

China and the US in Africa: A Strategic Competition or an Opportunity for Cooperation?

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In the past several years, China has become exceptionally active in Africa, with a stream of high level visits, large commitments of loan capital, extensive investment, and a general currying of African favor. Reactions in the U.S. have varied. Some see China as a strategic threat, seeking to “lock up” access to vital natural resources such as oil, minerals and timber, and to undermine traditional Western influence. Others reject the idea of a strategic threat, but acknowledge China as a formidable competitor for both political influence and commercial advantage. At the other end of the spectrum, the Bush Administration considered China’s activity in Africa as largely benign, providing a mixture of benefits and costs for Africa; the one most troubling issue was China’s support of “rogue regimes in Sudan and Zimbabwe . What is perhaps most striking is that while China has a fairly clear and comprehensive strategy for Africa, with significant implications for U.S. interests, the U.S. does not have a similarly comprehensive response.

Of course China has long been involved in Africa. Not only was there contact hundreds of years ago, and intermittent trade, but during the Cold War China vied with the Soviet Union for favor and influence with the liberation movements and early independence governments on the continent. China’s support for Robert Mugabe’s ZANU liberation army in Zimbabwe’s fight for independence, in the 1970s, in contrast to the Soviet Union’s support for ZANU’s rival, ZAPU, helps explain the close ties that continue today between Mugabe’s regime and China. But that history only partly explains China’s current ties. For today China’s involvement in Africa has taken on a new character, marked by China’s emergence as a relatively wealthy partner, and China’s current needs for significant raw materials to support its rapid growth. To put it bluntly, China now arrives on the scene with lots of money and a clear strategy that incorporates both political and economic objectives.

China’s Africa Policy

China invited the heads of state from Africa to a summit in 2006 where it laid out plans for the coming three years. It promised to establish a \$3 billion preferential loan package and a \$2 billion preferential buyer’s credit for Africans. It pledged in addition to double aid to Africa and cancel all debts owed by African countries that had come due in 2005. China also pledged to establish an additional \$5 billion China-Africa Development Fund to provide start-up capital to Chinese companies investing in Africa. Finally it promised to train 10,000 professional, set up ten centers of agricultural excellence, and five trade and economic zones on the continent. Since then China has made commitments at least as large as promised, and in some cases, like an \$8 billion credit offer to the Democratic Republic of the Congo, exceeded them.

But it was not only economics that were discussed at the summit. China and its African guests agreed to cooperate in multilateral fora and on a range of foreign policy matters. And this provides a clue to the broader objectives of China’s policy in Africa. China has clear political as well as economic objectives in

Africa. First has been to reduce the number of African states that recognize Taiwan as the legitimate government of China; since the summit that number has declined to only four. Second, China seeks

African support – with Africa’s 53 votes in the UN and similar strength in other international bodies – to block Taiwan’s entry as a full member in any of those organizations. In addition, China seeks African support in the UN Human Rights Council to block criticisms of China’s human rights record. On these issues China has succeeded with its African partners. Moreover, South Africa, particularly under former President Thabo Mbeki, a bell weather in setting African bloc positions in multilateral negotiations, has been attracted to alliance with the so-called BRIC countries (Brazil, Russia, India and China) as a means of strengthening the “South” on North-South issues. China has played on and benefited from this alliance. Thus the African bloc, once closely cooperating with the U.S. in the Doha trade round, now sides with the China-India-Brazil bloc against the U.S. and EU positions.

A second factor in China’s Africa policy is that it is not solely focused on access to natural resources. The need for such access is of course at the top of its economic agenda. It has thus made major loans to oil-producing Angola, bought control of two major copper mines in Zambia, and sought oil and mineral concessions or resource-related trade agreements across the continent. Angola is now its largest sources of imported oil. China owns some 40% of Sudan’s major oil company and is investing in pipelines and other support for the industry. China is a major importer of African timber, often at serious cost to the environment. But today there are at least 800 Chinese companies operating in Africa, with Chinese government support, and they range across the economy, i.e. in agriculture, telecommunications, construction, tourism, health and other businesses. It seems clear that China sees in Africa broad economic potential. Perhaps like some other countries – from the Middle East and Asia – which are buying up or leasing land in Africa, it sees Africa as potentially a source of food imports that would lessen dependence on western countries.

