

# A Critical Look into United States' Reactions over China's Escalating Trade Influence in Africa

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**Abstract** With the increasing number of Chinese firms and companies in Africa, their basic objective is under observation. This relationship is often termed as the Sino-Africa relations with the international community looking closely on how these relationships such as aid agreements, infrastructural development, import and export relations between these countries are of immense benefits [12]. However, the relationship is not happening unnoticed and the United States in particular is calling "foul". To add, concerns have been raised on how to tackle this development as well as examining the consequences of the relations [19]. To increase awareness and add to the existing body of knowledge, this paper seeks to present a glance into the Sino-African relations, examine the aid program between these nations, their present state of trade relations and analyze the reasons why the United States is paying close attention to the relationship. At the end, it is discovered that both China and United States are primarily involved in Africa, competing for natural resources, while African nations are clueless on ways of taking advantage of the heated rivalry.

**Keywords** Chinese firms, Trade relations, Sino-Africa relations, Aid agreements, Infrastructural development, Import and export relations

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## 1. Introduction

China is frequently criticized for what detractors call unfairness when engaging with countries in Africa. Decriers like the United States of America claim that the Asian country is more focused on exploitation of resources than instigating development. Critics also point out that China doesn't employ local workers, or play a significant role in human resource development, but targets profits at the expense of the countries it is involved with [19]. Recently, the United States government and American businesses are starting to eye China as a significant challenge to American national security, diplomatic and economic interests. This paper seeks to validate or debunk U.S claims by looking closely at China's relationship with Africa, and its implication.

### 1.1. Research Objective

If the United States is raising alarm over China's raising influence in Africa especially exploitation of resources, while China keeps quiet about it, then this issue deserves a close attention. It is imperative to dig into China's trade relations with Africa which is the fundamental bond between the Asian country and continent, observing intricate details

about resource exploitation and diversification of economic activities. The research will prove or invalidate U.S. claims, and will provide recommendations to areas that can improve the relationship of China, Africa and United States of America.

### 1.2. Methodology

The methodology is largely descriptive. Different methods are applied to collect the data for subsequent analysis. Data was collected from news articles, working papers, completed research papers, dissertations, speeches, related literature and other past records.

## 2. Theoretical Foundation

The available information from the United States is heavily against Chinese interest in Africa. Brooks and Shin of The Heritage Foundation, a United States conservative forum argue that China is progressively enlarging its influence in Africa for natural resources and object to Western political and economic influence, and also expand its world influence while isolating Taiwan [20]. They further state that China supports political and economic repression in Africa, which as a result is countering American and European influence that has been there for decades. In a paper for Brookings Institution opened with "China is frequently criticized for what resembles unfair strategy when dealing with Africa countries" [19]. Critics say that Chinese interest is much more focused on exploiting African natural

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resources than helping development.

Critics also point out that China does not hire local employees or play a role in human resource development, and sets to create profitable contracts for itself at the disadvantage of African countries.” Even the current U.S President, Barack Obama indirectly called China out while hosting almost 50 African leaders in 2014 [23]. He admitted that the continent is big enough for more than one global player, but also drew differences between U.S interest and Chinese interest. The president claimed that the United States is not interested in Africa for natural resources, but recognizes its people, talents and potentials. He further added that the U.S doesn’t simply want to exploit minerals for growth, but rather build a genuine relationship that will create employment and opportunities [23].

### 2.1. China Needs Energy

Writers in this field pay a lot of attention on Chinese energy demands, and Africa’s vast natural resources. In the past 10 years, Chinese economy has been soaring at a fast pace, and this speedy growth needs a lot of resources, mostly energy. The domestic energy need and dwindling crude production coupled with little coal output has pressured China to source foreign sources of fossil fuels. In 2004, China became the world’s second biggest oil consumer behind the U.S. This growth is also estimated to grow at a pace of 10% a year [20]. By 2020, Chinese oil and gas imports which currently is 33% is expected to increase to 60%, as Asian oil and natural gas production is not keeping pace with China’s demand, while most crude production from Middle East is targeted to Europe and U.S [25]. To control the situation, Chinese government attempts to control its oil and gas needs by relying on African nations, which supplies about 25% of the natural resource. To secure this economic relationship, Beijing makes it a priority on sustaining reliable ties with African countries that supplies its energy using investments, official meetings and a policy of “noninterference in internal affairs”. The International Energy Agency’s World Energy Outlook 2014 estimates that China will be the world’s largest oil consumer by 2030’s, and U.S Energy Information Administration projects that the Asian nation will import 72% of its oil by 2040 [25]. Currently, the Middle East supplies about 2.9 million barrels of oil per day to China, while Africa comes second with 1.3 million barrels.

The largest African exporters to China are Nigeria, Angola, Equatorial Guinea, Sudan and Republic of Congo. It should be mentioned that other smaller suppliers exist, like Chad, Kenya, Liberia, Libya and Gabon. CFR’s Michael Levi and Elizabeth C. Economy, in their 2014 book *By All Means Necessary* outline what they claim the Chinese strategy of securing resources, which they believe most other nations in the world cannot compete with [22]. Using infrastructure projects, low-cost financing, investment deals, trade and aid, China has won exploration and production contracts in smaller countries like Gabon. Energy and

financial experts point out that China seeks out countries with low credit ratings and provides low-interest loans and in turn receives rights to install oil and mining facilities. They add that Chinese funding take shape of financing infrastructures that are badly needed. For example, Chinese central government recently announced that it will provide to Africa \$1 trillion for highways, railways and airports by 2025. Also, in 2014, Premier Li revealed more funding of at least \$12 billion to Africa, which expands credits by \$10 billion to boost China-Africa Development Fund [13].

