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THE CHINA MONITOR

Issue 4 | December 2013

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and challenges for Africa**



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Chinese Peacebuilding in Liberia as soft-power projection: perspectives from Monrovia*

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Abstract

This article describes Chinese peacebuilding efforts in Liberia and presents views expressed by Monrovia as assessment of projections of Chinese soft-power in post-conflict Liberia. Monrovia are overwhelmingly positive towards China, which is represented by Chinese construction companies who have been the mainstay of infrastructure rehabilitation in this small, West African state recovering

**Fieldwork for this article was carried out in Monrovia, Liberia between November 9 and November 30, 2009. The author would like to thank Julian Graef, Ian Taylor, Oliver Richmond and Patrick Tom from the Centre for Peace and Conflict Studies, School of International Relations, University of St. Andrews who worked with him during various stages of the fieldwork period and provided stimulating discussions. He also thanks the Monrovia interviewees for their time and hospitality.*

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from civil war. As a part of the Chinese practice of peacebuilding and central to its soft-power projection in Africa, we can tentatively regard the strategy of infrastructure-led aid and peacebuilding to have achieved its objectives.

Introduction

Beijing conducts its foreign policy, provides aid and participates in United Nations Peacekeeping Operations (UNPKOs) in order to promote its national interests. For Beijing, China's African policy has primarily been driven by the need to win diplomatic recognition and legitimacy against competitors, whether it was the Soviet Union, the United States or Taiwan (Brautigam, 2009:34). While Africa has never been nor will it ever become a top priority for China's economic, foreign or security interests, it has always served an important instrumental role -as allies providing political support- against US and Soviet competition (Kuo, 2012).

In competition with the Soviet Union, Beijing's African policy from the 1950's to the 1970s was to support liberation movements that were in competition with movements supported by the Soviet Union. In this regard, China supported liberation movements such as Mugabe's Zimbabwe African Nations Union, Algeria's National Liberation Front and Eduardo Mondlane's Mozambique Liberation Front (Shinn, 2008; Taylor, 1998, 2000). When Deng Xiaoping came to power in the late 1970s, he made the decision to change China's strategy from challenging the world order and promoting world revolution to focus on domestic economic growth. According to realist international relations terminology, China changed its posture from a revisionist to a status quo power. Driven by a desire to increase its comprehensive national strength and focusing on economic development, Beijing began to emphasize the principle of non-interference and respect for sovereignty. The promotion of the principle of non-interference served to promote a peaceful international environment whereby it can continue to grow economically.

At the onset of the second decade of the twenty-first century, both China's circumstance and the international environment have changed. China has evolved from an underdeveloped, isolationist and belligerent Maoist state to become the second

largest economy impatient for political influence and status commensurate to its economic bulk and historical greatness (see Deng, 2008). As China transitions from a third world country to a great power, a great deal of policy shifts and adjustments from China is being made. This is in response to both in its own grand strategic reassessment as well as in response to the growing expectations of the international community. Foremost and the most visible shift in Chinese collective security policy is in her increasing participation in UNPKOs in Africa. With the West turning its attention towards former Soviet states and the terrorist threat post- 9/11, African countries have increasingly turned to China to play a greater role as peace-maker (Sudan and South Sudan), peacekeeper and peace-builder.

A good deal of research has been published describing and analysing Beijing's evolving position on UNPKOs from one of distrust prior to the 1980s to one of reluctant acceptance in the 1990s to a fully participating member in the 2000s (Taylor-Fravel, 1996; Tzou, 1998; Gill and Reilly, 2000; Stahle, 2008; He 2007; Wu and Taylor, 2011; Zhao, 2011; Kuo, 2012; Aubyn, 2013). We now understand that the evolving Chinese attitude towards UNPKOs from the 1980s to the 2010s reflects China's evolving role from an aggrieved outsider to an accepted member of the international community. However, China is not simply being socialised into the western liberal OECD norms in aid, it has always followed its own practice of aid (Brautigam, 2009). In fact, alternative practices in aid and peacebuilding by BRICS countries have already begun challenge liberal OECD models of aid and peacebuilding (Chin and Quadir, 2013; Richmond and Tellidis, 2013).

Beijing has recognised the central importance of "soft-power" projection. At the Seventeenth National Congress of the Chinese Communist Party in 2007, the Communist Party of China recognised China's cultural soft-power (*GuojiaWenhuaRuanShili*; 国家文化软实力) as an important part of its comprehensive national strength (*ZhongheGuoli*; 综合国力) and an indicator of its international competitiveness. Subsequent to this, Wei of the Central Party School of the Communist Party of China argues that foreign aid in Africa in particular can be

a part of Chinese soft-power projection. She provides three reasons for this. First, it was useful in constructing a Chinese image as a peaceful, co-operative, win-win focused and responsible power. Second, it was useful in helping Africa and the world to understand China, Chinese policies and Chinese activities in Africa. Third, it would stimulate competition in aid to Africa with the resulting benefit for African development (Wei, 2011: 32-22).

In addition to literature in English and Chinese accounting for *why* China participates in aid and UNPKOs in Africa; case study based comparative research has begun to appear examining Chinese aid projects in Rwanda (Grimm et al, 2010), DR Congo (Pollet et al, 2011) and Ethiopia (Hackenesch, 2013). In addition, multi-country surveys of civil society attitudes towards China and Chinese presence in Africa has appeared (Vaes and Huysse, 2013). However, little is known about *how* China participates in comprehensive peacebuilding and even less is known about *how* locals in post-conflict contexts in Africa perceive Chinese contributions. In other words, given China is interested in projecting soft-power and presenting a peaceful rising image of itself in Africa, how effective has this been? Is the Chinese approach to peacebuilding an alternative to the liberal peace? Is China, so to speak, "winning hearts and minds" of the locals in a post-conflict setting?

Sino-Liberian relations and the Chinese participation in the United Nations Mission in Liberia (UNMIL)

Liberia established diplomatic relations with the People's Republic of China on 17 February 1977. When Samuel Doe announced that Liberia was establishing relations with Taipei, Beijing responded by severing official relations with Liberia on 9 October 1989. In 1993, when Amos Sawyer's Interim Government of National Unity came to power in Monrovia, the PRC resumed diplomatic relations. On the 5 September 1997, Charles Taylor announced that Liberia recognised 'two Chinas'. This led to the PRC's severing of relations on the September 9th of the same year. Relations resumed between the PRC and the Republic of Liberia on the 11 October 2003. Liberia has therefore taken full advantage of competition between

Taipei and Beijing for recognition in Africa and one can arguably describe Sino-Liberian relations as un-substantial and non-existent prior to and during the two Liberian civil wars between 1989 and 2003. While Sino-Liberia bilateral relations is new, this did not stop China stationing its largest contingent of Chinese peacekeepers anywhere in the world (see table 1).

Beijing voted in favour of Security Council Resolution 1509 (2003) which authorised UNMIL and has sent peacekeepers to UNMIL since December 2003, consistently maintaining approximately 550-570 personnel. The Liberian mission is the largest of the Chinese missions anywhere in the world (564), followed by South Sudan (348) and Darfur (323). In Liberia, as is the case in all the larger Chinese peacebuilding missions elsewhere, the Chinese contingent provides transport, engineering and medical support to UN peacekeepers. In UNMIL, the Chinese transport unit consists of 240 peacekeepers, tasked with providing transportation and supplies for UNMIL operations. The engineering unit consists of approximately 275 peacekeepers and is stationed in the south-east of Liberia, in Zwedru, in UNMIL Sector Four. Its mission is the (re)construction of roads, bridges, UN camps and related basic infrastructure. The 43 person medical unit staff, a UN Level-2 field hospital is also in UNMIL Sector 4. In addition, there is a 25 person military police unit tasked with human resource management, police support, information collection, criminal investigation, traffic management, and emergency responses (UNMIL, 2011; “Zhongguo Zhu LibiliyaDashi Lin SongtiantanWoweihеBudui”, 2004). The Chinese also provide five military observers and nine staff officers to the UNMIL mission. Chinese peacekeepers are rotated every eight to ten months; by July 2011, China had contributed 6, 138 personnel (Zhongguo Di Shiye Pi Fu LibiliyaWeheBuduiHuoLianheguoXunzhang, 2011).

The nature of Chinese peacekeeping missions in larger African missions, consistently applied in Liberia, is that Chinese peacekeepers do not carry weapons. Chinese peacekeepers focus on the highly visible activities of constructing roads and infrastructure and providing logistical support to the main mission.

Peacebuilding with Chinese characteristics: infrastructure, transport and health care

Post-cold war peacebuilding has been dominated by the liberal peace. It is state-building and post-conflict reconstruction based on the liberal values of democracy and neoliberal economics¹. While there is evidently an unique Chinese approach in providing aid assistance to and engaging in investments in African countries (Brautigam, 2009), the fact that the Chinese peacebuilding participation is still new and emerging means that it may still be too early to pronounce on precisely what the Chinese approach to peacebuilding is (Kuo, 2011). Within UNMIL, Chinese participation has focused on infrastructure reconstruction and providing basic health care. Relative to Western countries, China and Chinese nationals are largely absent in UN -related agencies such as the United Nations Development Programme, the UN World Food Program as well as other INGOs.

While Beijing is eager to emphasise non-interference as its guiding foreign policy principle, the Chinese ambassador emphasized that, “non-interference does not mean being idle and doing nothing; nor does it mean China should be passive”². In fact, the Chinese presence in Liberia is very much represented by its numerous, highly visible and very active construction firms on various sites. Also, Chinese blue helmeted transport unit and engineering battalions are also very visible battling with often impassably muddy roads to keep the supply lines open.

Infrastructure construction by Chinese construction firms in Liberia takes two forms: projects funded with bilateral aid, granted by the Chinese central government to Liberia as a gift; and World Bank-funded projects which Chinese contractors bid for³.

In the case of World Bank-funded projects, they are bid for by Chinese state-owned contractors on a for-profit basis. According to the Chinese embassy in Liberia, Chongqing International Construction Corporation won the World Bank tender for the US\$ 15.66 million 24.5 kilometre road rehabilitation project which began in Monrovia in November 2007 (Economic and Commercial Councillors

Office of the Embassy of the PRC in Liberia, 2009). The China Henan International Group won the World Bank tender for a 56 kilometre road rehabilitation project between Monrovia and Buchanan, the second largest city in Liberia in 2011 (Economic and Commercial Councillors Office of the Embassy of the PRC in Liberia, 2007). Beijing's decision to focus on infrastructure, transport and healthcare is, according to the Chinese ambassador, China's traditional strengths.

In the case of its bilateral projects, Beijing overcomes inefficiencies and the potential for local corruption by not handing any money to African governments directly. Projects are decided with the relevant African government, and then all the project management – from tendering, the sourcing of materials and general management – is handled from Beijing through the Chinese embassy⁴. The construction of the new Fendall campus of the University of Liberia and the Tappita Hospital by the Guangdong Foreign Construction Co.; the refurbishment of the SKD Sports Complex in Monrovia; and the construction and supply of medical equipment to the Tappita Hospital are examples of Chinese bi-lateral aid in Liberia (Embassy of PRC in Liberia, 2007). While evidently quicker in providing results on the ground and employing far fewer personnel compared to the Western aid industry, this model of aid does however suffer from the problem of a lack of skills transfer in terms of both labour and management skills. It also does not employ local sub-contractors and therefore limits the social-economic impact and creation of jobs that large infrastructural projects usually provide. It was noted that communication between the site foreman and local workers could be a problem with the Chinese model of operation in infrastructure projects.

A local Liberian engineering consultant at the Ministry of Public Works confirmed that the language barrier is an impediment to working with the Chinese and that a lack of capacity building and skills transfer from Chinese firms was a problem⁵. However, on the issue of the widespread perception that Chinese firms carry out poor quality work in Africa (and in Monrovia, some of the main roads were in a very poor state during our visit), the engineer pointed out that the emergency road

rehabilitation work in Monrovia was commissioned on a lower load specification and without drainage because of the limited funding provided by the World Bank. It was in fact the limited funding provided that led to lower specifications for roads and their quick deterioration, and not sub-standard Chinese workmanship.

In addition to aid, the most significant Chinese contribution to Liberia to date is the US\$ 2.8 billion deal that China Union signed with Liberian government in 2009, making this deal the single largest investment in Liberian history (Creamer, 2009).

Chinese presence in post-conflict Liberia: Liberian perspectives

In a context where Liberians generally express dissatisfaction at the failure of UN-MIL and associated UN agencies to deliver tangible material improvements after establishing a fragile peace, the visible presence of Chinese construction is widely appreciated. But many interviewees in Monrovia said that they thought the Chinese engagement in Liberia was not benevolent. They felt that the Chinese are acting in self-interest and that, given Liberia's weak state and the history of colonialism in Africa, the balance of the benefit of Chinese engagement will probably go to the Chinese. However, despite this commonly expressed sentiment, most Liberians express appreciation of the positive impact of Chinese-built infrastructure are having on meeting everyday needs of post-war Monrovians.

Liberian interviewees tend to contrast the newly arrived Chinese with Westerners. A local journalist provided a vivid contrast and said that:

"[the] Chinese man comes down to my level! He comes to my neighbourhood and hands out flyers for house renovations. A Westerner will never do this! And this is good, it encourages competition!"⁶

Generalising and comparing Chinese with Western presence, a Liberian NGO manager summarised the difference as follows:

"The Chinese are not for human rights and democracy [...] but infrastructure

in Liberia is a problem and the Chinese are good at infrastructure [...] the Chinese work in the communities and interact with the people, and this is different from the standard Western aid workers.”⁷

The observation that Chinese presence in post-war Liberia is focused on infrastructure and not on “capacity building” (as the West does) was an obvious and common observation by many interviewees. Both the Liberian government and civil society see their relationship with China as based on economic gain. A Liberian official in the Ministry of Foreign Affairs pointed out that Africa needs foreign direct investment and China needs resources, in this way the two are a good match for one another. Given the infrastructure deficit in Liberia, China is filling a gap that is not filled by Western donors. Contrasting Western and Chinese engagement, this foreign affairs official points out that conditionalities imposed by the West directly translates to not enough infrastructure being built. Voicing a common complaint in Africa, he said that international NGOs do not “pay regard to local reality” and that “we need to satisfy international whims”.⁸

It is in contrast to the dissatisfaction with the West-led liberal peace that many interviewees express the opinion that the Chinese are more respectful of local conditions, do not dictate terms like the West and are directly making a difference to lives of ordinary people.

