Forum on China-Africa Cooperation: Development and Prospects

By HUANG Meibo and Ql Xie
Xiamen University, China

The Forum on China-Africa Cooperation (FOCAC) has been established for 12 years. In July this year, the Fifth Ministerial Conference will be held in Beijing. The cooperation mechanism of the Forum is getting more sophisticated, with its role and influence increasingly prominent after 12 years' development. It has effectively promoted Sino-African relations to a comprehensive, thorough and rapid development phase. Before the start of the Fifth Ministerial Conference, it is necessary to review the commitments of the first four Conferences, examine their impact on economic and trade relations between China and Africa and look into the future prospects of FOCAC.

1. The Development Process of FOCAC

China and Africa enjoy a long history of friendly exchanges. After the founding of China, the establishment of Sino-Egyptian diplomatic relations in 1965 served as a prelude to official friendly diplomatic relations between Africa and China. At present, China has established diplomatic relations with 50 African countries. The two sides respect and support each other on the basis of Five Principles of Peaceful Coexistence and the Eight Principles of China's Foreign Aid.

At the turn of the century the international situation is undergoing complicated and profound changes, with uncertainties affecting world peace and development still increasing. The United States has dominated the world and the external interference of the major developed countries goes unabated. As a result, developing countries face a serious threat of foreign interference. Furthermore, irrational international economic and trade rules bring great harm to African countries that depend heavily on agro-mineral exports. African economies are becoming increasingly marginalized, with social development facing serious impoverishment. In this international situation, both Africa-a continent with the greatest concentration of developing countries - and China, the largest developing country in the world, are facing the common tasks of gaining long-term stability, developing the national economy and improving people's living standards.

"Some African countries point out that the Sino-African relations be adapted to the changes of the international situation."

Some African countries point out that the Sino-African relations be adapted to the changes of the international situation. China and Africa should establish such large-scale and high-level contact mechanisms to strengthen consultation and exchanges through collective dialogue on peace and development issues of common concern. Similar such mechanisms are evident in the African Growth and Opportunity Act between United States and Africa, the France-Africa Summit, the Tokyo International Conference on African Development and the Africa-EU Summit. China holds that it is perfectly placed and has the need to explore new ideas and build a new framework for the development of Sino-African relations in the new century. In October 1999, Chinese President Jiang Zemin sent a letter to the related heads of African states and Salim, the General Secretary of the Organization of African Unity, formally issuing the initiative to convene a conference, which received positive responses from most African countries. FOCAC has gone through 12 years since the First Ministerial Conference on October 10-12 2000. The forum was warmly welcomed by African leaders, with the number of participants increasing from 44 in the first conference to 49 in the fourth. Each conference set up specific cooperation programs and plans for future action, obtaining tangible results (Table 1).
### Table 1 Overview of All Previous FOCAC

<table>
<thead>
<tr>
<th>Time</th>
<th>Location / Number of Participant Countries</th>
<th>Conference Name</th>
<th>Achievement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Oct.10-12, 2000</td>
<td>Beijing, China / 44</td>
<td>The 1st Ministerial Conference</td>
<td>&lt;Beijing Declaration of the Forum on China-Africa Cooperation&gt;, &lt;Programme for China-Africa Cooperation in Economic and Social Development &gt;</td>
</tr>
</tbody>
</table>

**Source:** Forum on China-Africa Cooperation, http://www.focac.org/chn/.

"Chinese leaders have made a variety of concessions and commitments in terms of aid, trade, investment and in other fields"

### 2. The Main Commitment of FOCAC

To promote economic development of African countries and strengthen bilateral cooperation, Chinese leaders have made a variety of concessions and commitments in terms of aid, trade, investment and in other fields which favor African countries involved in the previous FOCAC meetings (Table 2).