### 2.2. U.S. is Alarmed

American national security experts are not only criticizing China-Africa relationship, but are also alarmed. Brooks and Ji Hye Shin see not only Chinese energy and weapons dealings with Africa as challenging, but also a viable economic competitor with U.S.-Africa trade [20]. In 2000, China-Africa Cooperation Forum was created to encourage stronger trade and investment ties between China and African countries in private and governmental sectors. As a result, the forum has organized more than 10 official meetings that escalated trade and investment over the past decade [7]. Writers also add that China often advocates for a Chinese-style economic enhancement model in African nations, which emphasizes restricted market system regulated by the importance of establishing a single-party government. African leaders who are eager to build their fragile economies and at the same time, maintain power sway towards Chinese economic development model, than the free-market and democratic government policies endorsed by the United States and European Union [8].

Another cause of alarm is the regular trade of Chinese weapons and military equipment which critics claim are used to oppress minority populations, destroy political opposition, suppress democratic reforms and attack neighboring countries [20]. The United States, which is the world’s largest exporter of weapons find this development threatening to its national security and economic interest. In 2004, China sold Zimbabwe fighter aircraft and military vehicles for \$200 million despite U.S. and EU weapons embargo against Zimbabwe. In addition, China provided radio-jamming equipment which Mugabe’s government used to mute broadcasting of anti-government news reports from non-government media outlets during parliamentary election of 2005 [20].

Brooks and Shin add that China uses state companies to sell weapons and ammunition to oppressive governments such as Liberia and Sudan. Some of the instances cited are Sudan’s use of oil revenue from China to purchase weapons for attaching rebels in southern Sudan, and also the significant role China played by aiding Khartoum build weapons factories in mid 2000s [20].

Activities of China’s People’s Liberation Army (PLA) are observed carefully by the United States [27]. In a working paper written by Lloyd Thrall for the U.S Army that examines how China’s rapidly growing engagement with

African states affects the U.S. Army's role on the continent, the report mentioned that China is in the process of defining its security objectives in some of the world's destabilized regions [27]. Chinese companies have ongoing investments and contracts of more than \$1 billion in 12 of the world's top 20 failed or failing states, and seeks to protect its growing number of assets and citizens from internal unrest, terrorism, kidnapping and popular revolt [17]. The report also mentioned that the PLA has been engaging in U.N. peacekeeping operations, most notably in seven of the eight U.N. missions in Africa. Some notable operations in Africa, which the PLA took part involves 2008 Gulf of Aden anti-piracy deployment, 2011 noncombatant evacuation from Libya, and 2013 U.N. missions to Mali and South Sudan. The United States believes that this predicts future escalation of PLA roles and capabilities in Africa [17].

China has also directly deployed soldiers Liberia, Democratic Republic of Congo and Southern Sudan for peacekeeping missions and operations, with confirmation of continue strengthening military cooperation with Ethiopia, Liberia, Nigeria and Sudan [8].

In summary, Chinese increasing military involvement in Africa threatens U.S and Europe, whom have historically enjoyed the privilege of unopposed military trade and operations on the African continent.

### 2.3. Enhancing Diplomatic Influence

Another influential aspect that is attracting United States' attention over China is the change in world diplomatic influence. China's support of African leadership currently provides capital for international support and legitimacy, with influence in the United Nations as the most significant [23]. Western nations claim that this development resists pressure on enhancing human rights, free markets and political freedoms. Heritage.com, a United States international relations website accuse China of supporting rebels leaders and anti-democratic leaders to downgrade democratic reforms in societies with young democracies, as long as it serves Beijing's interest. China in return, will commit to align their legitimacy in the United Nations and other international playing grounds [20].

The United State predict that disagreements between China and other "democratic" nations over political and civil rights will widen in the future. An example used is China's abstinence from voting on a United Nations Security Council resolution in 2004, which condemned the genocide in Darfur [21]. In addition, China threatened to veto any measure that will impose sanctions on Sudan. Another relevant diplomatic issue that U.S is closely looking at is China's strategy of isolating the island of Taiwan. In Africa, Sao Tome, Gambia, Chad, Senegal, Swaziland, Malawi and Burkina Faso currently have diplomatic ties with Taiwan. It should be noted that in the early 1990s, competition heated between China and Taiwan to win diplomatic acceptance from individual African nations, and now using hug economic incentives, Beijing has obtained recognition of six more

African countries while Taiwan loses [20]. Niger Republic and Lesotho changed their diplomatic recognition to China in 1994 and 1996 respectively, while Central African Republic, South Africa and Guinea-Bissau discarded Taiwan and turned to Beijing in 1998. Liberia is one of the recent nations, switching in 2003 before obtaining assistance on water projects [20].

### 2.4. Inspiring Fear of China

Any sign of backlash against China catches the attention of Western countries, especially the United States. The Economist recently published an article describing African backlash against China [22]. The magazine claimed that African's are becoming more and more suspicious of Chinese companies, specifically about unfair deals and damage to the environment. It says that Africa's growing civil society is demanding more transparency on human rights, which "authoritarian China" is not familiar with, because of reliance on state-to-state relations. Examples cited are stopping transfer of property to Chinese developers in Senegal, and opposing government decision of allowing Chinese traders do business in Tanzania. Not long ago, Nigeria's former Central Bank Governor Lamido Sanusi accused China of a "new form of imperialism". It should be noted that Mr. Sanusi is currently the Emir of Kano, which is an aristocratic position.

