

CHINA – AFRICAN CIVIL SOCIETY DIALOGUE

SAFARI PARK HOTEL, NAIROBI, KENYA, APRIL 21 – 22, 2008

DIALOGUE WORKSHOP PROCEEDINGS

Rapporteurs:
Jo'rum Abuodha & Stella Simiyu-Wafukho

This summary of proceedings was compiled by the rapporteurs from the presentations and discussions during the event, with some additional editing by HBF Nairobi. Care has been taken to document the proceedings adequately. However, this summary does not necessarily represent precisely the statements and opinions of contributors and participants in the discussion.

Table of Contents

Introduction.....	2
I: China – Africa Today: Chinese and African Perspectives	3
II. Chinese Investment in Africa	5
III. Impacts of Chinese Trade and Investment: Environmental Dimensions.....	8
IV. Aid, Finance, Debt	9
V. Trade, Labour and immigration	11
VI. Country and Regional Case Studies.....	14
Ethiopia	14
Sudan.....	15
Angola.....	16
The African Union	17
VII. Civil Society in Africa and China	18
VIII. China in Africa: Growing Relevance, Growing Responsibilities.....	19
Appendix I: Workshop Programme	21

CHINA – AFRICAN CIVIL SOCIETY DIALOGUE: WORKSHOP PROCEEDINGS

Introduction

The increasing Chinese engagement in Africa since the late 1990s has been exciting as well as controversial. It has been exciting because of the new opportunities offered to Africa by the rapid expansion of trade, investment and liberal lending. It has been controversial because of fears about its social, economic and environmental impacts, and also because China's non-interference policy is widely perceived as supporting regimes regardless of their human rights and governance record.

The China – African Civil Society Dialogue in Nairobi brought together 10 Chinese experts on Africa, working in research and policy-consulting institutions, with representatives of African civil society organizations that work in areas with relevant Chinese engagement, from 15 different countries. Not much dialogue of this kind has taken place in the past. The workshop therefore provided a unique opportunity for dialogue and debates on issues of mutual concern, providing an entry point for future discussions and research on China-Africa relations.

The purpose of the China – African Civil Society Dialogue was to generate debate between Chinese experts on Africa and African civil society organisations (CSOs), in order to increase the current limited exposure to each other and each other's environment. The workshop was informed by the need for initiating and intensifying contacts and debate on trade, industry, labour environment, governance, human rights, and peace and security issues. Largely, the meeting was used to explore commonalities and challenges between the two sides, with a view of finding ways for future engagement. This included developing ideas for networking between civil society organisations from China and Africa, and for African civil society organisations to do advocacy work with Chinese institutions.

The workshop focused on five major thematic areas – mutual perceptions between China and Africa; Chinese trade and investment in Africa and their economic and environmental impacts; Chinese aid and lending policies; trade, labour and immigration issues; and the roles of civil society in Africa and China – and also included a number of country-specific case studies. The papers presented and discussions at the plenary critically analysed and sought to understand the nature of China-African relations in the context of these broad themes, focusing on patterns and challenges posed by the relationship. In addition to the thematic panels, a number of country case studies focused on more specific dimensions (and their interaction) in the relationship between China and Africa.

I: China – Africa Today: Chinese and African Perspectives

The introductory panel was designed to provide a summary of mutual perceptions between China and Africa. It also analysed common perceptions of China's role in Africa, especially regarding its economic impact, and provided the framework for more detailed studies of concrete dimensions of the Chinese engagement on the African continent that were presented in later stages of the conference.

Chinese perspectives on Africa and **African perspectives on China's role in Africa** were introduced by Prof. **He Wenping** of the China Academy of Social Science and **Firoze Manji** of Fahamu, respectively. Perspectives on both sides are very much informed by the respective local environments. Apart from the perceptions of average Chinese and Africans based on the environment, culture and historical events, the Chinese on the one hand seem to front a somewhat uniform perception on Africa based on political development, economic performance and peace and security. On the other hand, Africa does not have a common perception but perhaps as many perceptions as there are countries.

According to He Wenping, firstly, in terms of political development, and drawing from the current wave of democratization in most African countries, which has resulted in the setting up of democratic systems, the Chinese perceive Africa as fairly stable and hence they have the confidence to establish relations. Especially, the stability of countries of major importance has increased; and conflicts have been reduced. Secondly, as far as economic development is concerned, China sees Africa as a land of opportunity despite the challenges facing its growth such as the debt burden, growing population pressure, environmental degradation, brain drain, inadequate technological power and unfavourable international economic order. Thirdly, for maintenance of peace and security, China is happy that Africa has put in place mechanisms in place to check conflict within the Africa Union (AU) and other regional bodies such as ECOWAS, SADC and IGAD; from China's perspective, Africa's capacity to solve its own conflicts, i.e. by African institutions, is important. China looks positively at African efforts to work towards United States of Africa.

Firoze Manji pointed to some contradictions in Western perceptions of Africa's relationship with China and the West, respectively. A common Western perspective is to observe China's greed for African resources, and a Chinese intention to take over the continent. At the same time, the very same (or similar) activities by the West in Africa are described as bringing about job creation, poverty alleviation, and development assistance. Firoze Manji pleaded for the application of the same standards, when evaluating the impact of external actors in Africa – be they Western, Chinese, or other.

Chinese engagement with Africa has taken place on the background of the fact that the Washington Consensus of the early 1980s with the implementation of Structural Adjustment Programs failed to deliver the African economies from debt and poverty, among other challenges. This has led Africa to look towards China, perhaps offering a different model of development. This can be explained by the

perception by Africa that the advantages of dealing with China include its not having a history of colonization, sponsoring coups, or assassination of leaders, but rather a willingness to provide loans at low interest rates and not using aid as a political tool. Chinese “unrestricted” lending to Africa – different from the conditionalities attached to Western Aid – is therefore a major source of contention. Secondly, China’s share of foreign direct investment to Africa remains relatively small compared to other actors such as the US, Europe, and even India and the Asian Tigers. And thirdly, even with increased trade China remains in the third place after major players such as the USA. Also, a majority of the Chinese products exported to Africa are manufactured by foreign companies within China.