With regard to foreign aid, the Chinese government provided help within its greatest capacity possible and tried to meet different needs of African countries by expanding the scale of foreign assistance, providing preferential loans and debt relief, assisting infrastructure building, carrying out agricultural technology cooperation, promoting education and human resource development, offering medical health and volunteer services. In the area of trade, the Chinese government provided zero-tariff treatment, export buyer's credit, as well as tourism promotion measures to extend the scale of China-Africa trade. In the investment arena, the Chinese government encouraged enterprises to invest in Africa through the establishment of ‘Special Funds of Joint Venture’, the ‘China-Africa Development Fund’ and ‘Special Loans of SME Development in Africa’, as well as Overseas Economic and Trade Cooperation Zone etc. In addition, the Chinese government also provided practical help in scientific and technological cooperation, cultural exchanges and other fields to improve people's living standards in Africa through a variety of channels and angles.
Table 2 Main Commitments of FOCAC

<table>
<thead>
<tr>
<th>A. Commitments on Aid</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Scale of Foreign Aid</strong></td>
</tr>
</tbody>
</table>
| • 2000: continue to provide a variety of assistance within capacity to African countries and gradually expand the scale of assistance as China's economy develops and overall national power strengthens;  
• 2006: double aid to Africa in 2009 (2006 as benchmark year); |
| **Preferential Loans** |
| • 2006: provide US$ 3 billion as preferential loans within 3 years;  
• 2009: provide US$ 10 billion as concessional loans; |
| **Debt Relief** |
| • 2000: debt relief of 10 billion in the next two years to the Heavily Indebted Poor Countries (HIPC) and Least Developed Countries (LDC) in Africa to RMB;  
• 2006: cancel government interest-free loan getting mature in 2005 to all HIPC and LDCs with diplomatic relation with China;  
• 2009: cancel government interest-free loan getting mature yet still in 2005 to all HIPC and LDCs with diplomatic relation with China; |
| **Infrastructure Building** |
| • 2006: help build the African Union Conference Center and 100 rural schools;  
• 2009: build 50 friendship schools and 100 clean energy projects of solar energy, biogas, small hydropower; |
| **Agricultural Cooperation** |
| • 2006: send 100 senior agricultural experts and establish 10 special agricultural technology demonstration centers within three years;  
• 2009: to further strengthen agricultural cooperation, expand the number of agricultural technology demonstration center to 20, send 50 agricultural technology groups and train 2000 agricultural technicians; |
| **Education and Human Resource Development** |
| • 2000: establish the African Human Resources Development Fund, gradually expand the size and train all kinds of professionals;  
• 2003: increase 33% of the funding of African Human Resources Development Fund in 2004-06 and train up to 10,000 personnel in various fields;  
• 2006: train 15,000 African professional, increase the number of scholarships for African students from 2,000 to 4,000 per year;  
• 2009: train 1,500 principals and teachers and 20,000 personnel in various fields; increase government scholarships to Africa to 5500 within three years; launch China-Africa Science and Technology Partnership, carry out 100 joint demonstration projects on science and technology and receive 100 African post-doctoral fellows; |
| **Medical Health** |
| • 2006: build 30 hospitals, provide RMB 300 million as free aid for prevention and treatment of malaria by way of providing artemisinin and building 30 anti-malaria centers;  
• 2009: build 30 hospitals and 30 malaria prevention and treatment centers, provide RMB 500 million for medical equipment and anti-malarial supplies and train 3000 health care workers; |
| **Volunteer Services** |
| • 2006: dispatch 300 youth volunteers within three years. |
B. Commitments on Trade

| Zero-tariff Treatment | 2003: grant tariff-free access to some commodities from LDCs, start negotiations in 2004 with relevant countries on the list of zero-tariff products;  
| | 2006: extend the number of zero-tariff items from 190 to more than 440;  
| | 2009: gradually grant zero-tariff treatment for 95% of products from Africa's LDCs with diplomatic relations with China and exempt tariff for 60% of products in 2010;  
| Export Buyer's Credit | 2006: US$ 2 billion as preferential export buyer's credit;  
| Tourism Promotion Measures | 2003: to expand cooperation in tourism, grant Tour Destination Status to Mauritius, Zimbabwe, Tanzania, Kenya, Ethiopia, Seychelles, Tunisia, Zambia for Chinese citizens  

C. Commitments on Investment

| Investment Promotion Measures | 2000: establish Special Funds of Joint Venture to support and encourage strong and reputable Chinese enterprises to invest in Africa to promote local economic development;  
| | 2006: set up China-Africa Development Fund, with its fund reaching US$ 5 billion capital;  
| | 2009: set up Special Loans for SME Investment in Africa, with the amount of US$ 1 billion;  
| Economic and Trade Cooperation Zone | 2006: build 3-5 Economic and Trade Cooperation Zone in African in the next three years.  

