market to Africa, expand the scope of imports from African LDCs having diplomatic ties with China entitled to zero duty treatment from 190 tariff lines to over 440 tariff lines.

7. Set up three to five overseas economic and trade cooperation zones in African countries in the next three years.
8. Train 15,000 professionals for African countries in the next three years; send 100 senior agro-technology experts to Africa; set up in Africa 10 agro-technology demonstration centers with special features; assist African countries in building 30 hospitals and provide African countries with a grant of 300 million yuan (\$46.2 million) that is used to supply anti-malaria drugs like artemisinin and build 30 centers for prevention and treatment of malaria; dispatch 300 youth volunteers to African countries; help African countries set up 100 rural schools; increase the number of Chinese government scholarships for African students from the current 2,000 per year to 4,000 per year by the end of 2008.

Appendix IV

Six Measures for Foreign Aid Pledged by the Chinese Government at the 2008 UN High-Level Meeting on the Millennium Development Goals (September 2008)

1. In the coming five years, China will double the number of agricultural technology demonstration centers it builds for other developing countries to 30, increase the number of agricultural experts and technicians it sends overseas by 1,000 to double the present figure, and provide agricultural training opportunities in China for 3,000 people from other developing countries.
2. China will contribute \$30 million to the UN Food and Agriculture Organization to establish a trust fund for projects and activities designed to help other developing countries enhance agricultural productivity.
3. China will increase exports and aid to countries facing food shortages.
4. In the coming five years, China will give 10,000 more scholarships to other developing countries and offer training programs exclusively for 1,500 principals and teachers from African countries. China will ensure that the 30 hospitals it builds for African countries are properly staffed and equipped, and train 1,000 doctors, nurses and managers for the recipient countries.
5. China will cancel the outstanding interest-free loans extended to LDCs that mature before the end of 2008, and give zero-tariff treatment to 95 percent of products from the relevant LDCs.
6. In the coming five years, China will develop 100 small-scale clean energy projects for other developing countries, including small hydropower, solar power and bio-gas projects.

Appendix V

The New Eight-Point Plan China Pledged at the Fourth FOCAC Ministerial Conference (November 2009)

1. China proposes the establishment of a China-Africa partnership in addressing climate change and the holding of senior official consultations on a non-regular basis, and strengthening of cooperation in satellite weather monitoring, development and use of new energy, prevention and control of desertification, and urban environmental protection. The Chinese government decides to assist African countries with 100 clean energy projects in the fields of solar energy, bio-gas and small hydropower stations.
2. To intensify cooperation in science and technology, China proposes to launch the China-Africa Science and Technology Partnership Plan, carry out 100 joint research demonstration projects,

invite 100 African post-doctoral students to conduct scientific research in China and subsidize them when they return to their home countries to work.

3. In order to improve African countries' capacity in financing, the Chinese government will provide US\$10 billion in concessional loans to African countries. China supports the establishment by Chinese financial institutions of a special loan of \$1 billion for the development of small and medium enterprises (SMEs) in Africa. The Chinese government will cancel debts of interest-free government loans that mature by the end of 2009 owed by all HIPC and the LDCs in Africa having diplomatic relations with China.

4. China will further open its market to African countries. It will gradually give zero-tariff treatment to 95 percent of exports from the LDCs in Africa having diplomatic relations with China. As the first step, China grants zero-tariff treatment to 60 percent of the exported commodities from those countries in 2010.

5. In order to further strengthen agricultural cooperation and improve African countries' capacity for food security, China will increase to 20 the total number of agro-technology demonstration centers built for African countries, send 50 agro-technology teams to Africa and help train 2,000 agro-technicians for African countries.

6. China will continue to deepen China-African cooperation in medical care and public health service. It will provide 500 million yuan worth of medical equipment and malaria-fighting materials to 30 hospitals and 30 malaria prevention and treatment centers which have been built with China's assistance, and help African countries train a total of 3,000 doctors and nurses.

7. In order to further enhance cooperation in human resource development and education, China will help African countries to build 50 China-Africa friendship schools and train 1,500 school principals and teachers; increase the number of Chinese government scholarships for African students to 5,500 by 2012; and train a total of 20,000 professionals in various sectors for African countries in the next three years.