A US Response

As noted the reactions in the U.S. to China’s recent activism has been mixed. But a proper response requires balancing unmerited fears with realistic assessment of where U.S. interest lies. Those who argue that China poses a “strategic” threat to the U.S. – based on a threat to access to vital natural resources -- exaggerate the ways in which international resource markets work. In essence, if China or any other country acts to increase production, it only adds to the worldwide availability. In oil, it would be difficult to “lock up” a substantial amount. For example, while Africa provides China with about 33% of its oil imports, China accounts for only 9% of Africa’s oil exports overall. The U.S. accounts for 32%. Furthermore, China has made fewer direct investments in oil production than predicted, partly because it initially bought marginal oil blocs already rejected by western oil companies, and because China lacks the offshore capability to access Africa’s major untapped oil deposits. Where China (and India and other rapidly growing markets) impact on natural resource availability is in the rise in demand that has driven up prices. There is where the international community has common cause in (a) overcoming

dependency on oil, (b) better efficiency on usage of all such resources, and (c) worry about climate change. In other words, there is more potential for finding common interest than cutthroat competition.

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On the other hand it is wise to look upon China as a formidable competitor for both political and economic influence in Africa than as only a benign participant. David Shinn has pointed out that China now has more diplomatic offices in Africa than does the U.S., and argues that in some countries Chinese influence counts for more. As noted, China is not deterred from investments and other activities in countries accused of major human rights violations, such as Sudan and Zimbabwe, limiting the potential for UN sanctions and other international pressures on those regimes. In international fora, China has more consistent support from the African bloc than does the U.S. Commercially, China uses practices that disadvantage U.S. companies. For example, China often will combine a bid for oil or mineral concessions with promises of some aid projects, a practice which the U.S. is forbidden to do under rules of the Development Advisory Committee of the OECD, to which China does not belong. China also undermines some practices and principles of other donors. For example, against World Bank rules, China has African countries collateralize its loans with commitments of future oil or other mineral exports.

At the same time, China is not immune from the risks and difficulties the U.S. and other western countries face in Africa. Chinese workers have been kidnapped and killed in Ethiopia, and kidnapped for ransom in Nigeria. China has sought to renegotiate its \$8 billion infrastructure loan to the DRC, predicated on access to valuable mineral deposits, in face of (a) lowered commodity prices on the world market, and (b) continuing instability in that country. Years after making Nigeria an offer of \$5 billion for railroad reconstruction, China and Nigeria have abandoned the project because of lack of agreement on conditions and other details. China has also abandoned its offer to buy one of Nigeria's refineries in return for access to an oil concession. China is becoming aware that possible independence for southern Sudan in 2011 suggests moderating its almost rigid support for the Khartoum government, and has started to make advances to the southern Sudan administration as well as provide peacekeepers to the UN force there. All of these developments open the door to greater cooperation between the U.S. and China on matters of African security and stability, and hopefully on rules of the road for commercial and aid activities.

But where the U.S. particularly needs to step up in response to Chinese activity in Africa is in developing a comprehensive approach to multilateral issues such as trade that will serve Africa better than what the BRIC offers. The U.S. needs to counter various international efforts that would split up or undermine African efforts to strengthen sub-regional trade areas and appeal to Africa on the basis of common U.S.-African interests in trade negotiations. The U.S. also needs to engage Africa more on issues of democracy and good governance, and in trilateral discussions with China and African countries, focus on ways in which all donors and investors can reinforce those goals. Finally, the U.S. must recognize that much of China's appeal in Africa is its willingness to respond to African development priorities, such as infrastructure, and to look at Africa as a promising area for investment. The U.S. only recently returned

to infrastructure projects under the Millennium Challenge Account, after three decades of absence. American investment is still heavily concentrated in the natural resource sector.

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China is not a strategic threat to the United States in Africa. But it poses serious challenges for political and commercial influence. Both in sharpening the U.S. response, and by engaging China more on common areas of concern, can the U.S. meet this challenge effectively.