

DaMina Advisors BRIC-Africa Analytical Note: China subtly shifting its Africa foreign policy in pro-western direction... By Corinna Bordewieck, (DaMina Research Fellow)

Recent events in north and sub-Saharan Africa have provided circumstances through which China has revealed a major, yet subtle shift in its foreign policy towards Africa. In line with predictions by US politicians who supported China's 1990s accession to the World Trade Organization (WTO), as China's economy becomes more integrated into the global economic system, the world's most populous nation is beginning to also demonstrate both greater convergence with international consensus on geostrategic issues, and modification of its "non-interference" foreign policy in at least one region -- Africa. A closer study of recent Chinese policy Libya, Sudan/South Sudan, and Somalia illustrate the change in China's approach.

China has always maintained its policy of "non-interference" as the bedrock of its foreign policy architecture. Despite loud protests by human rights groups and others, China has largely resolutely maintained its longstanding neutrality in the political affairs of most nations outside its immediate regional perimeter. In its historic January 2006 white paper titled "China's Africa Policy," the Central Government characterized its relations with African countries as "strategic partnership[s]" of "political equality and mutual trust," and "economic win-win cooperation." The white paper goes on to describe "mutual benefit" and "mutual support" among the general principles and objectives of the policy. It also underlines the one-China principle (i.e., non-recognition of Taiwan) as a fundamental aspect of its Africa relations, and states the Chinese Government's "appreciation" that most African nations "refuse to have official relations and contacts with Taiwan." The paper also declares that China stands for "mutual support on major issues concerning state sovereignty [and] territorial integrity," again a reference to Taiwan, and China's problems with secessionist sentiment in Tibet and Xinjiang. It adds that non-interference in other nations' internal affairs is a basic principle of the Communist Party of China (CPC). (The Central Government also published a white paper in December 2010 on "China-Africa Economic and Trade Cooperation.")

Therefore, it is quite surprising that China declined to use its permanent UN Security Council seat to veto UNSC Resolution 1973 which authorized NATO action in Libya. China's abstention allowed for passage of the Resolution, which called for a no-fly zone and authorized UN member states "to take all necessary measures" to protect civilians in Libya, opening the door for the NATO campaign in support of the rebels to topple Libyan leader Muammar Gadhafi.

Even more startling was China's June 22 dubbing of Libya's rebels as "dialogue partners." Although China has fallen short of recognizing the Benghazi's rebel National Transitional Council (NTC), it engaged the NTC as it encouraged dialogue between the Gadhafi regime and the rebels. Also in June, Chinese Foreign Minister Yang Jiechi and NTC diplomatic chief Mahmoud Jibril met in Beijing, and

China's diplomatic corps in Egypt made frequent visits to the rebels' base in eastern Libya. In addition to skirting quite close to violating its principles of non-interference, particularly in issues of sovereignty, China's stance is all the more surprising considering the mainly pre-emptive crackdowns in the PRC that followed the onset of the Arab Spring. Following the rebel takeover of Tripoli, Beijing's Foreign Ministry called on August 24 for a "stable transition of power" in Libya, and even referred to the NTC as "the future new government" (although again falling short of formal recognition).

However, Chinese diplomatic visits to Benghazi focused not only on the humanitarian crisis facing Libyan civilians, but also Chinese business interests and oil deals. China's stance then seems to be a pragmatic move to secure good relations with whoever emerges to lead the major oil-producing nation. Although prior to the revolution, China was the third-largest buyer of Libyan oil, Libya supplied just 3% of China's total imports. China however had been seeking to expand its production in Libya. Libya is also currently producing at approximately 3% of its pre-war capacity, meaning that even the comparatively small amount it supplied to China has been halted. Depending on the country's security situation and stability after the recent rebel victory, it may take more than a year to resume full production.

But despite demonstrating a major departure from its usual policies, China's overtures may not have been sufficient: this was illustrated most vividly on August 23 by the exchange between China's Ministry of Commerce and information manager Abdeljalil Mayouf at Libya's Arabian Gulf Oil Company (AGOCO). Mayouf warned that China (and Russia)'s contracts with AGOCO (now in rebel hands) may be revoked because neither unequivocally supported the NTC.