The rivalry between China and the major actors in the West emanates from the competition for resources (such as oil, minerals among others) and markets in Africa and other parts of the world. Recently, China has in fact become the 2nd largest consumer of petroleum products in the world, after the USA. China’s increased interaction with African countries, for instance Sudan, Nigeria, DRC, Zambia and Angola, is meeting serious concern from the West; other new actors such as India who operate in similar sectors do not face the same vilification.

Although the supporters of the Chinese involvement in Africa put forward the advantages that accrue from the relationship, it is obvious that this engagement is not wholly beneficial. Resistance has been witnessed in different sectors; trade, investment, aid and finance, peace and security, governance and human rights; environment, labour and migration among others. In some parts of Africa, it has resulted in riots by the resident communities blaming their loss of jobs, shutting down of industries and loss of livelihoods to Chinese investment.

Many questions therefore remain. How can the China-Africa engagement in the different sectors become beneficial in terms of development and sustainability of African economies? How can civil society actors on both sides engage with one another and hold their respective governments responsible for actions that adversely affect humanity? And how can civil society organisations especially in Africa make their governments understand that there is no friendship among countries, just interests? How can civil society organisations bring the debate to grass root levels to help the masses gain enough knowledge to hold their governments accountable for their actions?

For Africa, a deeper understanding of the obstacles to the continent’s development, emulation of Chinese entrepreneurial spirit and intensification of her efforts to integrate, would provide the continent with the negotiating power that it desperately needs in its engagements with all actors, not only China. For China, it also calls for a deeper involvement in driving forward Africa’s integration efforts, the establishment of the rule of law, and observance of human rights among other initiatives. On a micro level, civil society organisations need to increase their engagement with one another and jointly with the respective government institutions.

In the plenary discussion, it also became clear that there is need for much more empirical research, for more data and knowledge about China's role in Africa, in order to go beyond the generalizing statements frequently made. Also, China's role in relation to that of other countries has to be put into the right perspective – as important as China is in many regards, other Asian actors play important roles as well; for example, India may replace Japan as a major trading partner in some sectors.

II. Chinese Investment in Africa

In the subsequent session, Prof. **Xu Weizhong** of the China Institutes for Contemporary International Relations described the Chinese entrepreneurs' view of Africa as providing an economic opportunity that once exploited could go a long way in helping achieve the Millennium Development Goals (MDGs). **Mapping Chinese investment in Africa**, he explained that China is now able to provide financial aid due to an increase in its financial resources.

Xu Weizhong asserted that the future of Chinese investment in Africa is bright as China has relevant development strategies and technologies that could be exploited for the benefit of Africa. A greatly increased investment by relatively small private Chinese entrepreneurs is to be expected in the next years. China has a vast management experience of small and medium-sized enterprises that could be shared; these businesses exhibit an increased resolve to invest in Africa as a training ground for Chinese companies aspiring to become transnational. The bright future notwithstanding, Xu Weizhong described a range of challenges to Chinese investment in Africa. Among them are the inadequate regulation of Chinese investment in both China and Africa, and an incomplete understanding of language, history, culture, law, and of the civil society. All these are very important dimensions for successful investment. African societies are more experienced in dealing with Western enterprises than with Chinese ones. His proposition to the improvement of China – Africa relations as far as investment is concerned is to have Africans become more active players in their own economies and the empowerment and treatment of China and Africa as an equally important partners in the affairs of the global economy.

The discussion on the development of **trade, investment and legal cooperation** between China and Africa was opened by Prof. **Hong Yonghong** of the African Law Centre at Xiangtan University. He traced the cooperation to as far back as 1955 and qualified that legal relations with the new China have increased in the recent past. The first phase of this interaction, 1950s to 1971 was characterized by frequent exchanges between high level government officials on trade. After the 1980s, trade between China and Africa has witnessed a tremendous increase, making China Africa's third most important trading partner, after US and France. The 2000 and beyond phase, he said, has witnessed unprecedented growth ever. It is expected that the volume of trade will reach a total US \$ 100 billion in 2010 up from US \$ 55.5 billion in 2006. This increase in trade with Africa can be attributed to strategies such as China granting Most

Favoured Nation (MFN) status to 41 African countries and exemption of 190 products from payment of custom duties from 28 countries. Other measures by the Chinese government have included the encouragement of their companies to directly invest in Africa, the signing of bilateral agreements on promotion and protection of investment with 28 African nations, and on avoidance of double taxation with 8 others.

He further observed that the current China–Africa engagement is bound to enhance relations giving examples of the 2006 Beijing summit of the Forum on China-African Cooperation (FOCAC) and the subsequent announcement of President Hu Jintao to upscale China’s cooperation with Africa in investment, trade and other key areas. In the area of legal cooperation, however, a lot still needs to be done to raise the awareness of the laws practiced on the two fronts through academic exchanges as a thorough understanding of the respective laws by trade and investment partners is necessary for the much needed trade regulation.

Adding to the debate, **Sanou Mbaye** (formerly with the African Development Bank) gave a presentation on “**Matching China’s activities with Africa’s needs**”. He traced the history of China-Africa cooperation, introduced positive and negative dimensions of the engagement and underscored the need for African countries to embrace Pan-Africanism, nationalism and an entrepreneurial spirit akin to that of the Chinese.

The downside of China’s involvement in Africa, Sanou Mbaye said, encompasses the “occupation” by Chinese military or security personnel (especially in the Sudanese oil-producing areas) and the sale of weapons and military equipment to some governments that use these against civilians across the continent. Some of the countries implicated include the Sudan, Equatorial Guinea, Ethiopia, Eritrea, Burundi, Tanzania, and Zimbabwe. Additionally, the pattern of investment and trade is heavily flawed; only countries with oil have a sound balance in trade with China. A further downside is that, sometimes, China’s engagement has been seen to induce social conflicts, is viewed as being insensitive to human rights violations in the respective countries, and increases the potential for confrontation with the West.

