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Bilateral exchanges between China and Africa in the new millennium: focus on African countries

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SUMMARY

引言

人们普遍认为非洲是一块贫瘠的土地，历史上被欧洲国家殖民, 现在政府面临公共债务危机；欧洲一直在非洲国家占领绝对战略优势，中国在非洲的行动可以看做是推翻欧洲霸权的一次尝试。我们简单地理解，中国的兴趣只在于用基础设施建设和基本的服务来换取非洲大陆丰富的原材料，但,这真的正确吗？ 或者我们应该试着分析中国与非洲的双边贸易， 看看这一切是否平等。

这篇论文是根据对中非关系发展的评价，特别关注投资最多的部门、主要贸易伙伴以及这种关系对两国经济的影响。为了回答有关本报告的诸多疑问，本文将分为四个主要章节进行解答。

第一章,历史记载了中国从 15 世纪初到今天对非洲的首次态度。 我们特别分析了影响两国投资和关系的一些历史时期，以便更好地了解分析数据的确切的历史和政治背景。

第二章,重点叙述了两国之间的双边贸易，分析主要投资部门：中国现在是世界第二大进口国。 自加入世界贸易组织以来，进口部门的年均增长率为 19% ，从 2000 年的 2,251 亿美元增长到 2012 年的 1,8182 亿美元。 2000 年进口占世界进口总额的 3.53% ， 2012 年进口占 10.54% (Wei, (2015)) 。 大多数进口材料涉及自然资源。

在第三章中，我们分析了中国在非洲的主要贸易伙伴和四个中非参与模式；分析基于以下标准：领导人之间的互动程度、政府间贷款的规模和双边贸易的数量。

分析的重点对象是一些中部国家 (埃塞俄比亚、肯尼亚、尼日利亚、坦桑尼亚、安哥拉、赞比亚、象牙海岸) 和南非。

非洲与中国的贸易关系始于基督诞生之前，但自 1960 年代毛泽东时代起， 中国巨人开始与非洲大陆建立起更加密切的关系，共同面对殖民主义和帝国主义西方 。并且，在过去 20 年中，这些关系有了很大的提升，不仅在政治上，还主要在经济上:1990 年代，中

非贸易增长了 700 %;2000 年成立了中非合作论坛。 由于近几十年来中国在政治、军事和经济方面的重要性迅速增强，而且与许多非洲国家达成了双边协定。许多国家提高了对这一问题的认识。 与美国和许多欧洲国家一样，这些国家几个世纪以来一直在利用非洲大陆的巨大资源。 中国企业大规模进驻非洲大陆，很快就在许多方面得到体现:从参与建设最重要的基础设施、开采珍贵的原材料，到开设和管理家居用品的商店。非洲的一些主要城市充满了中国服装和各种“中国制造”的商品。

这种低质量且廉价商品之间的密切交流，以及中国对原材料的需求，特别是能源的需求，减缓了非洲国家实现工业自给自足的道路。 尽管如此，非洲各国政府的许多政治努力都旨在鼓励外国投资，特别是中国的投资，以改善各国的社会和经济地位。<<非洲温泉 >>的作者“Vijay Mahajan” 是位国际一级的,最受推崇的经 济和管理研究人员和商业顾问，他将非洲大陆描述为一个特殊的市场，有着极端 的需求和巨大的购买力。他还声称，外国投资者，尤其是中国人，正在巩固他们 在本港的投资。全球各地的公司都需要充分了解这些尚未开发的市场可以创造多 少商业机会，以及这些拥有丰富珍贵矿产资源的土。

也许该大陆一些国家的增长是成为如 90 年代初的“亚洲老虎”那样的前奏，但单靠出售资源是不够的。 政治阶层利用这种资源是阻碍非洲国家发展的主要障碍之一。 出人意料地,政治阶级已经统治多年，与跨国公司和外国公司有着密切的联系，使他们能够成为以牺牲弱者的利益为代价来利用非洲的独裁者。技术和自然世界融合到了一个现代化、全球化的时代。我们正处于数字 2.0 的时代，没有人会落后，即使在世界上最古老，最狂野的大陆：非洲。

Introduction

It is common to look at Africa as a weak continent, exhausted from the public debt and colonized by European countries; the fact that Europe has always had a priority advantage on African countries, could bring us to see The Chinese advance in Africa as an attempt to overthrown Europe. It is easier to think that Chinese interests is only focused on African raw materials in exchange of infrastructures and primary services, but is this the right answer or should we first analyze the bilateral exchanges between China and Africa and try to understand if it is equally balanced?

This thesis is based on an assessment of the development of Sino-African relations, with a focus on the sectors which have had the major investments, the main trading partners and the impact of this relationship on the economy of the two countries.

This paper, to try to answer the many questions and doubts about this relationship, is divided in four main chapters.

The first chapter documents historically China's first approaches to Africa since the beginning of the 15th century, up to the present day. In particular we analyze some historical periods that have influenced and directed the investments and the relations between the two countries, so to better understand the precise historical and political context in the analysis of the data.

The second focuses on the bilateral trade between the two countries and analyses the major investment sectors: China is now the world's second largest importer. Since joining the WTO, the import sector has grown at an average annual rate of 19%, from a value of US$225.1 billion in 2000 to 1.818.2 in 2012. Importing the 3.53% of total world imports in 2000 to 10.54% in 2012 (Wei, (2015)). The largest share of material import is for natural resources.

In the third chapter we analyze China's major commercial partners in Africa and Four models of Sino-Africa engagement; the analysis is based on the following criteria: the level of interaction of leadership, the size of Intergovernmental loans and the volume of bilateral trade. The analysis focuses on some of the central states (Ethiopia, Kenya, Nigeria, Tanzania, Angola, Zambia, Ivory Coast) and South Africa.

In the fourth chapter, the need for natural energy sources and oil is analyzed first of all by a country as vast as China, whose demand is not diminishing. China's ambition to become one of the world's first world power at the expense of America has led the Chinese Government to establish many strategic partnerships with African countries which have important oil and natural resources, in order to secure a competitive position on the world market.

Trade relations between Africa and China began before the advent of Christ, but it is since the 1960s, at the time of Mao Zedong, that the Chinese giant begins to forge ever closer relations with the black continent, to face together "the colonialist and imperialist West". However, the last 20 years have seen a very substantial growth in these relations and, not only politically, but above all economically. Trade between China and Africa grew by 700% in the 1990s and the Forum for Sino-African Cooperation was established in 2000. Due to the fast growth of China's political, military and economic importance through the last decades and the bilateral agreements with many African countries, many nations have

raised their awareness towards this issue, such as the United States and many European countries, the same countries which have exploited the immense resources of the African continent for centuries .

The massive Chinese presence in the African continent, is soon tangible under many aspects, from taking part in the construction of the most important infrastructures, in the extraction of precious raw materials up to the opening and management of shops selling housewares, clothes and all kinds of “made in China” goods in the major African cities. This close interchange between low-quality and cheap goods and the need for raw materials that China has, especially energy resources, slows down the path towards industrial self-sufficiency of the African countries. Despite this, many political efforts of the Africans national governments is to encourage foreign investments, primarily Chinese, in order to improve the social and economic status of the countries.

The author of "Africa SpA", Vijay Mahajan, researcher and business consultant of economy and management among the most cited at international level, describes the Black Continent as an exceptional market, with extreme needs and a large purchasing power. He also states that foreign investors, primarily Chinese, are consolidating their investments in this territory, well aware of what and how many business opportunities can be created in these still unexplored markets and the richness of these generous territories of valuable mineral resources, so requested by companies all over the world. Perhaps the growth of some countries of the continent could be enough to be a prelude to a development as important as that of the “Asian tigers” at the beginning of the years‘90, but alone it will not be enough.

One of the main obstacles to the development of the African nations are the resource-eating political classes blocking this growth. Unexpected political classes, which have been in power for years with close relationships with multinationals and foreign companies enabling them to exploit the African soli at the expense of the weakest.

Technology and the world of nature merge into a modern, globalized age, where no one can and must lag behind, we are in the digital 2.0 era even for the oldest and wildest continent in the world: Africa.

Chapter 1

Relationship between Africa and China: from the 14th century up to the present day

China and the African states have always been regarded as two peripheral and isolated countries and economies, under the control of colonialism exercised by Western countries and European nations; the fact that they have always been underestimated, has allowed them to establish many economic agreements under the regardless eyes of the rest of the world. To understand how China has arrived today to be Africa's biggest business partner, it's better to go through some important historical event.

1.1 China's first approaches to Africa: from the 15th century to the Cold War

The first contacts between China and Africa go back to the early fifteenth century, when the Asian explorers reach the African continent sailing the Indian Ocean. Travels that, under the dynasty of the Ming Empire (1368 -1644), are gradually diminished. But it is in the sixteenth century that many fleets of British ships, Portuguese and Spanish begin to colonize this immense country.

One morning in 1421 some fishermen from the island of Lamu, facing Kenya, saw ships approaching their shores: They were huge vessels that slowly reached the coast. On board one of these vessels was Admiral Zheng He, fifty years old, sent by Emperor Yongle to discover the new continent. Prior to this, the Admiral had already made five trips to Africa and Asia and had always returned victorious and with surprising news, so it is not surprising that in his last trip he could take advantage of unlimited resources, 20000 to 30000 soldiers and 300 ships, called "treasure ships". They measured 60 meters and at that time was the largest existing fleet (Ferrari, 2008). On February 2nd, 1421 the Emperor, for the Chinese

New Year hosted in Beijing twenty-eight leaders and dignitaries from Asia, Arabia, India and Africa; A worldwide conference was organized to underline the power of the Ming dynasty. In the 21st century, China became increasingly familiar with the African continent, trying to exalt the figure of Admiral Zheng He to the best of his ability, portraying him as Christopher Columbus. The emperor was able to discover unknown places and invest in new trade routes. During the first expedition in 1405, the Emperor as the first mission, wanted to extend his power to all the Chinese Sea, and to make an alliance pact with Korea and Japan (Serge, 2009). The Chinese wish was to export their products to countries such as Ethiopia, Tanzania and Zimbabwe. Relations between these two great countries did not even stop during the struggle against the Mongolian people and continued even during the Yuan Dynasty (1279-1368). Between 1273 and 1333 the Taoist monk and geographer Zhu Siben depicted Africa as an elongated triangle and Kublai Khan also engaged in relations with Madagascar (Wu, 2006). After the Berlin Conference of 1884, with the division of the African continent among the various European colonial powers, China returned to Africa only after 1949 when Mao established the People's Republic of China. Since 1949, the situation has changed. China gives its support to the liberation of the African countries from colonialism, for two reasons: the first because it feels close to the situation that the African peoples are experiencing, The second is because China also wants to be part of the UN and to do so needs the support of many states, especially those that have gained independence in recent times. In the 1960s, the Chinese communist leader began to forge links with African states to compete mainly with the West and the United States of America, which in turn seek, to conquer resources and diplomatic relations with the black continent.

Almost to predict what would happen during the following centuries, this first contact helped to create the image of a China that reached distant lands not in order to seize

territories and resources of the Black Continent, but with totally peaceful intentions (Gaye, 2006).

The second favorable circumstance in which China and Africa had the opportunity to confront and begin to establish political and economic relations was in the early '50s, at the Afro-Asian Bandung Conference (Wu, 2014).

China has always been under the strong influence of the Soviet-Union, but with the end of the internal civil war in 1949 Communist Party had the chance to enlarge its interests other than fraternal socialist countries. For Beijing, two of the most important reasons that led China to participate to Bandung Conference in 1955, were to try to break the situation of diplomatic isolation in which the country was facing and to ensure that other world powers recognized the government of the People's Republic of China as legitimate (PRC) at the expense of Taiwan. The presence of numerous African states at the conference was therefore a precious opportunity for China to find new allies, also given the fact that relations with a historic partner, the Soviet Union, now no longer led by Stalin but by Khrushchev, were cracking increasingly due to the new policy of peaceful coexistence (Gardelli, 2009).

After the establishment of the Neo/PRC, only North Korea, Soviet Union and Eastern European countries quickly recognized the new regime but for the rest of the world China was seen as an isolated and retrograde country. Even found the embassies in fraternal socialist countries was firstly very difficult for China (Gardelli, 2009).

1.2 Bandung Conference

"Bandung Conference" (1954-1957) took place in the city of Bandung, Indonesia, between representatives of 29 African and Asian States held from 18 to 24 April 1955.

The motivation behind the Bandung Conference initiative was the challenge of newly independent countries towards mortgages and cold war compulsions. You could also take advantage of the tension between East and West because the superpowers were led to erode the opposite front by obtaining allies and clients in the folds of the emancipation movement (AMSELLE J.L., 2008). The Chinese prime minister, Zhou Enlai, was well aware that, as a communist country, in order for China to be accepted by the other participants in the conference, it had to give an image that was as similar as possible to that of the other states present, so in presenting it emphasized how China had also suffered, fought and defeated colonialism. Furthermore, Zhou decided to enrich his strategy by referring to the Five Principles of Peaceful Coexistence, which entered into force the previous year to regulate relations between India and China (Basta, 2011).

It was an important historical event to bring China and Africa closer: the cold war. During this global confrontation, both countries chose not to take sides in favor of the Americans, nor in favor of the Soviets, but to remain neutral, taking part to the movement of not aligned countries; to resist the historical change that was leading to a world dominated by great ideological opposing powers, America and the Soviet Union, protect peace, to succeed in coming to a future collaboration between equal nations and, in this regard, other topics dealt with during the various meetings were precisely the problems linked to the decolonization process; the struggle against poverty, poverty and backwardness (Samarani, 2010).

The promoters of the Afro-Asian assembly (not the first ever because there were precedents related to the anti-colonialism of the European left in the period between the two wars, but the first reserved for independent states), they thought however that the objectives of "liberation », must not to be reduced simply to the acquisition of

sovereignty - on which even the dominant forces were more ready to make concessions - required a freedom of action that was prevented from the roots by global confrontation. The conference was promoted by the leaders of India, Pakistan, the People's Republic of China, Indonesia, Burma and Ceylon - they were different from each other and even rivals or enemies - with the purpose of including a counterpart into the rigidly bipolar structure of the world at the time of the Cold War (ALABA, 1974).

During the conference for the first time, the French journalist Sauvy, used the expression “Third World” to define African countries (alluding to the "Third State", that is, most of those in Louis XVI's France before the 1789 revolution were neither ecclesiastical nor noble), to refer to "non-aligned" countries, those who did not adhere to the Soviet bloc members of the Warsaw Pact, but not even the Western bloc, members of NATO (Arfaras, 2008).

In particular, the aims were to stimulate the decolonization process and consolidate the front of former employees, favoring economic and political cooperation within the framework of peaceful coexistence. The leaders protagonists of the conference were the Indian Nehru, the Indonesian Sukarno, the Chinese Premier Zhou Enlai, the Egyptian Nasser and the Yugoslavian Tito. In the final document ten points were set out, passed into history as "Ten Principles of Bandung", which the most important of them were those of non-interference, self-determination, respect for the independence of peoples and for the sovereignty of countries, and neutralism (BRIGHI C., 2007).

1.3 The failure of Bandung Conference

The Indonesian conference in Bandung from 18 to 24 April 1955 was the occasion in which the fight against colonialism and the new political lines of the Afro-Asian countries found the opportunity to unite and the right opportunity to make their voice heard. Given the great goals that animated China in taking part in the Bandung conference, the latter could not be considered a real success, but it was on that occasion that the Chinese Prime Minister signed important trade agreements with Egypt, which lead to the latter becoming the first African state to recognize the People's Republic of China in June 1956 (Koniings, 2007).

Despite the validity of the principles established in 1955, only ten years after Bandung conference all the equilibrium changed so it was impossible to reproduce it again: the military coup in Algeria and the Indonesian crisis that marked Sukarno's political decline were the contingent causes. To these were added the attempt by China and the USSR to assume the hegemony of the assize by bringing the disagreement between the two communist regimes into the Afro-Asian world, so by the end of autumn 1957, Peking abandoned the "Bandung Policy" (AMSELLE J.L., 2008). Following the principle of "non-interference", proposed by China during the Bandung Conference, China started to be more involved in those African countries out of colonialist regime. After having established relations with Egypt, China continued the search for new allies, maintaining contacts with the various African countries and increasingly strengthening its presence on the continent. Three years later, in 1959, Sudan recognized the government of the PRC, and was imitated by three other countries in West Africa and, up to the end of the sixties, fourteen other African states support Beijing (Basta, 2011). China's foreign policy towards Africa at this time, however, was not guided only by the ideological factors of the revolution and the struggle against imperialism. From the early 1960s, the impetus was also given by

the desire to pursue prestigious projects of support that would influence the image of the PRC on the international level and by geopolitical needs, including securing international recognition as the only legitimate government in opposition to Taiwan. Between 1963 and 1964, Chinese premier Zhou Enlai, had a tour of 10 African countries offering support to Africa's leaders, so Chinese overseas development assistance became a feature focused on infrastructure development and student exchange visits (mostly in the field of medicine) (BRIGHI C., 2007).

