

China's Approach to East, North and the Horn of Africa
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Some Perspective

China is currently engaged in a major effort to ensure access to natural resources, especially oil, as it expands relations in East, North, and the Horn of Africa. But it would be a huge mistake to focus exclusively on access to oil and natural resources as the reason for China's increased engagement in the region. Chinese links to this part of Africa are longstanding. China has a trade relationship with the region that Chinese scholars date back to the Han dynasty between 202 BC and 220 AD. Goods from China reportedly arrived in Meroe in northern Sudan via Red Sea ports during this period. The Kingdom of Axum in present day Ethiopia may have exported at the same time exotic products to China. Some African scholars are skeptical that contact between China and East Africa and the Horn began this early but generally concede it was underway by the 6th century.

China's interest in Africa increased significantly after 1949 as it began to move from a regional power to a global one. As growing numbers of African countries became independent in the late 1950s, China determined to extend its influence throughout Africa. This included strong support for African liberation movements, a policy that independent African governments recall favorably to the present day. During the Cold War, China competed with both the West and Soviet Union for influence in independent Africa. By 1970 China had established diplomatic relations with all the countries (Algeria, Egypt, Ethiopia, Kenya, Morocco, Somalia, Sudan, Tanzania, Tunisia, and Uganda) in the region except Libya. Formal relations with Libya took place in 1978 and with the Comoro Islands, Djibouti, and Eritrea as they became independent. China has an embassy today in all of these countries except Somalia, where security conditions preclude resident diplomatic personnel. Even the U.S. does not have an embassy in the Comoro Islands and returned its personnel to Sudan and Libya only fairly recently. Although the depth of China's relations with these fourteen countries has varied considerably, it has since the early 1960s employed the full range of political, economic, military, cultural, and educational tools to build ties. There were periods, particularly in the late 1970s and early 1980s, when African political elites were less responsive to revolutionary struggle and China reduced its activity in Africa. Since the end of the Cold War, China shifted from a focus on encouraging ideological allies in the region to an emphasis on access to natural resources, commercial ties and political influence. This has been especially true since the Chinese economy became so strong. In the last several years China noticeably extended its influence in all fourteen countries. China now has a more important relationship than the U.S. with Sudan and is a major competitor in several other countries.

In one respect, China occupies an enviable position in international politics today. It is accepted by developing countries, including most in Africa, as one of them while holding a permanent seat on the UN Security Council. It is seen by some in Africa, therefore, as their protector on the Security Council. Many others view China as a basically agricultural country that has managed to industrialize and from which they can learn many lessons. The developing countries have formalized China's acceptance by including it in the Group of 77 plus China. Created as the Non-Aligned Movement in 1964, the Group of 77 plus China actually includes more than 130 countries and held its first summit in Havana in 2000. A debating forum that reaches "decisions" by consensus, it tends to emphasize issues such as globalization, South-South partnership, and North-South relations. Unlike the other permanent members of the Security Council, China's unique situation allows it to interact with developing countries with relative ease.

Themes in China's Relations with Africa

This analysis looks at China's relations with Africa from the standpoint of fourteen countries in East, North, and the Horn of Africa. The trends that apply to these nations, which represent a good mix of those on the continent, arguably apply to all of Africa. China is the second largest energy consumer after the U.S., obtains 25 percent of its energy from oil, and is forecast to import 50 percent of its petroleum needs within a decade. China currently obtains 25 percent of its oil from Africa, which also has a high proportion of the most desirable sweet crude. Within this region of Africa, Sudan is a major oil supplier and China is focusing new attention on Algeria and Libya. Looking to the future, China is doing seismic work in Ethiopia, remaining active in Somalia, which is known to have gas reserves, and collaborating with Egypt on energy development.

Although China's trade with Africa constitutes only about 3 percent of its global trade, it is growing rapidly. It increased by 700 percent in the 1990s and nearly doubled between 2000 and 2004. By the end of this year, China is expected to become Africa's third most important trading partner, after the U.S. and France. Its five largest trading partners in order of importance are South Africa, Angola, Sudan, Nigeria, and Egypt. African exports to China totaled about \$16 billion in 2004 while Chinese imports reached about \$14 billion. This African trade surplus is, however, highly misleading. Oil suppliers such as Angola, Sudan, and Nigeria had huge trade surpluses with China while virtually every other country had a deficit. The governments in many of these poor African countries are deeply concerned by these sizeable deficits. To counter this problem, China agreed in 2005 to exempt from tariffs certain commodities from twenty-five least developed African countries. One technique China uses to build export growth is the offer of modest amounts of free equipment, especially communications, with the goal of eventually selling larger quantities. China continues to be a major supplier of military assistance to African countries and gives senior level military exchanges a high priority.