The perceptions of the Chinese approach to peacebuilding by international NGOs, international financial institutions and western governmental aid organisations are mixed. An official at an international financial institution, with reference to its own good governance and capacity building programmes, pointed out that the Chinese model of management from Beijing was not building capacity in the Liberian government and therefore was unsustainable⁹. Managers at a Western government aid agency pointed out that the Chinese do not get involved with other international (western) donors¹⁰. Another official at a Western government aid agency however conceded that it was noticing how much infrastructure was appreciated by everyday Liberians and was learning lessons from the Chinese model¹¹.


Chinese participation in United Nations Peacekeeping Mission in Africa

	Mission	Initial authorization	Police	Experts	Contingent troops	Total Number of current uniform personnel
1	United Nations Organization Stabilization in the Democratic Republic of Congo (MONUSCO)	November 30, 1999	0	16	218	19,055
2	United Nations Mission in Liberia (UNMIL)	September 19, 2003	17	2	564	8,962
3	United Nations Mission for the Referendum in Western Sahara (MINURSO)	April 29, 1991	0	10	0	230
4	African Union / United Nations Hybrid Operation in Darfur (UNAMID)	July 31, 2007	0	0	323	21,493
5	United Nations Operation in Côte d'Ivoire (UNOCI)	February 27, 2004	0	6	0	10,4000
6	United Nations Mission in the Republic of South Sudan (UNMISS)	July 5, 2012	28	3	348	7,099

Table 1 Source: UN Mission's Summary detailed by Country Month of Report: October 31, 2012.

Understanding Beijing's approach to peace building

In her book discussing Chinese aid to Africa, Brautigam wrote:

“China’s aid and economic cooperation differ, both in their content and in the norms of aid practice. The content of Chinese assistance is considerably simpler, and it has changed far less often [compared to traditional Western aid]. Influenced mainly by their own experience of development and by the requests of recipient countries, the Chinese aid and economic cooperation programs emphasized infrastructure, production, and university scholarships at a time when the traditional donors downplayed all of these” (Brautigam, 2009:11).

The present examination of the Chinese approach to peacebuilding in Liberia largely confirms Brautigam’s description for Chinese aid in Africa generally. China, like other countries, provides aid for three reasons: strategic diplomacy, commercial benefits, and as a reflection of its values (Brautigam, 2009:15). Through its bilateral aid projects and its multilateral engagements through its engineering, medical and transportation units, Beijing is successfully building a good relationship with the Liberian government; is opening new markets for its construction firms; and showcasing Chinese values of hard-work and respect for other cultures. In terms of China’s normative perspective and soft-power projection, China is particularly keen to project its developing world credentials by emphasizing by both word and deed that it is willing to work the more ‘dirty jobs’ as opposed to office posts in the capital. In this way, Beijing is emphasizing its value difference to the West.

Beijing’s infrastructure-led aid and its efficient construction companies are certainly appreciated by Liberians. All things being equal, bridges, roads, hospitals and schools should facilitate economic development.

Conclusion

Over the past three or four years, literature on Chinese developmental assistance in various African countries have blossomed. Based on fieldwork, they have brought



refreshing information on Chinese developmental assistance in Africa which in fact has remained far more consistent in its guiding principles and practices compared with western aid. This new body of literature also provides excellent evidence against the charge of neo-colonialism against the Chinese emanating from the west. The emergence of China in Africa in the realm of aid and development has also shone a light on shortcomings of existing OECD aid in Africa. China's focus on infrastructure construction and emphasis on not imposing conditionalities very much appreciated by African governments and people though much derided by the West. While it is not the intention of this article to enter into the aid conditionality debate, China's emergence in development assistance has certainly provided healthy competition to the monopoly the OECD held –both in terms of norms as well as in practice- in the development marketplace. Instead of the ever positive assessments provided in glossy annual reports by the western aid industry itself, we are now better able to see western aid's shortcomings and how China's approach to development, backed by substantial financial muscle, provides a healthy alternative to neoliberal orthodoxy.

Related to development assistance is peacebuilding and post-conflict reconstruction. Given the slow but steady increase in Chinese participation in UNPKOs, we are beginning to observe greater Chinese presence in post-conflict Africa. The next step for the Chinese in Africa is to merge peacekeeping and development assistance in the form of a Chinese approach to peacebuilding. As far as China's contribution to Liberia's post-war re-construction is concerned, Chinese construction firms have made a significant difference in bettering the lives of ordinary Liberians and there were unanimous appreciation for this among Liberians interviewed. After the provision of basic security by UNMIL, the provision of basic infrastructure by Chinese construction companies is the most visible and arguably the next most important step in normalising the daily lives of everyday Liberians. In addition to the provision of basic infrastructure by its almost omnipresent construction firms, Chinese enterprises have also injected much needed capital in the form of foreign direct investment in Liberia, the most significant thus far been the

Bong Iron Ore deal signed in 2009. However, given the fragility of the Liberian government and the history of warlordism, it is not clear if a large extractive deal will be add to the conflict or be positive for Liberia's stability.

If the Beijing's aim in Liberia was to project an image where it is supportive, non-interfering, willing to roll up its sleeves and help with infrastructure construction and that it is a responsible, peaceful power; this aim is well met in the case of Liberia.

Endnotes

1. There is a vast literature examining and criticizing post-cold war peacebuilding, termed 'the liberal peace' by its critics. See for example: Newman, E., Paris, R. and Richmond, O. 2009. *New Perspectives on Liberal Peacebuilding*. Tokyo: United Nations University Press; Richmond, O. and Franks, J. 2007. *Liberal Hubris? Virtual Peace in Cambodia*. *Security Dialogue*. 38(27):27-48; Mac Ginty R (2010) *Hybrid peace: the interaction between top-down and bottom-up peace*. *Security Dialogue* 41: 391-412.
2. Interview with Zhou Yuxiao, Chinese Ambassador to Liberia, Monrovia, November 20, 2009.
3. Interview with Chinese Construction company manager, Monrovia, November 23, 2009.
4. Interview with Zhou Yuxiao, Chinese Ambassador to Liberia, Monrovia, November 20, 2009. Ambassador Zhou noted the Chinese approach as being more cost efficient compared to the western model.
5. Interview with, engineering consultant at the Ministry of Public Works of the Republic of Liberia, Monrovia, November 28, 2009.
6. Interview with Liberian journalist, Monrovia, Liberia, November 12, 2009.

7. Interview with Liberian NGO manger, Monrovia, Liberia, November 13, 2009
8. Interview with Liberian foreign affairs official, Monrovia, Liberia, November 28, 2009.
9. Interview with Internatioal Financial Institution manager, Monrovia, Liberia, November 23, 2009.
10. Interview with Western government aid agency manager, Monrovia, Liberia, November, 19, 2009.
11. Interview with Western government aid agency manager, Monrovia, November 19, 2009.

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Sino-Nigeria investments: prospects and challenges 1971-2010

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Abstract

Countries enter bi-lateral and multi-lateral relationships with one another based on the expectation of mutual benefit. This paper focusses on the bilateral investment relation between China and Nigeria. Despite the a long history of interactions and agreements between Nigeria and various more developed partners, development in Nigeria has not been as successful as could have been hoped. This study adopts a historic-structural, analytical and systematic approach in the Sino-Nigeria Investments. Findings reveal that Nigeria has been one of the leading partners of foreign direct investments from Chinese companies. In addition the research has also revealed that the benefits derived from the relationship sketch a lopsided picture in favour of China, at the peril of the Nigerian counterparts. To this end, the paper postulates that this Sino-Nigeria bilateral engagement should undergo some changes to achieve equal and mutual benefit to both parties.

Introduction

Countries enter bilateral and multi-lateral relationships with one another because of the expected mutual benefits. Just like many African countries, Nigeria's traditional long development partners are from the West, countries such as the US,

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Canada, France and Britain. Despite the long interactions and relationships between Nigeria and these development partners, general development of the country has not been categorically successful. Consequently, it seems that an alternative model to the “western relationship” is required. China’s need for energy, raw materials and market expansion, as a consequence of its dramatic growth and modernisation, has brought it into greater contact with Africa (Utomi, 2011). Findings have revealed that Nigeria has been one of the leading recipients or beneficiaries of investments from Chinese companies (Ogunkola 2010). Securing these needs for its growing economy, China has become the fastest growing investor in Africa. Bilateral China-Africa relationship is evolving faster (Egbula and Zheng, 2011). Because of the potentials of Nigeria in terms of huge agricultural capacity and large deposit of gas and oil reserve as well as its large population which accounts for more than 17 per cent of Africa’s population, China has given considerable, special and preferential attention to Nigeria in China’s recent Africa policy.

Sino-Nigeria relations cover many areas including political, economic, trade, investment, diplomatic and education. However, the paper focuses on investments relations between the two countries, coupled with the challenges and prospects between 1971-2010.

China and Nigeria: Overview of Bi-lateral Economic Relations.

February, 1971 marked the beginning of formal diplomatic relations between Nigeria and the People’s Republic of China (Egbula and Zheng, 2011). Reason for this can be located in the pro-western stance of Nigeria’s governments of immediate independence period, even though they officially proclaimed non- alignment policy as the country’s foreign policy. Nigeria was not included in the Chinese Premier Zhou Enlai’s visit to 10 African countries from December, 1963 to January, 1964. To support this, when Chinese delegation visited Nigeria in 1964 seeking establishment of diplomatic relations, they were quickly sent away without reaching any bilateral agreements between the two countries based on retaliation of China’s support to the Biafran succession bid (Mthembu-Salter, 2013). This

greatly signified, to a very large extent, lack of diplomatic relations between the two countries.

Just like many African countries, Nigeria before 1964 did not consider China then a likely development partner, given the latter's own economic and political situation domestically. To worsen the situation, China reportedly gave public backing to the bid by the Igbo to secede from the Federal Republic of Nigeria (Mthembu-Salter, 2013). Although, the support given to seceding Biafra by China in terms of light arms made no significant difference to the outcome of the civil war, it did sour the relations between China and Nigeria.

However, a number of factors could explain the beginning of Sino-Nigerian diplomatic relations in 1971. It was that same year that Nigeria joined other developing countries in Africa, Asia and Latin America to support Beijing's 21 years bid to win World's recognition as one government of China (Mthembu-Salter, 2013). Apparently, as a result of this support, against American opposition, People's Republic of China officially 25 November, 1971 replaced the Republic of China (Taiwan) in the United Nations and on the Organization's Security Council. Therefore, Sino-Nigerian relations at the beginning were majorly politically based. China's relationship with Africa was in direct support for various national liberation movements (Utomi, 2011). According to Larkin, (1971) Sino-African relations in the 1970s had the following key characteristics:

- the number of African countries with diplomatic ties gradually increased
- many African states welcomed joining of China in United Nations Security Council in 1971.
- China continued to support nationalist movement demanding for independence.
- China committed to prestigious project all over Africa, Tanzania-Zambia railway being the biggest aid project on the continent,

- China stressed the existence of a dichotomy between the world's super power and their weaker opponents, assisting the latter in their survival (Judith Van Looy, 2006)

It is within these characteristics of some African relations in the 1970s that Nigeria had formal establishment of diplomatic ties with China. Following the establishment of diplomatic relations, General Yakubu Gowon then Nigeria Head of State visited China in 1971, being the first Nigerian Head of State to do so (Mthembu-Salter 2013). However, it was ten month after this visit that Gowon was overthrown. Perhaps this visit would have encouraged greater diplomatic relation, but since Gowon was ousted, the visit made little impact. When Obasanjo took over in 1976 as a military Head of State, he noticed the trade imbalance between Nigeria and China, and consequently high level delegations travelled between the two countries to discuss the matter in 1978 and 1979 (Mthembu-Salter 2013). The visit was said to have resulted in China agreeing to a limited aid package for Nigeria including the sending of medical personnel and agricultural expert, though this did little to reverse the trade balance (Mthembu-Salter 2013).

Utomi (2011) one of Nigeria's Professors of Political Economy, asserts that China's greater contact with African countries including Nigeria is derived from the former's dramatic growth and modernization and attendant industrial, energy, and market expansion needs. This became apparent during the 1970s and 1980s, following Deng Xiaoping's reform policies which dramatically and radically transformed China's economy (Utomi, 2011).

Ironically, the period between 1980s and 1990s was very difficult for Nigeria, as she was also undergoing internal political turmoil and therefore the thirty years of diplomatic relations between Nigeria and China produced little economic consequence. (Mthembu-Salter 2013). Therefore, while China was busy emerging as an economic power, Nigeria was thrown into political instability during these periods. It is however significant to acknowledge that the regime of General Sanni Abacha saw improved Sino-Nigeria economic relations. This economic relation, according

to (Mthembu-salter 2013) yielded the following among others:

- Founding of Chinese Chamber of Commerce in Nigeria in 1994;
- The China Civil Engineering Construction Corporation won a US\$529 million contract to rehabilitate Nigerian railway system in 1995; and
- Former premier of China State Council, Li Ping, visited Nigeria in 1997 signing protocols to power generation, steal and oil. (Mthembu-Salter 2013)

It is however unfortunate that China Civil Engineering Construction Corporation (CCECC) never did rehabilitate Nigerian railways, nor Ping's protocols implemented (Mthembu-Salter 2013). With this therefore, it can be stated that about thirty years of diplomatic relations (1971 to 1999) was of little economic significance.

Nigeria's return to democratic rule in 1999 saw deepening of Sino-Nigerian economic relations. This increased economic relation has been linked to the change of China's orientation towards Africa since 2000 (Egbula and Zheng 2011). It will be good not to make irrelevant the desire and determination of President Olusegun Obasanjo to redeem the already dented image of Nigeria at the international arena. Nigeria's image had been damaged during the prolonged military rule in the country. Obasanjo sought to remedy as he cultivated relations with the world including China. Coincidentally it can, be said that China began its new orientation towards Africa when Obasanjo was struggling to make Nigeria acceptable by the international community.