During these visits the five principles of peaceful coexistence were always placed at the base of Sino-African relations, through which China tried to appear in the eyes of the counterpart, as a country with diametrically opposed principles to those of the western countries that had colonized the Africa in the past. Zhou also supported the fight against the independence of African countries and these policies led the new governments to support China in the fight against its political recognition, so much that, in 1971, Beijing obtained a permanent seat on the UN Security Council and replaced Taipei (Cellamare Daniele, 2013). Out of the 76 positive votes at the entrance of China into the UN, 26 came were from African countries (VAN DER PUTTEN, s.d.). The image that China wanted to give of itself to African leaders, even at the cost of damaging its own economy, was that of a friendly state, interested in the development of Africa, and not that of a state attracted only by the resources that the black continent offers. For this reason, in 1965, sugar was sold at two thirds of the Sudan market price, which was in a situation of heavy economic crisis, and throughout the decade of the sixties China bought coffee and cocoa only for the purpose of supporting African export (Basta, s.d.). Furthermore, starting in 1967, the Chinese government provided interest-free loans worth 988 million yuan to African countries, sent all sorts of material and equipment for a total of one million tons and sent around fifty thousand technicians and engineers

(Zhang Qingmin, 2009). The PRC, then, in the 1960s but also during the following decade, did not fail to support the African liberation movements by sending military aid and training the armed forces with guerrilla techniques. The organizations that allegedly received the most military aid from Beijing were Frelimo and Zanu, but already in 1964 the Chinese military instructors had made Ghana a training base for the guerrillas. Before the founding of the United Republic of Tanzania in 1964, in fact, Beijing trained the army of Zanzibar, carried out a series of aid projects and extended a credit of 14.5 million dollars (Brighi C., Panozzo I., E Sala I. 2007). This led to an increase in the Chinese presence in the region since 1964: 300 units of military personnel were sent to train the Tanzanian army and in 1964 a treaty of friendship was signed between Nyerere and China. In this period, but also in the following decade, China also signed technical and economic cooperation agreements with Ethiopia, Tunisia, Zaire, Mauritania, Gabon, Mozambique, Sudan and Djibouti, extending economic aid for the development of agriculture, industry and infrastructure. These initiatives were carried out by state-owned Chinese companies, since they were the only companies authorized to operate internationally and for the sole purpose of completing aid projects abroad. Beijing's efforts, albeit limited in comparison with those of Moscow, had significant results: in 1965 seventeen of the thirty-eight African states had recognized the PRC (Brighi C., Panozzo I., E Sala I. 2007).

1.4 The death of Mao Zedong and the raise of Deng Xiaoping

1976 marked an important turning point in the Chinese political system. In that year, both President Mao Zedong and Prime Minister Zhou Enlai died. In the busy political scene

emerged a prominent figure, who managed to obtain multiple political offices and become the most powerful man in China: Deng Xiaoping.

Deng carried out numerous reforms, both in domestic and foreign politics, which transformed China and led it over the years to compete with the greatest world powers. The policy of openness towards the outside pursued by Deng played a fundamental role. In 1978 the policy of "reforms and openness" (改革开放政策- Gaige kaifang zhengce) was initiated, it consisted in a reform of the economic system and an opening towards the outside, whose goal was to introduce China into the world market (Zhang Zhongxiang 张忠祥,2011). The improvement in living conditions and the growth of the economy allowed the Chinese entrepreneurs, and not, to go abroad to invest and seek success. Indeed, it was stability that was the guiding thread of Sino-African relations at this time: Beijing acted as a true catalyst for the dialogue between North and South Africa and supported countries such as Zimbabwe, South Africa and Namibia in their struggle against imperialism, albeit only indirectly because of the policy of non-interference (Uchehara, 2009).

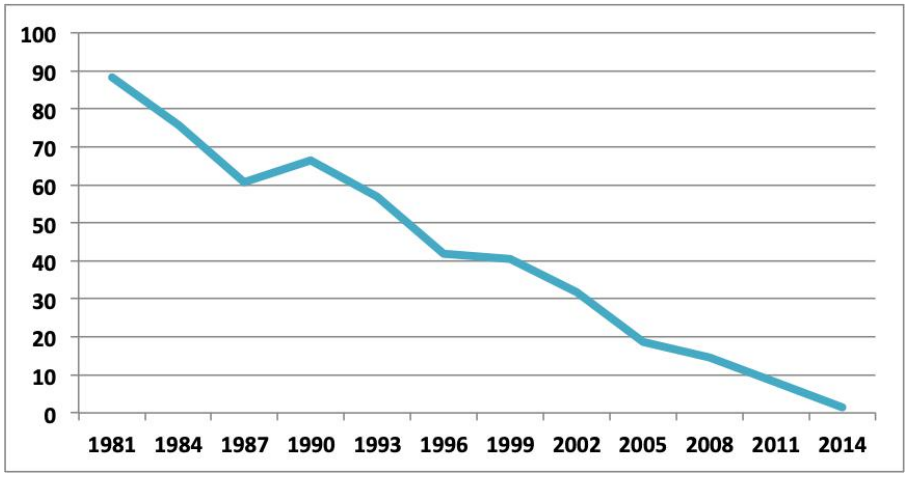
In December 1982, after a diplomatic visit to eleven African countries, Chinese Premier Zhao Ziyang promoted the “Four Principles” of Chinese cooperation with Africa: equality and mutual benefit, emphasis on practical results, diversity of form and economic development (Van de Looy, 2006). These principles marked a new turning point in relations between the two countries. Indeed, from that moment on, China was no longer prepared to support the Black Continent unconditionally. In addition, it refused to play the role of spokesman for the Third World, which had hitherto characterized it. The new foreign policy adopted by the Asian power was motivated by its growing need for finance to develop its economy (Uchehara2009, p.98). President Hu Jintao will talk about

the new leadership of Sino-African relations during his visit to Gabon in 2004 Economic cooperation focused on infrastructure, agriculture and human resources development. He will state the following (Servant, 2005): "Consistent with its own interests, already well known to its partner, China will henceforth act like any other power. It will provide cooperation with countries where it recognizes great potential, whether raw materials, possible markets or diplomatic influence".

Also due to the policy of the "Going out" (走去处-zou qu chu) launched by the Chinese government in the 1990s to promote the investments of its companies abroad, especially those of companies whose main activity was the extraction of natural resources, most of which really chose Africa as a place of activity (Uchehara, K.E., 2009). The purpose of this policy was to select a maximum of fifty state-owned companies, which turned out to be the best, and to allocate economic aid for their development, improve their technical and technological skills, and provide them with diplomatic help in opening new ones. Foreign markets, increase domestic consumption and decrease the role of exports in economic growth (AGE, 2009).

1.5 From 1978 till 2000

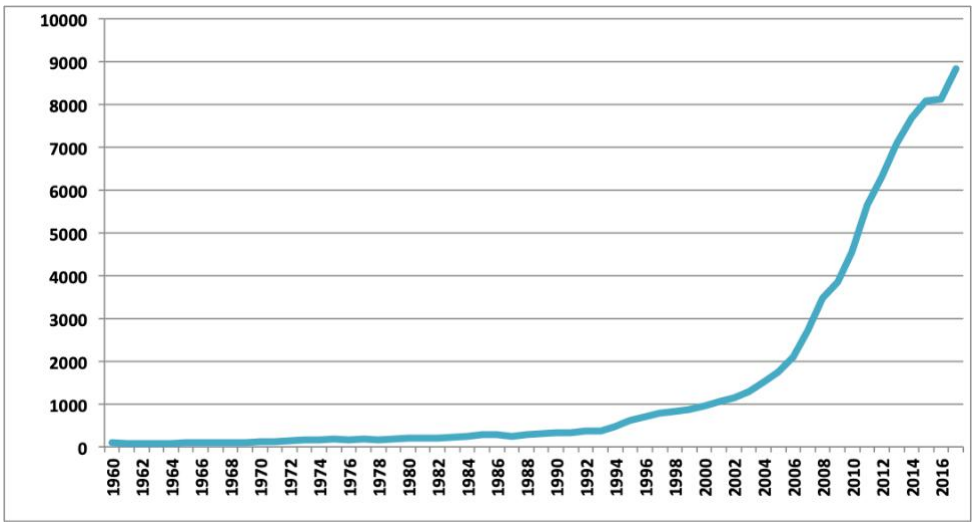
The most recent chapter in China's long history tell us about the greatest economic miracle of all time. Between 1978 and 2018 China quickly moved from being considered one of the poorest and most isolated economies in the world, with a per capita gross domestic product of only $160 dollars, to a "super power" able to compete with the United States in different sectors, with a per capita GDP of over $8,830. In terms of purchasing power, the average Chinese citizen now has over $16,000 (Sejko, 2015).



Graph 1: Decrease in absolute poverty in China (below the line of $1.90 international dollars per day) between 1981 and 2014.

Source: Our World– University of Oxford and World Bank.

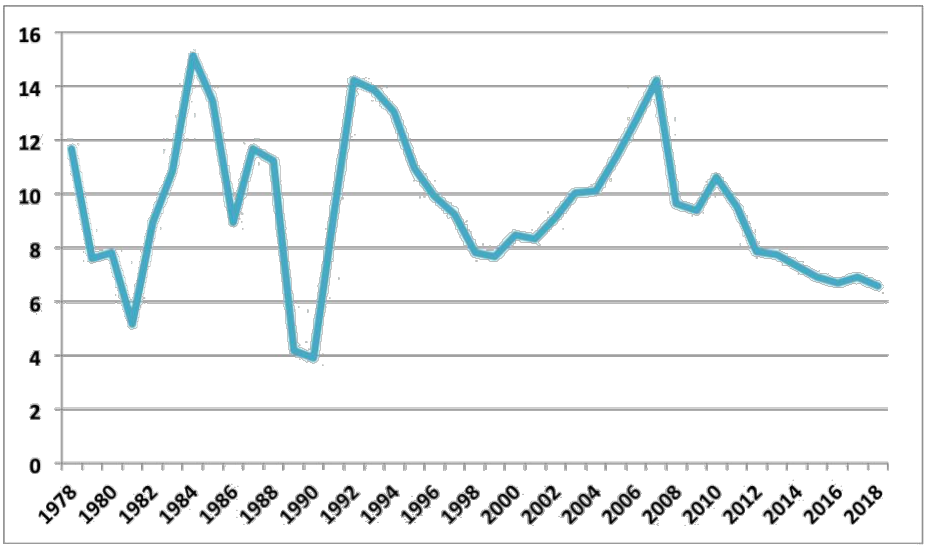
The Cultural Revolution was intended by Mao to purify the country from any bourgeois capitalist element. This goal not only failed, but with the affirmation of Deng Xiaoping, proclaimed the supreme leader of the Chinese Communist Party, this is a clear distance from what happened in the 1960s and 1970s (AGE, 2009).



GRAPH 2: Gross domestic product per capita (US$ current dollars) of China between 1960 and 2017.

Source: World Bank.

At the same time, China's economy began to open up to foreign trade and open its doors to foreign companies that wanted to settle in China. For this reason, in 1980 Deng Xiaoping decided to establish four "special economic zones" (Shenzhen, Zhuhai, Shantou and Xiamen). These economic areas were strategically located near Hong Kong, Macao and Taiwan, with a very favorable tax regime and low wages in order to attract capital and business. For the Nobel Prize winner for Economy 2018, Paul Romer, Shenzhen was the first "special economic zone" to be established in China and this type of policy proved to be very effective. In fact, between 1981 and 1993 the city of Shenzhen saw its GDP growing by about 40% per year, compared to the average Chinese GDP growth of about 10%. Other "Special Economic Zones" such as Shanghai, Tianjin and Guangzhou were subsequently designated in other parts of China (Alden Chris, 2010).

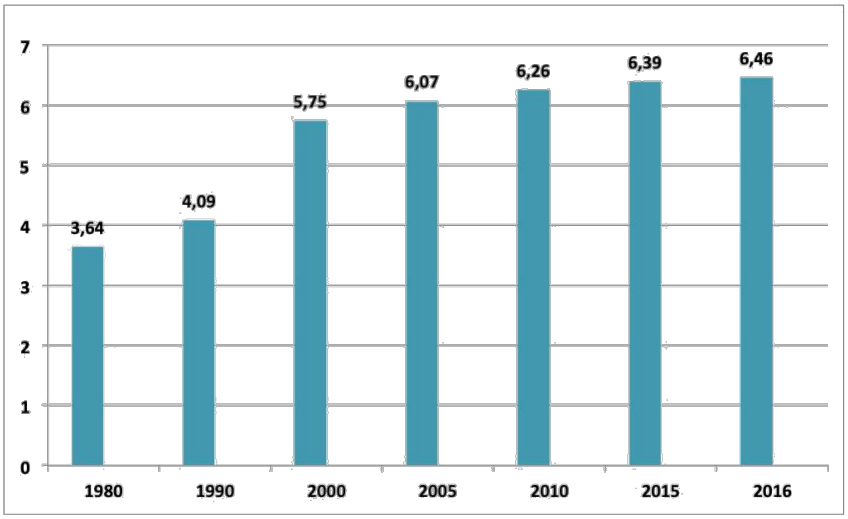


GRAPH 3: Real GDP growth in China between 1978 and 2018.
Source: World Bank and International Monetary Fund.

Economic reforms continued with the successors of Deng Xiaoping. For example, a large-scale privatization process took place between 1997 and 1998 in which a large number of state-owned companies, with the exception of some large monopolies, were liquidated and their assets sold to private investors. Between 2001 and 2004, the number of state-owned enterprises decreased by 48%. At the same time, leaders Jiang Zemin and Zhu Rongji reduced tariffs, trade barriers and various trade regulations; they reformed the banking system, they dismantled much of the Maoist era social welfare system, they

reduced inflation and they completed the process that saw China enter the World Trade Organization (Alden Chris, Alves Ana Cristina, 2010).

In 2005, for the first time, private sector output exceeded by 50% of GDP. This long journey of transition from communist economy to market economy (although, it must be remembered to the reader, still very imperfect) is well told by the Nobel Prize winner for economics in 1991 Ronald Coase in his book entitled "How China became Capitalist".



GRAPH 4: Growth of economic freedom in China from 1980 to 2016.
Source: the Fraser Institute.

Everything else is history, but still today Deng Xiaoping is recognized as the leading architect of China's economic reforms and modernization of the country. However, as can also be seen from the graph 4 on economic freedom of the "The Fraser Institute", one of the most influential think-tanks in the world, over the last decade, China seems to have taken its foot off the throttle of reforms. It is therefore no coincidence that since Xi Jinping, (the current Secretary General of the Chinese Communist Party since 2012 and President

of the People's Republic of China since 2013) no substantial reform has come to power and China's growth is slowing down.

1.6 The foundation of the Forum on Sino-African Cooperation: Why is needed FOCAC

In the period 1979-82, and then intermittently until the nineties, there was a swing in Sino-African relations: economic aid was reduced and bilateral trade declined.

In 1982, on the occasion of the XII National Assembly of the Chinese Communist Party (CCP), from a vision that placed the economy at the service of diplomacy, China passed to a contrary position, which considered diplomacy to serve the economy, so passing from a policy of war and revolution to a policy of peace and development (Yi, 2018). The twelfth National Assembly of the CCP also established the principles for a new type of political interaction: independence, complete equality, mutual respect and non-interference in the internal affairs of others. This new Chinese approach to Africa can be also translated into an increase of cultural and educational exchanges between the two countries, in an economic and commercial cooperation, in military exchanges, in a cooperation in the medical and health fields and in various non- government (Wang Yi,2018).

In this period another trip to Africa of an important Chinese politician is inserted: between 1982 and 1983 Zhao Ziyang visited ten African countries (Egypt, Algeria, Morocco, Guinea, Tanzania, Zambia, Gabon, Congo, Zaire, Kenya and Zimbabwe recently independent) with the aim of improving understanding, friendship, solidarity and economic and technological cooperation with African populations. Zhao's activity in Africa can be defined as a "downsizing tour", as a moment of transition at a time when China was engaged in its economic reforms (Finazzi, 2015).

Thirteen years later, another very important journey of a Chinese leader marked Sino-African relations: in 1996, Jiang Zemin visited Kenya, Ethiopia, Egypt, Mali, Namibia and Zimbabwe. Confident in the economic and secure reform of his leadership position, Jiang managed to spend more time in every African country he visited, obtaining a large number of bilateral trade agreements (China Report, 2007). His important speech entitled "Towards a new historical milestone in Sino-African friendship" can be considered the precursor of the FOCAC meetings of the following years as it contains many themes that will represent the relations between China and Africa in the new millennium (Finazzi, Matteo 2015).

During the last decade of the twentieth century, the consolidation of Chinese economic participation in Africa was a clear departure from the Mao Zedong and Deng Xiaoping past time. In fact, previously relations were driven by the ideological conflict of the Cold War and Beijing's desire was to reduce the influence of Moscow and Washington on Third World countries.

At the beginning of the twentieth century, on the other hand, economic pragmatism and symbolic diplomacy were the cornerstones of Sino-African relations, charting a new course that saw Africa as an ever-stronger channel in the panorama of indistinct flows of globalization (Enuka, 2010). In this context of renewed political and economic commitment, in October 2000, China organized a first ministerial cooperation meeting in Beijing, culminating in the formation of the "FOCAC".

Historically speaking, the FOCAC proved to be a sort of continuum of the spirit that animated the Bandung Conference in 1955 (Alden 2007, pp.30-31). It was, to all intents and purposes, a new platform and a new instrument of dialogue, designed to strengthen

the cooperation and solidarity of the Sino-African partnership and to safeguard common interests (Enuka 2010, p.212).

Both Africa and China have always supported the shared development of policies, economies and other areas. In recent years, China has supported African candidates for the post of Secretary-General of the United Nations and the reform of the Security Council in favor of greater representation of African countries; on the other hand, Africa has supported China on human rights and with Taiwan. However, a re-orientation of China's policy towards Africa has given priority to economic cooperation.

One of the most significant changes in Chinese foreign policy with Africa is in fact the one concerning the spirit of co-development "free", to an economic aid that would benefit both sides. In the 1956-78 period, China, despite its economic situation, helped Africa economically. Since the 1980s, however, economic assistance has also begun to include other forms of support, such as subsidized and discounted loans or the establishment of cooperatives and joint ventures for projects in Africa. The latter brought new technology and management practices to African territory, while preferential loans encouraged Africans to use the money effectively.