Foreign aid has been an important but modest part of China's efforts to curry favor in Africa. Projects have tended to move away from showy national stadiums and People's Palaces to more practical roads, dams, and government buildings. The sending of medical teams and agricultural specialists continues to be a mainstay of its assistance to Africa. More than 15,000 Chinese doctors have worked in Africa since 1963. China is increasing student scholarships to study at universities in China and has made a special

effort to cultivate relations with select African universities. Since 1956 more than 15,000 African students have studied in China. Increasingly, however, China is relying on its commercial enterprises, many of which have close ties to the state, to win contracts. They sometimes bid low in order to break into the market and don't always seem to be concerned about turning a profit. China also continues to offer soft loans. Investment in Africa by Chinese companies, totaling more than \$1.5 billion in 2004, is relatively small but growing. Cultural exchanges and sports cooperation also remain an important part of China's program in Africa. An area to watch is tourism, especially in East Africa. As Chinese increasingly are able to afford overseas travel and the government approves additional African countries as destination status for Chinese tourists, it may change the tourism pattern. China is playing an increasingly important role in African peacekeeping operations. By the end of 2004 there were 840 Chinese peacekeepers in seven UN missions in Africa and China had contributed a total of about 1,500 peacekeepers to nine UN missions in Africa since it began this policy.

Most African countries support China's policy on Taiwan and generally agree with its position on a wide range of international issues. China supports Africa's efforts to prevent and combat terrorism, including adoption of a counterterrorism convention and establishment of an anti-terrorism research center. Many African countries, in part because they experience similar criticism, are sympathetic to China's human rights policies. Nor will China be leading any campaign to encourage democratization in Africa, a policy that appeals to those governments in Africa that remain autocratic. China, which ranked seventy-one from the top out of 145 countries on Transparency International's 2004 corruption perception index, also finds its way of doing business closer to most African nations than is the case for Western countries. On the other hand, African and Chinese interests in the WTO will sometimes be at variance as recently happened in the case of textile exports. Nor is there agreement on all political issues. Most African countries prefer a ban on landmines; China has refused to sign the Ottawa treaty banning land mines. China, one of the world's leading polluters, has not signed the Kyoto Protocol. Many African countries at least give lip service to Kyoto. China must also cope with one major operational handicap in Africa. It has a limited number of nationals who speak fluent English, French, Portuguese, or Arabic; Chinese will just not do the job.

What does China want for all of its effort in Africa? It wants access to natural resources, especially oil but also gas, copper, iron, fish, timber, etc. It wants to sell goods and services in a market that totals more than 870 million people and is growing rapidly. It wants legitimacy, support for its one China policy, understanding for its approach to human rights, and votes in organizations like the UN and its specialized agencies, IMF and WTO. It wants to be a major player on the world stage on its own, not Western, terms. One way to achieve this is to develop geopolitical clout among Africa's fifty-three nations.

China-Africa Cooperation Forum

The China-Africa Cooperation Forum (CACF) has become the mechanism by which China is coordinating its activities in Africa. It is a consultation and dialogue forum for

China and the African countries with a focus on South-South cooperation and issues of globalization. The first CACF ministerial meeting took place in Beijing in 2000 where the participants adopted the Beijing Declaration and the Program for China-Africa Cooperation in Economic and Social Development. The Forum meets at the ministerial level every three years and holds a high level preparatory meeting a year before the ministerial. The second ministerial took place in Addis Ababa in 2003 with forty-four African delegations. Premier Wen Jiabao announced that China had cancelled the debt of thirty-one African countries totaling \$1.3 billion and laid out a program for advancing China-Africa cooperation. He called for more high-level exchange visits, support for the New Partnership for Africa's Development (NEPAD), and promised China will increase participation in UN peacekeeping operations in Africa. He supported Africa's position on multilateralism, elimination of trade barriers and farm subsidies, increased aid, and debt relief by the developed countries. He promised China would gradually increase aid to Africa, provide professional training for 10,000 Africans over three years, grant duty free access to Africa's least developed countries, increase tourism, and encourage Chinese firms to invest in Africa. More than 150 Chinese entrepreneurs and 250 from Africa participated in the concurrent China-Africa Business Conference. According to press accounts, this side event resulted in the signing of agreements or understandings for twenty projects in Africa totaling \$680 million.

CACF hosted a seminar on human rights in Beijing in 2004 for delegations from twenty-seven African countries. The goal was to develop a consensus on human rights issues, coordinate their positions on international human rights, and improve the human rights situation in their own countries. This was clearly an effort by China to join forces with certain African countries that have a similar approach to human rights issues. A high level preparatory meeting for the third ministerial will take place in Beijing in August 2005 and the CACF ministerial is scheduled for Beijing in 2006. Ethiopia's Prime Minister Meles, joint chair of the CACF since the second ministerial, urged that the next session focus on capacity building, training professionals for Africa, trade, and investment. CACF seems to be off to a strong start and playing the role intended for it by China.