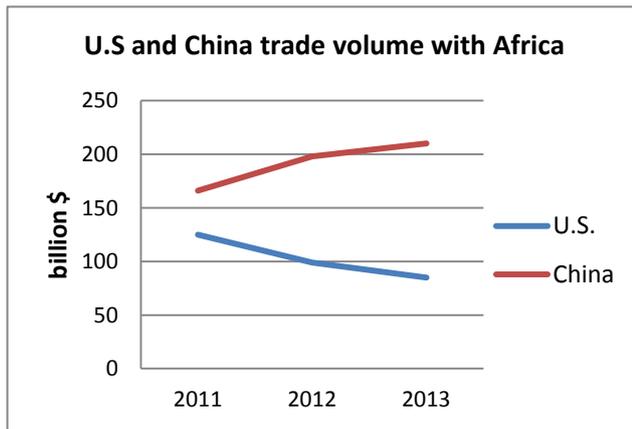
Christopher Alessi and Beina Xu on a Washington D.C website for Council on Foreign Relations in 2015 wrote that the West African nation of Chad, which constructed public buildings and roads with Chinese financial aid criticized China National Petroleum for releasing oil in ditches in 2013 [25]. The article added that Gabon stopped an oil exploitation contract in 2013 also, citing environmental issues as reasons. Zambia which witnessed the death of Chinese mine managers over wages and labor practices experienced protest by civilians in 2012, and the reason cited was a response to growing number of Chinese firms [25]. Another point raised is China's continued use of its own laborers and equipment in carrying out projects, which lead to the influx of over one million Chinese citizens.

### 2.5. U.S. Current Role

Now that most literature from the United States and Western countries criticize Chinese involvement in Africa, an important question is "what is the United States doing in Africa?" Yun Sun and Michael Rettig state that U.S trade relations with Africa is guided by Africa Growth and Opportunity Act (AGOA) since 2000 [24]. This scheme is meant to enhance U.S trade with Africa and development of the continent. However, it should be noted that trading has been decreasing as of 2014 [19]. In 2011, trade stood at \$125 billion, and slumped to \$99 in 2012, then further fell to \$85 in 2013. In comparison, China has been witnessing exponential growth in trading with Africa, surpassing the U.S as Africa's largest trading cooperater in 2009. China-Africa traded \$166 billion in 2011, an 83% hike from

2009 and soared to \$210 billion in 2013 with continued growth till date. There is no doubt that the margin of trade volumes is very far when U.S trade with Africa is compared with Chinese trade with Africa.

Figure 1 depicts trade volume between U.S and Africa, and China and Africa from 2011 to 2013. As can be noticed, the two competing countries were not even on the same playing ground in 2011, as China was facing an upward trend while U.S.-Africa trade was declining. By 2013, the gap between America and China had doubled.



Source: Thehill.com (2014)

**Figure 1.** United States and China trade volume with African countries from 2011 to 2013

More objective writers on this matter point out that despite the U.S call on improving economic relations with African countries, to counter and or compete with China's influence, the actions and results are not very solid [17]. In contrast, China has been silent on their success in trading with Africa, while the volumes have been rising [16].

The U.S. blamed 2008 financial crises as the culprit for reduction of trade with Africa [21]. There was a short growth in 2010 to 2011, but the numbers continue to decline. Information on the other hand, continue pointing to oil and gas as the reasons [23]. The financial crises triggered a decreasing trend in U.S. oil consumption (9% decline a day). In addition, oil prices dropped significantly from \$140 per barrel to as minimum as \$32, which is a 70% decline. In general, oil and gas exports, which are the significant bases trade relationship between U.S. and African countries fell terribly from \$60 billion to \$20 billion, while other non-oil exports decreased only \$400 [23]. This clearly shows that United States' relationship with African nations is heavily dependent on oil and gas.

Although, by launching a framework titled "Trade Africa" in 2013, which is aimed at increasing exports to the U.S. from East Africa by 40 percent [26], and other verbal and written proposals, writers and economic experts declare that the United States is losing. Zachary Keck of Nationalinterest.org argues that the U.S. can't beat China in Africa because it is starting far behind [23]. The first reason is China quickly established and considerable gap after beating the United States in trading with Africa in 2009. While

China's trade currently grows over \$200 billion, U.S trade on the other hand still hasn't reached a threshold of \$100 billion [24]. In addition, America directly invested less than 1% of its foreign direct investment to Africa in 2013, while Chinese FDI was at least 3.4% [24].

### 3. Sino-African Relations

Relationships between China and African nations started after the independence of each nation [17]. Then came the time when China was given a permanent seat on the UN Security Council in 1971. However, the post-Maoist era was featured with the liberation of exponential growth of the Chinese economy. The Sino-Africa relations actually evolved and gained grounds in the 1950s. With China's quest to attain worldwide recognition, it tends to pursue political allies that would strengthen their international allegiance against the capitalist west and the revisionist communist Soviet Union in 1955 [17]. Within this same year, there was a conference of 29 Asian and African states called the Bandung Conference, which aimed to strengthen and promote economic and cultural relations between these two continents. Most of the issues that were discussed at the conference included colonialism, imperialism and the position of the western superpowers [17]. According to wright, 1956 "The conference enhanced the unity and co-operation of the Asian and African countries, inspired by the people in the colonies to struggle for national liberation and it played a significant role in promoting the anti-imperialist and anticolonial struggle of the Asian and African people [17].

Shared history and the view of white dominance by the west were the common feature surrounding all the countries present at the conference, like sharing the sentiment that they are all developing countries or they belong to the third world countries [5]. Five main principles were endorsed during the conference between China and Africa; the principle of mutual respect and integrity of each nation's territory, system of mutual non-aggression, non-interference of either national internal affairs, promotion of equality and mutual benefits for each nation and peaceful co-existence [5].