D. Other Commitments

| Scientific and Technological Cooperation | 2009: Expand cultural exchanges, implement the 'China-Africa Joint Research and Exchange Program', promote communication and cooperation between scholars and think-tanks to exchange development experience and provide intellectual support for the introduction of better cooperation policies, establish partnership to cope with climate change by holding consultations between senior officials from time to time and strengthening cooperation in satellite meteorological monitoring, development and utilization of new energy, desertification prevention and urban environmental protection etc.  
| Cultural Exchanges | 2003: hold such activities as 'China-Africa Youth Festival', international arts festival of 'Meet in Beijing' and the 'Chinese Culture in Africa'.to promote understanding between people of China and Africa, especially the young people  


3. The Main Outcomes of FOCAC

FOCAC is an important platform and effective mechanism for group dialogue and pragmatic cooperation between China and African countries. It is conducted in the spirit of equality, mutual benefit and common development. For the 12 years since its establishment, the Chinese government has accomplished the plans for each conference and effectively promoted the development of Sino-African relations. The Financial Times said that 'China has become a new driving force of the African economy'. In his speech at Beijing University on September 12th, 2007, Tanzanian former President Benjamin William Mkapa, pointed out that 'in more and more African countries, both the leaders and the people, have well realized that there is enormous potential in the China-Africa mutually beneficial and win-win economic partnership.'
(1) Significant Effectiveness of Assistance to Africa

China has increased assistance and expanded its amount of aid to friendly countries in Africa since 2000. By the end of 2009, China fully implemented the commitment of doubling the scale of assistance in 2006.5 China also fully implemented the commitment of providing US$ 3 billion in preferential loans in the third forum.6 On Oct. 23, 2011, the Ministry of Commerce pointed out that the US$ 10 billion concessional loans China has pledged at the fourth forum is divided into concessional loans and preferential export buyer's credit. Up until October 2011, China has provided US$ 4.439 billion to 13 African countries and signed preferential loan agreements with 19 countries. The total amount of these two kinds of loans is RMB 12.94 billion, benefitting communications, transport, energy, electricity, water, construction, aviation and other industries.7 China completed timely all the debt relief commitment made in the first, third, fourth FOCAC meetings. By the end of 2009, China had signed protocols on debt relief with 35 African countries, eliminating 312 matured debts, amounting to RMB 18.96 billion.8

In infrastructure, the African Union Conference Center, which China committed to build in 2006, was completed in Addis Ababa, the Ethiopian capital, on January 28, 2012. By the end of 2009 China finished more than 500 infrastructure projects, including the completion of railways of over 2000 km, more than 3000 kilometers of roads, 11 bridges, dozens of hydropower stations and ports.9 For the commitment of 100 clean energy projects in biogas, solar, small hydro and small well drilling water supply project, China has reached agreement with concerning African countries about the implementation plan of various projects and will implement them as soon as possible.