8. To enlarge people-to-people exchanges, China proposes to implement a China-Africa Joint Research and Exchange Plan to strengthen cooperation and exchanges between scholars and think tanks, which will also provide intellectual support for better policy-making regarding cooperation between the two sides.

Appendix VI

Six Measures for Foreign Aid Pledged by the Chinese Government at the 2010 UN High-Level Meeting on the Millennium Development Goals (September 2010)

1. Helping improve the people's livelihood in developing countries is the primary objective of China's foreign aid. To date, China has built over 150 schools, nearly 100 hospitals, more than 70 drinking water facilities and 60-plus stadiums for other developing countries. China has sent more than 20,000 medical personnel to nearly 70 countries, offering treatment to hundreds of millions of patients. In the coming five years, China will take the following steps in support of a better livelihood for people in other developing countries: building 200 schools; dispatching 3,000 medical experts, training 5,000 local medical personnel, and providing medical equipment and medicines to 100 hospitals, with priority being given to women's and children's health, and the prevention and treatment of malaria, tuberculosis and AIDS; building 200 clean energy and environmental protection projects; and increasing assistance to small-island developing states in the fields of disaster prevention and mitigation to help build their capacity for countering climate

change. China will, within the next three years, donate \$14 million to the Global Fund to Fight AIDS, Tuberculosis and Malaria.

2. Reducing and canceling the debts of the LDCs. By the end of 2009, the Chinese government had canceled debts worth 25.6 billion yuan owed to it by 50 HIPC and LDCs. Moreover, China will cancel their debts associated with the outstanding governmental interest-free loans that mature in 2010.

3. Deepening financial cooperation with developing countries. To help other developing countries counter the adverse effects of the international financial crisis, China has provided \$10 billion in concessional loans to African countries and \$15 billion in credit support to ASEAN countries, including Vietnam, Cambodia, Laos and Indonesia. China has contributed an additional \$50 billion to the IMF, with an explicit request that the fund should be used, first and foremost, to help LDCs. China will continue to extend financial support of a certain scale to developing countries in the form of concessional loans and preferential export buyer's credit.

4. Broadening economic and trade ties with developing countries. China has worked consistently to create conditions for developing countries to increase their exports to China through tariff relief and other measures. China has made a commitment to phasing in zero-tariff treatment to 95 percent of products from relevant LDCs. Since July 2010, China has given zero-tariff treatment to imported products from 33 LDCs covering more than 4,700 tariff lines, accounting for the overwhelming majority of the products from these countries. In the future, the Chinese government will give zero-tariff treatment to more products and let more countries benefit from this arrangement, while continuing to encourage Chinese companies to expand investment in developing countries.

5. Strengthening agricultural cooperation with developing countries. China has completed more than 200 agricultural cooperation projects in developing countries, and sent a large number of agro-technology experts to those countries, giving a strong boost to their agricultural development. In the next five years, China will dispatch 3,000 agricultural experts and technical staff abroad, provide 5,000 agriculture-related training opportunities in China, and give priority to cooperation with other developing countries in agricultural planning, hybrid rice cultivation, aquaculture, farmland water conservancy and agricultural machinery development.

6. Helping developing countries enhance their human resources. China has held over 4,000 training courses and trained 120,000 managerial and technical personnel in various professions for developing countries, helping recipient countries build human resources, which are their most valuable assets. In the next five years, China will train another 80,000 professionals in various fields for developing countries. It will also increase the number of scholarships and on-the-job master's degree programs for people from developing countries, and provide training opportunities in China to 3,000 school principals and teachers.

8.2. Appendix 2: China's African Policy.

Extracted from the official FOCAC homepage at: <http://www.focac.org/eng/zfgx/dfzc/t481748.htm>

January 2006

Foreword

The first few years of the new century witness a continuation of complex and profound changes in the international situation and further advance of globalization. Peace and development remain the main themes of our times. Safeguarding peace, promoting development and enhancing cooperation, which is the common desire of all peoples, represents the irresistible historical trend. On the other hand, destabilizing factors and uncertainties in the international situation are on the rise. Security issues of various kinds are interwoven. Peace remains evasive and development more pressing.