Per the conference, China immediately started supporting the economic, military and technical issues of African countries so that, western dominance on the African soil would be restrained and at the same time too, African countries were looking for allies to support them in their quest for independence and financial support for the campaign [5]. This direction would enable African countries to establish new political and international order. However, between 1966 and 1969, China's attention towards Africa was interrupted because of changes in China's domestic issues and the proletarian Cultural Revolution. But, it went back to Africa after settling its internal disputes. According to Larkin, "Sino-African relations in the 1970s had five key characteristics. First, the number of African countries with diplomatic ties gradually increased. In 1967, China had 13

diplomatic missions in Africa and by 1974 this number had increased to 30" [5].

After China took over the seat of Taiwan in 1971 and joined the United Nations Security Council, African countries present at the UN welcomed China's initiative since they already have existing political ties [6]. "The presence of the PRC in the UN as a permanent member of the Security Council (will) contribute notably to the strengthening of the capacity of this organization in maintaining peace and international security" [6].

For China to further show its commitment and seriousness, the Tanzania-Zambia railway aid project in the 1970s was commissioned, and China further pursued more important projects all over Africa [7]. This move saw loyal states having Chinese company's trooping in to build factories, medical teams, stadiums and other federal buildings [7].

According to the Peking Review on the 26<sup>th</sup> of January, 1973, "the armed struggle is the only way through which colonialism, apartheid and racial discrimination in Southern Africa and Guinea can be eliminated" [5]. The dichotomy between the world superpowers and their weaker opponents was further stressed by China through helping the weaker opponents to survive. After the post-Maoist era in 1978, new investment in the economic sector from China took place in order to modernize the Chinese economy. Massive investments were made in the economic sector in order to modernize China [15].

Chinese foreign policy mainly focuses on economic modernization and increased trade relations [12]. China believes that stable economy exist in a peaceful environment. In pursuance of that, stable economy became the thematic idea in its policy towards Africa. The Chinese premier Zhao Ziyang by end of December, 1982 had paid visits to about 11 African countries and further enhanced the principles of Chinese cooperation with Africa such as equality and mutual benefit; an emphasis on practical results; diversity in form; and economic development [15]. Furthermore, the trade relations between China and Africa was strengthened by the creation of the China-Africa Cooperation Forum in 2000.

### 3.1. China-Africa Aid Agreements

Aid agreements characterized the relations between China and African nations. During the independence turbulence in Africa, China was ever ready to assist new states formed with recognized and meaningful aid in the form of projects [16]. Cultivating and harvesting as many allies as possible and maintaining old friendship were two simple strategies used by China. Now, the relations between China and Africa is so down to earth. Current partnership between China and any state centered on trade and mutual importance. The type of aid China offers to African states is always in the form of direct aid. This form of support mostly takes the form of building projects, scholarships and medical teams. Let's take a look at the various phases of Chinese aid to Africa.

#### 3.1.1. Phase One (1950 - 1974)

This evolutionary phases of China aid to Africa was

properly called the political ideology exportation. In distinction to 1950-1973, foreign aid to Africa from China rose both in term of the amount, and its apportionment to gross national production and financial spending [9]. There was increased in the net amount of foreign aid from 337 million RMB in 1959 from the average annual amount of 76 million RMB during the period of 1950 to 1952, which covered 0.23% the GNP at that time, and 0.62% of the financial expenditure. In 1973, the total amount of China's foreign aid rose up to 5.584 billion RMB, which shared 2.05% of the GNP at that time and 6.9% of the financial expenditure. In the early years of 1950s, the main recipient countries of China's aid were in Asia. After 1955, the recipients of China's foreign aid has been expanded to some of the African countries [9].

An amount of 20 million Swiss Franc was given in cash as financial grant by the Chinese government to the Egyptian government in November, 1956 to substratum the fight over the Suez Canal [17]. Also, a memorandum of agreement was signed between the government of China and Guinea towards the building of the match and cigarette plant in 1960 in Guinea [9]. This marked the first developmental project from China to sub-Saharan Africa area. In the late 1961 and 62s, seven agriculturalist were sent by China to Mali to help in the experimentation of the sugarcane and tea plantation. In August 1965, China sent the investigation team to Africa to assess the feasibility of building the Tanzania-Zambia railway; in the late 1960s, China successively sent the medical teams to Tanzania, Somali, Congo, Mali and Guinea [17].

#### 3.1.2. Phase Two (1974 - 1990)

This phase was characterized by adjustments and transformation [17]. This phase saw the declining in net amount of foreign aid and its apportionment to financial expenditure. These figures decreased from the total amount of 4.771 billion RMB, covering 1.71% of the GNP and 6.0% of the financial expenditure in 1974 down to 1.562 billion RMB of the total amount in foreign aid, covering 0.08% of GNP and 0.51% of the financial expenditure in 1990 [11]. During the same period, China's aid to Africa also decreased due to the same reasons. After the opening reforms in 1978, China made adjustment in its diplomatic policies, and emphasized that the work on external relations should serve for the domestic modernization of construction projects [11].

#### 3.1.3. Phase Three (1999 - Present)

The period of financial and technical help with its integrated objectives. Chinese foreign aid took a different dimension with more emphasis on complements and mutual importance, economic benefits, political interest and big country obligations. After the ending of the Cold War, in order to comply with the global trend, China has made reforms on its foreign aid, and increased the amount of the aid fund and expanded the coverage of recipient countries [11]. It also made adjustments in concrete forms of its aid. During the period of 1991 to 2005, China's foreign aid

expenditure had been soaring up. Its rose from 1.68 billion RMB, with the proportion of 0.08% in GNP and 0.50% in financial expenditure in 1991 up to 7.47 billion RMB, with the proportion of 0.04% and 0.22% in GNP and financial expenditure respectively.

China had chosen Africa as the main recipient area of its foreign aid. Since the past 50 years, China's foreign aid to Africa has amounted to 44.4 billion RMB covering 30% of the total amount of 120.773 billion RMB. These foreign aid to Africa has sponsored about 900 infrastructure and social development projects [11].