By the end of 2009 China had sent 104 senior agricultural experts to 33 African countries to help with agricultural development planning, technical guidance and training.10 By the end of 2009 China had sent 104 senior agricultural experts to 33 African countries to help with agricultural development planning, technical guidance and training. China cooperated with United Nations Food and Agriculture Organization, signed the ‘South-South Cooperation Tripartite Agreement’ with Mauritania, Ghana, Ethiopia, Gabon, Sierra Leone, Mali, Nigeria and other countries and sent more than 600 Chinese agricultural experts and technicians to the above-mentioned countries.10 The Ministry of Commerce pointed out in October 2011 that China has pledged to increase the number of agriculture demonstration centers to 20. In addition to the original 15 centers, China has decided to build five new centers in Malawi, Angola, the Democratic Republic of the Congo, Mali and Mauritania; project inspection has already been completed.11 By April 2012 China has sent 50 agricultural technology groups to 26 African countries, completing commitments made in the 4th conference.12

China increased capital to the ‘African Human Resources Development Fund’ in the 11th forum and set up a ‘coordination mechanism of inter-ministries in external human resources development cooperation’.13 By the end of 2009 China built 107 schools in Africa, provided government scholarship to 29,465 African students, with about 5000 scholarships annually. Up until June 2010, China trained more than 30,000 personnel, covering more than 20 areas such as economy, public administration, agriculture and animal husbandry, fisheries, health, science and technology, environmental
China committed to contribute US$ 1.5 million to the Personnel Training Program of the New Partnership Plan for Africa's Development. As committed, the US$ 1.5 million was appropriated to the assigned account by Africa at the end of October 2011.

By the end of 2009 China had built 54 hospitals, 30 malaria prevention and treatment centers and provided anti-malaria drugs worth about RMB200 million to 35 African countries. By October 2010, more than 1,000 Chinese medical teams have been sent to provide medical services in 41 African countries.

By the end of 2009 China sent 312 volunteers to Africa, providing volunteer service of Chinese language teaching, health, physical education, computer training and international rescue.

(2) Strong Growth of Sino-Africa Trade

China has offered zero-tariff treatment for some goods from African LDCs since 2005. By July 2010 the benefited goods has expanded to more than 4700 items. It will gradually cover 95% of goods listed in «Customs of the People's Republic of China Import and Export Tariffs». In addition, 28 African LDCs countries began to enjoy duty-free treatment for 60% of exports in July 2010 and January 2011. China also fully implemented the commitment to provide US$2 billion preferential export buyer’s credit to African countries.

"China has offered zero-tariff treatment for some goods from African LDCs since 2005. By July 2010 the benefited goods has expanded to more than 4700 items."

Since the establishment of FOCAC, bilateral trade has been growing vigorously. Trade volume exceeded US$ 10 billion in 2000 and reached US$ 39.75 billion in 2005, quadrupling in five years. Trade volume increased to US$ 107.2 billion in 2008, realizing ahead of time the target of US$ 100 set in 2010 at the Beijing summit between the leaders of China and Africa. Affected by the financial crisis, trade volume fell to US$ 91 billion in 2009 but rose to US$ 127.1 billion in 2010 (Figure 1).

Figure 1. Sino-Africa Trade Volume (2000-10) (Unit: million US$)

Since the establishment of FOCAC, bilateral trade has been growing vigorously. Trade volume exceeded US$ 10 billion in 2000 and reached US$ 39.75 billion in 2005, quadrupling in five years. Trade volume increased to US$ 107.2 billion in 2008, realizing ahead of time the target of US$ 100 set in 2010 at the Beijing summit between the leaders of China and Africa. Affected by the financial crisis, trade volume fell to US$ 91 billion in 2009 but rose to US$ 127.1 billion in 2010 (Figure 1).

China has actively promoted cooperation with African countries in tourism. In 2002 Egypt became the first African tourist destination for Chinese citizens who cover their own expenses. By the end of 2009, a total of 28 African countries and regions become African tourist destination for the Chinese citizens.
(3) Significant Increase in Investment

The Chinese government encourages strong and reliable Chinese enterprises to expand investment in Africa. On the one hand, China set up a variety of investment promotion funds to promote Chinese investment in Africa. The China-Africa Development Fund was established in 2006. By October 2011, the first phase of fund has invested US$ 716 million to 30 projects. At present, the second phase of the fund has started to raise another US$ 2 billion.21 China has set up Special Loans for SME Investment in Africa. By October 2011 the China Development Bank has signed 15 projects contracts worth US$400 million. The total loan granted amounted to US$6,783 million.22 On the other hand, the Chinese government set up 6 economic and trade cooperation zones in Zambia, Mauritius, Nigeria, Egypt and Ethiopia. In addition, China has signed bilateral promotion and protection investment agreements with 33 African countries and the avoidance of double taxation agreements with 11 countries, and established China-Africa Investment and Trade Promotion Center in 11 African countries.23