China, the largest developing country in the world, follows the path of peaceful development and pursues an independent foreign policy of peace. China stands ready to develop friendly relations and cooperation with all countries on the basis of the Five Principles of Peaceful Coexistence so as to contribute to peace, stability and common prosperity around the world.

The African continent, which encompasses the largest number of developing countries, is an important force for world peace and development. China-Africa traditional friendly relations face fresh opportunities under the new circumstances. By this African Policy Paper, the Chinese Government wishes to present to the world the objectives of China's policy towards Africa and the measures to achieve them, and its proposals for cooperation in various fields in the coming years, with a view to promoting the steady growth of China-Africa relations in the long term and bringing the mutually-beneficial cooperation to a new stage.

Part I:

Africa's Position and Role

Africa has a long history, vast expanse of land, rich natural resources and huge potential for development. After long years of struggle, the African people freed themselves from colonial rule, wiped out apartheid, won independence and emancipation, thus making significant contribution to the progress of civilization.

Following their independence, countries in Africa have been conscientiously exploring a road to development suited to their national conditions and seeking peace, stability and development by joint efforts. Thanks to the concerted efforts of African countries and the Organization of African Unity (OAU)/the African Union (AU), the political situation in Africa has been stable on the whole, regional conflicts are being gradually resolved and economy has been growing for years. The NEPAD has drawn up an encouraging picture of African rejuvenation and development. African countries have actively participated in the South-South cooperation and worked for the North-South dialogue. They are playing an increasingly important role in international affairs.

Africa still faces many challenges on its road of development. However, with the persistent efforts of African countries and the continuous support of the international community, Africa will surely surmount difficulties and achieve rejuvenation in the new century.

Part II:

China's Relations with Africa

China-Africa friendship is embedded in the long history of interchange. Sharing similar historical experience, China and Africa have all along sympathized with and supported each other in the struggle for national liberation and forged a profound friendship.

The founding of the People's Republic of China and the independence of African countries ushered in a new era in China-Africa relations. For over half a century, the two sides have enjoyed close political ties and frequent exchange of high-level visits and people-to-people contacts. Our bilateral trade and economic cooperation have grown rapidly; cooperation in other fields has yielded good results; and consultation and coordination in international affairs have been intensified. China has provided assistance to the best of its ability to African countries, while African countries have also rendered strong support to China on many occasions.

Sincerity, equality and mutual benefit, solidarity and common development-these are the principles guiding China-Africa exchange and cooperation and the driving force to lasting China-Africa relations.

Part III:

China's African Policy

Enhancing solidarity and cooperation with African countries has always been an important component of China's independent foreign policy of peace. China will unswervingly carry forward the tradition of China-Africa friendship, and, proceeding from the fundamental interests of both the Chinese and African peoples, establish and develop a new type of strategic partnership with Africa, featuring political equality and mutual trust, economic win-win cooperation and cultural exchange. The general principles and objectives of China's African policy are as follows:

- Sincerity, friendship and equality. China adheres to the Five Principles of Peaceful Coexistence, respects African countries' independent choice of the road of development and supports African countries' efforts to grow stronger through unity.
- Mutual benefit, reciprocity and common prosperity. China supports African countries' endeavor for economic development and nation building, carries out cooperation in various forms in the economic and social development, and promotes common prosperity of China and Africa.
- Mutual support and close coordination. China will strengthen cooperation with Africa in the UN and other multilateral systems by supporting each other's just demand and reasonable propositions and continue to appeal to the international community to give more attention to questions concerning peace and development in Africa.

- Learning from each other and seeking common development. China and Africa will learn from and draw upon each other's experience in governance and development, strengthen exchange and cooperation in education, science, culture and health. Supporting African countries' efforts to enhance capacity building, China will work together with Africa in the exploration of the road of sustainable development.

The one China principle is the political foundation for the establishment and development of China's relations with African countries and regional organizations. The Chinese Government appreciates the fact that the overwhelming majority of African countries abide by the one China principle, refuse to have official relations and contacts with Taiwan and support China's great cause of reunification. China stands ready to establish and develop state-to-state relations with countries that have not yet established diplomatic ties with China on the basis of the one China principle.