There are lots of projects China has offered assistance to Africa to help build [25]. Notable among them is the 1800Km Tanzania-Zambia railway costing about \$450M. They also exist as roads, wells and telecommunications structures in Africa [25].

**Table 1.** Chinese Major Developmental Projects in Africa

|                |                                                |
|----------------|------------------------------------------------|
| Infrastructure | Railways, roads, telecommunications facilities |
| Buildings      | Stadiums, palaces, government offices, schools |
| Factories      | Cotton or textiles, timber, oil, cigarettes    |
| Agriculture    | Farming, tobacco, tea, sugar production        |

Source: <http://www.fmprc.gov.cn/eng/wjzb/zjzg/fzs/default.htm> (20 March 2006)

Table 1 shows China major developments projects in Africa. China's other aid programs in Africa are in the area of human resources. One of the agreements made at the China-Africa Cooperation Forum related to an increase in human resources. China established a fund that is jointly used by several Chinese ministries, such as those of foreign affairs, commerce, education, and science and technology. These all together are responsible for the training and education of Africans. In 2003, 6000 people were trained and 1500 students visited China on educational exchange programs [11].

By providing these scholarships, China has contributed significantly to the development of human resources in Africa [16]. In addition, scholarship programs like these encourage bonds between Chinese and African institutions and students. China's support for Africans through the construction of buildings or infrastructure, and by giving medical assistance or through the development of human resources is a strategy aimed at creating a long-term relationship based on mutual respect, understanding and friendship. According to Thompson, the relationship between China and Africa must be seen in a broader perspective [16]. China's influence and sound relationship in Africa is the result of many years of investment in building relations through aid, trade, and cultural and technical exchange – not just the by-product of China's recently booming economy and soaring demand for African raw materials.

China's aid to Africa was never unconditional. Over the years, Beijing restructured its aid policy and imposed more

restrictions. Interest-free government loans became discount loans offered through Chinese banks, and aid grants were replaced by joint ventures and other forms of cooperation. By the late 1990s, China had established 480 joint ventures in 47 countries in Africa [11].

### 3.2. The Co-operation Forum between China and Africa

A lot of trade consensus has been signed between China and the African continent. The Bandung conference primary targeted political and diplomatic ties with African nations as well signing of the economic and cultural ties [14]. The Sino-Africa trade conference was held in Beijing, 2000. This conference was themed “the construction of an international political and economic order and to explore Sino-Africa cooperation”. In presence were over 40 Africa member states comprising of over 80 foreign ministers and diplomats with interest in international cooperation. To further add, 17 international and regional organization, NGOs and great entrepreneurs were in attendance to elaborate on the south-south cooperation, north-south dialogue, the debt relief and the Chinese cooperation with African states. Two major documents came into being through the conference, the Beijing declaration and the program on China-Africa cooperation in economics and social [14]. The latter described Chinese investments in Africa, financial cooperation between China and the African Development Bank Group (ADB), debt relief and cancellation, agricultural cooperation, natural resources and energy cooperation, education and multilateral cooperation [8].

In 2003, the second China-Africa Cooperation Forum was held in Addis Ababa when Prime Minister Wen Jiabao declared that foreign assistance and investment comes with the deepest sincerity and without any political conditionality's' [8]. During the meetings in 2000, South Africa raised the issue of debt relief, which China opposed. However three years later, it announced debt relief for African countries to a total of US\$1.27 billion and granted aid packages to several states. By making this gesture towards African states, China put itself on equal terms with the West regarding to operations in Africa [1].

### 3.3. Sino-Africa Trade Relations

The trade relation between China and Africa is getting better day in and day out. Available data from Information Office of the State Council, Beijing 2003 reports that “the China-Africa trade development has maintained comparatively rapid momentum”. China has become Africa top most trade partner all the way in 2009 and this has expanded the scope of trading activities [21]. Statistically, in 2012, the total volume of China-Africa trade reached US\$198.49 billion, a year-on-year growth of 19.3%. Of this, US\$85.319 billion consisted of China's exports to Africa, up 16.7%, and US\$113.171 billion was contributed by China's imports from Africa, up 21.4%. The quantum of their trade activities has exponentially shot up to unimaginable levels, [13].