Sanou Mbaye noted that both Africa and China face problems of corruption; however, corrupt money tends to be reinvested in China, whereas it is exported from Africa. He was categorical that it is Africa’s responsibility to put in place a blue print for African economic development to protect itself against negative implications of Chinese engagement. Such a blueprint should include policies that support regional trade, capital control, and protectionism, technology transfer, regulation of foreign investments, aid reform, sustainable industrial strategy and subventions among others.

Building on the need to match Africa’s needs with China’s activities, **Sanusha Naidu** (Centre for Chinese Studies, Stellenbosch University) made a presentation on **how China’s increasing engagements in Africa influence the continent’s human security agenda**. The overriding question in her

presentation was where does Africa fit within China's global context of trade and investment? Increasingly, she revealed that more and more Chinese companies are getting involved in joint ventures through buying stakes in companies in the African market, for instance China Development Bank with First National Bank and China Mobile and MTN. Chinese companies have interest in South African companies due to their long experience. Still, far more research is needed to improve knowledge on the micro-level of China-Africa relationships.

She observed that in the first place, Africa is in a commodity boom cycle. China's demand for resources and its investment into infrastructure have implications for the local environment and for the informal sector which is a survival sector for most Africans. She underscored the need to also bear in mind the emerging powers and the South-South rivalry, with regard to South Korea, Malaysia and India, for example. Secondly, she pointed out both positive and negative outcomes arising from the China-Africa engagement. On the positive side, China's response on the human security agenda is grounded around the multilateral institutions such as the UN as seen in its participation in peace-keeping missions in countries such as DRC, Sudan and Liberia, as well as China's contribution to soft human security issues in health, disaster relief and education. On the negative side, she reiterated tensions arising from labour, immigration, quality of goods and human security concerns. The principal concern was that perhaps African governments negotiated bad deals and therefore China was not to blame for the outcomes. She noted the need for an African response to human security concerns among other issues - a kind of peer review of the China-Africa cooperation, to learn from each other and to match needs. For civil society, she recommended a deeper engagement through a common platform with each other and respective government.

From the **plenary** the following issues needed further exploration:

- The need for a search for African solutions to Africa's problems and a deeper engagement of the civil society
- The need for a comprehensive Chinese response to Western criticism, especially on human security concerns that emanate from its investment in Africa.
- The search for measures to enable the African civil society to prevent a repetition, in the China-Africa engagement, of the mistakes that have occurred in Africa's relations with the West.
- Xu Weizhong noted that the Chinese government has no control over small and medium-sized enterprises; and China is worried that conflicts around migration, ethnicity and minority issues may emerge from increased Chinese immigration to Africa, just like in some South East Asian countries.

III. Impacts of Chinese Trade and Investment: Environmental Dimensions

The afternoon session focused specifically on the environmental impact of Chinese interventions or investment in Africa. The presentation by **Daniel Ribeiro** of Justicia Ambiental focused on **logging in Mozambique** where he stated that the forestry sector employs approximately 200,000 people and contributes around 1% of the GDP (excluding wood used for fuel). In 2004 exports from the sector were US\$30 million (about 2% of total exports) and contributed some 6 million USD to the government in form of royalties on logs harvested. He however cautioned that uncontrolled logging and illegal construction of roads and bridges to facilitate logging present serious threat to sustainable use of the forests and forest products. In the context of Chinese-Africa dialogue Daniel Ribeiro noted that, while many of the forest extraction companies are from other Asian countries, many of the logs are exported raw to China. At any rate, animosities and conflicts typically emerge at the interface between companies and the local population – the small Chinese entrepreneur is what the community sees and interacts with – and also around labour conditions.

Claude Kabemba of South African Resource Watch gave the **DR Congo** perspective and noted that Chinese are not yet involved to a significant scale in logging in DRC. However there are also small-scale traders involved in trading minerals. Still, small mining can have serious environmental impact. Claude Kabemba He noted that China has kept intensive political relationships to DRC/Zaire since the days of Mobutu, but that China has in recent years rapidly increased its investment and interest in the DRC's natural resource sector. The most visible case in point is the recent USD 9 billion development loan to Kabila's government. The increased level of investment has however created the fear that they could create more harm than good, especially to the environment, due to the fact that DRC is emerging from a long and protracted war and decades of misrule hence has no proper policy framework to protect its environment against the massive investment coming in from its classic and new partners.

Zhi Yingbiao of the Global Environment Institute in Beijing reported about his organisation's efforts to contribute to the **regulation of the eco-environmental impacts of Chinese overseas investments by legislative advocacy work**. He observed during his presentation that, as forces of globalization continue to accelerate, China has secured development opportunities and high-speed economic growth under the government's "Go Outward" policy. As a result Chinese companies (mainly large-scale state-owned enterprises) are involved in investment activities around the globe especially in natural resource industries. He noted that the activities by these companies remain largely unmonitored, as they fall outside of the scope of Chinese policy. The concern therefore is, while the enterprises have created abundant economic benefits, they have often done so at sizable environmental and social costs to the local areas. Zhi Yingbiao showed how the Global Environment Institute, as a Chinese NGO, works with government institutions such as the National Forestry Bureau and the Academy

of Sciences to bring about improved regulation of the activities of Chinese businesses, by means of government guidelines.

In his presentation **Maurice Makoloo**, of the Institute for Law and Environmental Governance, Nairobi, provided information about the **environmental impacts of Chinese investment in East Africa**. He noted that the interface between foreign direct investments with environment can no longer be gainsaid; all actors are obliged to pay homage to environmental consequences of their actions. In this context Chinese investments have environmental implications just like Western investments have. Therefore as China gets more involved in Africa there may be need to modify the legislative framework to accommodate this new development.