In this scenario China gained in raw materials and energy that were able to satisfy the growing demand. Technical assistance and scientific and technological cooperation projects are areas in which Western countries have decided not to collaborate with Africa, but which are now becoming an increasingly important part of African.

At the basis of these changes to strengthen relations between China and Africa, however, the fundamental principles that have long been the foundations of these relations continue to exist. Among these principles, equal treatment, respect for sovereignty, non-interference and mutual benefit are the most important. Respect for sovereignty and the principle of non-

interference are widely perceived in China, this is due to the fact that the violations of Chinese sovereignty by other major powers and the intervention of external powers in Chinese internal affairs have been salient features in the history of the People's Republic of China since its foundation. Both China and Africa have suffered the negative effects of the colonial era; this shared experience underlines the ideas of equality and respect for sovereignty that both countries put at the basis of their international relations. In diplomatic discussions with African countries, China only gives advice on internal issues; what distinguishes Chinese suggestions from Western interventions is the fact that they are provided in a friendly manner, Western interventions are coercive.

All members of the African Union have agreed on the objective of ending internal conflicts; China respects the principles and objectives of the African Union, but believes that it has no right to intervene in African domestic affairs. It does not consider itself qualified to make judgements and considers the African Union to be best suited for this purpose.

1.7 The concrete presence of China in Africa: One belt-One road project

Recently, Sino-African relations have been given a further boost. In 2013, China announced a project called One Belt One Road (yi dai yi lu 一带一路).So we want to get the ancient land silk route up and running again and create a 21st century sea silk route to connect 65 countries and create Euro-Asian trade.

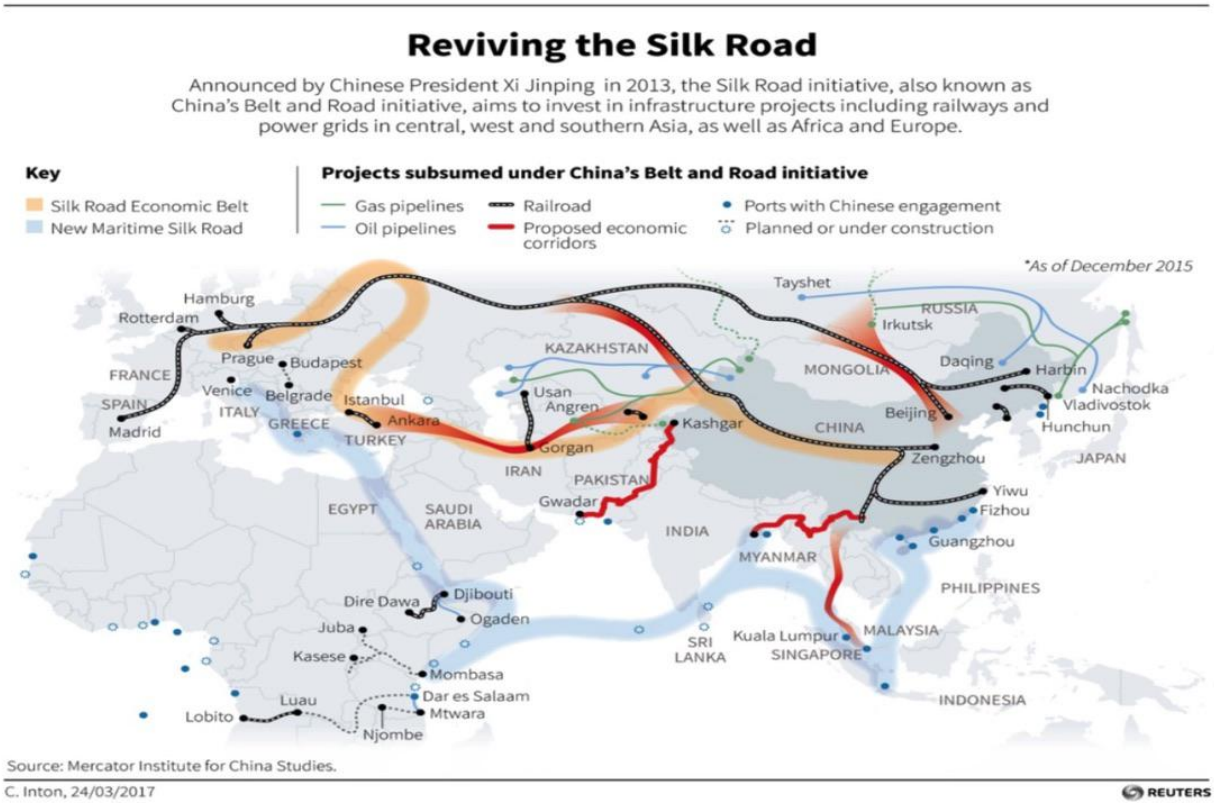


Figure 1: The New Silk Road-One Belt One Road project

Source: Inton C., 2017. Mercator Institute for China Studies

As the map shows, Africa is a very important point for the realization of the new sea silk route (Haishang sichou zhi lu-海上丝绸之路) to the point of being considered by China as a natural continuation of the land silk route and an inevitable choice, which is why China has never stopped investing and helping Africa. This project, in addition to linking China with South-East Asia, Africa and Central Asia, would not only allow the middle country to increase trade and investment in three African countries (Nigeria, Angola and South Africa) but would also benefit Africa through numerous shipping routes of goods from the South China Sea and the Indian Ocean (The New Chinese Silk Road arrives in Africa) (Broadmann, 2007).

This route will pass, in fact, along the coasts of East Africa, where China has already built and is building many ports. According to reports from the China Global Television Network, Egypt, Ethiopia, Kenya and South Africa were the only African states to sign letters of intent with China in May 2017. In reality, however, this project is much wider, as

the Beijing government is building road and rail networks within the continent that will connect the various ports to the central areas and other ports under construction along the coasts of central and western Africa (Breuer, 2017).

China will invest altogether 60 billion dollars in order to upgrade roads, railroads and African ports; the current port under construction in Algeria will be destined to become the marine center of the North Africa, connecting various African states through the various infrastructural plans of the One Belt One Road (OBOR); the construction of the railway in Kenya will connect the port of Mombasa, an important component for the OBOR infrastructure, to the capital Nairobi. Moreover, this project also leads the People's Republic to strengthen diplomatic relations with the various states, such as Uganda and Zambia. According to the Foreign Affairs Ambassador to the Sino-African Cooperation Forum, Zhou Yuxiao, the OBOR project must take into account the concerns of African countries and encourage them to participate positively; Africa is growing more and more and make possible the autonomous sustainable development of African countries, as well as encouraging more and more direct investments of Chinese companies in Africa ("Yi dai yi lu"zhuli Feizhou fazhan jianshe-"一带一路"助力非洲发展建设).

Obviously these investments are not without economic returns for the second economic power in the world, as Africa can become a fundamental commercial link that will allow further traffic of goods from the Atlantic Ocean to the shores of America and will connect the whole world with the New Silk Road (Bokarev, 2017). In addition, the implementation of OBOR would reduce the transport costs of Chinese exports and facilitate the supply of raw materials.

Chapter 2

Bilateral exchanges

China is now the world's second largest importer. Since joining the WTO, its imports have grown at an average annual rate of 19%, from a value of US$225.1 billion in 2000 to 1.818.2 in 2012, from 3.53% of total world imports in 2000 to 10.54% in 2012 (Wei & Zhao, 2015). The largest share of imports goes to natural resources.

2.1 Economic situation in Africa

It is undeniable that the surge in oil, mineral, and other commodity prices contributed to African GDP growth in the early years of the 21st century. However, the McKinsey Global Institute estimates that in 2010 natural resources accounted for just twenty-four percent of the continent's GDP growth compared to the period 2000 to 2008. According to another estimate, natural resources generated only thirty-two percent of the growth of African GDP in the same period, with the remaining sixty-eight percent coming from other sectors.

From 2000 to 2010, real GDP grew by an average of 4.7% a year, twice as much as in the 1980s and 1990s. On the threshold of 2010, the continent's global GDP stood at $1,600 billion, or the amount of world-class economic powers such as Russia or Brazil. African GDP growth slowed by 2,8% in 2009, after an average of 6.6% that had characterized the years from 2004 to 2008 (Fund, 2014), but rising by 5.3% in 2010. In 2011, GDP growth remained steady at 5.1%, and the International Monetary Fund reviewed growth at 5.4% in 2012 and 5.3% in 2013 (International Monetary Fund, 2012). It is estimated that up to 2015 the annual growth will be on average of 5%. Moreover, it is interesting to note that

the economic growth of Africa since 2000 has been transmitted as many as twenty-seven of the thirty largest economies of the continent, they also affect countries without significant exports of natural resources. This shows how all sectors of the African economy contributed to the generalized growth of the system, from natural resources to finance, to fringe retail, through agriculture, transport and telecommunications.

As a result, it will be necessary to find some other element, besides the simple increase in raw material prices, which may have facilitated growth. Here are a number of general facts which have certainly contributed to this (ERNST&YOUNG, s.d.). First of all, the general improvement in the political action of governments: there has been a significant decline in the number of coups d'état throughout the continent. In the long run, democratically elected governments lead to greater stability, less-infested economic growth, corruption, and greater accountability.

After the fall of the Berlin Wall in 1989 and the collapse of the Soviet Union in 1991, a gradual but steady wave of political liberalization began with the Benin National Conference in 1990.

Since then, the average number of serious conflicts recorded each year in Africa has almost halved, passing from 4.8 in 1990 to 2.6 in 2000 (Abdulai, 2016); while events in Somalia have destabilized much of the Horn of Africa, the political situation in sub-Saharan Africa, on the whole, has improved with the gradual resolution of many regional conflicts. In West Africa, for example, civil wars in Liberia and Sierra Leone have been stopped in

recent years, while Guinea and Costa Rica held democratic elections in 2010, secondly, there has been a clear improvement in macro-economic conditions. The African economies benefited from the reduction in the average inflation rate, which fell from twenty-two percent in the 1990s, to eight percent after 2000.

At the same time, budget deficits have been reduced by two-thirds and, aided by the Highly Indebted Poor Countries initiative (HIPC), the continent's external debt has been cut by a quarter of its total value. Average public debt as a percentage of GDP also declined, reaching 55% in the first decade of the 21st century, compared with 81.9% in the 1990s.

The third identified factor, closely linked to the first, concerns the failed microeconomic reforms that many countries have succeeded in implementing. The governments of these countries have privatized state enterprises, lowered corporate taxes, strengthened regulatory systems in the commercial area with the clear aim of ensuring greater legality, and have strengthened basic physical and social infrastructure. An example to all: Nigeria privatized more than 100 companies between 1999 and 2006 and undertook a reform of the banking sector, with the aim of moving from a peak of 90 banks, re-registered in the mid-2000's, to twenty-four within a decade.

Another important factor is the expansion of foreign trade, which has improved prosperity through the increase in export earnings and higher employment. As a result, the average standard of living has improved. Africa has also gained greater access to international capital. In 2007, it peaked at $80 trillion, almost six times the $15 trillion flow in 2000 (McKinsey, 2010).

Capital inflows are expected to reach 150 billion in 2015. At present, the continent has more than five hundred million people of working age, this is an expanding number. By 2040, in fact, one-fifth of the world's young people will be living in Africa, and the continent will have the largest working-age population in the world: over one billion and a hundred million people. In addition, it is estimated that by 2050, one in every four workers on the planet will live in Africa. More precisely, the African average is 19.7 years

(18.6 in sub-Saharan Africa), much lower than 29.2 years in Asia, 36.8 years in the US, and 40.1 years in Europe (Pham, 29th march 2012). Overall, this will help to further increase GDP, given the improvement in prosperity and education. Over the past 20 years, three-quarters of the increase in per capita income has come, not surprisingly, from labor-force growth and higher labor productivity. One factor not to be underestimated is urbanization. In many African countries urbanization, with its own economies of scale, has helped to increase productivity. In 1980, only 28% of Africans lived in cities. Today, this figure is estimated at 40%, and it is set to increase and reach fifty per cent by 2030. Today, Africa has fifty-two cities with at least one million inhabitants. By 2030, it is estimated that eighteen of the continent's largest cities will produce an annual expenditure of 1,300 billion dollars.

Many Africans have already made their way into the ranks of global consumers, and others are joining in. In 2000, some fifty-nine million African households had an income in excess of five thousand dollars a year. By 2014, the number of families could reach one hundred and six million. In order to give an idea of middle-class growth through numbers, it can be said that this has grown by 27% since 2000 to today (Abdulai,2016), and, in projection, is destined to increase by a further fifty percent in the next ten years, to reach 120 million unity (McKinsey, 2010). Africa should be able to maintain the average of its growth: by 2020, local consumers will be able, to purchase goods and services for one thousand four billion dollars, just under the current one thousand seven hundred billion Indians, but much more than the 900,000 in Russia.

2.2 Chinese financiers in Africa

As can be seen from the data, Sino-African trade is rather import-oriented. China buys oil and minerals in particular, including gold, iron, diamonds, copper and cobalt, but agricultural products are also imported, fruit and coffee increased by 151% and 77% respectively in the first half of 2017. Exports to Africa are manufactured goods, textiles, chemicals, low-cost electronic products such as mobile phones, televisions and computers, agricultural and industrial machinery, transport equipment such as ships, locomotive, aerospace vehicles and equipment (Shangwubu zhaokai lixing xinwenfabuhui jieshao 2017 shangbannian ZhongFei jingji hezuo qingkuang-商务部召开例行新闻发布会介绍 2017 上半年中非经济合作情况). This differentiation in export is aimed not only at satisfying local demand by keeping prices low and affordable but also and primarily at increasing the foreign investment of the PRC, improve quality and expand the Chinese brand and its knowledge abroad (Asche, 2008).

The main five Chinese financiers are:

1. **China's Ministry of Commerce houses the Department of Foreign Aid**, which oversees projects financed through zero-interest loans (and grants) and signs off on China Ex-Im Bank's concessional loans (EIA, 2015).
2. **China Export-Import Bank (Ex-Im Bank)** was established in 1994 to serve as China's export credit agency. The bank provides four broad kinds of finance: letters of guarantee for Chinese companies (usually for short-term trade finance); export seller's credits (to finance Chinese companies' overseas contracts, exports, and investments); export buyer's credits (generally for foreign governments to purchase Chinese goods and services); and concessional foreign aid loans. In Africa, China Ex-Im Bank and the

China Foreign Exchange Reserve had jointly established the US$10 billion China-Africa Industrial Cooperation Capacity Fund Company Lt., an equity investment fund registered in Beijing in January 2016 (Guillaumont Jeanneney, 2015).

3. **China Development Bank (CDB)** has been operating in Africa since at least 2005, providing commercial loans for investments by Chinese and African firms and lending to African governments at commercial rates. CDB also oversees the China Africa Development Fund (CAD-Fund), an equity investment arm which the Chinese government has committed to increase to US$10 billion over an unspecified period. CDB manages China's Small and Medium Enterprise (SME) loan program in Africa. These loans are disbursed to African banks, who use them to finance African firms. This fund has exceeded its 2012 pledge of US$1 billion and

   the Chinese pledged in December 2015 to increase funding by another US$5 billion (Wenping, 2014).

4. **Commercial Banks**: several of China's state-owned commercial banks are also active in Africa. The Bank of China set up its first office in Africa in 1997; China Construction Bank has operated in Africa since 2000. Both banks primarily offer trade finance and guarantees for construction tenders, but China's largest commercial bank, Industrial and Commercial Bank of China (ICBC), began to finance projects in Africa in 2009, and opened a branch in South Africa in 2011 (Huse, 2008).

5. **Sinosure** is China's export credit insurance company. Established in 2001, it does not itself provide loans, but offers insurance on loans and export credits. Although Sinosure publishes no information about its premiums, anecdotal information

suggests a wide range of annual premiums. For example, the commercial loan portion of a package for Kenya's Standard Gauge Railway was reported to carry an insurance premium of 6.93 percent (Anon., s.d.).

In November 2004, China established the China-Africa Business Council (CABC) in cooperation with the UN Development Program. It is a public-private partnership which aims to support private Chinese investment in sub-Saharan Africa. The third FOCAC conference (October 2006 in Beijing) marks the Year of Africa with the presence of more than forty Heads of State. For the occasion, China allocates for the period 2007-2010 three billion dollars used 3 of soft loans and two billion for export credits. It also creates a special fund of five billion dollars to encourage Chinese investment in Africa and establishes the Sino-African Chamber of Commerce (Chan, 2013).

This has led to an accelerated development of both bilateral trade and Chinese direct investment in Africa (Foreign Direct Investment– FDI) accompanied by the entry of numerous construction companies, technicians and ordinary workers, But above all, it has consolidated the so-called "economic cooperation" in priority regions and infrastructure sectors deemed to be strategic, with credits mainly provided by the Export-Import Bank of China (EIBC).

The main sectors are strokes, energy, mining and natural resources, logistics, railways, roads, ports and airports and urban projects. Chinese investments in Africa are guaranteed by different forms and sources of financing largely coming from sovereign funds.

Entities and modalities of disbursement vary with the reliability of the receiving country, "share of sovereignty" on land, resources and future management of fixed assets. The

relationship between these requirements is not linear, since the desirability of renouncing sovereignty increases with political instability, and this is often related to the exchange capacities of the ruling elites. The reliability of the recipient country, linked to political stability and its economic performance, is, therefore, a legally defined temporary condition which ensures exchange and makes the management of fixed capital uncertain (Wasserman, 2011).