Kenya

China established relations with Kenya at independence in 1963. During the Cold War, the ties were not especially close. Although economic links have improved significantly in recent years and Kenya has always supported a one-China policy, Kenyan officials are concerned about the country's huge trade deficit with China and the recent negative impact of Chinese textile exports on its own industry. Kenya wants China to transfer its technology rather than use the country as a market for finished goods. Persons in the Kenyan textile industry refer to competition from China as the "Chinese tsunami." Chinese scales of economy, sophisticated factories, and low wages paid to workers threaten to overwhelm the advantages that African countries received from the U.S. as a result of the Africa Growth and Opportunity Act (AGOA). The decision in 2004 by the World Trade Organization (WTO) to remove quota restrictions from the Multi-Fiber Agreement added to Kenya's problems. Six thousand Kenyan textile workers have lost their jobs as a result of competition from China and India; six factories shut down. Kenyan textile exports to the U.S. in the first quarter of 2005 dropped 13 percent as

compared to the first quarter of 2004. After the expiry of WTO quotas, most Asian companies that invested in Africa's textile industry to take advantage of AGOA left.

The larger Chinese-Kenyan relationship is more positive. Over the years China has undertaken a number of assistance projects including construction and subsequent rehabilitation of the Moi International Sports Center, a methane generating pit, construction and expansion of the Eldoret hospital, drilling of bore holes, road construction, and upgrading the power distribution system. Commercial ties have developed significantly in recent years. Although Chinese investment in Kenya totaled a modest \$53 million in 2003, thirty new Chinese companies reportedly invested there in the first half of 2004. China is especially aggressive in pursuing tenders for construction projects and sale of equipment. It frequently provides modest quantities of free equipment in order to lay the ground for much larger subsequent sales. For example, it donated computers to the National Assembly, communications equipment to Telcom Kenya, and TV equipment to the Kenya Broadcasting Corporation. Kenya is the communications gateway to East Africa. China understands the importance of breaking into the market. China has won many tenders in Kenya such as a contract with Telcom Kenya to install 26,000 switching lines, the improvement of telecommunications facilities at Safaricom, and the sale of cranes for the port of Mombasa. When they lose bids they believe they should have won, Chinese firms complain publicly as happened when China lost the bid to supply meters to the Kenya Power and Lighting Company.

China designated Kenya as a preferred tourist destination and Kenya now seeks to tap into what it hopes will be a flood of Chinese tourists. As a result, Kenya Airways plans to open a new route to Shanghai this year. The two countries recently signed an agreement for the exploration of oil and natural gas in Kenya and another to increase the sale of coffee to China. There has been long standing cooperation in higher education with small but growing numbers of Kenyans studying in China. Chinese universities collaborate with Jomo Kenyatta University, Nairobi University, and Edgerton. China plans to teach Chinese at the last two. China and Kenya have agreed on a training exchange program for athletes prior to the 2008 Beijing Olympics. China has an active cultural program in Kenya that emphasizes Chinese culture and history. It has had a branch of Xinhua (Chinese News Agency) in Nairobi since 1985 and military exchanges are increasing. President Kibaki commented early in 2005 that Kenya is looking closely at China's development model to achieve quick economic growth.

Uganda

The establishment of diplomatic ties in 1962 did not lead initially to close cooperation. Only when the current Ugandan government came to power in 1986 was there a significant improvement. Today Uganda regularly reaffirms support for the one-China policy. China has financed rice projects, an ice plant, methane generating pits, the national stadium, rehabilitation of military barracks, and the new ministry of foreign affairs. Chinese companies are now active in housing projects, road and bridge construction, managing a Ugandan company that manufactures ammunition, and construction of offices for the Uganda bureau of statistics and computer services. Discussions are underway for additional projects and 100 representatives from Ugandan small and medium businesses are scheduled to visit China later this year.

Chinese trade with and investment in Uganda remain modest. Uganda suffers from a large trade deficit with China. Starting in 2005 China added Uganda to the list of countries that can export duty and quota free 187 products. The Kampala City Traders Association has complained that some Chinese “investors” are taking advantage of their status and are really no more than petty traders who compete with Ugandans. China included Uganda among its preferred tourist designations. This has raised hopes and led to an optimistic prediction from President Museveni that two million Chinese tourists are expected to visit Uganda annually beginning in 2010. Negotiations are underway for a direct flight between Uganda and China. Uganda hopes to step up training of its professionals in China and Makerere University has signed an agreement with a Chinese company to teach Chinese. China has been sending medical teams to Uganda since 1983 and has trained well over 200 Ugandan students in China. The Communist Party of China is working to strengthen relations with Uganda’s ruling party. High level military exchanges remain modest.