The early years of Obasanjo civilian administration witnessed an inflow of Chinese investment and this helped to improve Sino-Nigerian economic relations so much that many Chinese firms won major contracts in the country. One of the most notable ones being a contract awarded to CCECC to build 5000 housing units for athletes participating in the All African Games in 2000 (Mthembu-Salter 2013). To further solidify Sino-Nigerian relations, both countries agreed on estab-



lishment of a Nigeria Trade Office in China and a China Investment Development and Trade Promotion in Nigeria in 2006 (Mthembu-Salter 2013).

It is on record that economic relations between the two countries became intensified during the second term of Obasanjo administration between 2003 to 2007. It was during this time that Nigeria-China Investment Forum was founded in 2006 (Mthembu-Salter 2013). It is significant to understand that Obasanjo's foreign policy towards China and other Asian countries was 'Oil for Infrastructure'. One problem about Nigeria's foreign policy is inconsistency. This is largely caused by change in government. Yar'Adua succeeded Obasanjo in 2007, there was change in foreign policy objectives towards China. Consequently, most of the Nigerian foreign policies towards China during Obasanjo administration, especially the 'Oil for infrastructure', were either suspended or discarded. During Yar'Adua administration, however, coherent foreign policy towards China was lacking. This situation prompted Utomi (2011), to query Nigeria-China foreign policy.

Pattern and Structure of Sino-Nigerian Investments

The history of investment relations between Nigeria and China reveals that up till the late 1990s, both countries enjoyed bi-lateral flow of Foreign Direct Investment. It should therefore be pointed out that Sino-Nigerian investment has not always been a one way traffic, but the traffic in the opposite direction is much leaner (Egbula Margaret and Zheng Qi, 2011). Up till the late 1990s, both Nigeria and China benefited from each other in terms of investments. However, from 1999/2000 to 2004 China ceased to be one of the destinations of Nigeria FDI (Ogunkola. E. Olawale, 2010). However, recently, Nigerian companies and investors are making forays into the Chinese market, though on a small scale.

Structurally, while manufacturing, constructions and services are areas of attractions to Chinese investors in Africa generally, most of the Chinese FDI in Nigeria are majorly concentrated in oil and mineral resources. This shall be subsequently discussed in this paper.

Nigeria's FDI in China

See table 1 below for the flow of Nigeria's FDI to some strategic countries. It can be observed from the table that Nigeria's FDI has been redirected to concentrate majorly in France, the US and Germany.

Abstract

Region/Country	1992	1993	1994	1995	1999/2000	2001	2002	2003	2004
Belgium	0.7	0.1	-	-	-2.1				
China	0.1	1.4	0.6	0.4	-	-	-	-	-
Czech Republic					3.0				
France	0.4	1.4	0.4	0.2	104.1	247.9	19.8	-22.6	-
Germany	-	-	-	-	-	0.9	0.9	-5.6	-
Malaysia	-	1.2	-	-	-	-	-	-	-
Portugal	-	-	-	-	-	-	0.2	-	-
USA	-	-	-	-	5.0	-	3.0	21.0	-7.0

Source (Oyeranti, 2008)

While Nigeria's FDI ceased between 1999/2000 and 2004, it has been recently reported that Nigerian companies are penetrating into Chinese market. As (Egbula and Zheng 2011) has stated, direct investments by African countries (in China) totaled nearly US\$ 10 billion by the end of 2009, and Nigeria was listed among the top five countries in Africa investing in China (Egbula and Zheng, 2011).

In 2010, First Bank of Nigeria Plc opened a representative office in Beijing to penetrate the Chinese market (Egbula and Zheng, 2011). Recently, First Bank of Nigeria Plc has been offering an array of services to its customers in China including Chinese companies seeking to enter Nigerian market (Egbula and Zheng, 2011). So far, First Bank of Nigeria Plc has been playing a leading role in this aspect since it has opened such gate in entrepreneurship.

Chinese Foreign Direct Investments in Nigeria

According to (Egbula and Zheng, 2011) Nigeria's investments incentives appear to have succeeded in attracting the attention of Chinese investors. China's Bulletin of Overseas Investments has maintained that Nigeria occupied the second position after South Africa among the rank of African countries that benefited from Chinese Foreign Direct Investment between 2003 and 2009 (Egbula and Zheng, 2011). This can be said to be a consolidation of the FDI Nigeria received from China in 2002. See table 2 for China's FDI to Africa in 2002.

Table 2: China's Foreign Direct Investments in Selected African Countries (2002)

Countries	Inward FDI Stocks (\$ millions)	Chinese FDI Stocks (\$ millions)	Proportion (%)
Cameroon	1,505	16	1.1
Ghana	1,610	19	1.2
Mali	523	58	11
**Nigeria	22,570	44	0.2
South Africa	29,611	125	0.4
Tanzania	2,335	41	1.8
Zambia	2,241	134	6.0

Source (Ayantunji and Oniku, 2006)

Up till 2009, Nigeria maintained its second place as far as Chinese FDI was concerned. Sources have pointed to increasing growth in the inflow of Foreign Direct from China to Nigeria (Olugboyega 2008). Recently, Nigeria has overtaken South Africa to top the list of beneficiaries of Chinese investments in Sub Saharan Africa. Between 2005 and 2012, the value of Chinese investments in Sub Saharan Africa totaled US\$ 97.8 billion, of which Nigeria had US\$ 15.6 billion (Atuanya, 2013). This was 15.9 per cent and has been considered the largest from the Chinese invest-

ments in sub-Saharan Africa at this period. The major factors are market size and availability of natural resources.

The fact that Chinese investments in Nigeria are mainly concentrated in mineral resources, such as oil and gas and other mineral resources, are a clear pointer to the motivation of Chinese investments in Nigeria. China's investments in raw materials could be linked to its needs for oil and other mineral resources for its growing economy. Consequently, China is investing massively in countries where it is getting these natural resources (Van Looy, 2006). These countries include Nigeria.

It is however, imperative to state that Chinese investments are not exclusively limited to raw materials, from 2002 upwards Chinese investments also covered other areas of Nigerian economy. These areas include construction, communication and manufacturing among others. Position of Ogunkola *et al* corresponds with that of (Egbula and Zheng2011) when he stated that, China has established more than sole-owned or joint venture companies in the construction, oil and gas, services, education sectors of the Nigerian economy (Olugboye,2008). Chinese investments can be classified into private owned enterprise and state owned enterprise. While Chinese private investors primarily invest in the agro-allied industries, manufacturing and communications, Chinese state owned enterprise targets natural resources and infrastructure- power and transport in particular (Egbula and Zheng, 2011). Table 3 reveals investments of major Chinese companies in Nigeria.

It should be acknowledged that not all the Chinese investments are positive to the economic development of Nigeria. Most foreign investors operating in Nigeria have institutionalized Corporate Social Responsibility (CSR) as part of a public relations program in winning goodwill, Chinese businessmen on the one hand are more eclectic and personal in their approach. According to (Utomi2008), Chinese investors do not seem to pay particular attention to CSR issues. It is therefore important to examine Chinese investments in various sectors of Nigeria's economy.

Table3:Investments and activities of major Chinese companies in Nigeria

Sinopec Company	Oil and Gas	Assets(USD Billion)	No of Employees	This is a breakdown of Chinese business activities in Nigeria.
Sinopec	Oil and Gas	152.80	373375	Blocks OML 64, 66, 29% Stake And Operating Rights to Block2, Nigeria-Sao Tome Joint Development Zone
CNPC	Oil and Gas	470.80	1.67 million (80,000 foreigners)	Licenses for OPL 471, 721, 732,298
SEPCO	Electric Power Construction	38.60	19.756	Papalanto Power Plant
CCECC	Construction	2.17	70,000	Rehabilitation of Papalanto-Lagos Express Way, Athletes' Village, Ikot Akpaden-Okoroette Road, Lekki Free Trade Zone
CSCEC	Construction, Real Estate	58.90	121,500	Refinery
CNOON	Offshore Oil and Gas	13.8	21,000	45% Interest in Offshore Exploitation License, OML 130
Sinoma	Cement Engineering and Construction	2.9	9000	In Collaboration with Nigerian Dangote Group for Cement Production Line EPC Project 2008
CGC	Construction	0.30	-	Kebbi Airport, Water Supply Project in Gombe, Sekke Dam
Huawei	Telecom	25.00	51,000	Network, Handsets
ZTE	Telecom	13.00	85232	CDMA, Handsets
Star Times	Telecom	0.7		

Source (Egbula and Zheng 2011)

Chinese Investments in Oil

The growth of China's fuel consumption which doubled between 1999 and 2006, has forced China to seek for more oil blocs of its own (Egbula and Zheng 2011). See table 4 for China's fuel consumption. China has been seeking for alternative sources of oil to reduce its dependence on the Middle East.

These and other factors can be said to have dictated Chinese investments in oil in Nigeria, because before now China and other Asian countries accessed their oil exclusively through long-term contracts and purchases on the spot market. So driven by domestic fuel consumption between 1996-2006, China had to look outside her shore for oil blocks to purchase.

Table4: China's Production, Consumption and Import of Crude Oil (Million tons)

Year	Production	Consumption	Import	Export	Self-sufficient Ratio (%)
1980	106.0	87.6	0.4	13.3	111.9
1985	124.9	91.7	0.7	31.2	132.3
1990	138.3	114.9	2.8	24.9	119.0
1995	149.0	160.7	17.1	18.8	101.2
2000	162.6	230.1	70.3	10.3	73.0
2001	164.8	232.2	60.3	7.6	75.8
2002	168.9	245.7	69.4	7.2	73.1
2003	169.3	252	91.0	8.1	67.1
2004	175.5	292.7	122.7	5.5	60.0

Source (Ayantunde 2006)

It can be clearly observed from the table above that China has been in desperate need of oil. However, despite the need of oil by China to fuel its growing economy, the oil companies was in the insecurity oil producing region of Niger Delta. It therefore took persistent lobbying by Obasanjo, first civilian President in Nigeria's fourth republic, to entice Chinese investments who were also skeptical about doing business in Nigeria. In doing this Obasanjo offered the Chinese firms the Right of First Re-

fusal on oil blocs at discounted rates in downstream and infrastructure projects (Mthembu-Salter2013); (Egbula and Zheng 2011). Majorly on Obasanjo's desperation was his drive to launder Nigeria's battered image and secure investors for Nigeria that were ready to take the risk after its former trading alliance had abandoned Nigeria due largely to bad governance and high level official corruption.

Oilbloc bidding round was held in May, 2006, China's National Petroleum Commission (CNPC) was awarded four oil blocs and two oil production licenses in return for kits commitment to invest US\$ 2 billion to rehabilitate Kaduna's struggling refinery all this in order to secure their confidence in the Nigerian oil industry (Mthembu-Salter 2013). There was also another bidding round in May 2007 when 45 oil blocs were on offer, with 24 pre-assigned to 12 companies on Right of First Refusal. Both China National Offshore Corporation and CNPC were given an oil bloc in return for a US\$ 2.5 billion loan from China's Export and Import (Exim) Bank and investment in the Kaduna refinery respectively (Mthembu-Salter 20113). The US\$ 2.5 billion loan from China Exim Bank was to be used for the rehabilitation of Lagos-Kano rail way and construction of a long-dreamed hydro-electric power station in Mambila (Mthembu-Salter 2013).

Chinese companies have also been reported to have acquired other oil assets during Obasanjo administration but outside the bidding rounds all these were done by the administration who were seeking to gain the Chinese confidence at all cost. These included Sinopec taking a 29 per cent stake in bloc 2 of the Nigeria- Sao-Tome Joint Development Zone, and CNOOC's paying US\$ 2.3 billion for a 45 per cent in an oil mining license in the lucrative Akpo offshore field, both in 2006. (Mthembu-Salter 2013)

In May, 2007, Yar'Adua succeeded Obasanjo as the president of Nigeria. It is significant to note that change in government always results in change of foreign policy in Nigeria. This change of government greatly affected Sino-Nigerian investment relations as Yar'Adua's policy was based on the practical price of oil at the market benchmark. Consequently, oil for infrastructure which was Nigeria's China

policy during Obasanjo administration was cancelled or suspended. It however has to be acknowledged that this change in policy did not discourage Chinese investments in Nigeria especially in the oil sector, though suffered set back at the early change of the policy. This greatly informed China's significant re-evaluation of how best to do deal with Nigeria. China's Sinopec's buying of Canada's Addax Petroleum for US\$ 7.22 billion, Addax is one of the largest independent Oil producers in West Africa with extensive on-and offshore operations in Nigeria. This is a manifestation of this China's new strategy (Mthembu-Salter 2013). Closing on this was Chinese expressed desire to acquire a large number of oil and gas assets, estimated to contain six billion barrels of oil reserves. The Chinese offer included a proposed deal of US\$ 50 billion in what they described as 'alternative funding for infrastructural development in Nigeria', which he said was very difficult to resist.

In 2010, Nigerian National Petroleum Corporation (NNPC) signed a US\$ 28.5 billion MoU with the CSCEC for the construction of additional Greenfield refineries and a petrochemical Plant in Nigeria (Khadija, 2011). Under the term of agreement, 80 per cent of the of the projects' cost was to be funded with a term loan provided by China Export Credit Insurance Corporation (SINOSURE) and a consortium of Chinese banks led by the Industrial and Commercial Bank of China, while NNPC was to foot only 20 per cent as equity contribution. "The project was envisaged to add 750 000 bpd of extra refining capacity to Nigeria's current 445 000 bpd capacity as well as stem the flood of imported refined products into Nigeria" (Khadija, 2011).

Chinese Investments in Telecommunications

The presence and impact of Chinese investments in Nigeria's Telecommunication is glaring. Recently, Nigeria can be rightly said to be one of the major telecommunication markets for Chinese investors. Major Chinese telecommunication companies in Nigeria include Zhong Xing Telecommunication Equipment Company (ZTE) a multi-national telecommunication company and Huawei; some of the

leading telecommunication giants of China. Recently, “Star Time”, another Chinese-owned TV operator has just opened in Nigeria. Let us examine the investment of these Chinese telecommunication firms in Nigeria.

ZTE, said to have been in the country since 2001, its core business as it claims are manufacturing handset and supplying system equipment’s (Mthembu-Salter,2013). Huawei also supplies to all its service providers including MTN, Zain, Visafone, Glo and Zoom (Mthembu-Salter, 2013). Both ZTE and Huawei have won major contracts from Nigeria’s main telecommunication operators (Egbula and Zheng, 2011). Despite their competitions with each other however, there have been some cases when both ZTE and Huawei have collaborated to execute some projects in Nigeria. A good example was in 2006 when both Huawei and ZTE collaborated on US\$ 300 million National Rural Telephony Programme (Mthembu-Salter, 2013).