Import-export banks, such as EIBC, scale credit on the basis of the participation of Chinese contractors. If the infrastructure remains the property of the State or of the parastatal bodies responsible for the management, the receiving country does not enjoy the collateral benefits of shipbuilding and faces often high operating costs. Providing preferential credit lines to Chinese state-owned enterprises (contractors) and African governments willing to buy made in China products, the EIBC supports the penetration into Africa of Chinese companies according to the strategy "Go Global" whose long-term objective is to increase the productivity and competitiveness of enterprises. Preferential loans (concessional loan) are granted only if the contractor or the exporter is a Chinese company and if not less than 50% of the machinery, services and technology needed to carry out the projects come from China (Naidu, 2008).

The soft loans are granted on the basis of two interdependent agreements. The first (Intergovernmental Framework Agreement), signed by the two governments concerned, defines objectives, amounts, depreciation periods and interest rates. The second (Loan Agreement) is signed by EIBC (or a Chinese credit institution) and the borrower, consistent with what is defined in the first. There are no reliable statistics on the terms and amounts of these loans, but the interest rate tends to fluctuate from 2% to 7% in

addition to any direct grants. This varies with the economic situation of the country and the commercial profitability of the project.

Originally, EIBC was limited to financing State-owned enterprises and covering non-mark-up costs with performance slightly above cost-benefit parity (break-even point). For a number of years it has extended its commercial operations to private firms, including foreign firms with registered offices in China. It has made it easier for many countries to adopt the so-called oil model, which has been in use since the dawn of oil production. These are production participation contracts, coupled with a tax system, which allow transactions based on natural resources.

EIBC began experimenting with this model in Angola during the Civil War, from which the name "Angola Mode", although Western multinationals had employed it since the end of the colonial period. As Angola is a country rich in resources (especially oil and diamonds), the amortization of credit for infrastructure building can be carried out with such wealth. From this also the term "resources for infrastructure". According to this model, the foreign currency loan is not transferred directly to the beneficiary government. It comes, instead, undersigned an agreement finalized to the realization of a program of infrastructural investments. The implementation of the programs is entrusted to Chinese construction companies (Pigato, 2015).

If the reference resource is oil (or gas), a Chinese oil company is licensed for exploitation, while the beneficiary government entrusts a Chinese contractor with the implementation of the program-but infrastructure with EIBC support. The credit is paid with oil extracted the Chinese company. The contractual modalities are complex because draft to manage a transaction to four whose Core is constituted from that that is realized between the three Chinese subjects. EIBC receives from the Italian oil company a payment in kind (oil) to

cover the credit granted to the Chinese contractor for the realization of the project portfolio. The recipient government limits itself to granting the mining license and exhibiting the portfolio. The projects carried out are then delivered to the government, but it is not excluded that due to management difficulties they are entrusted to Chinese companies, creating opportunities for contractual withdrawal ex ante.

The apparent contractual clarity hides some financial difficulties, mainly due to the volatility of implicit oil (or other natural resource) prices in relation to current and future prices. Any discount linked to the expected price of oil contributes to making the terms of the loan more cumbersome or to lightening them otherwise (Guillaumont Jeanneney, 2014). With this system China ensures the physical availability of the resource (in quantity) generally at a slightly discounted price. Although there are no reliable empirical data on the contracts, World Bank experts believe that the price of oil is not fixed during the period of validity of the loan.

As the price of oil fluctuates, the terms of the loan can be adjusted: for example, the amortization period of the loan could be reduced if the price rises. Thus, the credit granted on the basis of the oil payment is not a real cover (guarantee) against its future price. Rather, it ensures a constant supply to China in the medium term. The "Angolan model" is applied in a growing number of countries and on a wide range of natural resources, including land. Land grabbing can be considered a version of this model with effects on (often hybrid) land management systems. Actually, there are two versions (Guillaumont Jeanneney, 2015). According to the first, land is the contractual resource (similar to oil) in exchange for the credit granted to the contractor for the realization of the portfolio agricultural or non-agricultural projects. In the second version, the contractor is guaranteed land use (sold, leased or leased) on the basis of business plans more or less

negotiated with local communities.

2.3 Natural resources in Africa and Chinese investment in infrastructures

The exports of some important countries of Sub-Saharan Africa depend on the ups and downs of the Asian country. At first sight it is a good thing, but in the long run this means that Beijing can influence the economic performance of entire nations at will.

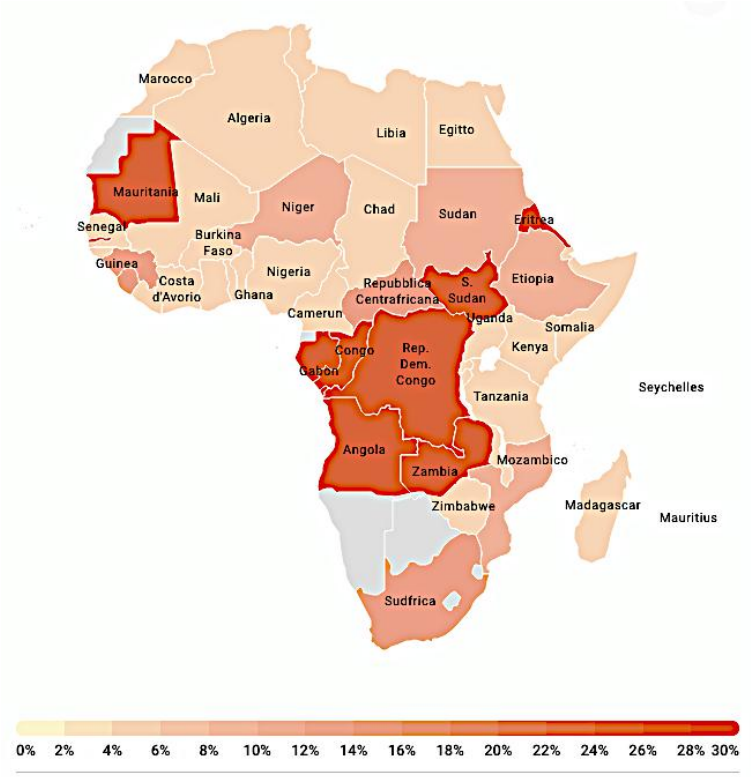


Figure 2: African exports in China weight for each African country
Source: CCS Analysis in Security Policy (2011)

The map above (figure 2) shows how much African exports in China weigh for each African country calculated as a percentage of the total export. We look at Mauritania, Gambia, Eritrea, South Sudan, Gabon, Congo, Democratic Republic of Congo, Angola and Zambia: their African exports to China account for 30% of the total. This means that if Beijing decides to stop trading tomorrow, these countries will no longer know to whom to sell a third of their goods (EIA, 2015). A condition of subordination which inevitably

influences its economic policies and strategic agreements.

Also in Sub-Saharan Africa the countries with an export to China between 15% and 30% are Guinea, Sierra Leone, Central African Republic and even the rich South Africa. Then there are Niger, Sudan, Ethiopia and Mozambique, all at 10-15% and the group composed of Ghana, Cameroon, Chad, Tanzania and Madagascar at 5-10%. Madagascar "saved itself" from the Chinese influence also because it is a kind of American "colony".

Finally, there are those countries that have kept their exports to the Dragon below 5% (this is the case of those bordering the Mediterranean).

Africa is rich in the energy sources that China seeks, as well as being an alternative to dependence on the Middle East. Extraction operations, given the low-cost local workforce, are less expensive than similar projects in China.

China's interest in Africa is not limited to oil, but also extends to minerals and metals. Africa as a whole has more than 60% of global platinum, 55% of cobalt and 45% of aluminium (Weisbrod, 2011).

The richest countries are: Niger (uranium, cement, gold and coal), Namibia (uranium, lead, zinc, ulphur, salt, copper), Democratic Republic of Congo (copper, diamond, cobalt, oil, gold, tin), Zambia (copper, cobalt, emerald),South Africa (iron, platinum, diamonds, gold), Tanzania (gold, diamonds, silver), Ghana (gold, diamond, bauxite, manganese, salt, oil, silver), Botswana (diamonds, coal, copper, nickel, sodium carbonate).

In its support of Africa, China was initially driven by geopolitical intent; indeed, considering itself a Third World country and claiming to share a common identity with African countries, Beijing used relations with the Black Continent to demonstrate its dissent and opposition to Western hegemony. However, since the 1990s, China's

attitude towards Africa has shifted towards more pragmatic goals, transforming geopolitical interests into economic interests and making trade the main objective of relations (Wei, 2015)According to Obuah (Obuah, 2012), in recent years relations between China and Africa have undergone a real metamorphosis: went from a Chinese business model purely motivated by political opportunism and based on support for socialism and the political emancipation of African countries, a dictated and guided by economic opportunism and the growing need for natural resources. It was in this perspective that China decided to initiate the policy known as "going out" or "going global" (走出去-zou chūqù).

These political changes gave the Chinese power the opportunity to expand on African territory and to financially support its insatiable demand for natural resources. In addition, the creation of China Ex-Im Bank (Export-Import Bank of China) by the government in 1994 enabled it to provide a number of funds for concessionary loans to all Chinese companies engaged in industrial projects, infrastructure and social welfare in Africa (Obuah 2012, p.81). Nevertheless, another great stimulus to the renewal of the foreign policy adopted in Africa came with China's accession to the World Trade Organization (WTO), under the leadership of Prime Minister Zhu Rongji, the so-called "politics of grabbing the big and letting go the small" (抓大放小 - zhuā dà fàng xiǎo), which consisted in a systematic reform of Chinese state enterprises. In addition to the policies mentioned above, there were another set of propitious factors that contributed to Chinese expansionism in Africa during the post-Cold War years: the globalization process;

China's growing desire to secure the energy resources needed for the growing economy; the development of multilateral trade and local trade agreements in Africa; the improvement of the commercial environment in Africa (Alden, 2005).

As already mentioned in the previous chapter, with the start of the policy of reform and openness (改革开放政策 - gǎigé kāifàng zhèngcè) and the rise to power of Deng Xiaoping, China began to implement reforms. These reforms enabled them not only to cope with rapid economic development at national level, but also to accelerate their entry into the international market through, primarily, the realization of foreign direct investment (FDI) is used. This put Chinese companies simultaneously in the face of new opportunities and challenges (Economist, 2009, June 21st).

Of particular note are the economic activities and investments made by the Asian power in Africa; these concern numerous sectors such as finance, construction, manufacturing and others, concentrating to a large extent and primarily in the mining industry (30%) (Omoruyi, 2013). Between 2015 and 2016, Beijing was qualified as the largest investor of new projects in Africa, ahead of the Arab Emirates and Italy. In 2016 alone, Chinese companies announced $38.4 billion in investment in the African continent, 23.9% of the total, thus reaching a new record. A very important goal for China, and a record much higher than the previous peak, reached in 2008, when the threshold of 9 billion was exceeded (Davies, 2008).

Looking at the news provided by the respective news agencies regarding relations between China and Africa, we can see what is now known: Today, Chinese relations with the African continent continue to be consolidated in every sector —primarily the economic

sector, then the political, cultural, energy and social-health sector, and within the framework of the decisions taken during the conferences and meetings of the "China-Africa Cooperation Forum" subsequently implemented bilaterally (Parenti, 2016). Moreover, the Chinese economic presence in Africa is constantly growing (Casarini, 2016). This is also possible today thanks to the recent initiative One belt, One Road (OBOR) (一带一路 - yī Dài yī lù), also called "New Silk Road", a clear manifestation of Beijing's commitment to the Black Continent has become one of the cornerstones of Chinese foreign policy. It is a strategy that winds between land and sea and that aims to encourage connectivity and cooperation between China and Eurasian countries and the Middle East. A comprehensive first plan of this initiative was publicly announced in 2013 by President Xi Jinping and, until two years ago, took the first steps in general skepticism (Fatiguso, 2017). The strategy of the PRC was therefore to make agreements with various countries, imposing the principal of condition, the principle of the existence of a single China, or to recognize the legitimate government of the new People's Republic and not that of Taiwan, which since 1949 was detached both politically and militarily from the Republic, but that the latter has always considered part of the national territory (Benson, 2013).

2.4 The investment sectors

In a general overview, the main investment sectors are energy, mineral and natural resources, logistics, infrastructure, specifically railways, roads, bridges, airports and various urban projects (Patassini, 2012).

Concerning the energy sector, the PRC in Africa has built reservoirs and hydroelectric power plants, pipeline extensions, electrification of rural areas, construction of coal-fired

power stations and expansion of railway lines for the transport of minerals. Linked to the energy there is the field transports for which are rehabilitated and modernized old railway lines and constructed and upgraded the ports of exchange. A good example of this is the 756 km line linking Djibouti to the Ethiopian capital Addis Ababa, which reduces the transit time for freight between the two cities from three days to ten hours. In the field of natural resources and mining, most of the investments are directed towards mining activities in the oil and goldsmith sectors.

Focusing on the oil field, since 1993 China began to play an important role in the import of oil, becoming ten years later the second consumer in the world. It is therefore clear that it is investing heavily in this sector to ensure a continuous influx of black gold. In 2008, between joint ventures with some local oil companies, partial purchases of others, only in Nigeria and Angola China invested almost five billion dollars (AGE 2009, p.33). Among them, Angola is certainly the African state in which China is most present, it is in fact counted that in fifteen years 20 billion dollars have been allocated in exchange for importing oil (Meoni, 2014).

Among the various urban projects, investments have been made to improve housing conditions in some African cities, Among them we recall interventions on drinking water supply and distribution networks and construction of water networks and wells in 19 states. In this context, much discussed by western countries, was the construction of the citadel of Kilamba, near the Angolan capital, consisting of 710 buildings comprising twenty thousand apartments and services including schools, kindergartens and shops. This city was known as a ghost town, as it remained empty for several years, firstly because of the prohibitive house prices for African citizens and also because of the

difficulty for Angolans to obtain mortgages and inefficiency in managing the allocation of apartments (Giovetti, 2017)).

In addition, the lost investments are also very active in the agricultural sector for the export and improvement of food security, the creation of about fifty centers of agricultural technology with the aim of providing advice to local farmers and being able to transform the agricultural sector into a real professional agriculture (Battistone, 2017).

It is difficult to analyse investments from an economic point of view, to know exactly and to be sure of the extent of imports and exports, as Beijing's policy in this area is not transparent, the government does not publish any official data.

However, by consulting reliable sources it is possible to draw a profile of the size of trade between the two countries. In the early years of the relations, in the sixties, the volume of the exchanges was pairs to approximately 12 million dollars. From 2001 to 2015, trade between the two countries increased by 21% a year, from 13 billion to 188 billion, making China the first trading partner of Africa, followed by India with a trade value of about 59 billion. The following year, the People's Republic became the first country for capital invested in Africa, more than 36 billion dollars, created about 40 thousand jobs, promoted 62 projects and its direct investment is growing at a constant annual rate of 40%. However, we must not forget the role of the Ex-Im Bank which, from 2000 to 2015, granted loans and credits worth over 95 billion dollars (Battistone 2017). As for the first six months of 2017, the volume of Sino-African trade reached 85 billion and 300 million dollars, an increase of 19%. In it, the import field has increased of 46% reaching 38 billion and 400 million dollars, while the export field is increased of 3% reaching the quota 47 billion. The main trading partners were South Africa, Angola and Nigeria, with which China increased its trade by 28%, 67% and 22%, respectively (Shangwubu zhaokai lixing xinwenfabuhui jieshao 2017

shangbannian ZhongFei jingji hezuo qingkuang-商务部召开例行新闻发布会介绍 2017 上半年中非经济合作情况). According to data from the General Administration of Chinese Customs, in January 2018, total Sino-African imports and exports amounted to 16.5 billion dollars, increasing by 13.7% compared to the same period in the previous year. Among these, China has exported for a value of 8 billion and 300 million dollars, recording a decrease of 4.7%, and has imported resources for 8 billion and 200 million dollars, recording, in this case, an increase of 41.1% (2018 Nian 1 yue wo yu Feizhou maoyi shuju). As can be seen from the data, Sino-African trade is rather import-oriented. China buys oil and minerals in particular, including gold, iron, diamonds, copper and cobalt, but agricultural products are also imported, fruit and coffee increased by 151% and 77% respectively in the first half of 2017. Exports to Africa are manufactured goods, textiles, chemicals, low-cost electronic products such as mobile phones, televisions and computers, agricultural and industrial machinery, transport equipment such as ships, locomotives, vehicles and aerospace equipment (Shangwubu zhaokai lixing xinwenfabuhui jieshao

2017 shangbannian ZhongFei jingji hezuo qingkuang-商务部召开例行新闻发布会介绍 2017 上半年中非经济合作情况).

This differentiation in export is aimed not only at satisfying local demand by keeping prices low and affordable but also and primarily at increasing the foreign investment of the PRC, improve quality and expand the Chinese brand and its knowledge abroad.

2.5 Energy sector

In the decade 2001-2011 China has invested in the sector about 10 billion dollars. The most significant interventions concern new hydroelectric basins and rehabilitations. Significant is the Mono river project between Benin and Togo, as well as the "Imboulou

project" on the Congo river in the DRC. Of strategic importance is also the project on the Tekeze River on the border between Ethiopia and Eritrea that accompanies others in Ghana, Guinea, Mozambique, Sudan, Uganda, Zambia. Hydroelectric power stations and power-generating units include Burundi, Gabon, Guinea, Nigeria and Senegal. Extension of gas pipelines and construction of gas-fired power stations are planned in Ghana, Nigeria and Sudan (Patassini, 2012).