Tanzania

Tanzania and China made an early decision to develop close relations following the formal establishment of ties in 1961. Tanzania’s first president, Julius Nyerere, visited China five times during his presidency. Tanzania actively supported China’s efforts to occupy a seat on the UN Security Council. The two countries have maintained extensive political, economic, military, and cultural cooperation. President Mkapa led the Tanzanian delegation to the 2000 ministerial meeting of the China-Africa Cooperation Forum in Beijing. He emphasized the special relationship the two countries have had since the 1960s when China was Tanzania’s closest ally during the struggles against colonialism and apartheid. Mkapa also noted that Tanzania and China enjoy the same outlook on almost all international issues of significance.

From the beginning, Tanzania has been China’s largest aid recipient in Africa. Among the many projects funded by China was construction of the 1,153 mile long Tanzania-Zambia railway from Dar es Salaam to Kapiri Mposha in Zambia. A project during the height of the Cold War, the U.S. financed part of a road that ran parallel to much of the railway track. During its construction, China sent 50,000 technicians and workers to Tanzania and Zambia; at the peak there were 16,000 Chinese working on the railroad. Other major projects have included a textile mill, rice farm, coal mine, and sugar cane factory. More than 40 Chinese companies are operating in Tanzania. Current trade between the two countries is surprisingly modest, but results in a major deficit for Tanzania. Over the years the two countries have signed many agreements on a range of issues. High level visits have been frequent and constant. Military exchanges and cooperation began in 1964 and continue to be an important part of the relationship. China has sent many medical teams to Tanzania over the years and a significant number of Tanzanian students has studied in China; there were 80 Tanzanian students in 2003.

There has been no decline over the years in the relationship. China agreed in 2004 to build and cover half the cost of a national stadium in Dar es Salaam. China provided an \$11 million loan to Tanzania and Zambia to rehabilitate the Tanzania-Zambia railway. From 2002-2004, China actually had the highest number—456—of legal migrant

workers in Tanzania, exceeding the number from neighboring Kenya. China builds goodwill by regularly making modest donations such as \$100,000 following tsunami damage along the Tanzanian coast and an even smaller sum for anti-malaria drugs. Chinese companies routinely bid on tenders. This has become a highly developed and mature relationship with strong roots back to the 1960s.

Comoro Islands

China established relations with the Comoro Islands in 1975 and, unlike the U.S., maintains a resident embassy there. China has implemented a number of modest aid projects in the Comoros, including a water supply project, the construction and subsequent refurbishing of the People's Palace, government office buildings, the TV broadcasting headquarters, and renovation work at the international airport. Trade is miniscule and all one way from China to the Comoros. Chinese medical teams have visited the islands since 1994 and small numbers of Comorian students study in China. The first visit by a Chinese minister of foreign affairs occurred in 2004. The Comoros supports China's anti-secession law and its one China policy. China pays a small price for strong support in international forums.

Sudan

China established relations with Sudan in 1959, but several decades passed before the ties became truly important. A pro-Soviet Communist party in Sudan and the Sino-Soviet conflict occasionally complicated relations in the early years. When the Sudanese Communist party was implicated in a failed coup attempt in 1971 against the Nimeiri government, China took advantage by offering to supply military equipment and train the armed forces. China has been an important supplier of arms to various Sudanese governments ever since. Weapons deliveries from China to Sudan have included ammunition, small arms, towed howitzers, anti-aircraft guns, anti-personnel and anti-tank mines, tanks, helicopters, and fighter aircraft. China provided soft financing for some of these purchases. China helped establish three weapons factories in Sudan, including one for assembling T-55 tanks. Since the mid-1990s, the supply of arms has been linked to the supply of oil to China.

The China National Petroleum Corporation (CNPC) took a 40 percent interest in 1996 as part of a consortium to develop Sudan's oil production in the Heglig and Unity fields. In 1998 the CNPC's construction arm participated in the building of a 930-mile long pipeline from these oil fields to the Red Sea. It also built a refinery near Khartoum with a 2.5 million ton capacity. At one point, China had 10,000 laborers in Sudan to complete these projects. This led to some complaining from unemployed Sudanese. China controls most of an oil field in southern Darfur and 41 percent of a field in the Melut Basin. Another Chinese firm is building a pipeline from that field to Port Sudan where China's Petroleum Engineering Construction Group is building a \$215 million export tanker terminal. Sudan became China's first major overseas oil development project. China now obtains 7 percent of its oil imports from Sudan and the percentage is growing. As a result, Sudan is the only country among those included in this survey that has a huge trade surplus with China. Chinese investment in Sudan totals about \$4 billion, most of it

in the oil sector, which makes China Sudan's largest foreign investor. There are also an undetermined number of Chinese military personnel in Sudan to secure its investments.