China’s investment grows rapidly in Africa. At the end of 2003 China’s direct investment stock was US$ 490 million and it increased to US$ 13.04 billion in 2010 (Figure 2), with an average annual growth rate of 61%.24 Meanwhile the fields of Chinese investment in Africa continue to broaden, involving mining, finance, manufacturing, construction, tourism, agriculture, forestry, animal husbandry and fishery (Figure 3).

Figure 2. China’s Direct Investment Stock in Africa (2003-10) (Unit: 10 thousand US$)


Figure 3 China’s Direct Investment in Africa by Industry (2009)

China-Africa Joint Research and Exchange Program was officially launched on March 30, 2010. Scholars from China-Africa Joint Research and Exchange Program held a meeting on December 9\(^9\). More than 30 African experts in 10 domestic academic institutions and universities attended the meeting. In addition the first China-African think-tank forum was held in Hangzhou and Jinhua, China, from October 27 to 29.\(^{25}\)

The international arts festival of ‘Meet in Beijing’ and the ‘Chinese culture in Africa’ event were successfully held in May and July 2004 respectively. The first and second ‘China-Africa Youth Festival’ was successfully held in August 2004 and August 2006 in China.\(^{26}\)

4. Prospects of China-Africa Cooperation

With the enhanced status of African countries, developed and emerging economies have more intense strategic competition in Africa. On the one hand, the Western powers stepped up their competition. Since 2007, the United States announced to extend the Africa Growth and Opportunity Act; EU held the second Europe-Africa Summit; Japan held the Fourth African Development Conference; and Russia thought of Africa policy as a long term strategy. On the other, emerging countries are also actively expanding its influence in Africa. After the Beijing Summit, a number of emerging countries have shown eagerness to establish an institutionalized platform for cooperation with Africa. South Korea - Africa Summit, South America - Africa Summit, India - Africa Summit and Turkey - Africa summit were held successively.\(^{27}\) In this context China should face up to the problems and challenges. In the next three years, it should strengthen cooperation in the following areas.

“With the enhanced status of African countries, developed and emerging economies have more intense strategic competition in Africa.”

(1) A Great Space left for Sino-Africa Trade and Investment

Firstly, bilateral trade as a whole is still at a low level. The proportion Sino-Africa trade in Africa trade volume is 1.78% in 2000 and 13.23% in 2010.\(^{28}\) while bilateral trade accounts for less than 5% of China’s trade volume over the same period.\(^{29}\) There is a big potential for China-Africa trade cooperation. The two sides should expand trade in areas like processing trade, service outsourcing, technology transfer, project contracting.

Secondly, according to the World Investment Report of 2010, foreign direct investment stocks in Africa were US$ 488.8 and 5540 billion in 2009 and 2010 respectively,\(^{30}\) while China’s direct investment stock in Africa were US$ 9.3 and 1 billion in the corresponding period.\(^{31}\) On the other hand, the proportion of Chinese investment in Africa in China’s foreign direct investment has never exceeded 3%.\(^{32}\) African leaders repeatedly pointed out during the FOCAC meetings that the Chinese government should encourage more Chinese enterprises to invest in Africa.\(^{33}\)

(2) Explore New Forms of Aid and Economic and Trade Cooperation

In the mid-1990s, the Chinese government began to diversify aid modality and attach importance to multilateral institutions. Under the framework of FOCAC, the Chinese government decided to donate US$ 30 million to Food and Agriculture Organization of the United Nations to establish a trust fund. Some African scholars suggested that China should adjust to cooperate with sub-regional organizations, such as West African community, and then the win-win cooperation would become more
prominent. At the same time, China can bundle aid, trade and investment together to widen channels of economic and trade cooperation.