**Table 2.** Major Developmental Chinese Aid to Africa

| Country                            | Types of Aid Program                                                                                           |
|------------------------------------|----------------------------------------------------------------------------------------------------------------|
| Angola                             | Debt relief, US\$2 billion loan                                                                                |
| Benin                              | Stadium, government office building, conference center, hospitals                                              |
| Burundi                            | Textile mill, hydroelectric power stations, highways                                                           |
| Cameroon                           | Conference buildings, hydroelectric power stations, hospitals                                                  |
| Cape Verde                         | Government office building, conference hall                                                                    |
| Central African Republic           | Agricultural technological station, radio station, training center, clinics                                    |
| Congo (Brazzaville)                | Stadium, hydroelectric power station, broadcasting station, hospital, factory                                  |
| Democratic Republic of Congo (DRC) | Stadium, trade center, people's palace, factories                                                              |
| Comoros                            | Government office building, water supply project, people's palace                                              |
| Djibouti                           | Stadium, government office building, people's palace, housing project                                          |
| Eritrea                            | Humanitarian assistance, hospital                                                                              |
| Equatorial Guinea                  | Hydroelectric power station, radio station, highways                                                           |
| Ethiopia                           | Highway, veterinary center, power station, water supply project                                                |
| Gabon                              | Healthcare center, primary school, assembly building                                                           |
| Gambia                             | Stadium, hostel, health centers                                                                                |
| Ghana                              | National theatre, irrigation project, vocational training center, hospital                                     |
| Guinea                             | People's palace, hydroelectric power station, cinema, presidential palace                                      |
| Guinea Bissau                      | Housing project, power-generating equipment, technical cooperation                                             |
| Ivory Coast                        | Theatre, water conservation project                                                                            |
| Lesotho                            | Vegetable planting, convention center, industrial park                                                         |
| Liberia                            | Sugar mill, rice project, sports stadium, hospital renovation, office building                                 |
| Mali                               | Stadium, conference building, textile mill, sugar refinery, leather-processing factory, pharmacy               |
| Mauritius                          | Stadium, bridges, airport terminal building                                                                    |
| Mozambique                         | Textile mill, passenger cargo vessel, water supply project, shoe factory, parliament building, housing project |
| Namibia                            | Water supply project, civil housing project                                                                    |
| Niger                              | Stadium, water supply project, textile mills, housing project                                                  |
| Nigeria                            | Railway upgrade                                                                                                |
| Rwanda                             | highway, cement factory, veterinary school                                                                     |
| Senegal                            | Stadium, water conservation project                                                                            |
| Seychelles                         | Swimming pool, housing projects, schools                                                                       |
| Sierra Leone                       | Road bridges, stadium, sugar complex, office building, hydroelectric power station, civil housing              |
| Somalia                            | Medical teams, medicines, disaster-relief materials                                                            |
| Tanzania                           | Tanzania-Zambia railway, textile mill, rice project, sugar factory, coal mine                                  |
| Togo                               | Conference building, sugar refinery, stadium, hospital, irrigation project                                     |
| Uganda                             | Stadium, rice projects, factories,                                                                             |
| Zambia                             | Tanzania-Zambia railway, roads, factories, textile mill, water supply project                                  |
| Zimbabwe                           | Stadium, hospitals, dams, factories                                                                            |

Source: <http://www.fimprc.gov.cn/eng/wjb/zzjg/fzs/default.htm> (20 March 2006)

Furthermore, from 2000 to 2012, the quantity of trade between China and Africa with regards to China's foreign trade amounts rose from 2.23% to 5.13% and this entails China's imports from Africa up from 2.47% to 6.23%, and that of China's exports to Africa from 2.02% to 4.16% [19]. From the viewpoint of Africa trade volumes, the changes are even more remarkable. From 2000 to 2012, the proportion of China-Africa trade volume as a part of Africa's total foreign trade volume increased from 3.82% to 16.13%: the proportion contributed by Africa's exports to China up from 3.76% to 18.07%, and that by Africa's imports from China from 3.88% to 14.11% [13].

With the diverse consumption pattern of Africa, most of the goods exported from China are of fine quality and they meet all category of social strata in Africa [25]. As the consumption of goods from China increases so is Chinese technical support to Africa. In 2012, the proportion of mechanical and electrical products as part of China's total commodity exports to Africa reached 45.9% [25]. However, there is an overall perception in Africa that China goods are of less quality. This concern has led China to putting in a lot of measures to check their goods sent to Africa before shipping them. Some of these measures include, prior-to-shipment quality examinations for industrial products that were to be exported to Africa, [13].

These measures helped guarantee the quality of Chinese commodities exported to Africa. To further add, import from Africa to China has gained notable increase [23]. Most of the products imported include crude oil and agricultural goods. Due to the trade relationship between these two partners, African exporters have been able to get access to stable markets as well price increase. Furthermore, China implemented its trade tariffs exemption as well as public display of African products as a way of expanding the African markets [13]. In January 2012, the 30 least developed African countries that have established diplomatic relations with China have been granted zero-tariff treatment for 60% of their exported items. By the end of 2012, 22 of them had seen 910 million yuan worth of tariff exempted, involving US\$1.49 billion-worth of goods. In May 2011, an African Products Exhibition Center opened in Yiwu City, Zhejiang Province. By reducing operation expenditures and other supportive policies, the Exhibition Center has attracted over 2,000 salable commodity items from more than 20 African countries [13].

The China-Africa bilateral trade agreements is further said to undergo more improvements due to measures taken by China to consolidate the relations [14]. It should be noted that, these measures are of benefit to each party and conditions are healthy. What are these measures? These include implementing the "Special Plan on Trade with Africa," which will expand the scope of zero tariff treatment for African products exported to China and increase China's imports from Africa, and improving the brand building, marketing channels and quality of China's commodities exported to Africa. In addition, China will help African

countries improve their customs and commodity inspection facilities by mobilizing aid for trade, provide support for African countries to promote trade facilitation, and push forward trade development within Africa, [13].

#### 4. U.S.-Africa Relations

Not to mention the extensive history of U.S.-Africa trade, which is solely based on crude and oil, the most recent U.S. initiative to strengthen the bonds comes under The African Growth and Opportunity Act (AGOA), which was recently extended in 2015 until 2025 [26]. AGOA gives an upper hand to African products in U.S. markets, and provides duty-free entry for 6,400 products from 38 African countries.