Recently, Star Time, a Chinese Television cable network is increasingly penetrating Nigerian market. Deyi Yang, Marketing Director of the Communication firm has disclosed that Star Time has invested about US\$ 70 million in Nigeria since 2009 (Business Day 2011). In the statement of Labaran Maku, Nigeria’s Minister of Information, Nigeria hopes to switch on digital migration by January 1, 2015 (Technology Time Online). As Nigeria plans to meet the 2015 deadline set by International telecommunication union for digital TV transition, Star Times has unveiled its partnership with the Nigerian Television Authority (NTA) (Technology Time Online). Generally speaking, most Nigeria manufacturers are watching in outer dismay this reap off by the Chinese because firstly the much talked about technological transfer is not forth-coming neither is any visible company manufacturing any genuine affordable goods other than sub-standard ones available. Secondly, even the much talked about cellphone manufacturing outfit that is to employ local labour is non-existent, so basically Nigerians are short-changed at all the expense of the Chinese.

One negative aspect of Sino-Nigerian investments in communication was the NIGCOMSAT-1 Satellite. The satellite was built and launched by China Great

Wall Corporation in May, 2007 (Egbula and Zheng 2011). However, it is an embarrassment for both the Chinese company and Nigeria's government as the satellite has been reported to have disappeared in space in November, 2008

Chinese Investment in Power Sector

Nigeria's power generation has been a national disaster over the years. Gregory ((Mthembu-Salter, 2013) has compared power generated by Nigeria and some other countries. According to him;

The country has installed electricity generation.... (with average) actual output of only 1500-3000 Mega Watts... Egypt with 60 per cent of Nigeria's population generates 18 000 MW, six times more than Nigeria's, and South Africa with population of a third of Nigeria's generates 45 000 MW, 15 times more... the UK generates 76 000 MW and the US with a population of 250 million, 80 per cent higher than Nigeria's population generates 813 000, that is 271 times more than Nigeria's (Mthembu-Salter, 2013).

Low power generation by Nigeria is not without adverse effects on the country's economy. One of the consequences is that millions of Nigerian businesses have wound up, and some foreign investors have relocated to some countries where power is constantly fair. Those that remain in Nigeria have to cope with the reality by depending largely on generators—with the consequence—reeking of diesels and the sound of the generators that every urban area throbs to (Mthembu-Salter, 2013). Given this, president Obasanjo moved to boost power generation capacity. One of the ways he sought to achieve this was his "Oil for Infrastructure" deal/policy with China as we shall see shortly.

By the end of 2006, China committed US\$ 3.5 billion towards generation of some 6000 MW of installed capacity through construction of six major hydro-powers across Africa (Olugboyega 2008). 2600 MW Mambila hydro power in Nigeria was the largest. It could be therefore stated that Nigeria benefited most from the Chinese investment to generate power across Africa. In addition to this, there are other



power projects that Chinese companies have been actively involved. Some of them are;

- 335 MW Olorunsogo gas-turbine power station in Ogun which was to cost at US\$ 220.7 million, 35 per cent of which was coming from Nigerian government as the balance from credit facility provided by Exim Bank;
- 335 MW Omotosho gas-turbine power station in Ondo State, completed by China National Machinery and Equipment Import and Export Corporation in 2007 but largely financed again by Exim Bank; and
- 138 MW Geregu gas-turbine power station in Kogi State also financed by Exim Bank (Mthembu-Salter,2013).

China Investments in Free trade Zones and Other Sectors

The Free trade Zones was conceived on the fact that it could bring about rapid industrialization and transform the country into a Mega trading and export processing hobnob and bring about employment generation and other economic boom

As asserted by Salter 2013, Nigeria's first tax-exempted export processing zone was established during Babangida's rule, in Calabar in 1993, and 10 zones are currently operational (Interview with Leo Lawal, journalist, and other informants, 2009). The Lekki Free Trade Zone near Lagos is the first such zone where Chinese companies have a major stake. It is a 16500 hectare area, about 60 kilometres east of central Lagos, and was identified by the Lagos State Government (LSG) in 2005. The LSG, failed to find a Western company prepared to join it in a consortium to develop the zone. In April 2006, via a new company owned by the LSG, called Lekki Worldwide Investments (LWI), it formed a joint venture with a Chinese consortium apparently led by CCECC, called the Lekki Free Zone Development Company (LFZDC). Of the equity of this company, 60 per cent is held by the Chinese consortium, 20 per cent by LWI and 20 per cent has been left for Nigerian investors (Nigeria Export Processing Zone Authority).

The original agreement was for the Chinese consortium to provide US\$ 200 million for the LSG to provide the land, and move and compensate displaced villagers; and for Nigerian investors to stump up US\$ 67 million. The LSG had apparently been under the impression that all the Chinese consortium's fund would be delivered up front, but the contract did not specify that, and this was not how the consortium proceeded. Instead, as of April 2009, the CCECC consortium was said to have provided only US\$ 50 million in cash and kind for the project, while no funds has been forthcoming from Nigerian investors. This has obliged the LSG to step in, and US\$ 67 million has been allocated to the Lekki Free Trade Zone in the state's 2009 budget (Interview with Senior LFZDC Official, 2009).

Kojola Specialized Railway industrial free Trade Zone is a joint venture of Ogun state government and Chinese Civil Engineering Construction Company. The latter investment was estimated at about US\$ 115.8 billion (Interview with Senior Official, 2009). Ogun State government hopes the project will facilitate rapid industrialization of the state and deepen foreign direct investment inflow to the state (Ibid). Other Chinese investments in Nigeria include Ogun Guan Dong Free Trade Zone; China Town in Lagos; Ovada Vee Tee Rice Limited (Interview with Senior Official LFZDC, 2009).

A major challenge is securing power for the Lekki Free Trade Zone. LFZDC's plan is to construct a gas-turbine power plant, but neither it nor the Lagos Free Trade Zone has yet resolved the issue of where to access the gas. Running a pipeline from the Niger Delta has security implications, and LFZDC says that it is exploring alternative energy sources. In the meantime, however, it is running expensive diesel generators to power its construction programme. (Interview with Senior Official LFZDC 2009)

Despite the challenges, LFZDC has the considerable benefit of strong political support. Like his predecessor, Lagos State Governor Babatunde Fashola is strongly behind the free zone and made it a central part of his election manifesto. Less clear, perhaps, is the Chinese consortium's enthusiasm for the project, which has



been alleged to have waned somewhat since the disagreements of late 2008 (Interview with Allen Lee, Managing Director, LFZDC, Lagos, April 2009).

Nonetheless, LFZDC appears to be well under way, and the company has signed 20 MOUs with prospective investors, of whom 20–30 per cent are Chinese (Interview with John Mastoroudes, Executive Director, Viva Methanol Lagos Free Trade Zone Enterprise, Lagos, March 2009.). The project is certainly further advanced than Nigeria's other Chinese-backed free zone, in Ogun State, which is reportedly only at the site clearance stage.

Prospects and Challenges of Sino-Nigeria Investments

Nations enter into relationship with one another because of the expected mutual benefits. Therefore, Sino-Nigerian Investment Relations have a tendency to yield many opportunities for both countries. Some of the benefits of investment relations to Nigeria include; availability of fund; improvement of country's infrastructural development; transfer of technology; affordability of imports from China; and promotion of competition and innovation among others.

While it could be said that all these opportunities remain as long as Chinese investments in Nigeria continues, not all the Chinese investments are beneficial to Nigerian economy. Findings have exposed various challenges of Sino-Nigerian investment relations, especially Chinese investments in Nigeria. Some of these problems include unidirectional of Sino-Nigerian investment relations; concentration of Chinese investments in oil and mineral resources; low level of technology transfer; inferior goods from China; and discouraging of local manufacturing ingenuity/creativity. Opinions are sharply divided as to which one outweighs the other. It then becomes imperative to examine the prospects of Sino-Nigerian investments against the problems of the relations.

Prospects of Sino-Nigerian Investments

As outlined above, the first benefit of Sino-Nigeria investments is availability of funds. These funds have helped in the areas of oil exploration and production, in-

frastructural and industrial as well as socio-economic development (Interview with senior Official LFZDC, 2009). Consequently, availability of fund through the Chinese investment is valuable for Nigeria as it has helped different sectors of the country's economy.

Chinese investments in Nigeria also have the prospect of contributing significantly to improve the country's infrastructure. The infrastructural development in turn has the capacity of making Nigerian manufacturing sectors more competitive. This is because inadequate infrastructure has been the major reason for underperformance of Nigeria's manufacturing sector. Therefore, the establishment of Chinese infrastructure has the prospect of building up Nigeria's manufacturing sector (Interview with senior LWI officials, 2009).

Employment generation is another opportunity of Chinese investments in Nigeria. Many Nigerians have been employed into various Chinese firms in Nigeria. According to Chinese government, 'Chinese companies operating in Nigeria employ 30,000 local workers (Interview with Allen Lee LFZDC, 2009). Given the problem of unemployment in Nigeria over the year, employment opportunity for Nigerians as a result of Chinese investments in Nigeria is a positive impact of Sino-Nigeria investment relation. This prospect remains so long as the relations between the two countries remain.

Transfer of technology is another opportunity of Sino-Nigerian investment relations. Reports have shown that transfer of technology is one of the potential ways through which technology advancement and development in developing countries can be accelerated (Egbula and Zheng, 2011). The involvement of Nigerians, such as indigenous entrepreneurs, in the affairs of Chinese firms provide a channel through which technology can be transferred to Nigerian entrepreneurs. The involvement of Chinese firms in oil and gas, agriculture and telecommunications among other sectors are sources of opportunity for Nigeria's economy to under-study Chinese technology for adaptation in the economy (Egbula and Zheng, 2011).

Affordability of Chinese imports is another positive impact of the relations between the two countries. It has been observed that Chinese imports can be 75 per cent cheaper than ‘equivalents’ from traditional sources, and up to 50 per cent cheaper than the locally produced substitutes (Olugboyega, 2008). The prospect here is that, opportunity is provided to improve the livelihood of poor, given the Nigeria’s weak purchasing power and high level of poverty.

Problems of Sino-Nigerian Investments

While the Sino-Nigerian economic investments continue, the prospects discussed above remain. However, there are various challenges confronting the thriving investment relations between Nigeria and China. Some of these problems have been outlined previously. Unidirectional pattern of Sino-Nigerian investments with the imbalance in favour of China has been worrisome. While Chinese investments in Nigeria continues to grow, Nigeria’s FDIs in China has been put on hold since 1999/2000.

Chinese FDIs in Nigeria are majorly concentrated in oil and mineral resources. Gabriel Omoh (2013) has recently voiced out concern over China’s appetite for oil and other mineral resources from existing investments at any cost (Osakwe, 2012). This concern goes with the acknowledgment of concentration of Chinese investments in oil and other mineral resources by Ambassador Aminu Wali, Ambassador of Nigeria in China. In his remark on the occasion of the 40th Anniversary of the Establishment of Nigeria-China Diplomatic Relations, the Ambassador encouraged China to increase its participation in the non-oil sectors of Nigerian economy (Olugboyega, 2008). Investments in non-oil sectors like infrastructure, power generation and telecommunication among others are needed if Nigeria is to benefit from Sino-Nigerian investments.

It is also a challenge that technology transfer through Sino-Nigerian investments has not yet emerged, as technology transfer is not sincerely encouraged by the Chinese. Chinese firms have been criticized for being closed as they don’t employ local experts (Olugboyega, 2008). Even when they did, they refuse to expose them

to the nitty-gritty of the production and manufacture. Most of the materials used have been imported from China, and not produced in Nigeria. ZTE's claim to manufacturing handsets in Nigeria has been disputed. Findings have shown that rather than manufacture handsets, ZTE only performs minor task of assembling phones (Osakwe, 2012). Not promoting technology advancement of Nigeria is capable of making Nigeria remain a perpetual 'consumer state'.

Another problem is the inferior quality of Chinese goods flooding Nigerian market. Most of the Chinese imports to Nigeria are substandard. While acknowledging imports of substandard goods in the country, Chinese government has maintained that 'Nigerian importers often pressure Chinese suppliers to produce lower quality products in order to make them affordable for Nigerians (Egbula and Zheng, 2011). Recently, many Nigerians have complained about poor and inferior service delivery by Star Times, Chinese-owned Pay-Tv Operator.

Inflow of Chinese investments in Nigeria the inability of the domestic industries to cope with cheap Chinese imports. This has greatly discouraged diversification away from crude agricultural and mineral products towards manufacturing and services (Ayantunde and Ayodele 2006). The Chinese have been able to penetrate the local markets with their relatively cheap products and also allowed by comprising Nigerian government officials to bring both inferior goods and get also involved in retail trade.

Another problem of Sino-Nigerian Investments was the consequence of oil exploration and production by Chinese. Oil exploration which has resulted in the pollution and environmental degradation among others. In reaction to this, the local people have resorted to taking arms against multi-national companies and the state (Slather 2013). One of the ways they always react is by kidnapping expatriates, including Chinese. This remains a great challenge to Sino-Nigeria investment relations unless if Chinese firms are conscious of their social responsibilities.

Summary and Conclusion

This paper has examined investment relations between Nigeria and China. The



investments have not always been unidirectional, though not a balanced bilateral one. Since 2000, China's Foreign Direct investments in Nigeria have been increasing. Recently, Nigeria has overtaken other leading destinations of Chinese investments in Sub Sahara Africa including South Africa. A number of reasons can explain the increase in China's investments in Nigeria. The major reasons are the availability of oil and other mineral resources in large commercial quantity and the large market size of the country, given its population.

It has to be stated that China's Foreign Investments in Nigeria have been majorly concentrated on oil and mineral resources. President Obasanjo was able to use his "Oil for infrastructure" policy to attract Chinese investments in infrastructure. After the administration of Obasanjo, the succeeding president Yar'Adua quickly suspended and discarded most of the policies of former president Obasanjo towards China including "Oil for Infrastructure".