(3) Continue to Strengthen Africa’s Infrastructure

Infrastructure construction has been the weak link and a major factor restricting commercial development in Africa. According to a report by the World Economic Forum, World Bank and the African Development Bank, African companies lost sales of up to 8% due to power shortages and the transport delay caused the loss of at least 3% of sales. Besides providing preferential loans, the Chinese government can consider setting aside some of the reserves to help more African countries in infrastructure.

(4) Broaden China-Africa Agricultural Cooperation

The African continent enjoys plenty of sunshine, abundant land and water resources. It has great agricultural resources. Once drawing on China’s agricultural intensification technology and experience and coupled with building water conservancy facilities, Africa can achieve food self-sufficiency. Chinese help in building agricultural technology demonstration centers, sending senior agricultural experts and teaching agricultural technology, to some extent, has enhanced the confidence of African countries in achieving food self-sufficiency.

The FOCAC has brought great benefits to African countries, but also exposed some problems in the implementation process, The FOCAC has brought great benefits to African countries, but also exposed some problems in the implementation process, including: (1) Insufficient estimations on changes of situation home and abroad, especially on economic difficulties in China, which makes it difficult for China to honor its promises and highlights the problem of making a dynamic balance between domestic demands and foreign commitments. (2) China’s Africa policy implementation involves a whole lot of departments; however, without a coordinating body under the State Council, it is difficult for the Ministry of Foreign Affairs alone to make an overall plan for all sides involved. What’s more, departments or officials of the parties involved in the forum operate on a temporary part-time basis, lacking the incentive to work with due diligence. Therefore the coordination capacity of the follow-up committee is still insufficient. (3) Although the central government places much importance on delivering its commitments, different governmental departments show different attitudes toward China-Africa cooperation, some attaching more importance to their self-interest than to the significance of China-Africa new strategic partnership and China’s Africa policies. (4) China still has weakness in its research on Africa and in publicizing it. (5) When pursuing the maximum profit of their own, some Chinese enterprises have inevitably come into friction with the local governments, causing such problems as management localization, environmental protection, inadequate employment of local labor, competition in the African textile industry, threat to African infant industries, poor quality of Chinese goods and social responsibility of Chinese companies etc.. (6) In the implementation of a project, it becomes more and more a challenging task to make a scientific verification on its establishment, to give an assessment after its completion, to evaluate the transparency of its fulfillment and to strengthen international cooperation. (7) There is still great potential to improve the role of the African Union and regional organizations. As an African diplomat pointed out; “At present, FOCAC has limited contribution in the integration of African countries. African integration is the main task of the African countries themselves. Only when the
African countries themselves authorize the relevant agenda can the FOCAC play more important role in this aspect. At present the Chinese government dominates the forum, with limited initiatives of African countries, which is due to the great number of African countries, regional differences among them and difficulties in intra-African co-ordination. 

Although confronted with many challenges and difficulties, the Chinese government has fulfilled its commitments made at FOCAC in the past 20 years, which has won appreciation from African leaders. The Fifth Ministerial Conference of the Forum on China-Africa Cooperation will surely continue to yield fruitful results, deepen mutually beneficial relationship and strike a brighter future.

**Bibliography / End Notes**

1. Currently only Swaziland, São Tomé and Príncipe, Burkina Faso, the Gambia have not to established diplomatic relations with China, Ministry of Foreign Affairs, http://www.fmprc.gov.cn/chn/pds/gjhdq/gj/.
2. The Organization of African Unity is the predecessor of the African Union.
HUANG Meibo (Ph.D in Economics) has been associated with the School of Economics, Xiamen University since 1991. She is now professor of economics and Director of the China Institute for International Development of Xiamen University. Ms Huang’s current research focuses on China’s foreign aid, regional economic integration and international monetary cooperation.

QI Xie, is a student of World Economics at the Department of International Economics and Trade, School of Economics, Xiamen University, China. Her current research focuses on the management of China’s foreign aid.