Part IV

Enhancing All-round Cooperation Between China and Africa

1. The political field

(1) High-level visits

China will maintain the momentum of mutual visits and dialogues between Chinese and African leaders, with a view to facilitating communication, deepening friendship and promoting mutual understanding and trust.

(2) Exchanges between legislative bodies

China favors increased multi-level and multi-channel friendly exchanges on the basis of mutual respect between China's National People's Congress (NPC) on the one hand and parliaments of African countries and the Pan-African Parliament of the AU on the other, for the purpose of deepening understanding and cooperation.

(3) Exchanges between political parties

The Communist Party of China (CPC) develops exchanges of various forms with friendly political parties and organizations of African countries on the basis of the principles of independence, equality, mutual respect and non-interference in each other's internal affairs. The purpose of such exchanges is to increase understanding and friendship and seek trust and cooperation.

(4) Consultation mechanisms

Mechanisms such as national bilateral committees between China and African countries, political consultation between foreign ministries, joint(mixed) committees on trade and economic cooperation and mixed committees on science and technology should be established and improved, so as to institutionalize dialogue and consultation in a flexible and pragmatic manner.

(5) Cooperation in international affairs

China will continue to strengthen solidarity and cooperation with African countries on the international arena, conduct regular exchange of views, coordinate positions on major international and regional issues and stand for mutual support on major issues concerning state sovereignty, territorial integrity, national dignity and human rights. China supports African nations' desire to be an equal partner in international affairs. China is devoted, as are African nations, to making the UN play a greater role, defending the purposes and principles of the UN Charter, establishing a new international political and economic order featuring justice, rationality, equality and mutual benefit, promoting more democratic international relationship and rule of law in international affairs and safeguarding the legitimate rights and interests of developing countries.

(6) Exchanges between local governments

China's Central Government attaches importance to the exchanges between local governments of China and African countries, vigorously supports twin province/state and twin city relationship aimed at facilitating bilateral exchanges and cooperation in local development and administration.

2. The economic field

(1) Trade

The Chinese Government will adopt more effective measures to facilitate African commodities' access to Chinese market and fulfill its promise to grant duty-free treatment to some goods from the least developed African countries, with a view to expanding and balancing bilateral trade and optimizing trade structure. It intends to settle trade disputes and frictions properly through bilateral or multilateral friendly consultation, mutual understanding and mutual accommodation. Efforts will be made to encourage business communities on both sides to set up China-Africa Joint Chamber of Commerce and Industry. When conditions are ripe, China is willing to negotiate Free Trade Agreement (FTA) with African countries and African regional organizations.

(2) Investment

The Chinese Government encourages and supports Chinese enterprises' investment and business in Africa, and will continue to provide preferential loans and buyer credits to this end. The Chinese Government is ready to explore new channels and new ways for promoting investment cooperation with African countries, and will continue to formulate and improve relevant policies, provide guidance and service and offer convenience. African countries are welcome to make investment in China. The Chinese Government will continue to negotiate, conclude and implement the Agreement on Bilateral Facilitation and Protection of Investment and the Agreement on Avoidance of Double Taxation with African Countries. The two sides should work together to create a favorable environment for investment and cooperation and protect the legitimate rights and interests of investors from both sides.

(3) Financial cooperation

To further develop China-Africa cooperation in the area of finance, the Chinese Government will support the effort of Chinese financial institutions to increase exchanges and cooperation with their counterparts in African countries as well as regional financial institutions in Africa.

(4) Agricultural cooperation

China intends to further promote its agricultural cooperation and exchanges with African nations at various levels, through multiple channels and in various forms. Focus will be laid on the cooperation in land development, agricultural plantation, breeding technologies, food security, agricultural machinery and the processing of agricultural and side-line products. China will intensify cooperation in agricultural technology, organize training courses of practical agricultural technologies, carry out experimental and demonstrative agricultural technology projects in Africa and speed up the formulation of China-Africa Agricultural Cooperation Program.