Another interesting case is China's readiness to recognize South Sudan upon its July 9 independence day, despite its long relationship with Khartoum. Although Sudan (Khartoum)'s official stance was in support of both the secession referendum and secession itself, violence has continued in several states along the new (and not clearly demarcated) border, including in oil-producing regions. Reports of mass graves are also beginning to emerge. Tensions have arisen over other issues, such as South Sudan's new currency, Sudan's stripping Sudanese of "Southern origin" of their northern citizenship and public service posts, and spats over oil transport fees. China is therefore trying to align itself with two mortal enemies, for whom secession has not ended decades of acrimony. This has culminated in high-level meetings with both South and northern Sudanese dignitaries (including northern President Omar al-Bashir himself) leading up to and after Juba's independence. Again, China's interests are key: China has enjoyed first-mover advantage by being one of the few nations to engage with al-Bashir's regime, but sanctions imposed against Khartoum do not apply to South Sudan, from where more than 70% of its crude comes. Other oil companies (as well as construction companies and other businesses), are set to pounce on this newly-liberated market. The United States has also pledged to lift sanctions against Sudan contingent on a tenable solution to the crisis in Darfur. Whether or not South Sudan plans to go through with building an oil pipeline to the Kenyan port of Lamu, China certainly sees the advantage of brokering good relations with the two nations.

Finally, less critical but nonetheless interesting, are the activities in Somalia of Hong Kong-based petroleum company PetroTrans. PetroTrans has been negotiating directly with the Somaliland

government, representing a northern portion of the country which declared independence from Mogadishu in 1991 following the ouster of President Siad Barre. On August 19, 2011, PetroTrans signed an agreement with President Ahmed Mohamed Silanyo's government, for the redevelopment of the deep-sea Berbera Port on the Gulf of Aden, as well as construction of a petroleum refinery and roads. PetroTrans is privately owned and not representative of China's government; it is nevertheless interesting to note that a company with offices in mainland China is doing business with a secessionist government.

These examples are evidence of tectonic shifts in China's foreign policy, but evidence of its wider goal to advance its "soft power," or intangible influence on the world stage and in Africa in particular. Convergence with the international community's positions toward Libya and South Sudan, albeit with some blunders, may demonstrate that China sees itself as stronger and better off as responsible stakeholder in international system than as a challenger to the current world geopolitical order.

Some implications of shift:

- ✓ Authoritarian African regimes in Uganda, Zimbabwe, Gambia and elsewhere may not be able to safely rely on China's UN Security veto in the future to shield them from punitive western diplomatic measures
- ✓ China, like the western powers who colonized Africa before it, will gradually become embroiled in the continent's myriad political conflicts
- ✓ Pro-Chinese (anti-Western) sentiments among Africa's intellectual class will ebb
- ✓ Preferential treatment countries like the Republic of Congo, Liberia and others have given to China could be temporized as the rising global power becomes seen 'not one of us, but one of them'
- ✓ Overall competitive edge by Chinese companies in Africa (often aided by Chinese foreign policy goals) may decline
- ✓ China, which has steadfastly refused to employ media, political risk or PR consultants in Africa may begin to do so as its assets and citizens, like Western ones, become targets of attacks in volatile countries such as Sudan and Somalia, etc
- ✓ China's overseas military expenditures in Africa, which are currently negligible, will likely rise to meet the new threats to Chinese economic interests in the region

For more detailed Africa political and regulatory risk analyses please contact:

Sebastian Spio-Garbrah
Managing Director & Chief Analyst, African Frontier Markets
sebastian@daminaadvisors.com
Tel: +1 201 936 9671

Nicole Elise Kearse Esq.
Deputy Managing Director, Head of Transactional & Cross Border Risks
nicole@daminaadvisors.com

Tel: +44 7415 131102

Oswald Felli
Director, Security Risk Assessments
oswald@daminaadvisors.com
Tel +233 27 3590 449

James Perry
Director, Client Services
James@daminaadvisors.com
Tel: +44 751 780 7077

EUROPE
16 Hanover Square
Mayfair, London
UK, W1S 1HT

AFRICA
10 Abokobi Road
East Cantonments, Accra
Ghana, West Africa

AMERICAS
100 Church Street,
8th Fl New York,
NY, 10007 US

ASIA
P.O Box 94 98
Dubai
UAE