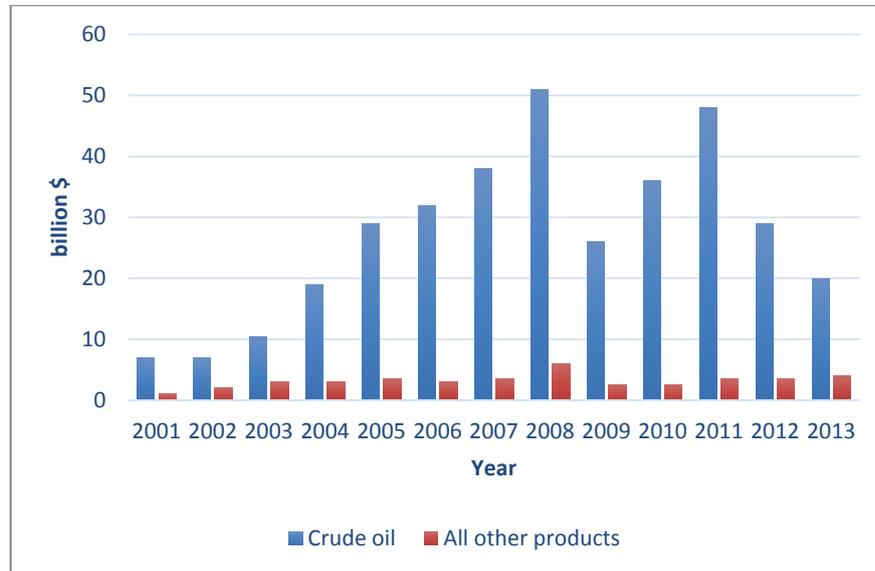
From 2001 to 2013, AGOA exports experienced a steady rise from \$7.6 billion to \$24.8 billion and fell to \$11.6 billion in 2014 due to fall in oil exports from Africa to the U.S [27]. Joshua Melzer of Brookings Institution claims that AGOA helps small business in aligning to the world economy [19]. Companies like Old Navy and Target source goods from Africa due to low import tariffs. The United States also uses AGOA in achieving its goals, such as promoting democracy and encouraging market reforms. It is chasing these goals by providing the following conditions to countries, to be eligible in AGOA [19].

- a. The country must model the U.S. market-based economy, rule of law and protection of worker's rights.
- b. The country must not be engaged in "gross" violations of human rights.
- c. The country must not be engaged in any action that undermines U.S national security.

According to Brookings report, countries that are eligible to trade with U.S. under AGOA are engaged in many economic changes that are enhancing their ability to develop and strengthen their relationship with the U.S. As a result, the World Bank in 2015 reported that African countries are gaining grounds in easing business engagement [25], while a Freedom House report also reported that African countries are credited with significant freedom gains over the last five years [21].

Important details to observe is the structure of U.S.-Africa trade. 90% of the trade is controlled by petroleum exports.

Figure 3 shows U.S.-Africa trade volume (in Billions \$). Exports of crude oil have gradually decreased since 2011, which is mainly due to U.S. rise of oil production. Observing the graph above, the weakness of non-oil exports from Africa to U.S is likely going to reduce significantly, which is directly proportional to the economic relationship. Export of crude to United States experienced a climbing trend since 2001 from around \$1 billion, climaxing at around \$5 billion in 2008 at the edge of the global financial crises. All other products that include agriculture and manufacturing are minimal compared to oil exports, which clearly shows that U.S. trade with African nations is primarily based on oil.



Source: United States International Trade Commission (USITC) DataWeb/USDOC

Figure 3. United States-Africa trade volume from 2001 to 2013

The United States is still optimistic about growing trade with Africa, particularly agricultural products. The goals of this aim are to enhance employment opportunities of women and reduce poverty [26]. It is also viewed as a strategic measure for reducing the spiraling number of unemployed youth in Africa. Less of a priority is the growing trade relations in manufactured products and services, which the U.S. cites limited access to the Internet as a challenge. It is pointed out establishing institutions that can focus on digital trade, as well as providing rules and regulations for online trading will increase access of African produced goods and services to the world markets [26].

However, it should be mentioned that the global trading atmosphere is changing, with the most recently concluded Trans Pacific Partnership agreement (TPP) displaying a large agreement of countries that represent 40% of world GDP [21]. Also, the European Union and U.S are also negotiating the Transatlantic Trade and Investment Partnership which comprises of 60% global GDP, while Associations of Southeast Asian Nations and other strong economies are also negotiating the Regional Comprehensive Economic Partnership agreement [22]. The whole continent of Africa is not part of these large negotiations, which clearly means that it cannot benefit from the rewards of global trade negotiations [22].

#### 4.1. U.S.-Africa Diplomatic Relations

According to a 2012 speech by United States President Barack Obama, the United States will work on enhancing democratic rule by making institutions strong, which will be based on the aspirations of Africans for a more open and accountable governance, encouraging rule of law, human rights and challenging leaders that interfere with democratic processes [26]. The U.S. claims that democracy in Africa is important to its interests, therefore it will work on the following missions:

- Promoting accountable, responsive and transparent leadership by enlarging efforts and supporting institutions of government. As a result, rule of law, good governance practices and power check will be promoted.
- Supporting democratic activist and young Africans who identify with United States' philosophies and ideas of leadership and rule of law [26].

#### 4.2. U.S.-Africa Security Relations

America has been involved with African security for decades. Presently, it is practically involved in countering al-Qaida and other terrorist organizations in Africa, preventing international criminal actions as well as preventing conflict, and mitigating mass atrocities [26]. In addition, the U.S. plans to continue deepening security partnership with African nation by building relationships that will enhance African military capacities using cheap operations. By working on establishing civil societies and institutions that improves the ability to respond to security situations, America aims to continue project its ever active military power and security capabilities to African countries and nations around the world [26].

### 5. Analysis & Recommendations

The researched information depicts a very complicated, and not yet well understood foreign relations policy between U.S and China, China and Africa, and Africa and U.S. However, what must be mentioned are the several factors that contribute to this intertwined relationship and America's recent complains. While Chinese diplomacy, trading policies, strength and global strategies continue to evolve, it is certain that China's world-views are not similar to the United States. Therefore, China's strategic reasoning might not be clear to the West, and vice-versa. However, the following

observations make the current situation clearer.