(5) Infrastructure

The Chinese Government will step up China-Africa cooperation in transportation, communication, water conservancy, electricity and other infrastructures. It will vigorously encourage Chinese enterprises to participate in the building of infrastructure in African countries, scale up their contracts, and gradually establish multilateral and bilateral mechanisms on contractual projects. Efforts will be made to strengthen technology and management cooperation, focusing on the capacity-building of African nations.

(6) Resources cooperation

The Chinese Government facilitates information sharing and cooperation with Africa in resources areas. It encourages and supports competent Chinese enterprises to cooperate with African nations in various ways on the basis of the principle of mutual benefit and common development, to develop and exploit rationally their resources, with a view to helping African countries to translate their advantages in resources to competitive strength, and realize sustainable development in their own countries and the continent as a whole.

(7) Tourism cooperation

China will implement the program of Chinese citizens' group tour to some African nations and, grant more African countries, as they wish and as far as feasible, Approved Destination Status for out-bound Chinese tourist groups. China welcomes citizens from African nations for a tour of the country.

(8) Debt reduction and relief

China is ready to continue friendly consultation with some African countries with a view to seek solution to, or reduction of, the debts they owe to China. It will urge the international community, developed countries in particular, to take more substantial action on the issue of debt reduction and relief for African nations.

(9) Economic assistance

In light of its own financial capacity and economic situation, China will do its best to provide and gradually increase assistance to African nations with no political strings attached.

(10) Multilateral cooperation

China is ready to enhance consultation and coordination with Africa within multilateral trade systems and financial institutions and work together to urge the UN and other international organizations to pay more attention to the question of economic development, promote South-South cooperation, push forward the establishment of a just and rational multilateral trade system and make the voices of developing countries heard in the decision-making of international financial affairs. It will step up cooperation with other countries and international organizations to support the development of Africa and help realize Millennium Development Goals in Africa.

3. Education, science, culture, health and social aspects

(1) Cooperation in human resources development and education

The Chinese Government will give full play to the role of its "African Human Resources Development Foundation" in training African personnel. It will identify priority areas, expand areas of cooperation and provide more input according to the needs of African countries so as to achieve greater results.

Exchange of students between China and Africa will continue. China will increase the number of government scholarships as it sees fit, continue to send teachers to help African countries in Chinese language teaching and carry out educational assistance project to help develop Africa's weak disciplines. It intends to strengthen cooperation in such fields as vocational education and distance learning while encouraging exchanges and cooperation between educational and academic institutions of both sides.

(2) Science and technology cooperation

Following the principles of mutual respect, complementarity and sharing benefits, China will promote its cooperation with Africa in the fields of applied research, technological development and transfer, speed up scientific and technological cooperation in the fields of common interest, such as bio-agriculture, solar energy utilization, geological survey, mining and R&D of new medicines. It will continue its training programs in applied technologies for African countries, carry out demonstration programs of technical assistance, and actively help disseminate and utilize Chinese scientific and technological achievements and advanced technologies applicable in Africa.

(3) Cultural exchanges

China will implement agreements of cultural cooperation and relevant implementation plans reached with African countries, maintain regular contacts with their cultural departments and increase exchanges of artists and athletes. It will guide and promote cultural exchanges in diverse forms between people's organizations and institutions in line with bilateral cultural exchange programs and market demand.

(4) Medical and health cooperation

China is ready to enhance medical personnel and information exchange with Africa. It will continue to send medical teams and provide medicines and medical materials to African countries, and help them establish and improve medical facilities and train medical personnel. China will increase its exchanges and cooperation with African countries in the prevention and treatment of infectious

diseases including HIV/AIDS and malaria and other diseases, research and application of traditional medicine and experience concerning mechanism for public health emergencies.

(5) Media cooperation

China wishes to encourage multi-tiered and multi-formed exchange and cooperation between the media on both sides, so as to enhance mutual understanding and enable objective and balanced media coverage of each other. It will facilitate the communication and contacts between relevant government departments for the purpose of sharing experiences on ways to handle the relations with media both domestic and foreign, and guiding and facilitating media exchanges.

