

China's chequebook draws African nations



China is building a new national theatre in Senegal

By Christian Fraser
BBC News, Sharm el-Sheikh

China sees vast opportunity in Africa. Since 2001 total trade has grown tenfold - last year it stood at \$107bn (£63.7bn).

Add to that the significant sums of financial aid and direct investment that are on offer and you can see why the representatives of the 50 African states who have travelled to the Egyptian resort of Sharm el-Sheikh are extremely keen to hear what China has to say. There are the giant oil producers of Libya, Nigeria and Angola, the mineral-rich governments of central Africa and of course the leaders the West has turned its back on - Zimbabwe's Robert Mugabe and Sudan's indicted President Omar al-Bashir are both here.

Money talks

But whichever country they come from, the African leaders all understand one thing. "Africa needs infrastructure," said Youssouf Ouedraogo, a special adviser to the president of the African Development Bank.

Mr Ouedraogo recognises that in exchange for the oil, gas, and minerals that drive China's fast expanding economy, there is hard cash available for Africa's biggest projects.

"We need the ports, roads, electricity, the airports to help Africa's poorest country grow. You can't do that without money for infrastructure."

Chinese Prime Minister Wen JiaBao has a big chequebook. Over three years, he is pledging \$10bn (£5.9bn) in new loans, 100 new clean energy power stations. And there are the opportunities arising from the difficulties the emerging world has in financing these infrastructure projects, especially as foreign banks retreat to home markets.

At the same time, China is keen to invest billions of dollars of its foreign reserves. A lot of that money is tied at the moment to assets in the United States and to the weak dollar. Investment in new African projects offers a useful alternative.

There is criticism however that China's full-throttle rush into Africa has done nothing to stop corruption and bad governance. And it is criticised for its willingness to deal with brutal and corrupt governments.

Last month a little-known Chinese company invested \$7bn (£4.16bn) in a mining deal in Guinea, despite the international condemnation there has been for the country's military junta.

In September the army in Guinea opened fire on demonstrators killing 150 people.

Mr Wen was asked by a Western journalist whether he was concerned by the criticism.

"There have been allegations for a long time that China has come to Africa to plunder Africa's natural resources and practise neo-colonialism. The allegation in my view is totally untenable.

"Who is really asking these questions?", he said. "Is it the African states or is it the West looking on nervously?"

But it is not just the West asking, there are senior African politicians worried too. Nigeria's Minister of State for Foreign Affairs Bagudu Hirse said China was throwing money at corrupt and repressive regimes.

"We accept what China is doing. And we welcome their investment. But they must understand that we are very sensitive to good governance and democracy. We can't start thinking of imposing sanctions on Guinea or Niger for bad governance and then they go behind us and strike some other deals.

"We suspect they do that anyway. They will never confirm it, but we read the newspapers - we know what is going on."



Wen Jiabao denies allegations of neo-colonialism

“ There is huge competition between East and West for Africa

Mustafa al-Gindi



China has invested in many African nations

The Egyptian independent MP Mustafa al-Gindi sees it as a battle between East and West for the biggest share of African spoils. He believes the old relationships in Africa are now being tested and he is hugely fearful of China's way of doing business.

"There is huge competition between East and West for Africa", he said.

"And whatever they say, it is a fact that the Chinese come to Africa not just with engineers and scientists - they are coming with farmers. It is neo-colonialism.

"There are no ethics, no values, there is only one thing, 'I want the land and I don't mind how we get it'. And I think if Europe and the West really want to play in Africa, then ethics and values are the weapons they must use."

At this conference the Chinese have stood by their policy of non-intervention. The Chinese do not want to take sides.

"This is money," said Mr Wen, "or independent development, no strings attached".

But can they continue to exert real influence in the emerging world without taking positions on the big geopolitical issues of the day?

Angus Blair, of Beltone Financial, who advises companies investing in North Africa, thinks not.

"They are trying to be friends with everyone", he said.

"But in the end, in one form or another, China is going to have to take a stand if it wants to maintain its long-term interests. It is quite clear that behind the scenes China is seeking to increase its power and its influence over the past decade, and they have done it to major effect."

It has to be said of course that there are plenty of major Western companies operating in countries with oppressive governments.

And Mr Wen insists that Chinese oil companies are taking only a fraction of the resources their big American counterparts are taking.

Nonetheless as the Western banks start to retreat, withdrawing their money under growing financial

pressure, it is China with its billions of dollars of foreign reserves that holds the cards.

And so far, they have signalled they mean to drive home that advantage.

CHINA IN AFRICA

China is Africa's second-biggest trading partner, behind the US

Between 2002 and 2003 two-way trade doubles to \$18.5bn

By 2008 trade tops \$100bn - China exports \$51bn, imports \$56bn

Almost all imports come from oil-rich nations: Angola, Equatorial Guinea, Nigeria, the Republic of Congo, and Sudan

Sources: *China Daily*, *Reuters*, *Council on Foreign Relations*

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