Economic cooperation outside the oil sector includes a \$400 million project by Harbin Power of China to build seven electric substations and 1,000 miles of transmission lines. China provided 75 percent (\$200 million) of the financing to construct the Kajbar dam at the Nile's second cataract and Chinese companies are part of a consortium to build public works projects in connection with the dam. Sudan signed agreements this spring with China to construct a \$345 million pipeline that will channel water from the Nile to Port Sudan and to finance a \$325 million water system for the town of Alfashir. Another agreement signed in June will result in three major power stations. Sudan's foreign minister commented in Beijing recently that "China is the number one economic partner of Sudan."

Political cooperation is also an important part of the relationship. Sudan strongly supports China on its one China policy and its position on human rights. In return, China has helped to deflect Western criticism of Sudan's actions in Darfur. Human Rights Watch argued that China's oil purchases and arms sales helped fuel the conflict in Darfur. Although China did not succeed in stopping UN sanctions against Sudan, it managed to water down U.S.-drafted resolutions to the point that it abstained when they came up for a vote in the UNSC. When the UNSC proposed to refer the situation in Darfur to the Prosecutor of the International Criminal Court (ICC), China abstained together with the U.S., Brazil, and Algeria. China announced last March that it will provide military and medical personnel for the UN peacekeeping operation in support of the peace agreement between the Sudanese government and the Sudan People's Liberation Movement. President Bashir earlier this year commended China for its backing of Sudan in international forums and its effort to promote bilateral ties for their common interests.

Ethiopia

Ethiopia, due in part to pressure from the U.S., did not establish relations with China until 1970. Emperor Haile Selassie then visited Beijing the following year. The relationship did not flower immediately. After the overthrow of Haile Selassie in 1974, China briefly cultivated the new military regime. By 1977, the Soviet Union abandoned its Somali ally and Ethiopia's enemy, and replaced U.S. influence in Ethiopia. China, to Ethiopia's consternation, then replenished Somalia's military with jet fighters and small arms. China also provided a small quantity of assistance to the Eritrean Liberation Front, which sought independence from Ethiopia. Although China continued to seek good relations with Ethiopia, in view of its connection with Somalia and Soviet influence in Ethiopia, it faced a major challenge. Not able or willing to become Ethiopia's major arms provider, it stepped back and let the Soviets fulfill that role.

Relations began to improve after the overthrow in 1991 of Ethiopia's military government and have continued to grow warmer ever since. China was a significant supplier of military equipment to Ethiopia during its conflict with Eritrea in 1998-2000. This cooperation continues, including occasional visits by their respective ministers of defense. China has carried out a growing number of assistance projects, although increasingly they are commercial arrangements. They focus on road and bridge

construction, power and water supply projects, irrigation, and housing. Chinese companies seize any opportunity for business. A Chinese company is conducting, for example, a \$5 million seismic study near the Sudan border and another company recently sold two ships valued at \$45 million to Ethiopian Shipping Lines. There are about seventy Chinese enterprises registered in Ethiopia. They often bid low in order to break into the market and are aggressive to the point of alienating Ethiopian competitors. The largest Chinese project in Ethiopia, construction of the \$300 million hydroelectric dam and power plant on the Tekeze River, has incurred the wrath of the government because it is behind schedule and the contractor has asked for an extension. The government is insisting that the consortium pay compensation for lost earnings due to the delay.

Trade is modest and heavily favors China. The imbalance has raised concerns in the Ethiopian government. In an effort to deal with this problem, China recently permitted Ethiopia to export a number of products duty and quota free. The two countries have signed a variety of agreements, mostly in the area of trade, investment, and economic cooperation. Beijing recently increased the number of Ethiopians sent to China on scholarship. Chinese medical teams and vocational education teachers also continue to be a mainstay in their cooperation program.

Ethiopia and China generally see eye to eye on political issues. They support each other on human rights questions. Ethiopia regards Taiwan as part of China. Although China walks a careful line on the Ethiopian-Eritrean conflict, it strongly endorsed last fall Prime Minister Meles' five point peace plan. During a visit to China in November 2004, Meles described relations with China as close, friendly, and substantial. The Ethiopian government sees China as a model for certain policies, especially rural development, poverty alleviation, and perhaps the banking sector. Not all Ethiopians agree that the Chinese model will work in the country and worry it will lead to sacrificing freedom and democracy. Ethiopia's minister of trade commented earlier this year that "China has become our most reliable partner." A recent analysis in *The Wall Street Journal* described China's influence in Ethiopia as "overwhelming." Addis Ababa is also the headquarters of the African Union, making it a useful location for China and others to stay in touch with delegations from throughout Africa.

Eritrea

China established relations with Eritrea at its independence in 1993. Although ties began well, they became complicated following the conflict that broke out between Eritrea and Ethiopia in 1998. China sold large quantities of military equipment to both countries during the conflict but has been careful to protect its more important investment with the much more populous Ethiopia. This has limited China's ability to expand significantly its links with Eritrea. Some half dozen Chinese companies are engaged in road and building construction. Trade is miniscule and consists almost entirely of Chinese exports to Eritrea. The two countries have signed a cultural agreement and China has provided training for Eritrean athletes. China offered some emergency relief, built a hospital in the capital, and periodically sends medical teams to Eritrea. High level military exchanges continue; China has helped with mine detection and clearance.