In addition to these measures, the electricity grid is expanding along railway lines mainly used for the transport of minerals, in rural areas not yet served and characterized by urban systems of lower rank, and in areas of urban expansion affected by formalization processes. The expansion of the network is of interest to Angola, in particular Luan and Lubang, Mozambique, Sudan, Zambia and Zimbabwe. Ghana is affected by a rural electrification project, while Togo provides additional electricity to the township of Tomegbe. Some coal-fired power stations are built in industrial areas.

In many projects the cost coverage is total and Chinese financiers account for 70-75% of the total amount of the EIBC, followed by the Chinese government and other institutions such as CATIC and CADF Shenzhen. It should be noted that the EIBC carries out unit funding that is often higher than that of the Chinese government.

Most of the Chinese contractors are state-owned companies, reorganized and restructured in the early 1990s and listed on the stock exchange (Patassini,2012). Projects involving border areas (especially watercourses) are of greater strategic importance as they contribute to the achievement of the cohesion and integration assumptions of regional communities, But they tend to strengthen China's arbitral position in the ongoing water management strategies.

The electrification of railway lines mainly used for the transport of goods is frequently connected to the strengthening of the Chinese harbour logistics, in how much it facilitates the connection between mining zones and ports (Patassini, 2012).
Electrification in rural areas is often linked to land grabbing.

2.6 Transport sector

The Chinese project portfolio in the transport sector is worth about $16 billion in the decade of reference and is often integrated with energy investments. This is the case for railways dedicated to freight and passenger transport, a sector that is experiencing rapid degradation and dismantling of routes and ports of call in East and Central Africa, in accordance with the policies of upgrading (with specific gauge) the drafts that connect the mining areas with the ports of the Indian Ocean and the Atlantic.
Altogether, Chinese rail projects are worth five billion dollars and are all funded by EIBC with the exception of one funded directly by the Chinese government.
An important project concerns Angola: draft of the rehabilitation of the railroad to Luanda with contractor the China National machinery & Equipment Import & Export Co. (CMEC). The value of this project is systemic both in terms of infrastructure and contractual. Other projects concern the connection of Botswana to Namibia; Gabon to the Belinga-Santa Clara section, an essential component of the 3 billion project of dollars for the exploitation of iron mines in the Belinga region (Ibidem, p.148).
In Mauritania, there is a 430 km railway line from Nouakchott to Bofal, a site rich in phosphate mines which also affect the north of Senegal. Strategic, though problematic,

is the modernization of the Lagos-Kano in Nigeria that accompanies the project for the development of Abuja's passenger transport.

Even more important from a geopolitical point of view, after the autonomy of the South, is the package that concerns North Sudan. This country, in addition to getting a loan at interest zero for rail development, commissioned the construction of the Khartoum-Port Sudan route on the Red Sea, which has been on the agenda for at least fifty years. It is symptomatic that this is happening at the same time as the central railway area of Khartoum is being dismantled, with no alternative. Namibia is interested in the purchase of rolling stock.

The contractors are CMEC, China Railway Engineering Group Co. Ltd (CREGC), Transtech Engineering Co. China Railway Material Group, China Guangdong Xinguang International Group and China National Petroleum Co. (CNPC) (Weisbrod, 2011). Excluding the Lagos-Kano route, which responds to the formidable demand in Nigerian conurbations and their mega-cities in formation, all other projects are aimed at consolidating the continental rail network connecting existing and potential mining regions with the ports.

No other country is as committed to this large-scale program as China. The disposition to participations of requalification, management and extension of the net from part of Indian companies, South Africans and Canadians respond to other logics that can only in the abstract be traced back to a project of continental integration. Despite high costs/kilometers, a railway project as a support for existing urban systems and in formation would be economically feasible due to the presence of an unpredictable and increasing demand for passengers and freight (Ibidem, p.151).

Problems of continental integration are made clear by conflicts on which Chinese diplomacy is very wary of intervening.

For the time being, China's plans for African airports are limited to USD 500 million. The new airport in Nouakchott (Mauritania) is part of the national infrastructure package for the exploitation of phosphates. The Chinese government covers 80% of the total costs. Restricted to restructuring, adaptation and management are the projects (to total coverage) for the airport of Moroni (Comoros Islands), for the international airport Maya-Maya of Brazzaville in the Republic of Congo. In the latter case, provision is made for the construction of a plant, the control tower and the provision of energy supply equipment. The last three interventions are financed by EIBC and the tractors are all Chinese: China Airport Construction Group Co. of the Air Company (CAAC), China Jiangsu International Economic-Technical Coop Co., Weihai International Economic & Technical Cooperative Co. Ltd (WIETC) (Patassini, 2012).

2.7 Water resources

The Chinese commitment in the decade reaches $ 500 million to finance general infrastructure programs (such as in Angola), for the construction or rehabilitation of waste treatment plants in large urban centers such as in Douali, in several cities of the Republic of Congo, in the Mauritius Islands, in Wad Madani in Sudan and in others. There are numerous interventions on the supply and distribution networks of drinking water, in particular in Mauritius, Azinder in Niger, Dodoma and Chalinze in Tanzania, Gedaref and Al-Fashir in Sudan, in Sibiti and Mosaka in the DRC. Water networks and wells are being built in the 19 states and territories of the DRC's federal capital. There are two major water basins: Poilco, the largest of Capoverde, and Moamba in the province of Maputo

(Mozambique). Projects are funded almost equally by EIBC and the Chinese government; one from the Ministry of Commerce. The main contractors are CGC, Guandong Yuanda Water conservancy, Hydro Power Group Co. Ltd, CMEC, Bejing Construction Engineering Group Co. Ltd, CAMC, CRCC, China Civil Engineering Construction Co. (CCECC) which are accompanied by specific organized undertakings (McKinsey Report, 2017).

2.8 Ports

The monsoons have always indicated the route between the eastern coasts of Africa, the Middle and the Far East. The return journey between the continent of Africa and India ended in just under a year, allowing fruitful contacts with China. Already in the first century A.D. the Romans knew of the existence of African ports to South of Egypt and the first contacts of China with Africa are documented since the first century B.C. In fact, from Alexandria to Madagascar a theory of ports looked to the East, while the Atlantic coast was still waiting: in addition to Alexandria, were very active Aden, Tiyo, Zeila, Mogadishu, Malindi, Mombasa, Zanzibar, Kilwa, Mozambique and others (Guillaumont Jeanneney & Hua, 2014).

The "String of Pearls" from the Chinese ports to Port Sudan (the old Suakim), through a sequence of straits not always quiet, was formed to the portfolio of infrastructures of exchange (construction of a hydroelectric station, reconstruction of the iron- via in the vast inner conurbations), but the interest today moves towards the border band with Chad, where Chinese companies are carrying out explorations. In return, China obtains oil for USD 800 million on a five-year basis. The same happens in Angola, with limited

port potential to Luanda and Lobito, which benefits from a Chinese financing of two billion dollars in exchange for exploration rights (Butch, 2015) .

Tanzania has had intensive relations with China since 1961 and has been for years the country with the largest investments and aid also for projects not related to the exploitation of oil resources. The most important Chinese investment is the Tazara railway (now being redeveloped), which connects the port of Dar es Salaam with Kapiri Mposi in the mining areas of Zambia.

Relations with Kenya began immediately after independence in 1963, and China's attentions on Mombasa did not wait. Mombasa is an important gateway of the Horn of Africa on which dense and deep corridors converge. The port, which at the moment does not compete with that of Dar es Salaam for various hinterlands, has already been upgraded with cargo handling facilities (Patassini, 2012).

In addition, an agreement for the exploration of oil and gas has been signed for some years. The effort in Somalia, which collapsed in 1991 and is currently divided into three quasi-autonomous states (Somaliland, Puntland and former Italian Somalia), is limited to the reconstruction of lost political and institutional conditions. Strategic is the importance of the Gulf of Aden and the Red Sea, also as a result of the enlargement of the Suez Canal in 2010. The channel today measures 193.30 km long, 24 m deep, 205/225 meters wide (at 11 m depth) and allows the transit of vessels with a maximum draught of 20.12 m.

The increasing geopolitical influence. President Hu Jintao called the "harmonious ocean" adding a slight vibration to Zheng He's smile.

Today harmony seems to be synonymous with influence, especially on African ports (McKinsey, 2017).

Confirming a delay that the discovery of America has not allowed to recover, the Atlantic has only one port, Cape Town, with sufficient draught and ban- chine to the mooring of ships classified as 21 large-medium-speed roll-on/roll-off (LMSR) Improves the situation along the east coast where Durban has 15 MRLs equivalent to 22 and Mombasa one, but the weakness in the continental west is accelerated by the fact that this is the region with the largest oil production (Nigeria and Angola), from which the US purchases 15% of total imports. In Nigeria, Chinese investment has so far been limited to the trading infrastructure portfolio (construction of a hydroelectric station, reconstruction of the ferro-via the vast internal conurbations), but today's interest is shifting towards the border band with Chad, where Chinese companies are carrying out explorations. In return, China obtains oil for USD 800 million on a five-year basis. The same happens in Angola, with limited port potential to Luanda and Lobito, which benefits from a Chinese financing of two billion dollars in exchange for exploration rights.

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with cargo handling facilities. In addition, an agreement for the exploration of oil and gas has been signed for some years (United States Department of Defense, Energy Futures in Asia, Washington 2005). The effort in Somalia, which collapsed in 1991 and is currently divided into three quasi-autonomous states (Somaliland, Puntland and former Italian Somalia), is limited to the reconstruction of lost political and institutional conditions. Strategic is the importance of the Gulf of Aden and the Red Sea, also as a result of the enlargement of the Suez Canal in 2010. The channel today measures 193.30 km long, 24 m deep, 205/225 meters wide (at 11 m depth) and allows the transit of vessels with a maximum draught of 20.12 m. China has long been interested in Port Sudan where it has lent 215 million dollars for the terminal dedicated to the tankers and 325 million dollars for the transport of the water of the Nile to the urban area in rapid expansion around the port. Relations with this country began in 1959, especially in the oil field and electric, and today China controls most of Darfur's reserves. It has also financed the construction of pipelines (now disputed between North and South) for more than 900 miles from the extraction wells to the Red Sea. The infrastructural package, with attention to the port, is finalized to the acquisition of oil (MTM-CTEA, 2002).

The relations with the Egypt are begun in 1956 and are continued because of the fact that draft of the only country with good ability to move is in the Mediterranean Sea and in the Red Sea. Relations with Tunisia and Libya are less significant. With this last one China has started relationships only beginning from 1981, with increasing integrity for the ports of Tripoli and Benghazi.

Relationships with Algeria, which began immediately after independence from France in 1958, are more substantial (and determined). Strategic agreements have been signed

for the exploitation of oil and gas wells, the construction of infrastructure and the development of power stations. In 2002, China Petroleum and Chemical Co. (CPCC) signed a $525 million contract for the exploitation of oil basins in the Sahara and in 2003 for the purchase of Algerian refineries and exploration rights. The Chinese interest in continental port structures is an integral part of its energy policy with effects on the system-world. This seems to worry the US government (Casanova, 2015).

Chapter 3

Focus on China's major commercial partner in Africa

From the nineteenth century the history of Africa was marked by continuous invasions by the European powers with the aim of conquering and colonizing various states, not only to be able to exploit the natural riches of the territory, but also to secure strategic positions on commercial routes. It was only around 1960 that the various African colonies began to achieve independence and the whole process of decolonization lasted for about thirty years.

3.1 Four models of Sino-Africa engagement

In this paper I analyzed African countries in two dimensions. The first is the strength of their bilateral relations with China, including the strategic priority given to the relations of both sides, the level of interaction of leadership, the size of intergovernmental loans and the volume of bilateral trade (McKinsey, 2018). The second is the depth of their economic engagement with Chinese investors and companies, including the size, diversity and intensity of private sector activity in each African country, and whether the economic commitment has been relatively free of corruption and has produced social benefits such as local employment and technology transfer (CGD., 2008).

China's strong partners are Ethiopia and South Africa, together with a high degree of economic commitment in the form of investment, trade, loans and aid. For example, both countries have translated their national economic development strategies into specific China-related initiatives and have also developed important relations with Chinese provinces as well as Beijing. As a result, China sees strong partner countries as

true partners in Africa: committed reliably and strategically to China's economic and political interests. These countries have also created a solid platform for China's continued engagement through leading participation in forums such as the Belt and Road initiative and can therefore expect to see a continued rapid growth of Chinese investment (Curtis, 2014).

China's solid partners are Kenya, Nigeria and Tanzania but they do not yet have the same level of engagement with China as Ethiopia and South Africa, but relations with the government and Chinese business and investment are significant and growing. These three governments recognize the importance of China, but they still need to translate this recognition into an explicit strategy for China.

Each has several hundred Chinese companies in a wide range of sectors, but this presence was largely the result of a passive posture that is based on large markets or historical ties; much more is possible with a real strategic commitment (Chan, 2013).

China's unbalanced partners are Angola and Zambia which have each built their commitment to China on one dimension, but so far they have neglected the other dimension, at least in relative terms. In the case of Angola, the government provided oil to China in exchange for funding and Chinese construction of major infrastructure projects, but real market-driven private investment by Chinese companies has been limited, calling into question the sustainability of the partnership. The case of Zambia is the opposite: there have been large investments in the private sector, often by small private companies with limited experience operating internationally. But the lack of control by regulators has led to regular scandals of work and corruption over the past decade. In both countries growth was rapid, but the biased nature of relationships means

that macroeconomic changes such as fluctuations in commodity prices and elections could undermine the sustainability of the relationship (Draper, 2012).

China's nascent partners is Côte d'Ivoire in the very early stages of developing a partnership with China, and so the model of partnership has yet to develop and shape itself. The relatively small number of Chinese investors in the country is focused on low-investment sectors such as trade (McKinsey, 2017).

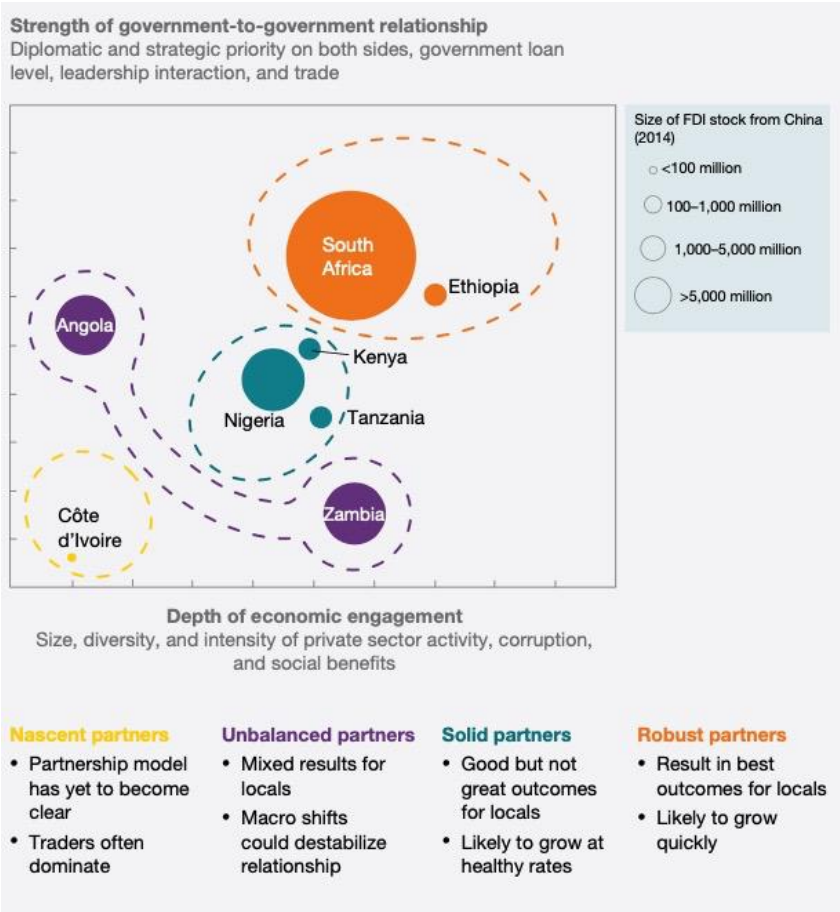

Figure 3: Four distinct model of Sino-African engagement

Source: McKinsey field survey of Chinese firms in eight African countries, November 2016–March 2017

3.2 Angola

In the history of relations between the People's Republic of China and the African States, the events that took place in Angola, around the middle of the twentieth century, are certainly an example to understand in depth the evolution of Chinese strategies in the African continent. In short, in the 1950s, three liberation movements had been formed from the Portuguese colonial dominio. The first, the "Popular de libertação de Angola" (Mpla), founded in 1956 and subsequently led by Augustine Neto, was formed following the union of various communist groups and assumed an ideological affiliation openly Marxist. It was the movement that showed the best organization of the three and already in the early 1960s, gained an important support from Moscow (Daly, 2008). The second, the "Frente Nacional de Libertação de Angola" (Fnla), was based on the rural population of Bakongo. The group showed itself devoid of any ideology and was open to the aid of any interested external actor. He was particularly violent and in sharp contrast with Mpla. Holden Roberto took the lead and founded the "Governo Revolucionário de Angolano exilio" (Grae), which was recognized by many countries as the legitimate government of Angola. At first, Beijing could not make explicit relations with the movement because it was involved in the riots in Congo, a nation where the Grae had its headquarters and the Fnla its logistic base. The third movement was the "União Nacional para a Indêpendencia Total de Angola" (Unita), founded in 1966 and led by Jonas Savimbi. This group assumed a strongly Maoist connotation and was well received by the Chinese authorities who engaged in the training of the troops. Although it was unique to receive attention from the Chinese press, the promises made by Beijing during the meeting with the leaders of the movement in 1967, were disregarded (Daniel, 2015). Total funding for the group was reduced to just £5,000. A turning point in Chinese involvement in Angola took place

after the end of the Cultural Revolution and even greater after the coup that took place in Portugal in 1974. China supported the Unita and sent 112 military instructors (who operated in Congo), as well as 450tons of armaments. However, the Beijing government tried to keep the peace by sending the leaders of the three movements a request to avoid external pressure, but in vain. In 1975, the Fnla and the Mpla confronted each other in a series of armed clashes that soon turned into a civil war.