During the **plenary discussion** participants gave various perspectives on possible environmental implications of growing Chinese investments in Africa. The following issues were acknowledged by presenters as well as other participants.

- Chinese investments to Africa have grown in recent years.
- These investments especially in natural resource industry have created environmental concerns.
- Chinese investments in Africa in some cases appear to be shrouded in secrecy thereby creating suspicion as to whether environmental impact assessment was properly done.
- Chinese companies sometimes export raw products to and re-export them to Africa as finished products, resulting in African countries earning less export revenues while spending more on imports from China.
- There is urgent need to create legislative and institutional framework to address Chinese investment in Africa especially in the area of natural resource extraction.

IV. Aid, Finance, Debt

While China – itself a developing country and still a recipient of official development aid (ODA) – has been supporting Africa countries with aid since decades, recent years have seen a massive increase of Chinese credit extended to a number of African countries, much of it focusing on infrastructure development, and often guaranteed and repaid with raw materials. What does Chinese engagement in Africa mean in terms of development aid today?

This session commenced by a presentation by **An Chunying** (Chinese Academy for Social Science) on **Chinese aid and other policies towards Africa and how they relate to poverty reduction**. Setting out a brief history of Chinese aid to Africa, she demonstrated how the focus of such aid has varied over time. In the 1950-60s China's aid focused on providing assistance to the liberation struggle in Africa while during 1980s aid focused more on economic development and mutual benefit.

In terms of policy, China attaches no strings on its aid to Africa. The country operates on the policy of non-interference in internal affairs of other countries and focuses its aid on developing the capability of the countries concerned.

Nancy Dubosse of AFRODAD Zimbabwe in her presentation on **aid, trade, and debt**, contextualized her assessment of Chinese aid to Africa on the benchmark of the Paris Declaration on Aid Effectiveness. She noted that aid in Africa should be understood in this context, as experience has shown that aid has neither helped in reducing poverty levels in Africa, nor did it support economic growth. She contended that Chinese development assistance does not qualify as ODA as set out in the Paris declaration on ODA. In order to properly understand the effectiveness of aid, the assistance must be aligned with the recipient countries development strategy. In this regard she posed the question whether Chinese development assistance is aligned to recipients' national development strategy.

AFRODAD has conducted four case studies (Zimbabwe, Angola, Mozambique, Zambia) on the role of Chinese aid and credit in Africa. From these, Nancy Dubosse observed that Chinese aid to most countries in Southern Africa region is given on commodity-based security. For instance Chinese aid to Angola is secured by oil exports to China at prices below the market price; at the same time China is attempting to purchase oil blocks in Angola.

Nancy Dubosse further observed that Chinese loans to Mozambique are medium-term meaning they are repayable within ten years and that China is the highest non-Paris club lender to Zambia. She was of the view that some of the issues that require concerted effort when looking at Chinese development assistance to Southern African countries include the need for advocacy efforts towards strengthening civil society engagement with government institutions and parliaments, the creation of quality standards, an evaluation of socio-economic and environmental cost of these loans as well as their opportunity cost. She also questioned whether capital assets (employed in large-scale investment projects) could be usefully redeployed later on, for other purposes. She concluded that Chinese development assistance is open to much criticism – but so is that of the West.

Abdulahi Darimani (Third World Network, Accra, Ghana) looked at **Chinese aid to Ghana and Africa**, especially at the relationship between Chinese aid and poverty reduction objectives. To this end he noted that aid, if well conceived and managed has the potential to contribute towards poverty reduction and development. He however noted that decades of aid has done very little to ease the suffering and poverty in Africa. The failure can be interpreted in the context of social realities such as corruption, aid dependence and arm-twisting by donors. "Riding on the back" of these experiences, China offers a somewhat different development model ("no strings attached"-policy, focus on infrastructure) which African governments have been fast to pick up; but its actual effects still need closer study.

Dorothy McCormick, of the Institute of Development Studies of the University of Nairobi, looked at the **impact of Chinese aid on manufacturing in Africa** and

noted that Chinese aid and investments assist to a significant level the development of infrastructure of the countries concerned, which may reduce the cost of production and hence improve competitiveness of African manufacturing. The aid further assists in budget support and reduces dependence on domestic borrowing.

On the other hand she noted with concern the downside of Chinese aid that is tied to purchase of Chinese goods and services – thus the classical critique of “tied aid” applies to it as well. These include reduction of the backward linkages into manufacturing and loss of the multiplier effect from local employment. She further highlighted the concern over Chinese labour practices and unclear distributional effects particularly their potential impact on small-scale manufacturing.

Overall, she argued, China’s aid is similar to other aid, except that there is no budget support given.

In the **plenary discussion**, the component on Chinese development aid attracted a lot of insightful debate, with its supporters arguing that hostility to Chinese aid is merely Western propaganda and those against the aid contending that Chinese lending and investment policies to Africa encourage dictatorships and corruption.

The following issues were eminent areas of concern:

- Whether Chinese aid is good or bad may not be the issue. The issue is corporate social responsibility of Chinese companies investing in Africa.
- Africa must reorient its level and scope of engagement with China. In this context the problem is not China’s but Africa’s.
- Aid causes institutional weakness and in some African countries Chinese aid has been perceived as supporting authoritarian regimes.
- Dependence on aid kills accountability by those in power as they tend to look elsewhere for budgetary support thereby ceasing to have strong attachment to local initiatives towards budgetary support.
- Much of Chinese engagement in Africa emphasizes infrastructural development – in contrast to most OECD support. Investment into infrastructure does not even necessarily qualify as aid in the DAC sense. It may be more correctly classified as commercial engagement. Chinese engagement in Africa thus operates on both macro and micro levels, and it is important for African countries to understand the dynamics of this dual engagement and respond appropriately.