(6) Administrative cooperation

China will carry out exchange and cooperation with African countries in civil service system building, public administration reform and training of government personnel. The two sides may study the feasibility of setting up a mechanism for personnel and administrative cooperation.

(7) Consular cooperation

China will hold regular/irregular consular consultations with African countries during which the two sides may have amicable discussions on urgent problems or questions of common interest in bilateral or multilateral consular relations in order to improve understanding and expand cooperation. The Chinese side will work with Africa to facilitate personnel flow and ensure the safety of their nationals.

(8) People-to-people exchange

China will encourage and facilitate the exchanges between people's organizations of China and Africa, especially the youth and women, with a view to increasing the understanding, trust and cooperation of people on both sides. It will encourage and guide Chinese volunteers to serve in African countries.

(9) Environmental cooperation

China will actively promote China-Africa cooperation in climate change, water resources conservation, anti-desertification, bio-diversity and other areas of environmental protection by facilitating technological exchange.

(10) Disaster reduction, relief and humanitarian assistance

China will actively carry out personnel exchange, training and technological cooperation in the fields of disaster reduction and relief. It will respond quickly to African countries' request for urgent humanitarian aid, encourage and support exchange and cooperation between the Red Cross Society of China and other NGOs on the one side and their African counterparts on the other side.

4. Peace and security

(1) Military cooperation

China will promote high-level military exchanges between the two sides and actively carry out military-related technological exchanges and cooperation. It will continue to help train African military personnel and support defense and army building of African countries for their own security.

(2) Conflict settlement and peacekeeping operations

China supports the positive efforts by the AU and other African regional organizations and African countries concerned to settle regional conflicts and will provide assistance within our own capacity. It will urge the UN Security Council to pay attention to and help resolve regional conflicts in Africa. It will continue its support to and participation in UN peacekeeping operations in Africa.

(3) Judicial and police cooperation

China is prepared to promote exchange and cooperation between Chinese and African judicial and law enforcement departments. The two sides may learn from each other in legal system building and judicial reform so as to be better able to prevent, investigate and crack down on crimes. China will work together with African countries to combat transnational organized crimes and corruption, and intensify cooperation on matters concerning judicial assistance, extradition and repatriation of criminal suspects.

China will cooperate closely with immigration departments of African countries in tackling the problem of illegal migration, improve exchange of immigration control information and set up an unimpeded and efficient channel for intelligence and information exchange.

(4) Non-traditional security areas

In order to enhance the ability of both sides to address non-traditional security threats, it is necessary to increase intelligence exchange, explore more effective ways and means for closer cooperation in combating terrorism, small arms smuggling, drug trafficking, transnational economic crimes, etc.

Part V:

Forum on China-Africa Cooperation and Its Follow-up Actions

Launched in 2000, the Forum on China-Africa Cooperation has become an effective mechanism for the collective dialogue and multilateral cooperation between China and Africa and put in place an important framework and platform for a new type of China-Africa partnership featuring long-term stability, equality and mutual benefit.

China attaches importance to the positive role of the Forum on China-Africa Cooperation in strengthening political consultation and pragmatic cooperation between China and Africa, and stands ready to work with African countries to conscientiously implement the Beijing Declaration of the Forum on China-Africa Cooperation, the Program for China-Africa Cooperation in Economic and Social Development and the Forum on China-Africa Cooperation-Addis Ababa Action Plan (2004-2006) and its follow-up action plans. China will work with African countries within the framework of the Forum to explore new ways to enhance mutual political trust, promote the

comprehensive development of pragmatic cooperation, further improve the mechanism of the forum, and try to find the best way for furthering cooperation between the Forum and the NEPAD.

Part VI:

China's Relations with African Regional Organizations

China appreciates the significant role of the AU in safeguarding peace and stability in the region and promoting African solidarity and development. China values its friendly cooperation with the AU in all fields, supports its positive role in regional and international affairs and stands ready to provide the AU assistance to the best of its capacity.

China appreciates and supports the positive role of Africa's sub-regional organizations in promoting political stability, economic development and integration in their own regions and stands ready to enhance its amicable cooperation with those organizations.