While China was initially driven by its vast demand for energy resources, its involvement since has expanded beyond oil. Chinese companies are now actively involved in other sectors of Nigeria's economy including manufacturing and communications. Both countries stand to gain from this investment relation. Some of the benefits of investment relations to Nigeria include; availability of fund; improvement of country's infrastructural development; transfer of technology; affordability of imports from China; and promotion of competition and innovation among others. The prospects for these remain as far as the Sino-Nigeria investment relation continues. However, a few stumbling blocks may impede these prospects. Some of the challenges include unidirectional of Sino-Nigerian investment relations; concentration of Chinese investments in oil and mineral resources; low level of technology transfer; inferior goods from China; and discouraging of local manufacturing ingenuity/creativity. Therefore, for Nigeria to maximally benefit from these investment relations, there is need for the government to 'put in place policies and institutions to maximize the complementary effects and minimize the competing effects' (Utomi 2011).

Recommendations

Having understudied the China and Nigeria economic and diplomatic ties, certain recommendations become imperative. Nigeria's first priority should be in developing the capacity to better manage its own policies toward China's engagement. Nigeria needs to realize that China's engagement gives it a unique opportunity to significantly expand its development and articulate a comprehensive strategy that addresses its long term needs (Pat Utomi, 2011).

Again, Nigeria should focus on how China's engagement in Africa fits into the border pictures of international engagement. In fact, Nigeria has the opportunity to diversify its development by balancing western aid with that of China but needs to better understand how each type of aid can be beneficial, and to what sectors, in order to implement a successful strategy.

Not only that, Nigeria should learn from the successes and failures of other states' relations with China and their policies towards development. While also learning from their own experiences. Nigeria should undertake a down-to-earth review to investigate what 'policies' have been beneficial for Nigeria's long term development and what areas need improvement. Nigeria should also move closely to examine the United States' relationship with China and replicate successful policies.

Furthermore, Nigeria should be pragmatic as they strive to "build institutions" past attempts to build institutions in Nigeria and other corrupt societies have shown that just uprooting and transplanting institutions does not work. The process is evolutionary in nature and dependent on political will and strong leadership to make the necessary changes. Most importantly, there are needs to be transparent, oversight, largely monitored by a large middle class. Since a large middle class is dependent on sustained economic growth, it will take time to build credible institutions, but small steps can be taken.

Moreover, greater emphasis should be placed on building human capital and overcoming language and cultural barriers to facilitate the transfer of business

knowledge and technology to wider array of the Nigeria population. Exchanges between Chinese and Nigeria business need to develop the capacity to become leading entrepreneurs independent of the Chinese. World class business schools and public administration institutes focusing on building competences, leadership skills, and values need to be more greatly supported in Nigeria as the case in South Africa (Pat Utomi, 2011). Lastly, advances in entrepreneurial skills need to be accompanied by similar advances in building a culture of leadership that is not only concerned about enriching themselves but about enriching their country as well.

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China and Botswana: legal and cultural differences in labour laws

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Abstract

Labour related conflicts are increasingly becoming a thorny issue in China-Africa economic relations and have greatly undermined the strong China-African relationship of recent times. The Chinese investments in Africa have come under criticisms on their labour practices. Though the case of Botswana has not been the most pronounced case of China -Africa labour conflict, it provides the tip of the iceberg for a more profound understanding of these problems. The case study underscores such a need by highlighting the legal cultural gap in Labour law as regards to probation and termination of employment in Botswana and China. We will discuss how understanding these differences can be helpful in ensuring that Chinese Investment in Africa at large and Botswana in particular is fostered in an environment of peace, security and social justice. The paper aspires to provide an understanding of the labour law as regards the termination of employment during probation as a springboard for more profound research in this area.

Background

China-Africa economic, trade and investment relations have been on a dramatic

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upsurge since 2000 and with the increasing effects of globalization, both China and Africa are confronted with the tremendous amount of foreign laws, which in most cases conflict with domestic legislation. It is beyond doubt that Chinese presence in Africa will continue to grow despite a backdrop of not only increase conflict in foreign law but also cultural challenges Sasha Westropp (2012). Between 2005 and 2010, Chinese FDI to Africa totaled UD\$ 11.8 billion (excluding non-financial flows) and by 2010, the stock of China's FDI to Africa was US\$13 billion (Statistical Bulletin 2010). At the end of 2011, more than 2,000 Chinese companies currently invested in Africa. Chinese investments have been bringing more job and development opportunities to the continent but labour standards in some Chinese companies have become a concern. The increased number of Chinese managers and new forms of management culture with which the Chinese companies now operate have been sources of conflict. The increased Chinese investment and subsequent conflicts may have caught African governments unprepared for a wave of problems that are arising. As the former Botswana Minister of Labour and Home Affairs Peter Siele pointed out in October 2010, at the China Business Forum: several factors including language barrier and other cultural differences are key elements in the incompatibility of a handful of Chinese enterprises' labour standards, wages and working hours with Botswana labour laws. These conflicts were greatly and negatively affecting China's corporate image and normal business activities in the country. Cultural challenges may not only be limited to language but can also include misunderstanding in values, principles, structure, decision-making, and preference for leadership.

The case in focus (*Roosevelt Kgosi v. China Civil Engineering*) and others like the *Factory Workers Union V. Tzicc Clothing Manufacturing (Pty) Ltd* in The Labour Court Of Lesotho and *Sun Textiles (Pty) Ltd V. Directorate Of Dispute Prevention And Resolution And Mookho Moleko* still in the Labour Court of Lesotho are some of the very few and early on labour disputes involving Chinese Companies in Africa that can be found to have gone before a tribunal. Taking the *Sun Textiles (Pty) Ltd V. Directorate of Dispute Prevention and Resolution and Mookho Moleko* as

an example of where differences in management approach has led to conflict between Chinese managers and their local employees. According to evidence from the case, when African workers proceeded for lunch they were body searched as stipulated by terms of their procedure. As the search was being conducted behind a curtain enclosure, one of the Chinese Supervisor Ms Zhang after searching the 2nd respondent in the case asked her to clear the space and to finish dressing in the toilet as the line was long. The search on that particular day (16 May 2005) was different as they were asked to undress and that the respondent refused to go outside before she finished dressing. She allege that the place where she was asked to go and complete her dressing had male colleagues there who were going through the same routine. Another Chinese supervisor, Miss Yao, then came and pulled her by the clothes to go out, which resulted in a quarrel. Miss Yao subsequently reported the incident and went to the hospital to get a medical report for the bruise she sustained. Although such types of cases are rare, it nevertheless portrays some very negative image of Chinese management style.

China-Botswana Labour Law Framework

Some Chinese scholars are of the opinion that history, tradition, custom, consciousness, psychology and many more factors are related to law, as all form part of a Legal *Culture*. Labour law in Mainland China is much influenced by Rome-Code Law, while in Botswana, which was long under British colonial domination and is member of the British Commonwealth, inherited the British Common tradition. This is also having an influence in its labour laws. With the increasing presence of Chinese enterprises investing in Botswana and hiring local labour, the propensity of legal cultural conflict in labour management is inevitable. As an old Chinese saying is: “rù xiāng suí sú” (“When in Rome do as the Romans do”, or literally “Wherever you are, follow the local customs”), which can be translated as meaning that Chinese enterprises investing in Botswana should not only be aware of the Chinese labour culture, but must abreast themselves with the history, traditions, habits, consciousness of the Batswana people to say the least. This, in a nut-

shell, is the difference in legal culture and it requires respect for different legal cultures of their host country by coming to terms with it.

China

For nearly three decades, industrial relations in China (PRC) were characterized by an economy dominated by state-owned enterprises, where employee depended on the enterprise, state-controlled Union organizations, and relative peace in labour relations. Reforms in the 1980s let many state-owned enterprises to be transformed into private businesses, but the organizational style – absolute power concentrated at the top of the enterprise – had not changed significantly. The dramatic transformation in Chinese economy also saw a relative transformation in the labour market in which employees can be hired freely without state organs demanding so (or providing special protection). The Chinese labour law prior to its revision in 2009 was a vague and ambiguous set of statutes, of which most workers hardly knew, thus giving employers significant latitude to interpret the law and explain regulations in ways that served their self-interest (Haiyan Wang et al., 2010).

The primary pieces of Labour legislations in China today, are the Labour Law of 1994 and the Labour Contract Law of June 29, 2007. Articles 10-14 and article 19-21 of Labour Law and articles 21, 25 and 32 of the Labour Contract Law set out the minimum statutory entitlements for the employees contracts probationary periods. China adheres to several International Labour conventions and has been a member of the International Labour Organization (ILO) since 1919.

Botswana

1969 saw the first pieces of legislation ever passed by the new government of Botswana after independence in 1966 to improve the Trade Unions and Trade Dispute Proclamation and Employment Law No. 15 of 1963. These were the Trade Unions Act No.24 of 1969, the Trade Dispute Act No. 28 of 1969 and the Regulation of Wages and Conditions of Employment Act of 1969. The Regulation of

Wages and Conditions of Employment Act of 1968, which came into force on 1 August 1969, provided for the establishment of Wages Councils and regulation of remuneration as well as conditions of employment (Kalusopa et al., 2013). These acts were overtaken by events and as a result amendments were introduced in 1982/83 and later in 2004. These included an overhauled Employment Act, a comprehensive Trade Dispute Act and Trade Union and Employers Organizations' Act. Currently the major pieces of legislation governing labour relations and the rights and activities of trade unions include the following:

Employment Act (Cap 47:01): Sets out the basic minimum terms/conditions of employment for private sector, parastatal corporations and public employees

Trade Disputes Act, 2003 (Cap 48:02): Outlines the trade disputes settlement mechanism at both individual and collective level.

Botswana is a member of the ILO since 1978 and has ratified several conventions fundamental to the rights of human beings at work.

The Summary Of The Roosevelt Kgosi (Applicant) v. China Civil Engineering (Respondent) Case In The Industrial Court Of (Gaborone) Botswana (Case No. IC. 500/2004 of 5th April 2005)

Facts of the Case

China Civil Engineering Construction Corporation (CCECC) was contracted to build a psychiatric hospital in Lobatse, Botswana. Known as the Sbrana Psychiatric Hospital, the total project price was \$65 million USD.

The applicant was verbally contracted to serve three months probation and commenced work for the Lobatse Project as Human Resources person on 20 September 2004, For a salary of Pula 4,500 per month only to be dismissed on 29 September 2004. The applicant had been retrenched from another project belonging to the company; the Shoshong Village Water and Sanitation Project a month earlier (The Botswana Department of Water Affairs in collaboration with CGC/CCEC JV

(China Geological Company/China Civil Engineering Company Joint Venture. The latter is the overseas subsidiary of CCECC) initiated the Shoshong water supply and sewerage project. It started in January 2002 in Shoshong, a village approximately 40 km from Mahalapye -Central District, Eastern Botswana). As such he was contesting his dismissal on the grounds of lack of notice, arbitrary dismissal and repatriation. The applicant claimed that during the 10 days, he was not provided with any rules for being tested.

The project manager declared the applicant dismissed by paying him ten days wages without payment of entitlement to notice pay, the reason being that he was unsuitable. The applicant protested against the dismissal at the Industrial Court on the grounds that his conduct had been fair, stating that the respondent was unable to specify the standards of performance, which were used to determine his suitability and adding that the retrenchment was a trick to prevent him from deriving high benefits and compensation. The applicant further stated to the Court that his probation was illegal for the reason he was employed by the respondent (China Civil Engineering) for two years previously, in addition the probation was not made out in writing as Section 20 (3) of the Botswana Employment Act requires.

In his pleadings the applicant asked for three months compensation, which addresses notice pay, settlement and repatriation, however, he also begs the court to make the following considerations: (a) The applicant is about fifty years of age, which limits the chances of employment. (b) The actual losses suffered by the applicant as a result of the wrongful dismissal. (c) The value of the project is high. (d) The purported circumstances of the dismissal revolve around office war for which there is no immediate remedy.

The judge pointed that there appeared to be a difference between the respondent CCEC (China Civil Engineering Company), and the applicant's previous employer CGC/CCEC Joint Venture (China Geological Company/China Civil Engineering Company Joint Venture); and that the argument on continuity of employment may not be sustainable therefore. The counsel for the defendant advised the court

that her client had upped its offer or tender of 14 days wages in settlement hereof to one month's notice pay, even though the applicant only worked for 10 days. The counsel for the applicant rejected this offer and countered two months compensation in settlement, on the grounds that his client had been in the continuous employ of the respondent CCEC since May 2002 as his certificate of service showed. The applicant agreed to serve three months probation, at the Lobatse project on 20 September 2004 with the immediate task of preparing employment contracts for all the employees. On 29 September 2004, before he could complete any of the contracts, the project manager paid him his wages for the 10 days and dismissed him on the grounds of unsuitability following a verbal warning and without compensation or notice.

The main contention in the case

- (a) The probation was illegal as he worked for CCEC for two years previously;
- (b) The probation period was invalid as it was non-compliant with Section 20 (3) of the Employment Act; and
- (c) His alleged retrenchment from Shoshong was a ruse to simply sever his continuous employment with CCEC, thereby depriving him of higher compensation.

According to the ILO Termination of Employment Convention C 158 of 1982 the termination of a contract of employment must be substantively and procedurally fair. Both parties in support of their claim brought the provision of Botswana Employment Act on probation forth.

2.3 The court judgements:

- (a) In its finding the court found out that the employer did not notify the applicant of the length of the purported probationary period in writing before entering into the contract of employment contrary to the provisions of the Employment Act, thus the applicant was therefore employed for the Lobatse project with no valid probation.

(b) Also, no disciplinary enquiry was convened before his dismissal even though the applicant's explanations regarding his admitted refusal to comply with lawful and reasonable instructions were unconvincing which led the court to conclude that the respondent had reason to summarily terminate his contract of employment without notice. His dismissal was therefore substantively fair, although procedurally unfair.

(c) The court concluded that the circumstances of the dismissal are that it was only procedurally unfair; that the applicant was employed for an extremely short period of 10 days and that he rejected an offer of one month's compensation and the court's time was unduly taken up on unfounded issues. The court declared that compensation of half a month i.e. P 2.250,00 is appropriate.

China-Botswana termination of employment contract during probation period

In the process of the judgment, the applicant argued that the project manager "... unduly terminated my services citing unsuitability as the reason (and) contested the dismissal on the grounds of lack of notice..."