V. Trade, Labour and immigration

In order to provide more concrete examples to the issues discussed on the previous day, the second day of the dialogue workshop focused on specific sector and country case studies.

Introducing the discussion while sharing the Chinese experience, **Zeng Qiang**, of the China Institutes of Contemporary International Relations, gave a presentation on **China's trade with Africa and its prospects**. He observed that China's commercial engagement with Africa can be analyzed using four development stages. The first of them, 1949-1978, was characterized by little trade, but the focus was on aid and support for liberation movements instead. Secondly, between 1979 and 1989, domestic reforms and policy adjustments took place, but bilateral trade increased only slowly in association with it. Thirdly, in the 1990-1999 period, the 'going out' policy officially declared by China's government commenced in earnest, and trade quadrupled. Finally, since the year 2000, when FOCAC was launched, a sevenfold growth in bilateral trade has taken place.

This, he said, has meant that China's economic relationship with Africa under the FOCAC mechanism has seen increased interaction including the signing of bilateral agreements, taxation agreements and the pledges of the 2006 Beijing summit. But within this enormous growth, problems to the enhancement of Sino-Africa trade relations remain, resulting from the structure of commercial relationships: for example, most goods to Africa are finished goods, whereas African exports to China consist largely of primary products (with relatively little value added). The trade balance is often imbalanced in favour of China. There are also problems of low quality goods from China and inadequate after sales service for products that need to be addressed.

The presentation on **the impact of Chinese imports on Nigerian traders** by **Edwin Ikhuoria** of National Association of Nigerian Traders, was based on a survey on "the perception of Chinese products by the Nigerian public" conducted in Nigeria in January 2008. Edwin Ikhuoria traced the entry of Chinese traders into Nigeria to the 1960s and analyzed the trading structure of the two countries. Nigeria has instituted structures for administering trade with foreign countries resulting in a range of impediments. For China, these impediments include high and peak tariffs, import bans, barriers to custom procedures, and other technical barriers; all this is prone to corruption. Edwin Ikhuoria also outlined the positive effects of Chinese imports on Nigerian traders, specifically the increased volume of trade and the fact that new (if often low-quality) rather than second-hand goods have become available now. Negative effects encountered included the loss of livelihoods experienced by traders due to low-quality (or even "fake") products, resulting in businesses being closed by the government, capital flight, a general shifting attention from manufacturing to trade, with corresponding increase in smuggling, leading to loss of revenue and health hazards from counterfeit products. In conclusion, he stressed the need for civil society to look at the gender dimensions of the influx of Chinese goods (as the majority of small Nigerian traders are women), at the sustainability of trade and at possible revenue losses, in order to arrive at a win-win outcome for China-Africa cooperation.

Focusing on **trade and labour issues in Sino-Zambian relationships**, **Fredrick Mutesa**, of the University of Zambia described the relationship between the two 'continents' (China and Africa) as an "all weather one", spanning about

four decades. It was characterized at the onset by development assistance in defence, security and infrastructure. Since 1991, there was increased participation in trade and investment in sectors such as; agriculture, health, manufacturing, mining, services, health and construction.

Since the 1990s, China engaged in Zambia in a large way, helped by the changed policy and legislative environment of economic liberalization. He sought to answer the question “Is China a partner or predator?” Specifically, he analysed China’s diplomatic actions, the economic motive behind the expansion of Chinese interests and Africa’s response.

On the positive side, Fredrick Mutesa observed that Zambia enjoys trade surplus with China, but the latter is diversifying its exports to Zambia and narrowing the gap. He also raised some of the contentious issues resulting from this relationship: the dumping of low quality goods, low wages below the stipulated minimum wages, occupation health and safety standards, the use of Chinese labourers and casualisation of the workforce. To tackle these, he recommended that Zambia needed a strong regulatory and administrative framework to deal with the issues around labour, immigration and environment. In addition, he advised that the Chinese government should assume greater responsibility for its actions in this relationship and called upon the civil society in both countries to hold their respective governments accountable.

Paul Kamau, of the Institute of Development Studies at University of Nairobi; looked at “**The Development impact of China’s ascendancy on Kenya: the case of apparel Industry**”. His research is part of the African Economic Research Consortium’s “Asian Drivers” project. He identified the impact of China’s rapid growth on Kenya’s apparel industry and the urged for a strategic repositioning of Kenya to maximise on the opportunities and minimise on threats arising from the relationship. He also noted the strong dependence of Kenya’s apparel manufacturing (dominated by Asian entrepreneurs in the export processing zone) on the African Growth and Opportunity Act (AGOA) and, thus, on the US market.

Outlining the importance of the sector for Kenya’s economy, he outlined the negative consequences of the increasing domination by Chinese exports in the industry as including; trade balance in favour of China, endangering of the export oriented industrialisation, and loss of jobs especially if AGOA is not renegotiated. He stressed the need for policy changes in regard to technological transfer, industry linkages, tariff systems, competitiveness and more research on China’s FDI in Kenya and Consumer welfare. China may even consider taxing exports to help African manufacturing.

Out of the discussions during the **plenary** the need to explore the following was underscored:

- To include a further exploration of the contentious issues in the upcoming FOCAC Agenda in Egypt and flesh out applicable ideas for the betterment of the Africa – China cooperation?

- The search for a regional approach to overcoming quality problems through education of African traders, and encouragement of governments to recognize and enforce standards.
- In China, there is a rapidly growing presence of African traders who ask Chinese manufacturers to produce according to specific requirements (i.e. especially cheap products); there is even a place regarded as “Nigeria town” in one of China’s manufacturing centres.

VI. Country and Regional Case Studies

Some of the most hotly-debated cases of Chinese engagement in Africa concern countries with a particularly problematic record as regards human rights, democracy, or good governance (transparency and accountability). Contributions to this session analysed China’s relationship with Ethiopia, the Sudan and Angola. A further presentation took a regional perspective by analysing China’s interaction with the African Union.