During a visit to Beijing in February 2005, President Isaias reaffirmed Eritrea's support for China's policy on Taiwan and its positions on human rights. Isaias praised Chinese assistance to Africa, saying it is sincere and comes with no political conditions. He added that Eritrea expects China to increase its involvement in construction of the transportation infrastructure and to expand cooperation in mining, fisheries, telecommunications, and technology.

Djibouti

A county of only a half million population, Djibouti and China established relations in 1979. There have been numerous high level visits involving their respective officials; Djibouti's former president visited China four times and the current president once. Djibouti and China have an agreement on economic and technical cooperation and China built the People's Palace, a stadium, an outpatient clinic, housing projects and the headquarters for the foreign ministry. Chinese companies are active in Djibouti. ZTE recently won the contract for extending the telecommunications infrastructure. For such a small country, Chinese imports are robust while Djibouti's exports to China are virtually non-existent. Small numbers of Djiboutian students study in China and Chinese medical teams are active in Djibouti. Representatives of Djibouti's ruling party participated in a seminar on Sino-African cooperation hosted by the Communist party of China in June 2005. Djibouti supports China's anti-secession law.

Somalia

Somalia and China have maintained close ties since they established relations in 1960. Somalia actively supported the seating of China in the UN during the early 1970s. Since Somalia became a failed state in 1991, China has been active in UN discussions on Somalia's future. Together with most other embassies, the Chinese embassy in Mogadishu closed for security reasons in 1991 but China continues to maintain diplomatic relations. When it was present in Somalia, China built the national theater, Hargeisa water supply, a cigarette factory, the national stadium, a hospital, roads, farms, and a power station. There were frequent exchanges of high level visitors until 1991. The two countries signed a number of economic and trade agreements and had an active cultural exchange that included coaches for Somali athletes. Chinese medical teams, military exchanges, and military assistance were also an important part of the relationship.

China provided at least \$1 million to help finance the recent Somali political reconciliation process in Kenya and reportedly continues to help fund the new Somali government that has not yet moved to Mogadishu. At first glance this support for a government that is having great difficulty taking up residence in its own country is surprising. On the other hand, it is a cheap way to be present at the beginning if the new government does take hold. Somalia has also sent an ambassador to China. The other major financial supporters of the Somali peace process are the UN, European Union, and Kenya, but not the U.S. China noted that the new Somali government is an important step forward for Somali unity. The new Somali prime minister expressed appreciation to China for its support and willingness to assist a possible UN peacekeeping operation in Somalia. Recent Chinese aid to Somalia has been modest, consisting of emergency

supplies following damage done by the tsunami and ninety generators for supplying power in the regions. Trade is also small, but Somalia is one of only two countries in this review that has a trade surplus with China, thanks to the export of fish.

Morocco

Although China and Morocco exchanged relations in 1958, ties developed slowly and faced challenges during China's Cultural Revolution. In more recent years there has been a significant expansion of ties. The two countries have signed numerous agreements dealing with trade, investment, civil aviation, environmental cooperation, tourism, health, double taxation, animal and plant quarantine, etc. They established a mixed committee on economic, trade, and technology issues. Economic cooperation has been especially strong in fisheries. They even signed an agreement to hold regular political consultations. Morocco supports China's position on Taiwan. China has been sending medical teams to Morocco since 1975 and had 120 medical personnel in the country in 2003. China began sending students to Morocco in 1975 and has an office of Xinhua in Rabat. The Maghreb news agency in Rabat and Xinhua signed a cooperation agreement in 2002. High level exchange visits have been less frequent than is the case for many African countries although King Mohammed VI visited China in 2002 and the Chinese premier visited Morocco the same year.

Trade is significant but heavily favors China, which is sensitive to the situation and said it will try to increase the import of Moroccan phosphates, fertilizer and fish. Moroccan textile exports to Europe were hurt recently by Chinese competition. China also stated that it will encourage its enterprises to participate in the construction of Moroccan infrastructure. China provided Morocco with a \$5 million loan in 2003 to help finance public works projects and donated a modest amount of emergency assistance after the 2004 earthquake. Except for the many agreements they have signed and high volume of trade, China's engagement in Morocco is not as pervasive as one would expect for such an important African country.

Algeria

China has had a politically close relationship with Algeria since it recognized the Algerian interim government in 1958. Algeria reciprocated by helping China to obtain its seat in the UN. Algeria has been a strong supporter of China's policy on Taiwan from the beginning. China began a series of projects in Algeria in 1980 in the fields of agriculture, water conservancy, and construction of hotels and restaurants. The two countries have a mixed committee for economic, trade, and technological cooperation and since 1997 they hold regular political consultations. They have signed about twenty agreements on culture, education, sports, and the media. China began sending medical teams to Algeria in 1963; more than 2,200 Chinese have worked in Algeria. There are surprisingly few Algerian students studying in China, only twenty-three in 2003.