With respect to China's Law on termination of employment during probationary period, article 25 of the Chinese Labour of 1994 states:

"The employing unit may revoke the labour contract with a labourer in any of the following circumstances:

-to be proven not up to the requirements for recruitment during the probation period;

-to seriously violate labour disciplines or the rules and regulations of the employing units;

-to cause great losses to the employing unit due to serious dereliction of duty or engagement in malpractice for selfish ends; and

-to be investigated for criminal responsibilities in accordance with the law. "

Article 21 of Chinese Labour Contract law regarding the termination of labour during probationary

“During the probation period, except when the employee is under any of the circumstances:

-the employee does not meet the recruitment conditions during the probation period;

-seriously violates the rules and procedures set up by the employer;

-causes any severe damage to the employer because he seriously neglects his duties or seeks private benefits;

-simultaneously enters an employment relationship with other employers and thus seriously affects his completion of the tasks of the employer;

-or the employee refuses to make the ratification after his employer points out the problem.

The labour contracts are invalid or are partially invalid if:

-a party employs the means of deception or coercion or takes advantage of the other party’s difficulties to force the other party to conclude a labour contract or to make an amendment to a labour contract, which is contrary to his will;

-an employer disclaims its legal liability or denies the employee’s rights.

Under any of the following circumstances also the employer may dissolve the labour contract if it notifies the employee in writing 30 days in advance or after it pays the employee an extra month’s wages:

- The employee is sick or is injured for a non-work-related reason and cannot resume his original position after the expiration of the proscribed time period for medical treatment, nor can he assume any other position arranged by the employer;

-The employee is incompetent to his position or is still so after training or changing his position.

The employer shall not dissolve the labour contract. If an employer dissolves a labour contract during the probation period, he shall make an explanation.

Thus the termination of employment in the 1994 labour law was divided into two categories "Unilateral dismissal" and "dismissal with notice". Article 25 of the Chinese labour law reiterates that during the probation period, should the employee not meet the employer standards, the later can unilaterally terminate the labour contract. If a dispute arises between both parties as a result of the termination of the employment contract during the probation period, the employer has the responsibility to proof the "employee does not meet the condition employment". Article 26 of China's labour law states,

In any of the following circumstances, the employing unit may cancel the labour contract; however, a written notice shall be given to the labourer concerned 30 days in advance:

- (1) Where a labourer is unable to take up his original work or any work specially arranged by the employing unit after completion of the period of his medical treatment for illness or not work-related injury;*
- (2) Where a labourer is unqualified for his work and remains unqualified even after receiving a training or after readjusting the work post; and*
- (3) Where the objective conditions taken as the basis for the conclusion of the contract have changed so greatly that the original labour contract cannot be carried out and no agreement on modification of the labour contract can be reached through consultation by the parties.*

According to the 1994 China's labour law, the employer may dissolve the labour contract if he notifies the employee in writing 30 days in advance not including the probation period. Recruitment conditions at the time often featured on recruit-

ment brochures and some unscrupulous domestic employers exploited the loophole in view of the domestic labour market especially after the 1990s where there was a serious oversupply of labour in the market. Many Chinese companies did not conform to the recruitment requirements and referred to subjective factors like “the leaders are not satisfied” as the reason for termination of employment. Such subjective factors could not be quantified, even if brought before the Chinese courts, would not get the legal outcome. The main reason for many victims having had to give up the litigation at that time may have been because of the cost involved in litigation.

In 2008, China promulgated the new Labour Contract Law which let in a positive effect in the protection of workers’ right during the probation period. The newly promulgated law improved China's labour contract system and also offered a better protection of labour rights and interest for employees. Article 21 of the labour contract law of China provides that: “during the probation period, except when the employee does not meet the employment criteria, the employer shall not dissolve the labour contract. If an employer dissolves a labour contract during the probation period, it shall make an explanation.” The second requirement is clearly stated and as a new addition to article 25 of the 1995 Labour Law. The writers believes that the inclusion of the second request help to solve the aforementioned point of leaders satisfaction, as the rating of employees by leaders does not meet any objective criteria and any employment condition. Further because of factors as the leaders are not satisfied with the employee or the leaders rating is subjective which the employee is usually unable to provide justification.

The enactment of the 2008 Labour Contract Law has also encouraged Chinese entrepreneurs to be more serious with the issue of terminating employment contracts during the probation periods. Usually when workers are hired, the conditions of employment will be included in as clause of labour contract; it also can be separate with the employment confirmation, or confirmation in the form of “job description”. The conditions for recruitment is generally quantifiable, for instance

if the employee is late three times within probation period, it is considered not to meet the recruitment requirements, and henceforth. But even if China's labour contract law on the basis of labour law has positive effect to guarantee in a labourer rights and interests during the probation period, in Botswana as well as some other Southern African states, there are major differences in the provisions of the Employment Act and these difference emanates more from the differences in legal cultures between People's Republic of China and the Southern African States.

For Chinese businesses currently working in Africa, and for those that are intending to establish themselves there, understanding both their own culture and the culture of the employees they are hiring in Africa, can result in a more harmonious and successful organisation.

Botswana Employment Law

Provisions of Botswana Employment Act (Cap 47:01) section 18, 19 as well as the provision of section 20 (2) stipulate

18. (1) A contract of employment for an unspecified period of time (other than a contract of employment for a specified piece of work, without reference to time) may be terminated by either party —

(a) where the wages are payable in respect of any period not exceeding a day, at the close of any day's work without notice having been given to the other party of the intention to do so unless the contract of employment provides for the giving of such notice in these circumstances, in which the last case the termination of the contract shall be subject to such notice having been given in accordance therewith; or

(b) Where the wages are payable in respect of any period exceeding a day, at any time, notwithstanding anything to the contrary contained in the contract of employment, subject to notice having been given to the other party of the intention to do so.

(2) *Notwithstanding anything to the contrary, contained in the contract of employment, the minimum length of any notice referred to in subsection (1)(b) shall: (a) where the wages are payable in respect of any period exceeding a day but less than a week, be one day; or*

(b) Where the wages are payable in respect of any period not less than a week, be equal in length to the period

(i) Where an employee whose wages are payable in respect of any period not less than a week but less than two weeks have been in continuous employment for two or more but less than five years, the minimum length of notice shall be two weeks;

(ii) Where an employee whose wages are payable in respect of any period not less than a week but less than a month has been in continuous employment for five or more but less than 10 years, the minimum length of notice shall be one month; or

(iii) Where an employee whose wages are payable in respect of any period exceeding a day has been in continuous employment for 10 or more years, the minimum length of notice shall be six weeks.

(3) *Notwithstanding subsection (2), where the contract of employment provides for a minimum length of any notice such as is referred to in subsection (1)(b) which is longer than the appropriate minimum length prescribed by subsection (2), the minimum length of any such notice shall be that for which the contract of employment provides.*

(4) *Nothing in this section shall prohibit either party to a contract of employment from waiving his entitlement to notice in any particular case.*

(5) *Notwithstanding anything to the contrary contained in a contract of employment, notice of intention to terminate the contract shall be in writing and shall be given on a working day at any time and, except where the wages are pay-*

able in respect of any period not exceeding a week, that day shall be included in the period of notice:

Provided that, notwithstanding anything to the contrary contained in the contract of employment, notice of intention to terminate the contract may be given orally by either party if he is illiterate.

19. notwithstanding section 18, either party to a contract of employment for an unspecified period of time (other than a contract of employment for a specified piece of work, without reference to time),

which contract may be terminated by either party subject to notice having been given to the other party of the intention to do so, may —

(a) terminate the contract without giving such notice by paying to the other party a sum equal to the amount of basic pay which would otherwise have accrued to the employee during the minimum lawful period of such notice; and

(b) where such notice has already been given, whether the period thereof is the appropriate minimum lawful period or a longer period, terminate the contract, without waiting for the expiry of the period of notice, by paying to the other party a sum equal to the amount of basic pay which would otherwise have accrued to the employee during the balance of the period of notice.

20. (a)[...]

(b) Where a contract of employment is terminated during a probationary period by either the employer or employee under section 18 or 19 by not less than 14 days' notice, the contract shall be deemed, for the purposes of this Part, to have been terminated with just cause and neither the employer nor the employee shall be required to give any reasons therefor.

In terms of the above it is clear that the law allows for a parting of ways between the employer and employee during the probationary period without any reasons being given by the party at whose instance the termination was effected. But be-

fore entering into a contract of employment, which is to provide for a probationary period, the prospective employer shall inform the prospective employee in writing of the length of the probationary period and any person who contravenes this law will be liable to the penalties prescribed the law.

Justification for termination of the labour contract during the probation period

Employers in Botswana are not legally obliged to prove that the applicant has been justifiably fired during the probation period as there is no requirement in Botswana law that reasons for the termination needed to be disclose if the termination of the contract was done during the probationary period. On the contrary, in China as earlier stated article 21 of the Labour Contract Law states that an employer shall give an explanation should he dissolves a labour contract during the probation period.

In accordance with the requirements of section 18-19 of the Botswana Employment Act (Cap 47:01), during the probation period, be it the employers or employees both have to issue a 14 days' notice to the other party in order to terminate the contract during the probation period. If such notice is issued, the contract shall be deemed to have been terminated with just cause and neither the employer nor the employee shall be required to give any reasons for such termination. The writers are of the opinion that, section 20(2) of Botswana employment law reflects the English common law tradition and law culture, namely: an employment contracts has personal attributes, such that when the employer considered that the trust relationship with the employee has ceased to exist, the employment contract thus loses the basis of its existence. Continuing with restitution of the original contract of employment will not be possible and secondly, there is no need to. So as long as there is "just cause" disputes can be resolved rather than demanding compliance with the employment condition.

If we may take a look at the Hong Kong (though part of China, Hong Kong has a different legal system) employment ordinance Chapter 8, "Termination of Em-

ployment Contract by Notice or Payment in lieu of Notice” states that a contract of employment may be terminated by the employer or employee through giving the other party due notice or wages in lieu of notice. The amount is equal to what the employee can earn as prescribed in its article 6 during the notice period, the employer may at any time terminate the contract without notice, but this does not unconditionally apply to the employees in Hong Kong. Article 10 of the Hong Kong employment ordinance stipulates that,

“An employee may terminate his employment contract without notice or payment in lieu of notice if he reasonably fears physical danger by violence or disease; if he is subjected to ill-treatment by the employer”.

Under the Employment Ordinance, the employment contract may be terminated during the probationary period in the first month without notice; after the first month by not less than seven days notice, or the longer period as provided in the employment contract, or by payment in lieu of notice. Employment contracts have no explicit provisions for payment of wages for less than seven days. From a historical point of view, British legal culture influence on Hong Kong and Botswana is extremely profound. From 1842 to 1997 Hong Kong was a British colony (before returning to China) and British laws and legal traditions have great influence in Hong Kong ever since. In the promulgated and implemented 1968 Hong Kong Employment Ordinance compared with the current employment laws of Botswana, it can be clearly observed that the conditions of termination of employment contracts during the probation period under the existing law of Hong Kong is identical to that of Botswana despite the slight difference in details.

The legal nature and practice of employment contract

The 1994 China’s labour law stipulates in its article 19 (4): “The probation period shall be included in the term of a labour contract. If a labour contract only provides the term of probation, the probation shall be null and void and the term of the probation shall be treated as the term of the labour contract.” China’s 2008 “Labour contract law” in order to prevent abuse of the probation period by some

employers, as the basis of the Labour law also stated that: If the term of a labour contract is not less than three months but less than one year, the probation period shall not exceed one month. If the term of a labour contract is not less than one year but less than three years, the probation period shall not exceed two months. For a labour contract with a fixed term of three years or more or without a fixed term, the probation term shall not exceed six months. An employer can only impose one probation time period on an employee. It can be gathered from the Chinese labour contract law that the probationary period is not legally part of the labour contract and the employer and employee may agree to probation or not. The probation period in Labour contracts is of a voluntary and non-independent nature. Probationary period should be included and be a dependent component of the labour contract to give a fair and equal contract to all employees.

According to Botswana's employment law, article 20 (3); before entering into a contract of employment, which is to provide for a probationary period, the prospective employer shall inform the prospective employee in writing of the length of the probationary period. In *the Roosevelt Kgosi V. China Civil Engineering* case in point, the personnel manager of the Chinese enterprise only verbally agreed to a three months probation period, not by advanced written notice to the labourer. Without any advanced written notice on the applicable probation period on the employment contract shows that the management of some Chinese enterprises do not adhere to the adage that "When in Rome, do as the Romans do".

China's Labour contract law in its article 39 (1) states that, "Where an employee ... does not meet the recruitment conditions during the probation period his employer may dissolve the labour contract".

The Labour Contract Law in its article 21, as outlined above, also states that the employer shall not dissolve the labour contract except under the conditions where the employee does not meet the recruitment conditions during the probation period under seriously violation, neglect of duty, incompetence or non-work-related issues that prevent the employee from effective performing his duties. If an employ-

er dissolves a labour contract during the probation period, it is required to be accompanied by the relevant explanation. The provisions of the labour contract law in China although compared to the provision of 1994 Labour Law regarding protecting labourers rights and interests during the probation period, is already a significant milestone in labour protection in China. The procedural safeguards in the Labour contract law regarding the probation period for employees' interest still need some further improvement.

The *ROOSEVELT KGOSI v. CHINA CIVIL ENGINEERING* case Judgment has repeatedly stressed that the plaintiff's dismissal had all to do with unfair procedure. Before the procedurally unjust termination of Mr ROOSEVELT KGOSI's contract of employment, he had not appeared before a disciplinary enquiry commission for any violation of company rules. In other words, if during his probationary period ROOSEVELT T KGOSI was at fault, prior to the dismissal it should be in a relatively formal occasion to point out his faults, and be given the opportunity to defend himself rather than just be informed of his dismissal. Botswana employment law requirements for dismissal during probation period require the opening up of a "disciplinary commission of inquiry meeting for violating company policy." Although it is a procedural requirement, this sort of procedure is important as it gives employees the right to appeal dismissal and ensure some impartiality in the termination of employees. From a traditional point of view, Chinese managers mainly focus on substantive rights, without much attention to the procedural requirements on how to safeguard and defend the fairness of substantive laws of procedural justice. This case should be a lesson for Chinese enterprises investing in Africa.

