

CHINA'S GROWING INFLUENCE IN AFRICA

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Executive Summary

1. Chinese President Hu Jintao recently made an eight-nation trip to Africa from 30th January to 10th February, 2007. This is less than a year since his last visit to the continent, and his third in four years.
2. In recent years, China's increasing involvement in Africa has invoked concerns from major Western powers. China was also accused of conducting a neo-colonialism policy in the continent.
3. Nonetheless, China-Africa relations have steadily deepened and strengthened over the years, evolving from one driven by ideologies of the 1960s and 1970s to one with an emphasis on trade and economic development.
4. The year 2006 was marked by both President Hu Jintao's and Premier Wen Jiabao's visits to the continent. Then in November 2006, leaders from 48 African countries congregated at Beijing for the Third Forum of China African Cooperation (FOCAC) and a first ever China-African Summit.
5. Beijing took the third FOCAC as an opportunity to roll out a multi-billion dollar aid and loan package to Africa. It featured a loan worth US\$5 billion, a US\$5 billion investment fund, debt relief and a pledge to double China's assistance by 2009.
6. China looks at the continent as a major supplier of natural resources, particularly oil, while African governments found China's no strings-attached aid programmes and investments more appealing than aids from Western countries.
7. China-Africa bilateral trade almost quadrupled from US\$10.6 billion in 2000 to US\$50 billion in 2006, with Africa registering a trade surplus of more than US\$1 billion in 2005. Trade value is anticipated to rise to US\$100 billion by 2010.

8. China also provides urgently-needed developmental assistance to Africa's effort in improving its infrastructure. In the past 5 years, Chinese enterprises undertook contracts of more than 6,000 kilometres highway construction and over 3,400 kilometres railway projects.
9. China's trade, investments and aid programmes have brought positive economic impacts on Africa, contributing to the continent's annual economic growth of 4.5% since 2001, the first round of economic growth in recent decades.
10. Beyond trade and investments, China is also stepping up efforts to cooperate with Africa in health service, education, and cultural exchanges. Currently, there are about 950 Chinese medical workers stationed in Africa and 3,000 African students studying in China.
11. However, Beijing's African venture is not without its risk. As most African countries are ruled by authoritarian regimes that have poor governance records, the reliability of diplomatic agreements between China and these countries is questionable.
12. Furthermore, prolonged civil wars and unstable governments coupled with growing anti-China resentment in Africa pose a great challenge to the sustainability of China-Africa cooperation.