Ethiopia

The case of **Ethio-China relations** was presented by Prof. **K. Mathews** and **Gedion Gamora** of Addis Ababa University. In their presentation, they explored the growth of relationship since 1991 as driven by, on the one hand, Ethiopia’s quest for development, in terms of alternative economic assistance and the urge to replicate the Chinese development model, and on the other hand China’s urge to benefit from Ethiopia’s untapped market potential and its strategic placement as the seat of Africa-wide organisation, to use it as a “testing ground” commercial launch pad for Chinese companies, and diplomatic support for delaying Taiwan’s Independence.

Interestingly, the workshop heard that Ethiopia and China seem to share a common policy of prioritising economic development over political and civil rights and favour single party politics. They further revealed that although there have been many gains resulting from the Ethio – China relations, there remains a number of challenges including

- the balance of trade slanted in favour of China,
- the dumping of low quality products by Chinese companies and its effect on local industries, and
- the fact that Chinese companies often underbid and outbid local companies, especially in the construction sector.

To address the emerging concerns, which are not peculiar to Ethio-China relations, they recommended the protection of infant industries, the creation of joint ventures, the leveraging Chinese investment in special economic zones and

the creation of an Africa-wide strategy and creation of centres for Chinese studies.

Sudan

A presentation on **China's role in the Sudan** was done by **Dismas Nkunda** of International Refugee Rights Initiative / Darfur Consortium based in Kampala, Uganda. He opened his passionate presentation by urging that Chinese involvement in Darfour ought to be spoken about openly by the Chinese civil society as there are serious human rights breaches and atrocities being committed in Darfour.

According to Dismas Nkunda, China contributes up to 90% of Khartoum's arms supplies and has recently supplied the Sudanese Government with most sophisticated weaponry. These arms are used in Darfour. He further averred that China has assisted in the construction of military plants in Sudan and participated in training of Northern Sudanese military personnel. Furthermore, China has assisted in the construction of the longest oil pipeline in Sudan with the sole purpose of transporting the oil to China. In the upshot he concluded that that the Chinese involvement in Sudan has more negative than positive effects hence the Chinese civil society ought to speak openly about these serious concerns.

The presentation drew mixed reaction from the participants particularly the Chinese delegation who felt that his portrayal of Chinese involvement in Sudan, more particularly in Darfur was not only sensational but inaccurate. Others felt that his concern for Chinese involvement in Darfour was legitimate but the presentation could have delivered the message better if he was less emotive. He however responded to the criticism by stating that Darfur is emotional and cannot be presented any other way.

Questions that most participants asked included: Who should take responsibility for the Darfur crisis? What is the root cause of the Darfur conflict? Is it China? Why is there sudden interest in Darfur by the US? Is it oil? How should the problem in Darfour be resolved?

Members among the Chinese group of participants contended that for a long time the Khartoum Government refused to talk about Darfour and that it took China's involvement for Khartoum to allow international intervention, especially regarding the combined AU/UN mission for Darfur. Emphasis was also laid on the fact that China had in fact gone further to appoint a special envoy to Sudan. For this reason, China's role in Darfur is to play the role of a bridge between warring factions in Sudan. They further urged the international community to appreciate the shift in policy by China over Darfour especially the past two years which has seen considerable shift in policy over Darfur, as further evidenced by its support for peacekeeping in the region.

According to Xiao Yuhua of the Centre for African Studies-Yunnan University, China is not the biggest investor in Sudan. The leading investor is Saudi Arabia followed by United Arab Emirates; most of the Sudanese oil goes to the

international market with China taking little for its domestic use. He regretted that the West is unfairly condemning China over Darfour while it is in fact China which has played an active role in seeking resolution to the war in Darfour.

The following questions require further dialogue regarding China in Darfur:

- What are the causes of the Darfur Conflict?
- Is the condemnation of China over Darfur warranted, or merely Western propaganda?
- What is the nature and extent of Chinese involvement in Darfour and with Khartoum Government generally?

Angola

In his paper titled “**Western retreat and China advance – a threat or an opportunity?**”, **Elias Isaac** of OSI / Publish What You Pay-Campaign, Angola acknowledged the role of China in assisting the country in its reconstruction process after decades of civil war – whereas the West neglected Angola after the 2002 peace, when a donor conference imposed conditionalities (governance, transparency).

He observed that Chinese involvement in Angola at the onset in 2003 was purely an economic opportunity. There were no political undertones.

During this period China and Angola entered into two bilateral loan agreements one of which was a loan of USD 5 billion and another of unspecified amount. The USD 5 billion loan is controlled by the Ministry of Finance while the second one whose amount is not known is controlled by the Office of the President.

This second loan has been used in more capital intensive projects such as road construction and airports while the first is mainly for construction of hospitals and schools. The fact that the extent of the second Chinese loan to Angola is not known makes the level of Angola’s indebtedness to China a state secret.

Despite the mystery surrounding the initial lending, Isaac noted that China is presently in a rush to conclude new lines of credit while the initial loan has not been repaid. On the other hand the Chinese bilateralism with Angola has triggered the rush by other countries such as Germany, Spain and Italy also to negotiate directly with Angola outside the auspices of IMF and The World Bank.

Most of the Chinese loans to Angola are for reconstruction and infrastructure; no significant amount is directed towards economic development as such. Two curious features of Chinese loans to Angola however are that they are paid for in oil and that only Chinese companies in Angola have access to them. Besides, these loans are perceived by most Angolans to serve the ruling party’s short-term political agenda and not long-term economic well being of ordinary Angolans.

Elias Isaac expressed his distraught over the Chinese non-interference policy which he said was a cause of concern for the reason that Chinese aid appears to

have created a culture of arrogance by the ruling class who have become detached from day to day concerns of the Angolan people. Furthermore the fact that these loans are not reflected on the national budget makes their scrutiny by parliament and the Angolan public impossible. There is therefore real fear that the loans are being used for the benefit of the ruling elite.