The USSR supported the Mpla, to which it provided finance and weapons, while Cuba had sent the military instructors (Dupasquier, 2006). The US was more than interested in supporting the Fnla. Following the US mission in Beijing led by George Bush, Washington allocated $14 million to Roberto's movement. The Fnla and the United constituted a single common front. For China, problems came when the conflict widened and other forces came into play. The Cuban army came in support of the Mpla and the armed forces of South Africa went to war alongside the troops of the Fnla. In this way, Beijing found itself fighting alongside the country symbolizing racism (because of the apartheid system) and African capitalism.

In essence, by participating in a war supported by anti-socialist forces, Beijing discredited itself in front of all those African nations that had openly distanced themselves from African and South African politics. The sudden realization of defeat, forced the Chinese government to acknowledge the lightness with which it had faced the crisis and admitted that there was a serious miscalculation (DOUGLAS, 2010). Relations between China and Angola were slowly resuming, as the African state found greater independence from the influence exerted by Moscow. The fact that Beijing was a member of the UN Security Council played a key role in the process of developing such relations. However, this was certainly not the only reason for Chinese success. The close link

between the two countries, especially in relation to the exploitation of the mineral resources, is an indication of Beijing's change and penetration capacity. Moreover, it is a bond that will be bound up again in the coming years.

Angola became the first oil exporter to China in 2006, reaching 750,000 barrels a day. Until that date Saudi Arabia had maintained the primacy. Beijing has succeeded in increasing its presence on land and offshore for research and exploitation of new assets, despite strong rivalry from US and other competitors (the soft Chinese power achieved important successes). Yet one of the rare cases of interference in internal affairs by the Chinese government has occurred in Angola. China Export Import Bank, o Ex-Im Bank, in 2004 had invested 2 billion dollars in Angola that would have served to upgrade infrastructure, with particular attention to the rail network (Egbula, 2011). Part of the money was used for other purposes, including the election campaign in 2006. The consequences were the intervention of investors and the fall of the government. Ex-Im Bank had indicated to the Chinese government 35 companies that would be allowed to undertake commercial activities in Angola. In a short time, they obtained contracts and concessions. In particular, in recent years, Sinopec has expanded its interests to the detriment, for example, of the French Total and the Indian Ongc it tried, the latter, to win the newly owned Shell deals. Investments were subsequently increased and were devoted to projects for upgrading, as well as the rail network, the telecommunications sector, the military communications system, the construction of a new airport and new refineries. Businesses won many of the contracts and imported manpower from their homeland, justifying themselves by the lack of qualified staff among the local population. The result was the rapid growth of the Chinese community in Angola, which in 2008 had reached thousands of individuals and in 2012 the one hundred thousand (Elbra, 2013).

3.3 Nigeria

It is the third African supplier of petroleum products to China. Last year Petro China has concluded an agreement from 800 million dollars with the Nigerian National Petroleum Corporation for the purchase of 30 thousand barrels of oil a day for a year. At the beginning of this year has been Cnooc to sign an agreement with the Nigerian government for a participation of 45% in an offshore field. China has also built the first Nigerian telecommunications satellite to be launched in early 2007, built by China Great Wall Industry and funded by the Chinese bank Ex-Im bank. From a political point of view, China supports the granting of a permanent seat to the UN to Nigeria in international forums. In 2005 trade was 2.83 billion dollars (Agubamah, 2014, May). Commercial relations between Beijing and Lagos are mainly focused on the oil sector. While Chinese exports to the West African country show a variety of products ranging from telecommunications materials, agri-food products, vehicles and machinery for industry, Imports are dominated by oil for about ninety percent. There are several Chinese companies operating in the Nigerian oil sector and are active in the exploration as well as in the construction of infrastructure. These include Sinopec, Cnpc, Cscec, which built one of the country's refineries, and Cnoon, which specializes in offshore (UTOMI P., 2008). The intensification of relations between the two countries has allowed China to enter the telecommunications market. Indeed, Nigeria has, in recent years, become one of the most coveted destinations for the sector's Chinese giants. Among these, in Nigerian territory operate the Huawei and Zte. The strength of these enterprises is clearly in the costs, seen that they succeed to cut them of the 5-15%, the first, and even of the 30-40% the second (Eneji, s.d.).

3.4 Democratic Republic Of Congo - Kinshasa

Between 1960, the year of independence, and 1972, the Republic of Congo and the People's Republic of China forged diplomatic and economic links, even if they could not maintain them constability. On the one hand, the African Republic had recognised Taiwan as a Chinese sovereign state and, on the other, Beijing financed the rebel groups in the country. Since 1972, when bilateral relations with the Republic of the Republic of Zaire, in which Congo had meanwhile been transformed, were re-established. Diplomatic relations have intensified and during the more than three years of Mobutu's presidency (1965-1997)'China has carried out several missions to build stronger relations with the Congolese territory (Faulkener, 2013). President Laurent Kabila visited China in 1997, During their first year in power and representatives of the Democratic Republic, they attended the first session of the China-Africa Cooperation Forum in Beijing in 2000. In the following years, under the leadership of Kabila's son, Joseph, trade with China are increased considerably.

Chinese imports from the African State increased significantly in 2008, mainly in relation to cobalt supply. Exports, on the other hand, are mainly manufactured goods, textiles, pharmaceuticals, vehicles of various kinds, materials and utilities. In recent years, thanks to Chinese funding, have been completed, and some are currently underway, projects such as the Friendship Hospital in Kinshasa, where a Chinese group operates, and a plant for the production of mineral water; has been financed the extension of the port of kalemie, on Lake Tanganyika, and Lubumbashi airport, in the south of the country. The government of Beijing also offers grants to Congolese students to complete five-year courses in various disciplines in Chinese universities. The number of students, although still limited, is constantly growing (Fleisher, 2010). On the Congolese territory China is also present in currency, taking part in the contingent of Monuc, The Democratic

Republic of Congo is one of the states covered by the Beijing Plan of Action developed during the 2006 Focac Summit. Key sectors of interest to China are infrastructure, mining and telecommunications. Following the agreement signed in 2008 between the Sico-mines consortium of Chinese companies and the Congolese government, the infrastructure and mining sectors are particularly interlinked. In exchange for the financing of nine billion dollars guaranteed by China, for the development of roads and railways and related infrastructure to mining centers, There have been guarantees for the exploitation of mines in the Katanga province (Friedman, 2014).

Currently, Sico-mines is the most active player in the development of projects, short, medium and long term, for the realization or enhancement of Congolese infrastructure. However, other private companies sponsored by the Beijing government are also active. In particular, they are involved in strengthening the road network, whose narrowness the African state still suffers greatly. The China Communications Construction Company

(CCCC) is one of the most involved in the industry. The upgrade program, like of the rest is agreed also for the plans in which Sico-mines is involved, previews a salary founded on the principle of the barter. For example, in exchange for the services rendered by Guangdong provincial ChangDa Highway EngineeringCo., which was entrusted with the renovation of part of the streets of Kinshasa, Grants for the extraction of nickel and chromium have been made. Other funding from the China Development Bank (CDB), for contracts awarded to Chinese companies, such as the upgrading of N'djili airport in Kinshasa, have as their advantage the exploitation of concessions for the extraction of copper and cobalt (report, 2015).

Since 2002, some Chinese companies such as Sino-hydro and China Railway Engineering Corporation (CREC), both belonging to the Sico-mines group, have won several contracts financed by African and Western institutions, the African Development Bank and the World Bank. In addition, in the Katanga province, there are many small Chinese companies that have managed to enter the region in a completely autonomous way and that are involved in logistics and management of the exploitation structures. Overall, these had reached about five thousand employees (Zilibotti, 2012). But these companies suffered, more than any other industry, from the 2009 crisis, and the total number of employees fell sharply to a thousand. Currently, however, the situation is recovering. In 2000, the Chinese giant Zte Corporation, producer of materials and structures for the telecommunications (in 2010 was, in the sector, sixth in the world) It had refocused the China-Congo Telecommunications Corporation, acquiring 51%, in collaboration with the Congolese Ministry of Posts and Telecommunications (Mtcc). The Congolese company received additional funding from Ex-Im Bank. However, in 2011 it was sold entirely to France Telecom-Orange. Chinese companies Huawei and China International Telecommunication Construction Corporation (Citcc) are implementing two ambitious projects on behalf of the Mtcc, including the development of a fiber optic network (Zheng Song, 2011). China is also present on the Congolese territory in other sectors, including forestry, agriculture, Finally, it is interesting to note the presence of a community of small Chinese traders in the city of Kinshasa, also active in the province of the capital. Given the nature of the activities, which are not combined but independent, it is difficult to calculate the number of such activities, as the number of Chinese inhabitants in the country as a whole.

3.5 Zambia

The relationship between Beijing and Lusaka has been consolidated rapidly and has been accompanied by continuous Chinese investments in various sectors of Zambia's economy. The economic growth of the African country has been possible mainly thanks to exports of raw materials of which the territory is rich, in particular copper, and the development of certain sectors such as agriculture and construction. In past years, mining had to be exploited in such a way as to increase employment (Zhang, 2010). The opening of the Kansanshi mine in 2005, in the Solwezi region, for example, provided more than 1300 jobs,

although with the rapid development of mining techniques, the trend is changing. Other sectors have seen significant growth (Guo, 2014). First of all, agri-food and, secondly, there has been a rapid development of the building industry, with the consequent increase in the production of wood and cement; However, some sectors have been severely affected by competition from Asian imports, mainly from India and China. The textile and clothing industry has been hit hardest by the low-cost merchandise introduced in Zambia. In recent years, many accidents have occurred between Chinese managers and local workers in mines. In some cases, resulted in deaths and injuries on both sides (Harvey, 2014). There was also a case where Chinese managers opened fire on employees to quell protests. The episodes have had a strong echo throughout the country.

Already in the 2006 elections, the main opposition party had proposed the denial of the People's Republic of China in favour of the Republic of Taiwan, precisely in relation to the accidents that occurred at the time in the mines. Two Chinese leaders were killed in 2010 and 2012 (Zeng, 2015).

3.6 The Republic Of The Congo–Brazzaville

The diplomatic relations of the Republic of Congo have stabilised since 2003, after long years of civil war. The importance of Brazzaville in the world's energy market is growing, in particular due to the fact that reserves of over one and a half billion barrels have been estimated in the oil fields in territorial waters. However, the country is heavily dependent on foreign technology, precisely because of the location of marine deposits that are hard to reach. The most important investors and producers of crude oil are France, which manages the largest deposit with Total, and Italy, which produces a quarter of the Congolese crude oil with Eni (Youssef, 2001). Both The companies have been present on the territory since 1968. Oil exports start from Pointe noire, the main port on the short stretch of coast of Brazzaville enjoys the government. While the majority of crude oil was initially directed to Europe and the US, in recent years more than half of exports reach Asia. China began importing from the African country in 2001. Already in 2002, Beijing signed an agreement to secure 20000 barrels a day. Since 2005, Sinopec has been granted permission to explore the offshore blocks Marine XII and High Sea C. In 2011, Beijing imported more than 40% of Congolese crude oil (Yang, 2011).

3.7 Gabon

In the first fifteen years of independence, proclaimed in 1960, Gabon maintained relations with the Chinese Republic of Taiwan. Relations with Beijing did not begin until 1974. The very long period in which President Bongo held office, from 1967 to 2009, allowed Gabon to forge closer ties than other nations (Herman, 2011). In 2004, President Hu Jintao was the first Chinese head of state to visit the African country. Bilateral meetings are more

frequent and take place about every two years. A committee of the Gabonese Parliament supervises the development of projects financed by Chinese capital. Following the Beijing Focac Summit in 2006, Gabon was also designated a destination for Chinese tourism (World Bank. (2011). Chinese investment in Special Economic Zones in Africa. Progress, 2011). Exports to Gabon, on the other hand, consist mainly of industrial manufacturing products, various types of machinery, electrical equipment and components, cement, vehicles and products of the iron and steel industry. with the influx of Chinese capital it was possible to build clinics, schools, government offices, to provide medical aid from China and to develop projects in the agricultural field with the support of the FAO.

In 2004, during Hu Jintao's official visit, two million dollars was donated as a soft loan of another $1 million to pursue the goals. It is also interesting to note that in the inaugural session of the Focac in 2000, Gabon was represented by Foreign Minister Jean Ping, son of one of the first Chinese immigrants in the country, and that, subsequently became President of the African Union. Since 1975, the Chinese government has encouraged Gabonese university students to go to China to pursue a full cycle of studies by awarding scholarships. In 2010, there were seventy-four students from Gabon in China. In the capital, Libreville, there are most Chinese companies, from the largest and most important in the import-export sector, to the smallest in the retail and catering sector (Weisbrod, 2011). The most strategic sectors in which Chinese companies operate in Gabon are mining, oil and forestry (Ibrahim, 2014). As far as mineral extraction is concerned, there are two projects of greatest interest. The first concerns the thirty-year concession, inaugurated in 2008, for the extraction of manganese in the Bembélé area. The second, the extraction of iron on the mounts Belinga. The concession of the Bembélé has been assigned to a joint Venturesino-Gabonese. The manganese can be found

in a depository 35km from Ndjolé, in the center of Gabon, and has been calculated to hold about 30 million tonnes of the precious mineral. The annual average is 500 tonnes (IMF., 2007). The value of this aid will be 30% and 40%, much lower than the purity of manganese produced by the French company Comilog, in the Moanda area, on the south-side with the intention of employing highly specialized Gabonese personnel, the Chinese companies involved are committed to training future employees in China. Sinosteel is currently carrying out research in various regions of Gabon in search of new manganese stocks (Wasserman, 2011).

The twenty-five-year exploitation license for the iron fields in the northeastern Gabon region was awarded to the consortium Comibel, which includes the Cmec, Panzhihua Iron &Steel Group and the Gabon State. The existence of the rich deposit has been known since the middle of the last century, but the absolute lack of infrastructure in the region has not allowed it to be exploited. In this sense, the policy of "barter" Chinese had an easy grasp. In fact, the mining agreement provides for the construction of important structures including a hydroelectric power station and a port. In Gabon, the fifth largest producer of crude oil in sub-Saharan Africa, Shell dominates the oil sector (40% of the national total with over one hundred and fifty thousand barrels a day) and total respect for these companies, the presence of Chinese companies remains marginal and no substantial changes are expected in the near future. Sino-pecis the most present Chinese company and is carrying out exploration activities both onshore and offshore (UNCTAD, 2015). Activities began in 2004, with the intention of reviving the sector, which had been calculated, would face a downturn if new developments were not discovered and exploited. In addition, Sinopec considered the possibility of setting up a new refinery,

which would become the second largest in the country (Irish, 2004). At present, however, crude oil production is in supply. Oil exports, which account for 40% of GDP, are mainly directed to the US, India, the EU, Indonesia and Australia, in more or less similar quantities. Twenty thousand barrels a day have been insured for China in recent years, despite the fact that exports have fallen by almost one-third of the total volume. The forestry sector has long been dominated by France, but Chinese companies have proved to be particularly competitive. Today, about sixty percent of exports are directed to Asia and more than half of the total arrives in China (Development, 2009).

3.8 Sudan

For the People's Republic of China, Sudan is the most important base of overseas production. Beijing has strongly contributed to the development of the Danish oil industry, from exploration to production, but also to the realization and sale of the finished product. Cnpc entered the Sudanese oil sector in 1994 and now holds more than 40% of Greater nile Petroleum operating Company (Gnoc), a consortium that manages Sudan's production plots, in cooperation with the state oil company (Kumo, 2012). The Cnpc holds the property, total or partial, of various blocks and companies that are involved in the strengthening. At present, from Gnoc, China obtains fifteen million tons of petroleum per year. China's investment, which has reached almost $10 billion since 1999, has served to build refineries and an oil pipeline (Udeala, 2013). Moreover, of particular interest is the construction of a gas pipeline of about nine hundred kilometers that reaches from the fields in Port Sudan, on the Red Sea. The Chinese involvement in Sudan has forced Beijing, several times in the past, to assert its position within the UN Security Council in order to avoid sanctions against the Khartoum government

(particularly during the Darfur war) (Lloyd, 2015). Following the policy of non-interference in the internal affairs of a sovereign nation, Beijing has asked for non-intervention by other foreign nations. However, the sale of Chinese armaments to the Sudanese government, the final use of which had not been accepted, caused strong media opposition, particularly in the states. But Beijing has repeatedly reiterated that the supply of weapons was aimed at protecting oil assets that, Moreover, they did not only affect China. Some Chinese companies have significantly expanded their electricity production capacity in Sudan (Ubani, 2014). The loan of about $150 million contributed to the construction of the power stations north of Khartoum. But the most ambitious project was the completion of the Merowe dam on the river Nile, which is sixty-seven meters long and nine kilometers long, capable of producing 5,500 GWh per year. China International Water & Electric Corporation was the largest company in the joint venture to create the dam, with a capital of around $300 million. In addition to its production capacity, the dam has considerably expanded the arable land, thus opening up the possibility of upgrading the agricultural sector (Askouri, 2007).