Conclusion

China-African Labour conflict shows a situation where clash in labour cultures have brought about by globalisation and a search for resources. African governments besides taking measures aimed at limiting child labour and equal pay for both women and men, states only legislate to reduce working time in civil service,

where there is no risk of international competition. All in all, China has been and always will be Africa's good partner for development. China and Africa need to work together towards the same goal to bring more benefits to both sides.

The Chinese government encourages Chinese companies to use local equipment and labour and abide to local laws. Chinese investment in Africa brings enormous contribution in terms of jobs opportunities and economic prosperous to Africa and much importance is attached to Sino-African friendship and cooperation. However, some Chinese investors with own management culture and values weaken the whole foundation of this cooperation. The former Botswana Minister of Labour and Home Affairs Peter Siele statement stressing that language barrier, cultural differences and other factors has let a handful of Chinese enterprises' labour standards, wages and working hours incompatible with Botswana laws, which goes a long way to affect China's corporate image and normal business activities need put in perspective.

In Botswana, the government has begun to address this situation and has established various collaboration mechanisms between various stakeholders: the Ministry of Labour and Home Affairs, the Chinese Embassy in Gaborone Botswana, and the Confucius institute at the University of Botswana. The essence of the collaboration for the Ministry of Labour and Social Security Bureau and Immigration Department officials is to open Chinese classes on a regular basis, so as to achieve more effective communication with Chinese enterprises, more clearly illustrate relevant laws and regulations and at the same time coordinate labour disputes more effectively. The Minister also hoped that Chinese enterprises could actively communicate with management, abide by the laws of Botswana, and integrate into the local society making effective the adage that "when in Rome, do as the Romans do".

There's the need to encourage Chinese and African scholars to undertake comparative studies in China Africa Labour laws. In March 2013, Chinese president Xi Jinping visited Botswana's neighbour South Africa and in China-South Africa

joint communiqué he called both sides to continue to expand cooperation in the areas of basic and higher education, enhance mutual exchanges and share of research results. China supports the Confucius institute in Africa in strengthening Chinese language training, promotes and strengthens the news media, academic institutions think tanks, and other exchanges and cooperation in both countries. China-African scholars were urged to compare both differences in labour law and to issue joint communiqués of the specific measures both sides to promote cultural exchanges in the area of legal culture, which has a more realistic significance to deepening China-Africa economic cooperation.

To encourage Chinese and African scholars to translate and compile a set of China-African labour law jurisprudence. As Botswana and other African countries were under British colonial rule, the British common law (also known as case law) had a relatively great impact; as such some of the statute or even particular words must be interpreted according to the judgement in the particular case. Furthermore, efforts should be made to encourage Chinese and African scholars with the ability to conduct collaborative research in this area.

We suggest Chinese investors in Africa should focus their attention on:

- (1) The methods of management that include African peculiarities;
- (2) Pay more respect to employees' social and cultural values;
- (3) Provided training for their managers to have and understanding and respect to African special cultures including legal cultures;
- (4) Chinese investors should incorporate more technologically advanced management techniques in their companies.

On 26 November 2009, the government of the People's Republic of China and the government of the Republic of Botswana signed 2010-2013 cultural cooperation Implementation plan agreement in Gaborone. According to the new implementation plan, in the following three-year, both sides were to exchange cultural delega-

tions and performing arts troupe, art Exchange exhibition, and exchange of plastic artist and writers to further strengthen cultural exchanges; strengthen the protection and management of cultural heritage, strengthen cooperation in the field of radio, film and television; Exchange visits of educational delegations to each other's countries. China-Botswana Cultural Cooperation Agreement (2010-2013) will end this year with Suggestions in signing a new China-Botswana cultural cooperation agreement to increase importance be given to "legal cultural exchange cooperation" contents. The two countries can jointly organise a Legal Culture Forum, comparing the cultural differences between the two countries and taking cultural exchanges and cooperation between the two countries to a higher level.

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Forum: China's engagement in Africa: opportunities and challenges for Africa

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Introduction

From being one of the largest recipients of Foreign Direct Investment (FDI) after its opening up in the late 1970s by attracting foreign investors to contribute to its economic take-off first in its southern region of Guangdong and later in its inland provinces, China has become FDI provider to other countries; particularly in Southeast Asia, Africa and Latin America. But China's overseas expansion has been developed through its government's policies in the late 1990s to motivate Chinese state and more and more private companies to go abroad in order to secure resources, gain overseas markets to sell 'made in China' products and contribute to China's Outward Foreign Direct Investment (OFDI). In its relations with Africa, the 'go out' policy in the late 1990s, the establishment of the Forum on China Africa Cooperation (FOCAC) in 2000, the release of a white paper in 2006 about China's engagement in Africa show China's interests to strengthen its cooperation with African countries.

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Therefore alongside its traditional political and economic partners mainly Europe and United States, Africa has developed economic relations with emerging partners: China, India and Brazil among others. Through the so-called south-south cooperation framework, countries of the global south in general and emerging economies in particular have created a platform for political and economic dialogue; i.e. the BRICS summit. This new tendency is somehow shaping the world political economic order and increasingly changing Africa's position with the rest of the world.

Since 2000, China's engagement in Africa has shifted from aid to economic cooperation underpinned by trade and investments. China's accession to the World Trade Organisation (WTO) in December 2001 has somehow contributed to boost Sino-African trade. Recently China has become Africa's largest trading partner; trade volume between China and Africa has increased: from US\$ 5 billion in 1997 to US\$ 198 billion in 2012 and China's FDI stock in Africa has drastically increased over the past years: from US\$ 56 million in 1996, it is at US\$ 15 billion in 2012.

The rapid pace of Chinese investments flows in Africa and their expansion to various sectors (resources, infrastructure, services; etc.) lead us to question the various political and economic motives behind China's presence in Africa. However, China's increasing footprint in various sectors of African countries' economies with different actors (state financial and political agencies, state companies, private enterprises and SMEs) raises questions about the opportunities Africa can have with China's presence on the continent and the different challenges behind China's engagement in Africa.

The paper explores the growing relations between China and African countries, the opportunities and challenges for Africa and draws recommendations for African countries to better engage with China.

China's overseas political economy

In the late 1970s, China has opened up to the world; therefore enjoying foreign investments in various sectors needed for its economic development. Such need for Inward Foreign Direct Investment (IFDI) has enabled China to acquire investments to develop its industries, create employment, develop infrastructure and improve its human resources. In the late 1990s, through its 'go out' policy, China has showed interests in investing overseas to promote its economic development. The large part of Chinese overseas investments are channelled via its multinational companies involved in state-to-state development projects and are mainly concentrated in Africa, Southeast Asia and Latin America where China's presence is more and more growing.

China's overseas investments come with political and economic motivations if one considers the role played by the Chinese government in politically and financially supporting Chinese companies (private or state-owned) and of course the companies' primary interests to access markets elsewhere.

Political motivations

The Chinese government both at the central and provincial level has always been involved in the country's economic development and still has an influence on the large Chinese companies operating in China and overseas even though entrepreneurial and industrial reforms have enabled the country to move towards a more liberal economy. Compared to the Western, Japanese and Korean governments which have progressively pulled out from the companies' activities to enable their internationalisation and competitiveness in the global market, the Chinese government still has a control on the big Chinese enterprises. This somewhat clarifies the mutual influence between political and economic factors in China's 'going out' strategy. Chinese multinational companies play a strategic role in Beijing's political economy; particularly in developing countries where they are heavily involved in different sectors. At the same time, the Chinese government relies on the economic interests of its companies which operate abroad to promote China's eco-

conomic development. With its financial and political means, China's central government influences Chinese companies' expansion; hence the political factors. The Chinese government's footprint in Chinese companies' activities can be seen through the linkage between Official Development Assistance (ODA) and Outward Foreign Direct Investment (OFDI) where the companies receive finance from the Chinese state financial institutions to build infrastructure in developing countries. However, it is important to mention that since few years ago, the lack of the Chinese government's financial support to Chinese private and Small and Medium Enterprises (SMEs) to develop their businesses in China has pushed many individual and private entrepreneurs to go abroad for economic opportunities. Therefore Chinese small scale and private investments overseas are increasing drastically. Shen Xiaofang (2013) estimates the share of private investments to be at least 55% of the overall Chinese investments in Africa.

To mount challenges (late arrival in the world market, lack of high technological, entrepreneurial and managerial skills) they face in their expansion process, Chinese State-Owned Enterprises (SOEs) and big MNCs take into account the government's role even though Beijing claims for more internationally competitive companies as stated in the 12th five-year plan (2011-2015). Through the 12th five-year plan China seeks to refine its economic development by pushing forward the development of emerging strategic industries, expanding independent innovation, and pursuing sustainable economic development alongside social harmony and stability (Fung and Peng, 2012). China aims at greatly enhancing the competency of Chinese enterprises, transforming them from followers into leaders on the global stage, and drivers of global growth (12th five-year plan).

The Chinese government's footprint in the Chinese MNCs' activities makes them different from Western or other foreign multinationals (Japanese and Korean for instance) which have less support from their home governments and invest in stable markets. In a broader perspective, the involvement of the Chinese government in the operations of Chinese companies may be seen as an element of home country activities. In China, for example, SOEs are supported by the government

through financial aid or political influence to overcome their status as late-comers in the international market (Alden and Davies, 2006). Chinese multinational companies' motivations to invest abroad are not only linked to their operations in international markets due to local competition at home but also Beijing's 'go out' strategy that seeks to have more overseas Chinese investments through the SOEs and the private companies that benefit from political influence and financial support.

Economic motivations

In its objectives to have its MNCs globally competitive, China's central government is slowly giving its companies more autonomy in order to enable them accumulate economic benefits which are the basis of their activities. This enables the companies to focus more on their major goals while operating within and outside China according to their strategies. Chinese companies' venture abroad is based on several economic motivations. Through the process of their internationalisation, Chinese companies are building high profile in overseas markets in order to be competitive compared to their Western competitors. With their motivations to increase their participation in the global economy, Chinese companies play a key role in China's overseas investments. Most scholars agree that Chinese companies have classical motivations which are mainly part of their foreign investments strategies. Buckley *et al.*, (2007) argue that Chinese companies are to various extents seeking resources, markets and strategic assets.

Resource-security

China's domestic resources are insufficient to maintain growth. To secure resources at home, modernise and urbanise, China's appetite for more resources in order to satisfy its populations' and economy's growing needs for energy consumption drives the 'middle kingdom' in Africa, Latin America, Asia and Australia endowed with natural resources. China's high demand for resources and particularly for oil has made the country recently become the world largest oil importer after being East Asia's biggest exporter in the 1980s. Giant Chinese oil companies: China National Offshore Oil Corporation (CNOOC), China National Petroleum

Corporation (CNPC) and China Petroleum and Chemical Corporation (SINOPEC) supply China with oil resources while operating in various sectors of developing countries' oil industry: offshore, exploration and refinery (Executive Research Associates, 2009; Jiang and Sinton, 2011).

Besides, China has important reserves of mineral products; particularly rare earth (in the long run crucial for green technologies) from developing countries. Jepson (2012) argues that rare earth elements are especially critical to modern high-strength magnets and constitute vital inputs for a growing range of mass consumer, 'green' technology and military applications. In the mining sector, Chinese multinationals such as Sinosteel, Baosteel, China Minmetals widely present in many African, Latin American and Southeast Asian countries play an important role in making China the world largest mineral resources' reserve. The Chinese rare earths industry has secured a 97% share of upstream production by means of aggressive pricing, backed by state support and technology transfer (Jepson, 2012).

Market-seeking

Over the past few years, China's export-driven economy has been based on market-seeking motivations which enable China to sell its manufactured products overseas. In China's international political economy, investing abroad means an avoidance of current and future trade barriers and the facilitation of exports of domestic products. The search for new markets in order to sell its manufactured goods is somehow obvious for China if one considers its production capacity, price competitiveness and its market saturation level; hence the local competition. China's accession to the World Trade Organisation (WTO) has led to the end of protectionist measures to enable the establishment of foreign multinationals in the Chinese market. Such developments in China's economy have been push factors for some Chinese companies to explore overseas markets. The production capacity based on abundant manpower, relatively cheap production and labour costs has contributed to boosting Chinese exports towards the world markets (Kathawala *et al.*, 2005; Santiso, 2007).

Asset-seeking

In order to acquire technology, foreign expertise and management style, distribution networks via partnership with local companies in Africa, Chinese companies are more and more present in the African business environment. They sometimes operate under mergers and acquisitions or joint-ventures in order to have important market share or expand to other regions. Building innovative brands as stated in China's 12th five-year plan is also part of this strategy and aims at motivating Chinese companies to create global brand names for higher quality products and prices increase. For instance in 2005, the Chinese electronics and computer hardware company Lenovo has bought over IBM to impose its brand and become highly competitive in the global computer industry (Jiang, 2007).

Efficiency-seeking

For efficiency, profitability and access to inputs (production/labour), Chinese companies exploit the benefits of economies of scale by contributing to China's FDI in Africa. The increasing production and labour costs in China have driven Chinese companies to relocate to countries with lower costs mainly in Southeast Asia and Africa to run businesses in the manufacturing and textile industries.

With the current lack of limited financial support from the Chinese government, the fierce competition related to the saturation level of China's domestic markets and the rise of production and labor costs in China, Chinese private enterprises are also seeking to penetrate foreign markets. Strategic asset-seeking motivations play a key role for Chinese investors abroad (Gu Jing, 2009). These different aspects (resource-seeking, market-seeking, strategic-asset seeking and efficiency-seeking) seen in Chinese multinational companies 'going global' give them different characteristics when compared to investment strategies of Western multinational companies.

Furthermore, to promote its economic development overseas through mechanisms and policies, China has strengthened its relation with Africa, politically based

among other aspects on ‘mutual benefit’ or ‘win-win cooperation’ and ‘non-interference in domestic affairs’ as stated in Beijing’s foreign policy documents. In this sense for instance, many African governments (Sudan, Zimbabwe, Niger, Zambia; etc.) with governance and human rights issues have welcomed Chinese investments. This somewhat contributes to countering relatively high conditions (related to aspects such as good governance, transparency, Corporate Social Responsibility (CSR), environment and sustainable development; etc.) imposed by Western donor agencies which fund development projects in Africa.