Chinese companies in Angola are completely detached from the local communities. The infrastructure being constructed cannot be sustained by Angolan people because the technology, equipment and know-how are all Chinese.

In concluding his presentation on China in Angola, Elias Isaac observed that Chinese entry in Angola could be a threat or an opportunity depending on where one stands. For the current Angolan and Chinese governments it is an opportunity but for the Angola nationals it poses a challenge.

The African Union

The **African Union perspective on China – Africa relations** was captured in the presentation by **Francis Ikome** of the Institute for Global Dialogue, South Africa. Presenting the challenges and opportunities for Sino-African relations, he observed that the current anxiety about China's emergence as a formidable power in the global arena has to do with the indefinite outcomes, whether the engagements would increase the prospects for Africa's development or would serve to only benefit China as is the case in other partnerships with the West.

He observed that the role of the African Union becomes more important as a result of the complex nature of the China-Africa relations and is based on the need for the continent to speak as one voice, shed its helpless appearance, initiate a joint framework that would constitute an optimal balance between multilateralism and bilateralism and espouse the AU's strategic plan and the NEPAD programme.

Accordingly therefore, he shared that what becomes of the cooperation depends on the way Africa manages the opportunities and challenges. Management of opportunities will involve tapping the benefits that derive from the Chinese policy of non-interference, its growing influence on the global scene, technological advancement and harnessing Africa's economic advantage in agriculture, mineral resources, and tourism among others. He outlined the challenges that Africa needs to overcome, such as the development of the productive sector, exercising caution in the negotiation of agreements, pursue technological advancement and management of China's demand for energy, minerals, oil and other resources.

Francis Ikome observed that the single most challenge that would need to be explored further is the rhetoric of multilateralism, as against the preference of bilateralism that dominates today's reality of relationships between China and African countries, encouraged by the heterogeneity and diversity of African states. Although African leaders underscore the need for a unified stance on any

engagements of this nature, they continue to hold on to their respective national interests and concerns, as shown by the considerable number of visits of (individual) African heads of state to China in recent years. China on her side prefers to deal directly with the individual states, and hence dilutes multilateralism as is seen in the framework of the Forum for China and Africa Cooperation (FOCAC).

Other concerns for further exploration include:

- Since the Chinese are out to do business, civil society organisations need to use the opportunity to demand for transparency and accountability in the partnership negotiations.
- Strategies for Africa to develop a joint model of development.
- China's engagement with Africa is perhaps an opportunity to government and a challenge to the civil society but may be a threat in the future.

VII. Civil Society in Africa and China

In Africa, civil society organisations play a strong role since two decades; in China, they are a relatively new phenomenon and operate in a very different political and social context. This session was designed to improve the mutual understanding of concepts of civil society in Africa and China. It also served to explore possibilities for co-operation between civil society organisations on both sides, as well as to identify opportunities to pursue for African civil society when engaging China.

In his presentation “**China-Africa relations: reflections on civil society engagement**”, **Anthony Ong'ayo** of the Transnational Institute in Amsterdam gave three main arguments underlying the China-Africa debate. Firstly, the debate exhibits a knowledge gap about what China is doing in Africa and on the part of the African civil society organisations on the conditions existing in China. Secondly, there is lack of policy supporting and confronting information of issues affecting both societies and thirdly, the underlying cultural differences are great.

Although China's involvement in Africa has been characterized by mixed perceptions, he explained that there was need to find ways in which the civil society can make contribution in challenging existing power relations among the societies in China and Africa. For Africa, he called for democratic governance; reorientation of institutions, accountability and responsibility, rule of law, and exploitation of the potential for repositioning in the global system – a Pan African civil society. On the part of China he called for policy reorientation, exploitation of the potentials for domestic and social justice, political space and an improved understanding of Africa.

He recommended that an there be an exploration of ways in which civil society organisations from China and Africa can engage their respective governments on human rights issues and a reconsideration of the academia and civil society researchers in bringing about a bottom up knowledge.

In his presentation “**Chinese perceptions of African civil society: How can African civil society organisations engage China?**”, **Xiao Yuhua** of Yunnan University informed the participants that the Chinese government today is more open for civil society activities than before. This is due to the realisation by the government that civil society organisations can engage with government on humanitarian issues. He however regretted that Chinese civil society organisations know very little about African ones. Interest in African civil society is a new phenomenon and is mainly by Chinese academicians.

Xiao Yuhua emphasised that in order to better understand the Chinese civil society and their relation with government one needs to differentiate between the East and the West, the rural and the urban population, the academic and the ordinary as these groups have different socio-economic and political backgrounds which influences their worldview.

During the **plenary discussion**, Professor Li Anshan of Peking University, urged that cultural differences need to be acknowledged while African and Chinese civil society organisations engage with each other. Further, for a better understanding of African and Chinese civil societies it is also necessary to have a discussion in China with and by the Chinese organisations. Educational exchange between China and Africa will further augment the understanding.

It was acknowledged by most contributors that the existing differences may lead to a more constructive dialogue between the two groups in the future.

During the discussions, Professor Li Anshan questioned the source of funding for African civil society organisations and wondered whether this could be a factor in their perception of China? There appeared to have been a general consensus that most African civil society organisations depend on funding from Western countries who sometimes tie those funds to specific issues and agenda. This therefore begged for an answer to the question whether it is acceptable for the West to fund African civil society organisations whose main purpose is to influence regime change.

Concerning Chinese involvement with African governments, Li Anshan argued that sometimes the Chinese government quite intends that African governments govern well, but they are the ones who understand the underlying problems and China may not be in a position to prescribe a solution.