### 5.1. China's Policy of Non-Interference

China has invested an effort to sustain a policy of not interfering in the domestic affairs of African countries, since former Chinese leader President Jiang Ze Min restarted China's relationship with African countries in 1996 [8]. The policy might also be a strategy to take a different direction from the United States direct interference into domestic affairs of African countries, as both nation compete for global influence. Brookings and Sun describes China as a country that uses foreign aid and developmental projects as practical diplomatic tools to enhance political alliance and economic ties, while the U.S attaches intended goods, harsh conditions and tough rules to development enhancing projects [20]. Also, the policy of noninterference has allowed China to sell weapons to controversial states like Sudan and Zimbabwe, which can find purchasing weapons challenging. This certainly is a profitable venture for Beijing.

However, it should be mentioned that this policy is changing lately, with Beijing abandoning the stance when it pressurized Sudan to allow deployment of UN forces in 2007, during the uprisings in Darfur. In addition, as the conflict continued and South Sudan was created, several envoys include Zhong Jianhua visited the nation to mediate creating a diplomatic solution for a bitter civil war. Later, the Asian country sent a Chinese infantry battalion to the contested region, which is a first in Chinese history. Also, China contributed troops to ease tensions in Mali early 2015, but refused to take part of overthrowing Muammar Qaddafi of Libya in 2011. It is obvious that China is abandoning its policy of not interfering in the domestic affairs of other countries, but as of now, the policy had helped the PRC establish itself in Africa profitably.

### 5.2. Economic Growth in Africa

Without a doubt, Chinese investment in Africa has inspired unswerving economic growth. The International Monetary Fund in October 2011 estimated that China contributes in a growth of 5.3% to 5.8% annually [23]. Yes, western analysts say that China's push in Africa are future investments for building goodwill for future investments, or gathering support for sensitive political issues in the United Nations and other global scenes [21].

### 5.3. China's Challenges in Africa

Despite the success, it is obvious that China is facing an uphill battle for its presence in Africa. China has a weak consular security, and controlled military overseas, which makes it clear that Beijing doesn't have the ability to physically protect its citizens and interests in Africa. It is true that the nature of some Chinese investments have damaged China's international reputation and undermined achievements, but yet have contributed much needed revenue and infrastructures to many African countries.

Several experts predict that the isolating nature of Chinese businesses in Africa will have negative consequences in the future [22].

With investments summing up to over \$22 billion and over 1 million Chinese living in African nations, there is a significant risk in tackling important security issues that can threaten Chinese nationals and investments. In addition, there is a certain risk that China is confronting by making investments that can challenge the western ideas of democracy in Africa. Controversial countries that the West usually avoids such as Sudan, Zimbabwe and Congo are favorable diplomatic and economic destinations for China. Yes, economic experts believe that Chinese investments will continue to reshape itself and most likely end up being similar to Western investments [22].

### 5.4. What U.S. can Do

China's confident political, trade, diplomatic, military and energy interest in Africa is a significant challenge to U.S and European effort that encourages their model of peace, prosperity and trade in African countries. Brookes and Shin of Brookings recommend that the United States should develop a coordinated and comprehensive strategy that compliments available resources to engage African nations in tackling illiberal forces that challenge development [20]. The writers also mention that the U.S. should increase diplomatic presence in Africa, using bilateral development assistance funds, and humanitarian aid to African countries. To improve the effects of these measures, extensive public diplomacy missions should be embarked on to publicize U.S assistance efforts in Africa, so as to aid change the universal African view that the United States doesn't care much for the continent.

Encouraging human rights, democratic principles and good governors is another measure that the U.S. is considering as a neutralizer of Chinese influence in Africa [20]. The aim is to make a consistent effort to interfere in the behaviors of what it calls repressive African governments, and aid young democracies development institutional roots for an open, free, stable and prosperous countries in the continent. With regards to trade, America is asked by experts to increase trade and economic relations by continue lowering trade barriers for products exporter from African nations if they are contributing towards enhancing rule of law, governance, improving human rights, creating market-based economies and lowering restrictions to U.S. trade and investments [19].

An area that the U.S. criticizes China's relations with Africa is energy, therefore it is asked to pressure African countries to open their oil and gas systems to foreign investments and remove regulatory barriers that prevent the economic development of those natural resources. Lastly, the U.S. is called on to improve security engagement by providing military education, and trainings for counterterrorism and peacekeeping operations [21].

### 5.5. What Africa can Do

Policy makers in African countries need operational policies to maximize the current opportunity; which is competition between U.S. and China [25]. Currently, those policies are absent and there are no initiatives to craft them. A lot of experts point that, if African nations can prioritize and be more direct in their demands while engaging with U.S. and China, the comparative advantages of the two powers can be exploited. China is known for speed in project delivery, while the United States possess superior technology for oil and gas exploitation, and transfer of science and technology skills. One of the most important areas that African nations could benefit from U.S.-China competition is knowledge transfer.

As African population escalates, skills and employment gap widens by the minute, both U.S. and China should invest in skills and jobs in Africa to curb a potential future problem that will challenge their interests. Other measures African countries can take is emulating China's experience with foreign direct investment, and how China places high requirements for overseas companies in order to transfer knowledge and technologies, as well as strict limitations on visas for foreign employees in China. As a result, this measure has forced foreign companies to train local employees. This model will be attractive to unemployed Africans, which in turn will spur much needed jobs and development.

## 6. Limitations and Suggestions for Future Research

The challenges this paper faces are the current fluctuation of oil prices and exchange rates, which are significantly influencing global trade. Also the security environment is dynamic due to terrorism, piracy, rebellions and poverty. The aforementioned issues which change daily do have influence in policy making for governments, and it is likely that future changes will affect international relationships. For these reasons, here are some recommendations for future research:

- An observation of the changing world political atmosphere, and the influence to trade relations between U.S. and Africa, China and Africa and U.S. and China.
- Researchers should examine the future trends of oil prices, and the implications on global economic relations, focusing on Africa.
- An examination of effectiveness of U.S. policies against Chinese policies that directly influence security and development in Africa.

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