Opportunities for Africa

Since the shift noticed in China’s engagement in Africa which was more aid driven for a more economic cooperation between Africa and China, opportunities exist for African countries to diversify their economic partnership alongside their relations with traditional partners. More and more African policymakers look east and take advantage of China’s economic rise and position in the global political economic order. In a new relationship between China and Africa underpinned by trade and investments, Africa seeks more diverse opportunities for trade and investments which could contribute to the continent’s economic growth. China among other emerging economies has made inroads into Africa’s economy alongside the United States and Europe which are still important economic partners for Africa.

Shifts occurred in the world political and economic order particularly with the establishment of the south-south cooperation framework and the difficulties faced by Europe and the United States since the 2008 financial crisis have been an advantage for China to boost its trade and contribute to OFDI in Africa. Based on its foreign policy rethorics of ‘non-interference’, ‘win-win cooperation’ and ‘mutual benefit’, China has strengthened its engagement in many African countries; particularly in countries with controversial political leaders, bad governance and human rights issues.

China’s investment in Africa is rapidly increasing and is moving from resources and infrastructure development to the services sector. Such investment enables

African countries to move from the extractive industries (energy and mining) and develop other sectors of their economies.

Chinese investment in resources even though contributing to resource security for China in order to satisfy the increasing energy needs for its population has enabled African countries with a large endowment of resources (South Africa, Angola, Sudan, Zambia, Nigeria, DRC among others) to acquire equipment and machinery, techniques, expertise to explore their mineral resources (oil, gas, copper, cobalt, coal, rare earths; etc.). For instance in many African countries (Niger, Chad, Nigeria and Sudan among others), Chinese companies have built refineries to enable those countries to refine their own oil products. However, such deals in the resources sector mainly in the oil and mineral products sectors are secured by exports of oil barrels and minerals to China but also to major oil importers around the world. Overseas oil companies, particularly the Chinese MNCs have brought Sudan's oil to the global market. Extractive industry corporations are essential in producing the value from natural resources through enormous capital investments, advanced technology, technical expertise and access to international markets (Patey, 2007: 3). Chinese investment in Africa has created joint ventures between Chinese and African companies. For instance in the oil sector, while investing overseas, Chinese National Oil Companies (CNPC, CNOOC and SINOPEC) meet China's strategy for energy and resources security. In order to satisfy its population's and manufacturing industries' need for energy, the Chinese government supports its oil companies even though private to secure resource deals abroad. From Angola to Nigeria, expanding to Chad and Uganda, the Chinese NOCs are in all the segments (offshore, exploration, production and refinery) of Africa's oil industry. To enter the Sudanese oil market in 1996, CNPC signed an agreement with Sudapet for oil exploration and production. In Angola, China showed its interests in securing oil. From buying oil in the Angolan market, Sinopec has been heavily involved in other energy projects; and a joint-venture between Sinopec and Sonangol has been established. But Sonangol should provide oil to Sinopec as stated in a cooperation agreement signed in 2005 between Luanda and Beijing.

Following the privatisation of the mining sector in many African countries, the Chinese companies' presence has changed the characteristics of Africa's mining industry, led to the boom of the commodities' prices and contributed to the expansion of the sector.

In the mining sector, the Chinese operations in Africa are moreless similar to their activities in the oil sector. Joint ventures have been created between Chinese and African mining companies. But in many cases Chinese companies are the major shareholders and part of the production was exported to China as signed through agreements. For instance, in the Democratic Republic of Congo, Sicominex was established in 2008 in order to produce around ten million tons of copper and cobalt and with two-thirds of the investments owned by Chinese investors, it was expected to deliver at normal prices to China (Sumata and Dzaka-Kikouta, 2013).

In the telecommunications sector, the lack of telecom network coverage in rural and remote areas and the high costs of establishing landline networks across vast and often sparsely populated territory are among the major factors influencing the investment decisions of Chinese telecommunications companies such as Huawei and ZTE to tap into Africa. Those two Chinese telecom companies have contributed to bridging the digital divide between urban and rural areas in Africa by enabling people to have access to mobile handsets and reliable network coverage.

More and more China is slightly moving its investments from extractive industries towards the services sector in Africa. Such shift in Chinese investments in the continent could enable African countries to diversify investments in their respective economy. With more and more African entrepreneurs doing business with China, China's financial expansion in Africa through the internationalisation of the yuan could be an opportunity for both Chinese and African businessmen to settle their financial transaction in yuan to avoid fluctuation in foreign exchange. Standard Bank has also expanded to the Chinese financial market by opening up offices in Shanghai, Beijing and Hong Kong. Standard bank's presence in China contributes to a better understanding of business environment and landscape in Africa for Chi-

nese investors who more and more seek business opportunities in Africa.

In the tourism sector, China granted Approved Destination Status (ADS) to many African countries to welcome Chinese tourists. More and more Africa accounts for China's outbound tourism. African tourism organisations, air companies and travel agencies across the continent cater for Chinese tourists in terms of tour packages, accommodation, hostelry and shopping. According to Chinese government figures, 110,000 Chinese tourists travelled to Africa in 2005 (Eisenman and Kurlantzick, 2006). From 2011 to 2012, the number of Chinese tourists in Africa grew by 56 per cent (An Chuying, 2013).

With a lack of adequate infrastructure to contribute to its economic growth, Africa seeks investments for its infrastructure development to facilitate trade and investments within the continent. China has therefore made inroads in Africa infrastructure building sector; contributing to integrate Africa through infrastructure development projects.

As for trade, China has become Africa's largest trading partner; thus boosting trade volume between China and African countries. During FOCAC III, China has granted zero-tariff treatment to African countries to export their products to China. China agreed in 2005 to exempt from tariffs 190 commodities from 25 least developed African countries (Ajakaiye, 2006). Such decision aims at diversifying African exports and somehow solving the trade deficits between China and African countries. At the same time, China represents an important market for Africa. With a growing middle class population in particular and a large population of 1.3 billion people, China is a potential market for various businesses that African countries can explore. By tapping into the Chinese market, they can develop interests in other Asian countries.

Challenges for Africa

Even though the trade volume between China and African countries is growing, the composition of the Sino-African exports and imports still remains unbalanced.

Rich in resources, African countries such as South Africa, Angola, Democratic Republic of Congo, Nigeria and Sudan among others export oil and mineral products to China. While African oil exporters like Algeria, Sudan and Angola enjoy trade surpluses with China, every other country had a trade deficit (Lyakurwa, 2006). Besides 63 per cent of China-Africa trade share is allocated to Angola (21 per cent), South Africa (18 per cent), Sudan (7 per cent), Nigeria (6 per cent), Egypt (6 per cent) and Algeria (5 per cent) (Cissé, 2012). In return, China exports manufactured goods to Africa. In 2012, trade between China and Africa has reached US\$ 198 billion. But problems remain and need to be adjusted. Diversification in imports and exports is an issue for both sides. The trade imbalances between China and Africa are enormous. The major exports products to China from Africa are oil, copper, coal and iron ore products; consequently, the ten top African countries exporting to China are resource-or oil-rich countries (Cissé, 2012). On the other hand, Africa's imports from China are mainly based on manufactured products: household equipment, motorcycles, footwear, spare parts, construction material, machinery and so on (Cissé, 2012).

The quality of 'made in China' consumer goods in Africa in general is low and somehow aims at satisfying the needs of the largest African population with a low purchasing power. Chinese imports in Africa have also enabled Chinese businessmen to open up shops across Africa; thus creating competition to local businesses in many African countries. South Africa, Lesotho and Nigeria have in the past suffered from China's textile imports and growing footprint in Africa's textile industry. In the leather industry, countries like Ethiopia and Senegal are facing the same issues with more and more Chinese involved in the sector, offering low quality products, copying African design and selling at a lower price.

In essence, Africa is primarily as source of crude materials and also a market for Chinese finished goods (Ajakaiye, 2006). Since their independence, many African countries tried to move from import dependency to export-driven economies. But such shift in many cases did not happen or if it happened is more focused on resources export. The manufacturing industry which could change the trade pattern

between African countries and their trading partners is not taking off. The lack of industrialisation policies to enable the manufacturing sector in Africa to take off in order to satisfy Africans' needs for consumer goods, the fierce competition faced by Chinese entrepreneurs and traders and the restriction to provide them with loans and credit to develop their activities to the detriment of State Owned Enterprises have led Chinese small traders to eye African markets (Gu Jing, 2009; Shen Xiaofang, 2013).

Chinese investments in Africa have been mainly related to resources, particularly in extractive industries which come along with infrastructure development projects that today include dam building for hydropower in many African countries. Although China's investment in Africa somehow contributes to Africa's growth, there are issues regarding social and environmental impacts of China's engagement in the continent. Chinese investments are concentrated in sensitive sectors and areas with weak ecological policies and governance. Investments in extractive industries have raised debates and discussions about the environmental and sustainable development issues around the world. Consequently, Chinese investments in Africa have attracted a lot of attention.

In Africa, Chinese investments in oil, mining, copper and coal occur in environmentally sensitive zones. The location where extractions take place often experience socio environmental struggles over the control of space, governance of territory, access to land and water, defence of human and citizenship rights and dissatisfaction over the distribution of the mineral rents (Bebbington *et al.*, 2008). Chinese investment which has been welcomed by a wide number of African countries has seen positive and negative impacts on Africa's economic growth. The involvement of Chinese State Owned Enterprises (SOEs) and today Chinese private companies in Africa is driven by Beijing's Africa political agenda. China is eager to have access to more resources in Africa to sustain its growth. Such investment's pattern comes along with development projects' packages. For instance, China's footprint in Africa's infrastructure includes the construction of dams. Today, Africa's new dams are most popularly backed by Chinese funders and dam builders

and China has committed more than US\$ 3 billion to African hydropower projects (Hathaway, 2010). In Africa, dam building supporters have a clear message: hydropower is cheap, clean, and renewable and an indigenous power source (Hathaway, 2010). Most African governments appear to welcome Chinese investments without a strong focus on social, environmental impacts and sustainable development. China's political strategy contrasts with the western policies on human rights, good governance, environment and sustainable development and is centred around not interfering in internal affairs of countries where it is operating or investing (Brautigam, 2011). Presence of Chinese actors in Africa based on a strict hands-off policy in political and environmental standards has raised debates and discussions about the social, environmental and sustainable development impacts of Chinese investments in Africa (Bosshard, 2008). Chinese investors and extractive companies are accused of undermining good governance, environmental and sustainable policies in Africa.

Chinese investments in natural resources are concentrated in remote areas, inaccessible zones and sensitive extractive industries. Operating in such areas and industries clearly involves social and environmental risks. China's growing presence in extractive industries aggravating environmental degradation and accelerating the exhaustion of non-renewable resources has attracted the world's attention (Gonzalez, 2011). Chinese investments in sensitive sectors raise the debate on sustainable economic development for Africa. Concerns around China's environmental challenges linked to extractive industries in Africa have been tackled. In the long run, African governments that have welcomed Chinese investments (over political, social, environmental issues) in ecologically sensitive sectors with weak governance and control systems will endure the environmental impacts that extractive industries involve without enjoying the economic benefits expected for their growth (Gonzalez, 2011).

China's investments in Africa include infrastructure development projects which very often go hand in hand with investments in other sectors. China's presence in Africa's infrastructure development sector is part of China's development assis-

tance in Africa and somehow contributes to the promotion of China's economic development and economic diplomacy in Africa. In many African countries, Chinese companies are involved in building hydropower dams, schools, hospitals, rehabilitating roads and railways, developing real estate projects, and so on. However, China's growing presence in Africa's infrastructure building sector raises questions related to norms and sustainability if one considers issues that China faces itself to deal with accidents related to the quality of its road and railway networks and unsustainable construction projects.

For instance, hydropower dam building – which enables access to water and power generation for millions of Africans – by Chinese dam builders has, at the same time, caused the displacement of many people in Sudan, Botswana, Ghana and elsewhere living around zones where dams are built.

Chinese investments in Africa should contribute to job creation, technology and skills transfer. Very often it has been noticed that China is investing in Africa and creating jobs for its own population overseas. African governments should take advantage of Chinese companies' presence to somehow offer job opportunities to Africans and contribute to capacity building.

Conclusion

In Africa's engagement with China, there is a need to understand China and their growing engagement in the continent. Africa needs to be strategic while engaging with China and take advantage of Chinese investments on the continent to contribute to economic growth, job creation, skills and technology transfer and sustainable development. China's interests to invest in other sectors of African countries' economies rather than resources should enable African countries to improve or develop other segments of their economies. More transparency and good governance between Chinese and African policymakers could help address issues related to opaque deals that exist. Given the nature of contracts which often come with concessional or preferential loans to only buy Chinese products or services, it remains difficult to clearly quantify Chinese investment in Africa. Revenues made

out of resources export from Africa to China should benefit the majority of Africans rather than governments officials. The commodity prices boom has enabled many African countries to have a steady economic growth; yet such growth is limited for many Africans who live in rich countries but still poor. African countries should learn from their trade relations with their traditional trading partners not to have the same surprise in their engagement with China. There should be linkages between the export sector and other segments of African countries' economies to change the trade pattern with China.

African policymakers should be aware of China's own environmental issues alongside its modernisation and industrialisation. Therefore they should be cautious about environmental concerns which come alongside Chinese investments in Africa. Sustainability norms and standards should be respected by investors for a better sustainable development. Policies and regulations related to environmental sustainability, labour, norms and standards should be developed by different African countries and implemented. The implication of African governments with competent ministries and agencies is therefore needed for the monitoring of rules. Chinese investments in Africa should meet the needs of the population. As for trade and investments, China is an important market in terms of size and population. African countries should take advantage of those aspects to tap into the Chinese market for more diverse exports. Large African companies should aim at investing in China and even expand their businesses to other Asian countries in the long run.

Through regional trade organisations (EAC, ECOWAS, SADC and COMESA), African countries could develop common policies for a better Sino-African trade. More and more China is pushing for regional integration in Africa particularly through infrastructure development projects which will connect locked and unlocked African countries; but on Africa's side a lot needs to be done.

More and more, Chinese investments in Africa are driven by private companies and SMEs. Therefore it remains challenging for African countries to control such

wave of private companies which should comply with regulations. Chinese investments in Africa are an opportunity, but no guarantee for development to happen!

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