VIII. China in Africa: Growing Relevance, Growing Responsibilities

In the wrap-up to the conference, Prof. **Li Anshan** of Peking University was grateful that as intended, the workshop provided an opportunity for an in-depth interrogation of the different perspectives surrounding the current debate on China-Africa relations; particularly as presented by the West, China and Africa respectively. The dialogue, he said, also provided a platform for a deeper understanding of the respective civil societies and their relationships with the

existing government institutions. This is due to the fact that relations by both civil societies to their respective governments and their influence on policy-making are largely differentiated, noting that the Chinese civil society was still in an early stage of development.

He agreed with discussants and participants that China's entry into Africa and its emergence as a formidable power on the global scene cannot be retracted nor ignored. However, China must avoid making the mistakes of other big powers. Although Africa on the other hand is likened in some quarters to a bride with multiple suitors and was not managing the processes well enough, Li Anshan was optimistic that China had Africa's welfare at heart. He prescribed that indeed as China grows in terms of relevance on the global scene it is recognised that its responsibilities too must grow. Likewise, the civil societies must begin to engage their respective governments in a more rejuvenated manner as the need to hold governments and its institutions accountable for actions is more important today.

He challenged the participants that there is need for a continuation in the dialogue between the civil societies in order to effectively find solutions to the address negative outcomes of the China-Africa engagement as revealed in the discussions, especially issues of human security and peace; trade, investment, environment, labour, and immigration among other issues. In addition, he advised that such future engagements should seek to enhance the positive outcomes of the China- Africa relations and called for the participation of African civil society organisations in the upcoming FOCAC meeting in Egypt.

Appendix I: Workshop Programme

DAY I: MONDAY, 21 APRIL 2008

8:30 *Welcome; Introduction & Roadmap of the Workshop* (HBF, Fahamu)

9:00 **I. China-Africa Today: Framework and Perceptions**

Moderation: Axel Harneit-Sievers (HBF Nairobi)

Chinese perspectives on Africa (He Wenping, China Academy of Social Science)

African perspectives on China in Africa (Firoze Manji, Fahamu)

10:30 *Tea break*

11:00 **II. Chinese Investment in Africa**

Moderation: Hakima Abbas (Fahamu)

Mapping of Chinese investment in Africa (Xu Weizhong, China Institutes of Contemporary International Relations)

Trade, investment and legal cooperation between China and Africa (Hong Yonghong, African Law Centre, Xiangtan University)

Matching China's Activities with Africa's Needs (Sanou Mbaye, formerly African Development Bank; Senegal)

How does China's increasing engagements in Africa influence the continent's Human Security Agenda? (Sanusha Naidu, Centre for Chinese Studies, Stellenbosch, South Africa)

13:00 *Lunch break*

14:00 **III. The environmental dimension: Impacts of Chinese trade and investment**

Moderation: Christian Peters-Berries (HBF Addis Abeba)

The case of Mozambique (Daniel Ribeiro, Justicia Ambiental, Mozambique)

The case of DR Congo (Claude Kabemba, DRC / Southern Africa Resource Watch)

China in East Africa: Greenwash or green interventions? (Maurice Makoloo, Institute for Law and Environmental Governance, Kenya)

Environmental impact of Chinese overseas aid and investment – voices from Chinese civil society (Zhi Yingbiao, Global Environment Institute, Beijing)

16:00 Tea break

16:15 IV. Aid, Finance, Debt

Moderation: Sanusha Naidu (CSS Stellenbosch)

How does Chinese aid and other policies towards Africa relate to poverty reduction objectives in Africa? (An Chunying, China Academy of Social Science)

China in Africa: Aid, trade and debt (Nancy Dubosse, AFRODAD, Zimbabwe)

Aid, finance and debt: How do Chinese aid and other policies towards Africa relate to poverty reduction objectives in Africa? (Abdulai Darimani, Third World Network, Ghana)

Chinese aid and African manufacturing (Dorothy McCormick, Institute of Development Studies, University of Nairobi)

18:30 END of Day I

DAY II: TUESDAY, 22 APRIL 2008

8:30 V. Trade, Labour, Immigration

Moderation: Wanjiku Wakogi (HBF Nairobi)

Chinese trade and business strategies in Africa (Zeng Qiang, China Institutes of Contemporary International Relations)

Impact of Chinese imports on Nigerian traders (Edwin Ikhuoria, National Association of Nigerian Traders)

Focus on trade and labour: Zambia (Fredrick Mutesa, University of Zambia)

The development impact of China's ascendancy on Kenya: The case of apparel industry (Paul Kamau, Institute of Development Studies, University of Nairobi)

11:00 Tea break

11:15 VI. Country and Regional Case Studies

Moderation: Stephen Marks (Fahamu)

Ethiopia (Prof. K Matthews & Gedeon Gamora, Addis Abeba University)

Sudan (Dismas Nkunda, Refugee Rights, Darfur Consortium, Uganda)

13:00 *Lunch break*

14:00 (Sect VI continued)

Moderation: Dirk Spilker (HBF Cape Town)

Angola: Western retreat and China advance – a threat or an opportunity?
(Elias Isaac, OSI / Publish What You Pay-Campaign, Angola)

African-Chinese relations: An African Union Perspective (Francis Ikome, Institute for Global Dialogue, South Africa)

15:30 *Tea break*

15:45 VII. Civil Society in Africa and China

Moderation: Katrin Altmeyer (HBF Beijing)

Chinese perceptions of African civil society: How can African civil society organizations engage China (govt., CSOs, MNCs)? (Xiao Yuhua, Centre for African Studies, Yunnan University)

China-Africa relations: Reflections on civil society engagement (Anthony Otieno Ong'ayo, Kenya / Transnational Institute, Amsterdam):

17:30 VIII. China in Africa: Growing Relevance, Growing Responsibilities

(Reflection & Wrap-Up)

Moderation: Axel Harneit-Sievers

China in Africa: Growing Relevance, Growing Responsibilities (Li Anshan, Peking University)

19:00 **END of Workshop**