3.9 Namibia

Relations between the People's Republic of China and Namibia began after the declaration of independence in 1990, the year in which Namibia separated from South Africa. But only in 1995 did the first Chinese delegation visit the African country (Ma, 2010). The then vice

premier, Zhu Rongji, during the "tour of the seven nations" passed by Captain Windhoek. The outcome of the visit was positive: the Chinese representatives, after noting that the country was indeed rich in raw materials and equipped with sufficient infrastructure to provide access to trade, were prepared to invest in the industrial, fisheries and agricultural

sectors. As a result, the Beijing authorities have begun to encourage domestic companies to transpire various activities on Namibian soil (Times, 2015). Since then, diplomatic relations between the two nations have intensified strongly. Beijing has been very important to maintain very active relations, although Namibia, at least initially, did not offer great opportunities for the exploitation and retrieval of oil and other raw materials. In general, the Namibian market was already controlled by other powerful western players, but maintaining a close relationship was mostly aimed at improving the image of the country internationally. Indeed, along with Windhoek's government, plans to safeguard human rights have been developed, which have been tried to give wide visibility (Tan, 2008). Chinese construction companies have been particularly facilitated in winning the construction works of many government palaces, both in the capital and in other cities. Many projects were funded by the Chinese government following the first session of the China and Namibia Economic and Trade Committee in Beijing in 2005. In that year, the volume of business between the two nations had already reached $97 million. The Chinese Deputy Minister of Commerce Wei Jianguo, the Namibian Minister of Trade and Industry, Immanuel Ngatjizeko, other government representatives from Namibia, African country business owners and representatives of Exim Bank (Ma, 1996). Chinese capital has served to develop communications infrastructure such as, for example,

the Trans-Namib project to expand the rail network was also an important contribution in the field of telecommunications (Seeking, 2002). Moreover, the Swakopmund base has been operational since 2001, on the coast in the western part of the country, for telemetry and satellite tracking. The control center, operating for the base, sat in the Shaanxi province. Right in the Swakopmund area, China recently managed to obtain the

concession for the exploitation of a uranium mine, which should enter full production by 2015.

Beijing has shown that it can compete with the big players in this field. Indeed, Rio Tinto and paladin, two mining giants founded in Europe and Australia respectively, had control over most of Namibian uranium production, In general, relations between China and Namibia are developing and will tend to strengthen in the coming years (Sandrey, 2011).

3.10 East Africa and raw materials

Egypt. Over the next 5 years, China will become Egypt's leading trading partner, source of investment and technology transfer. In 2005, trade reached 2.145 billion dollars, and by this year, Egypt's planned investments will have to reach 2 billion dollars. Last September the great Chinese companies have succeeded to snatch contracts millionaires for the construction of infrastructures (500 million dollars for a center congresses to the periphery of Cairo) and steel mills (from 100 million dollars) financed by the Egyptian Government using exclusively Chinese technology. During the forum, Egypt will ask China to support the launch of civilian nuclear program, for which it is also expected to sign technology transfer contracts and economic aid (Sala-i-Martin, 2003).

Eritrea While maintaining good relations with all the countries of the Horn of Africa, China has over the years fuelled the conflict between Ethiopia and Eritrea

through the sale of arms and military equipment to both parties, accompanied by frequent consultations of senior military officials. In addition, it is present in the construction sector, in the sale of industrial machinery and medical products. In 2005 trade was worth 8.41 million dollars (Rindap, 2015).

Ethiopia, we're going. only at the beginning of this year the Ethiopian Trade Minister declared that «China is the most reliable partner», Ethiopia being, together with Sudan, the main beneficiary of Chinese investment in the region. Low interest rate loans, Debt cancellation and preferential tariffs are Beijing's strategy to entice a partner that has no great energy potential but has a strategic location on the sea for rich neighbours such as Sudan and Egypt. Chinese companies are today winning the construction of almost all infrastructure, road and rail links, airports and so on. Trade between the two countries amounted to USD 370 million in 2005 (M., 1963).

Sudan. It is the second African oil supplier to China, second only to Angola, which is why the Asian giant defends on all international forums the accusations of human rights violations and genocide in the Darfur region (Guardian., January 19, 2016). China recently opposed the UN's proposal for sanctions against the Sudanese regime and threatened the use of the veto against sending an international force to the region. For its part, the Chinese Government sent 4000 soldiers of the National Liberation Army to control the areas of its interest and to watch over the pipelines built and exploited by Chinese companies, expressing its intention to strengthen military cooperation with the local army (WHEELER D.L., 1979). In addition to the supply of weapons, China has also helped the Sudanese Government to build 3 war

industries. All this to defend Asian interests in the oil sector: Sudan alone supplies 7% of all Chinese oil imports, 50% of its production goes to the Far East and benefits from the largest investments in the region. Thirteen of the 15 foreign oil companies present in Sudan are Chinese, the China National Petroleum Corporation (cnc) owns 40% of the Greater Nile Petroleum operating Company, which controls the country's oil fields, and invested $3 billion in the construction of refineries and pipelines. Trade between the two countries reached USD 3.9 billion in 2005 (M., 2004).

Uganda. In 2005 the total volume of trade with China was US$99.37 million, mainly due to Chinese investment in the construction and infrastructure sectors. China Petroleum pipeline Engineering Corporation will build a 320km pipeline to connect Uganda with neighboring Kenya oil producer. At the forum, the Ugandan Government intends to ask for Chinese aid for the construction of a railway line linking the country with Sudan (M., 2006).

- **Kenya.** After the passage of Hu Jintao last April, China has concluded new agreements looking for oil fields in Kenya, a region where Western companies no longer want to invest. The Cnooc oil company will conduct exploration work at sea and on land, as well as providing technology and training. Other imported goods are cement and minerals. Last year, China lent USD 36 million to the Kenyan Government for the modernization of the energy industry, the installation of industrial plants for consumer goods and the construction of infrastructure. The works were then carried out by the large Chinese companies present here, whose last

work was the construction of the road that connects Mombasa to Nairobi. In 2005 trade was 475 million dollars (M., 2006).

Somalia. It is another outlet for inland oil products, which China intends to modernize by building infrastructure, roads, ports and railways. Given the growth of the Somali telecommunications sector, Chinese companies, such as Huawei, are investing in the country to build the necessary infrastructure and gain access to mobile telephony (VANOLO A., 2011).

Chapter 4

Chinese Oil Production And Exploitation Of African Resources

China has invested heavily in raw materials for over 10 years. They invested in iron, copper, timber, uranium, coal, cobalt, and many other African resources. But China's number one priority is oil. It is therefore natural that Africa with its oil potential is preferred by the Chinese Government.

54 African countries, 30.2 million square kilometers, a billion people and is mainly one tenth of the world's oil production and one third of Chinese oil imports. For China, Africa is both a market for exports and a chance to diversify and get its oil supplies.

4.1 China's Need for Energy Sources

Economic growth requires more energy; growth like China's, structured on manufacturing, requires much more energy. The bar chart shows China's growing energy consumption, net of how much it produces; the line on the chart shows the increase in energy imports, net of exports of energy sources.

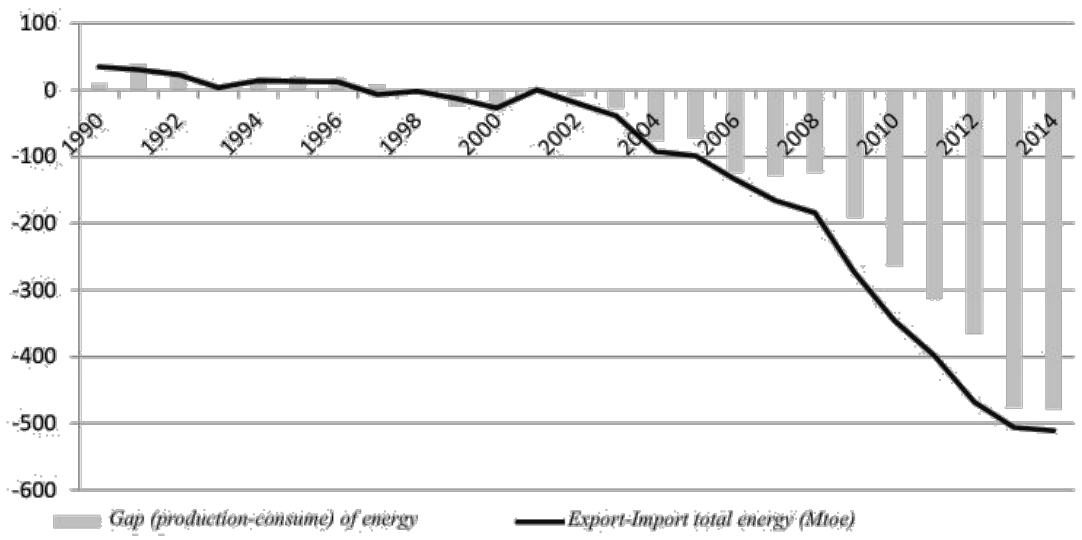

Figure 1: Energy requirements in China, in Mtoe (Million tons of Oil Equivalent), 1990-2014

Source: Personal elaboration of Statistical Review of World Energy data, 2015

China in 2014 produced 13.39% of world GDP, using 23% of the world's primary energy consumed in the same year. It is the largest producer, consumer and importer of coal, despite owning 12.8% of the world's reserves; in 2014 it consumed 50.6% of the world's used. Coal production grew by 9% between 2012 and 2013, but fell by 3% in 2014 due to a slight downturn in the use of steel and cement, and stricter regulations imposed on the most polluting companies (Marukawa, 2014).

China is the second oil importer, in 2014 it consumed 12.4% of world consumption. In 2013 it produced an average of 4.18 million barrels of oil per day, while consuming 10.76. So, from an oil exporter who was in the early 1990s, China became an increasingly large importer: in 2001 it was in the tenth place in the world, in 2002 eighth, from 2004 to 2008 third, and since 2009 second, surpassed only by the United States. Chinese growing demand has contributed to oil inflation (Graph 2.2), which has affected the world. It is the third largest importer of liquefied natural gas, in 2014 it consumed 5.4% of the world gas;

Nigeria, Equatorial Guinea and Algeria are respectively the third, fourth and fifth most important countries in the world.

It is the third largest importer of liquefied natural gas, in 2014 it consumed 5.4% of the world gas; Nigeria, Equatorial Guinea and Algeria are respectively the third, fourth and fifth most important countries in the world.

4.2 The Chinese oil

The Chinese Ministry of Territory and Resources has announced that «China's investments in oil and natural gas exploration in 2013 should reach 80 billion yuan (13.07 billion dollars)».

According to figures published by the Ministry of the Territory and Resources, investment in exploration for oil and gas fields has risen from 19 billion yuan in 2002 to 67.3 billion yuan in 2011. Between 2008 and 2011, approximately 5.01 billion tons of oil reserves and 2.600 billion cubic meters of natural gas were discovered».

Expenditure in China in the search for energy resources has increased steadily in recent years, in an attempt by the government to reduce the country's dependence on imports and to guarantee the security of energy supplies for its growth, which, while slowing down, continues to demand more and more oil and gas, also to reduce the use of coal. In 2012, China's dependence on oil and gas imports was 58% and around 30%, respectively (greenreport.it) .

One of the reasons for China's strong and unusual involvement in the Syrian civil war is

precisely its friendship, based exclusively on oil-economic reasons, with the Syrian and Iranian regimes. In particular, China continues not to respect the embargo against Tehran and to import large quantities of oil, thus allowing the Islamic Republic to

replace former Western customers (including Italy) with the Chinese oil tankers supplying the People's Republic's thirsty growth.

As discussed in the first chapter, thanks to the reforms implemented by Deng Xiaoping, China undertook the path to becoming a world power. Its economic rise was based on the industry that needed oil to develop. To grow, therefore, the People's Republic was burning, and still is burning, huge quantities of crude oil, and this has led it to become a major player in the international black gold market. In 2016, the oil reserves attested in the Chinese territory amounted to three and a half billion tons, distributed in great part in the twenty main fields, among which, the three most important ones are in Daqing, Shengli and Tarim.

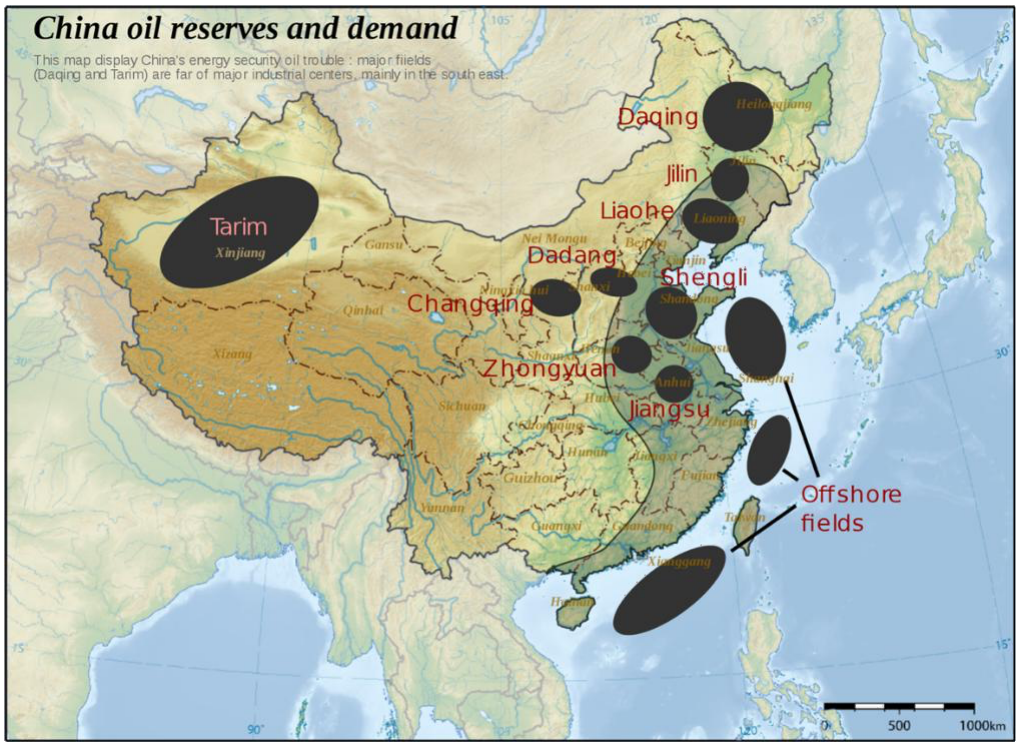

Figure 2: Main oil fields in China

Source: Duey 2015

The Daqing field is the largest, with a total area of more than one thousand square kilometers and is located near Harbin, in the central part of Heilongjiang province in

the north-eastern plain. It was discovered in the late 1950s and for a long time its production remained stable at over 50 million tons of oil per year. Since 2004, however, the field's production activity has been reduced by 20% in order to extend its lifetime. As reported in an article published in the Diplomat, it represents the main oil source of the country, in fact, one barrel of crude every five barrels extracted across the continent, comes from this method (Duey, 2015).

The Shengli field is located in the Shandong province, in the town of Dongyi. Its discovery dates back to the early 1950s, but only since 1978 has it become the second largest area, with a production in that year of 19.46 tons. Since 2000, its annual activity has remained stable at more than 27 million tons. In contrast to the Daqing oil area, its future is expected to be prosperous and its production is expected to continue to increase, thanks to government policies pursued by the Sinopec that controls the deposit (Sinopec Shengli Oilfield Company).

The Tarim field is located in the autonomous region of Xinjiang in northwest China. The first operations in this area began in 1989 and, since then, has played an important role in safeguarding the country's energy security, as well as in the economic and social growth of the region itself. In 2017, its production of crude oil reached the quota of 5 million and 200 thousand tons and it is previewed to increase its annual output to thirty million tons by 2020 (Tarim Oilfield total output exceeds 300 million tons).

In the first phase of Chinese economic development, the demand for crude oil did not exceed supply, making the oil extracted from the local deposits sufficient and abundant, thus allowing China to sell overproduction abroad and earn the title of Asia's largest exporter. However, with the passing of the years, demand increased enormously, to the point that local resources began not to satisfy even half of the requests. From 1993 to 2008,

the consumption of this hydrocarbon doubled, from three and a half million barrels a day to eight million (Basta 2011). Therefore, the PRC was forced, not only to cease exports but also to import more and more black gold, to become, in 2004, the third international importer and occupying, from 2003 until today, the place of second world consumer (Alden and Alves, p. 30). Since then, hunger and oil consumption have not stopped, so much so that in 2017, China surpassed America in terms of imported crude oil and took away its place as the world's largest importer. In the past year, the People's Republic imported a total of 8.4 million barrels per day, while America imported 7.9 million barrels per day (Paraskova 2018).

Since the late 1990s, Therefore, the main Chinese energy companies worked to buy oil abroad and to set up joint ventures with the major international and national oil companies in the countries to which they had an interest. In February 2009 alone, banks and Chinese companies signed agreements with Russian, Brazilian, Venezuelan and Kazakh companies with a total value of almost $50 billion. Many African countries, including Nigeria, Gabon, Equatorial Guinea and Kenya, also joined the list of partners in Beijing, while Angola had become the PRC's main oil supplier since 2006, year in which it had surpassed Saudi Arabia (Klare 2010, pp. 10-11). Particular attention was also given to Central Asia as a whole, as it bordered directly on the north-western provinces of the People's Republic (Ansalone, 2008).

4.3 Angola Mode

The soft loans are granted on the basis of two interdependent agreements. The first (Intergovernmental Framework Agreement), signed by the two governments concerned, defines objectives, amounts, depreciation periods and interest rates. The

second (Loan Agreement) is signed by EIBC (or a Chinese credit institution) and the borrower, consistent with what is defined in the first. You do not have reliable statistics about the terms and the size of these loans, but the interest rate tends to fluctuate from 2% to 7% in addition to any direct grants. This varies with the economic situation of the country and with the commercial profitability of the project (Meoni, 2014).