High level visits have been a mainstay of the relationship. Most recently, President Hu Jintao visited Algeria in 2004. On the occasion, the two countries decided to "enter a strategic partnership" and strengthen cooperation in all fields. They emphasized oil and gas extraction, infrastructure construction, telecommunications, and training of personnel.

China reiterated its support for Algeria's effort to join the WTO and Algeria declared that Taiwan "is an inseparable part" of China. Both sides firmly opposed terrorism in any form and supported the legitimate rights of the Palestinian people, including their right to establish a country with complete sovereignty. The two countries signed a \$48 million loan agreement. Representatives from Algeria and China's southern province of Guangdong signed agreements the same year valued at almost \$200 million for trade and investment projects. China's Huawei Technologies won a contract from Algeria Telecom Mobile to provide network equipment. ZTE Corporation is opening a wireless fixed terminal manufacturing plant in Algeria in an effort to penetrate more effectively the market in North Africa and the Middle East. Chinese companies are constructing 55,000 apartments, a teaching hospital in Oran, and a terminal at the international airport.

The most important recent development in Chinese-Algerian relations is China's move into the gas and oil sector. The China Petroleum and Chemical Company (Sinopec) signed a \$525 million contract in 2002 to develop the Zarzaitine oil field in Algeria's Sahara Desert. In 2003 the China National Petroleum Corporation (CNPC) purchased several Algerian refineries for \$350 million and signed a deal to explore for oil in two blocks awarded by the Algerian government. PetroChina Exploration and Development Company signed a contract with Algeria's Hydrogen Carbide to develop jointly oilfields and build a refinery in the southwest part of the country. This will allow the two companies to operate a refinery in Adrar for twenty-three years, with an annual output of 600,000 tons. In 2005 CNPC and Algeria's National Petroleum Company signed a \$400 million contract to complete a condensate topping project. As of 2003, China maintained a huge trade surplus with Algeria. Once significant amounts of petroleum products are moving to China, Algeria will likely experience a trade surplus with China.

Tunisia

China did not establish diplomatic relations with Tunisia until 1964. Tunisia provoked China by advocating a "two China" policy as the solution to China's UN seat. China accused Tunisia of siding with U.S. imperialism in 1967 and, following Chinese meddling in Tunisia's internal affairs, the entire Chinese embassy staff in Tunis departed for Beijing and there was a temporary break in relations. It took years to reestablish cordial ties. By the mid-1980s high level exchange visits had become more frequent and relations were back on track. The two countries agreed to periodic political consultations in 1996. On the occasion of President Jiang Zemin's visit to Tunisia in 2002, they signed cooperative agreements dealing with economics and technology, maritime issues, civil air transport, double taxation, and culture.

Chinese companies are active in construction, agriculture, and light industry. They recently obtained contracts to build a gymnasium, water supply and sewage facility, ceramic factory, and others dealing with the environment and energy. China has sent medical teams to Tunisia since 1973 and has an active sports and cultural cooperation exchange. Agence Tunis-Afrique Presse began cooperation with Xinhua in the 1970s and the two organizations strengthened their collaboration in 2004. Tunisia has in recent

years supported China on human rights, a one China policy, and considers Taiwan an inalienable part of China. A visit by the Chinese vice president in 2004 resulted in loans totaling \$46 million and a gift of more than \$1 million. Trade is modest and consists largely of Chinese exports to Tunisia, which is another recent victim of falling textile exports due to competition from China.

Libya

Libya, prior to Qadhafi, had relations with Taiwan. Qadhafi “recognized” China in 1971 but did not establish diplomatic relations until 1978. Chinese atheism affected Qadhafi’s view of China, although he did visit Beijing in 1982. Today, Libya supports the one China policy and shares a common understanding on human rights. Chinese companies began operating in Libya in 1981 where they have been active in infrastructure projects. An agreement on science and technology and another establishing a joint committee on economic, trade, scientific, and technological cooperation came into force in 1982. They later signed cooperation agreements dealing with culture, information, and technology.

President Jiang Zemin visited Tripoli in 2002. The two sides agreed to facilitate cooperation in the fields of oil, investment, infrastructure, and tourism. Libya reaffirmed its one China policy while China stated that Libyan sanctions should be completely abolished at an early date. Libya and China said all forms of terrorism should be opposed and called on Israel to withdraw immediately its troops from Palestinian areas so that the Palestinian people could realize self-determination. China subsequently announced that it welcomed Libya’s decision to renounce weapons of mass destruction. When Chinese nuclear arms technology showed up in Libyan possession, China denied any nuclear cooperation with Libya. Pakistan’s top nuclear scientist admitted he had passed secret information to Libya that could be used to build nuclear weapons.

China is currently emphasizing commercial links, especially energy, with Libya. China exported 4,000 pick up trucks valued at \$21 million to Libya in 2003. This was China’s largest single export of vehicles since it joined the WTO in 2001. A Chinese communications company signed a \$40 million contract the same year to install a network of 600,000 mobile phone lines. Chinese trade with Libya was modest as of 2003 and heavily favored China. Serious discussions on oil and gas cooperation began in 2004. As a result of excellent South African business connections with Libya, PetroChina has been working with South African businessmen to penetrate the Libyan market. The commercial officer in the U.S. embassy in Tripoli commented at the end of 2004 that Chinese oil firms are pressing hard and many Libyans are willing to give them preference because they continued to support Libya during its isolation and U.S. sanctions. Chinese companies bid in 2005 on tenders to look for oil in Libya.

Egypt

China and Egypt have a mature relationship that dates back officially to 1956; Egypt was the first African or Arab country to recognize China. China supported Egypt during the 1956 Suez crisis and the 1967 Six Day War. The Sino-Soviet conflict occasionally complicated Egyptian ties with China. President Nasser’s criticism in 1959 of China’s military move into Tibet led to a temporary downturn in relations. In spite of brief

setbacks, the relationship has been marked by frequent exchange visits at the highest levels. Egypt has consistently supported a one China policy. China recently noted that Egypt is qualified to have a seat on the UN Security Council. The two countries have signed numerous agreements in a wide variety of fields and Chinese companies have constructed many projects in Egypt. Trade is significant and growing rapidly, although it heavily favors China and is a sensitive issue for the Egyptians. China is taking steps, including the offering of subsidies to Chinese traders for the purchase of Egyptian goods, to rectify the imbalance.

There are more than 85 joint ventures involving Egyptian and Chinese companies. Chinese enterprises have invested, however, only about \$56 million in Egypt. Cairo was the site in 2003 for the biggest hi-tech trade exhibition ever held by China overseas. It was designed to attract European, Arab, and African countries. Chinese companies continue to sign a wide variety of contracts in Egypt. Recent examples include \$35 million to build two ships, \$20 million for mobile phone networks, and \$922 million for twenty-two projects negotiated by companies in China's Guangdong province. China is exploring cooperation in the oil and gas sector and the two countries signed an agreement on cooperation in heavy oil technology, increasing productivity of old wells, and manufacturing equipment for the petrochemical industry. During his 2004 visit to Egypt, President Hu Jintao signed four agreements on transferring Chinese technology to Egypt, a soft loan, utilizing an economic zone northwest of the Gulf of Suez, and cooperation in the information field. The two countries have a long history of military cooperation and exchange visits. China and Egypt agreed in 2005 to create the Egyptian Chinese University in Cairo with an initial class of 900 undergraduates during the 2006-2007 academic year. This will be the first Chinese university in the Middle East. This is one more example of the mature nature of the relationship.

China, Africa, and the United States

There will inevitably be an element of competition between China and the U.S. in Africa over access to natural resources, winning of commercial tenders, and even African support for occasional different positions on political, economic, and social issues in international forums. There will be disagreements, for example, on human rights issues in certain African countries, the priority and pace of democratization and the sale of military equipment to African countries engaged in conflict. But I agree with Princeton Lyman that the U.S. should focus on those areas where American and Chinese interests converge. This should include cooperation in the reduction of disease, improving education, and assisting development generally. On the political side it means collaborating on conflict mitigation, attacking the causes of international terrorism and crime, combating African crime rings, and reducing ethnic and religious extremism that contribute to conflict and both domestic and international terrorism. It should be possible to identify courses of action towards Africa on these issues that are in the mutual interest of both China and the U.S.

2003 Trade between China and North, East, and the Horn of Africa in US\$

| Country | Chinese Exports | Chinese Imports |
|----------------|-----------------|-----------------|
| Algeria | 645,940,000 | 99,220,000 |
| Comoro Islands | 690,000 | 0 |
| Djibouti | 65,860,000 | 150,000 |
| Egypt | 937,290,000 | 152,820,000 |
| Eritrea | 5,740,000 | 0 |
| Ethiopia | 152,750,000 | 4,740,000 |
| Kenya | 241,710,000 | 8,740,000 |
| Libya | 174,740,000 | 40,950,000 |
| Morocco | 695,670,000 | 160,970,000 |
| Somalia | 3,900,000 | 6,620,000 |
| Sudan | 478,310,000 | 1,442,060,000 |
| Tanzania | 191,450,000 | 27,570,000 |
| Tunisia | 183,920,000 | 17,040,000 |
| Uganda | 51,390,000 | 3,500,000 |

Source: www.china-customs.com