Originally, EIBC was limited to financing State-owned enterprises and covering non-mark-up costs with a performance slightly above the cost-benefit parity (break-even point). For some years it has extended its business-type enterprises and turned to private companies, including foreign companies with registered offices in China. The difficulty of repaying loans, even on favourable conditions, by many countries has facilitated the adoption of the so-called oil model, which has been applied since the dawn of oil production (Patassini, 2012). These are production participation contracts, coupled with a tax system, which allow transactions based on natural resources.

EIBC began experimenting with this model in Angola during the Civil War, from which the name "Angola Mode", although Western multinationals had employed it since the end of the colonial period. Being Angola a country rich in resources (especially oil and diamonds), the credit for the construction of infrastructure can be made with such wealth. From this also the term "resources for infrastructure".

According to this model, the foreign currency loan is not transferred directly to the beneficiary government. It comes, instead, undersigned an agreement finalized to the realization of a program of infrastructural investments. The realization of the programs is entrusted to Chinese construction companies. If the reference resource is oil (or gas), a Chinese oil company is licensed for exploitation, while the beneficiary

government entrusts a Chinese contractor with the implementation of the program-but infrastructure with EIBC support. The credit is paid with oil extracted from the Chinese company (Patassini 2012).

The contractual modalities are complex because draft to manage a transaction to four whose Core is constituted from that that is realized between the three Chinese subjects. EIBC receives from the Italian oil company a payment in kind (oil) to cover the credit granted to the Chinese contractor for the realization of the project portfolio. The government is entitled to only to grant the mining licence and to present the portfolio. The projects carried out are then delivered to the government, but it is not excluded that due to management difficulties they are entrusted to Chinese companies, creating opportunities for contractual withdrawal ex ante.

Angola has quickly become one of China's main economic partners, remaining permanently among Beijing's top three suppliers. In 1999, 43,000 barrels a day were imported into China from Angola, and in 2003 it became the third largest source of oil imports. From 2002 to 2004, 20% of Chinese oil imports were supplied by this African state. In 2004, also following the agreements signed with the Ex-Im Bank, Angolan oil exports to China reached USD 4.7 billion, that corresponded to 33% of the oil purchased by the Chinese in Africa and 25% of the Angolan production. This allowed Angola to become the third largest oil supplier in the People's Republic. The following year, the crude purchased in Angola was as much as 45.5% of that purchased in the continent (Basta 2011).

Underlying the Chinese primacy is a business model (so-called Angola Mode) based on long-term oil supply contracts (China absorbs 46% of the Angolan export) which enabled Beijing to provide massive long-term funding, enabling Luanda to give a

strong boost to its infrastructure programs. What's not secondary to Angolan Mode is that in exchange for funding, Beijing has secured a major share of orders and has landed in the country with its state-owned construction companies but also materials and workers. The result was partly positive (the speed of the reconstruction of Angola has no comparison in any other African country) but controversial: the country still remains at the starting posts with regard to the development of a local construction industry, in terms of employment did not benefit from the building boom except to a small extent.

At the end of 2015, Sino-chem, one of China's largest energy groups, signed a ten-year agreement with Angola's crude state group, Sonangol, to purchase the African country's crude oil. The same Sino-chem announced in a statement appeared on its website in which neither financial detail nor the volumes of the agreement that could be around the five cargo per month are specified (Reuters 2015). The Angolan group already has an agreement with Unipec, the commercial division of Sinopec, the Chinese petrochemical giant and, in total, the West African country exports to China about half of the 1,7 million barrels of crude oil produced daily. For Beijing, Luanda is one of the largest sources of crude oil supply, together with Russia and Saudi Arabia. In mid-December 2014, China Development Bank reached a Sonangol agreement for a $2 billion credit line: funds from Beijing were to be used to finance new crude oil cooperation projects, including a new refinery at the Lobito site in the south of the African country. According to Chinese traders, the new agreement could serve to use oil as collateral and simultaneously promote new contracts for Chinese infrastructure projects in the country. «In geopolitical and quality terms - says a Peking trader - Angolan oil seems a safe bet». In addition, analysts believe that the oil in the new agreement may serve to supply new

Chinese importers, especially small refineries, after The Beijing government has also opened up the import market to small traders.

In February 2018, Chinese Prime Minister Wang Yi during a visit to Angola noted that 35 years of Sino-Angolan diplomatic relations were a period of strategic cooperation, mutual benefit and deep friendship. He also pointed out that China has now become not only Angola's largest trading partner, but also the largest market in which to export oil and the largest source of funding. Despite this, the two countries aim to further intensify cooperation, to strengthen mutual political confidence, and to seek new methods of cooperation along the axis of winning-winning cooperation and mutual benefit (Yi, 2006). Angola has quickly become one of China's main economic partners, remaining permanently among Beijing's top three suppliers. In 1999, 43,000 barrels a day were imported into China from Angola, and in 2003 it became the third largest source of oil imports. From 2002 to 2004, 20% of Chinese oil imports were supplied by this African state. In 2004, also following the agreements signed with the Ex-Im Bank, Angolan oil exports to China reached USD 4.7 billion, that corresponded to 33% of the oil purchased by the Chinese in Africa and 25% of the Angolan production. This allowed Angola to become the third largest oil supplier in the People's Republic. The following year, the crude purchased in Angola was as much as 45.5% of that purchased in the continent (Basta 2011). In the first six months of 2006, the African country surpassed Saudi Arabia and became, at that time, with a share of about 500 thousand barrels per day corresponding to 18% of total Chinese imports (AGE 2009, p. 37). The important goal was again reached between the end of 2007 and the beginning of 2008. In 2008, the production of the hydrocarbon in question exceeded 2 million barrels per day, and the following year Angola earned its title as the first oil producer in the black continent. It has vast reserves of oil, estimated at at least 9

billion barrels of crude oil, classifying it as the seventeenth oil reserve in the world and almost double the reserves of Sudan.

The PRC became the first buyer of Angolan oil only in 2008, when it overtook the United States, until then main buyers, winning 33% of exports, but in 2009, the Americans came back to number one. In 2008, Angola became China's leading trading partner on the continent, with side trade worth $24 billion (Basta 2011). The Beijing government confirmed this position in 2013, exceeding EUR 27 billion in bilateral trade, which corresponds to more than double the trade between Angola and the European Union as a whole, second partner of the African state, equal to 12,7 billion euros (Michel Serge, 2009). The Angolan Government is fully aware that Angola has not yet benefited from the building boom and the development of construction companies and a local supply chain of materials from construction. By December 2013, for example, a new cement factory with a capacity of 4,200 tons per day should be in production located in Cuacra, in the Province of Kwanza Sul. In practice it will allow to double the current production covered from the imports and from two small plants (200 thousand and 500 thousand tons annually) localized to Luanda and Lobito and that of Cimentfort (2.200 tons day) in benguela. Also planned, by the end of the year, the start of a factory of bricks and ceramics of the group Socoforto located in Huambo (Guo, 2014)

Angola also, together with South Africa, is currently the African country with the largest known resources of stone materials. It is mainly black granite and old brown, which has been known for a long time. It is difficult to provide figures because there is no overall census of sites and even less reliable evaluation of existing resources. But it is an activity that had already started during the Portuguese colonization and

has almost completely ceased for all the years of the civil war, resuming, very gradually since 2002', First in a purely artisanal form, and now in a more organized way The main district is located around the town of Lubango which is about 100 kilometers from the port of Namibe. At present the main activity is the export of blocks because local processing capacity is still limited. Although extremely profitable. The prices of the products in Angola are in fact very high equal to 2 or 3 times those of Italy. Two companies with an industrial dimension are currently involved in processing, One of which is part of an important group of local buildings while the other is managed by a Portuguese entrepreneur. Both work mainly with Italian machinery. There are also numerous workshops of artisanal size (He, 2013). In the new Angolan context an important factor in the development of the construction sector is the expected growth of a segment of civil construction targeted at the target of the so-called Angolan middle class. These are currently mainly civil servants, employees of oil companies and other foreign companies (trade, construction, services) operating in the Country that still live in neighborhoods with buildings and a degraded urban context. Providing an adequate response to the housing needs of this target is also a necessary transition to the country's leadership to maintain consensus among the mainly urban population. Already in 2008, in previous elections President dos Santos announced a programs for the construction of 1 million new homes and now the first achievements are available. They arise in the municipalities and agglomerations on the outskirts of Luanda:

kilamba, cacuaco, Capari, km 44, Zango on government commission but also of some companies like Sonip, the " of the Sonangol oil group (infomercatiesteri.it, s.d.).

4.4 Tazara Railway

Second founding moment of Sino-African relations is the so-called "Safari" made by Chinese Prime Minister Zhou Enlai, between December 1963 and February 1964, at a time when several African states are starting their own process of independence. "Safari" 1963-64 concludes with Chinese pledge to loan $ 120 million in aid to Congo-Brazzaville, Ghana, Kenya, Mali and Tanzania. Example of this season of Sino-Tanzania cooperation African is the signing in 1967 of a project agreed between the governments of Zambia, Tanzania and China for the construction of the TAZARA Railway/Great Uhuru Railway (Uhuru in Swahili means "Freedom"). (Burdekin, 2009)Construction of the railway started in 1970 and was completed in 1975, two years before the planned date and at a total cost of Renminbi 988 million ($400 million) granted by China through a zero-interest loan subsequently cancelled in 2005.
The gauge railway line, with its length of 1,860 kilometers, is the largest in Sub-Saharan Africa and allows land-locked Zambia to have access to the Indian Ocean, connecting the Zambesi copper mines near Kapiri Mposhi to the Tanzana port city of Dar es Salaam. Presented as a "gift of Beijing to the African brothers", for a long time the TAZARA railway was the symbol, both in Africa and in China, of the fruitful Sino-African cooperation. Through the realization of this work Beijing offers its solidarity in the name

of a common past: “The poor helping the poor” it is the principle behind this relationship, that is, the aid that a developing country gives to another country under the same conditions. (Alden, 2005)

Particular attention was given to Tanzania, not only because it was the most constant Chinese ally, but also because of its strategic position on the Indian Ocean, an open door on the rich South African mining region (C. Alden, C. Alves,). The China also has loans to other African countries from two African countries: Ethiopia’s $84 million and Sudan’s $190 million (Richard Hull, 1972). The terms of these loans were entirely favorable. Chinese aid was seen positively by African countries, and in some cases better than European aid, well responding to the needs of African countries, had no special clauses (if not the diplomatic recognition of Beijing), did not consider the political conditions of the countries, were uninterested, provided training and were concentrated in active areas of the territory (Fides, 2017).

In particular, it should be remembered that the construction of the Tanzania-Zambia (TAZARA) railway is also a controversial case, as it is considered an example of excessive Chinese economic diplomacy and a total failure. The 1860 km of railway, built in the early 1970s with an investment of 500 million dollars, was a huge waste of resources with very little return benefit: few concrete benefits, both political and commercial (French, 2010)

Unavailable. Clearly, the BIS and today’s situation cannot have the same weight: China was still a country that was not internationalized, with a weak and statified economy, certainly not the world economic power that it is today, But surely this experience can, and must, be a warning to China’s leadership.

4.5 Petroyuan

In addition to the phenomenon described above, this year there has been another considerable novelty in the oil market, the launch of petroyuan, which poses as an alternative to petrodollar.

The dollar has been the main player in the world economic market for more than forty years and the onset of the petroyuan is threatening the stability of this scenario.

The petroyuan started a long phase aimed at de-dollarizing the world oil market and with it, China aims to internationalise the yuan and play its rightful role in that market given its current economic influence. The replacement of the dollar had already been desired and announced by Venezuela in September 2017, in order to revive its mining industry, He chose to open a new basket of coins consisting in particular of the yuan and the ruble so that he no longer had to use the dollar (Vega», s.d.).

As of March 26, 2018, the Shanghai Stock Exchange started selling yuan-denominated oil futures. The entry into the market of these new futures will lead major oil producers, such as Russia or Iran, to trade directly with Beijing using their own local currency or the yuan, thus avoiding the switch to the dollar. This paves the way for negotiations aimed at promoting futures in both currencies. In addition, petroyuans are convertible into gold and provide a parameter of the oil market to determine international prices that is different from the two currently in use, namely the Brent, listed in London, and the West

Texas intermediate, listed in New York. Therefore, efforts are being made to strengthen the Chinese capacity to set the price of crude oil by aiming at reducing volatility in the raw material market, which is a major problem for large importers.

In addition, the Beijing government is urging Saudi Arabia to accept yuan as a currency for oil purchases. If it agrees, the 1970 link with America will be broken, so that the Saudis were forced to accept only the dollars for the payment of the oil and then invest them exclusively in the American financial channels, and this would cause a disruption in the structure of the petrodollar that is based on the integrity of the link between the dollar and the oil of the Opec, whose maximum exponent is precisely Saudi Arabia. To launch own oil market would mean for China to have more weight on the energetic markets and to determine a price of the black gold more aligned to the conditions of internal supply and demand (Alessandra, 2018).

However, this is not an easy challenge. In 1993, a first attempt was made that failed, however, due to the extreme volatility of exchange rates and the weakness of the yuan, the fortune of a currency depends on the economy it represents, and in the 1990s the Chinese economy could not compete with the international economy. Today, however, it has become quite important and the project seems to be successful, so much so that the first day of trading ended with a total turnover of 18.3 billion yuan, or 2.9 billion dollars (Gabellini, 2018).

4.6 FDI impact

FDIs can narrow the income gap between developing and advanced economies. Or it can be"market stealing", where it is only investors who replace local workers with their own, and the local economy does not benefit from technological spillovers (Lederman, 2010). Measuring FDI's impact on Africa's growth is difficult, as it consists of 53 states, with different histories, resources, economies and political regimes. Some oil-exporting countries owe this resource all their revenues (THE WORLD BANK 11th Edition, 2013).

Some African economies have benefited from China's rapid growth and growing internationalization, while others have suffered from the Asian country's competition with its low prices. This trade can generate both gains and losses. The analysis on China's growth must consider three aspects: the increase in demand for goods exported from Africa, the inflation of commodities prices due to China's growing demand for the global market (e.g. oil), the reduced demand for African products due to Chinese competition from both China and the rest of the world. These are dealt with in this paragraph and in the following.

If FDIs promote development, this must result from business performance or good performance indicators, such as export orientation and spillovers effects on domestic enterprises. A priori it cannot be known that countries may have differences in the nature of FDI, and complementary factors, such as the working environment, are needed for their fruitful use. Therefore Lederman et al. measure the performance of the companies through the growth of the sales and the function of total productivity of the factors, par capturing the element dynamic and static.

Productivity needs to understand what developing countries are looking for from the FDI: economies of scale, technology and managerial know-how. Data (World Bank) includes information on access to finance, infrastructure and rules, corruption, accounting. Foreign companies appear to be larger than domestic ones, and located in less-poor countries, with more competitive banks and a lower interest rate spread (between interest on loans and credit). In host countries, the cost of dismissal is higher. Foreign firms are more productive than domestic firms.

Foreign ownership of a company has a significant and positive relationship with sales and TFP: increasing foreign ownership by 10%, sales growth by 1.2% and TFP by 1.8% (Lederman, Mengistae, & Xu, 2010).

It is difficult to find data on investment intensity and employment effects, so it is impossible to study the correlation. The Financial Times on a database that includes 156 Chinese greenfield projects in SSA, between 2003 and 2014, while being a sample compared to MOFCOM figures, provides an idea of the jobs created.

The manufacturing sector, which comprises 77 projects, has created the highest number of jobs: more than 39,000, more than half of all employment created with 156 projects, a total of 64,000 jobs. This is particularly positive because capital investment is lower in the manufacturing sector than in other sectors. The construction and mining sectors are the ones that receive the most money, and the second and third places create more jobs.

In the sample the 10 companies with higher investment values (39% of the total invested capital), create 38% of the jobs; the first four are: China National Petroleum, China Nonferreous Mining metals, Beiqi Foton Motor, Huawei.

In the long term, using FDI to its advantage to support growth requires policies that boost the competitiveness of sectors where China can create a competitive edge in SSA. To date, few African countries have been able to benefit from important Chinese investments outside the resource sector. If Sino-African exports and cooperation have benefited from Africa's growth so far, in the long run they may be disadvantageous if African countries finally decide to diversify their manufactures production (Guillaumont Jeanneney, 2014).

4.7 Impact of imports from China on African exports

As regards the impact of imports of cheap goods from China, some studies show that these have had a negative impact on the African economy. The study of Pigato and Gourdon (2014) shows that there is a gap between the prices of China and Africa: for example about 80% on medical optical instruments, 70% on shoes, stones and glass, plastic and vehicles, 60% on machinery, metals and paper, 50% on animals, soft drinks and tobacco, chemicals, leather and pearls, 40% on vegetables, 20% on oils and minerals. Young people and Sanfilippo (2009) and Kaplinsky and Morris (2008) find a negative correlation between imports of manufactured goods from China, and African exports to the United States and Europe in the same field. Montinari and Prodi (2011), looking at the impact on trade within the African continent, have found a positive complementary effect, which however has decreasing returns with the increase of flows (Edwards, 2013) (UNCTAD., 2009). Indeed, although trade between African countries remains modest and needs to be strengthened between 2000 and 2010, it has grown at an average annual rate of 13.5%.

According to He (2013), who studies the impact of imports from China on SSA exports, these have a positive impact, more important than that of the United States and French. First, because of the absorptive capacity: the technological spillovers between countries with a sharp gap in such field do not work, The technological gap between local and foreign companies must be small enough to allow imitation (He, 2013). It should be noted that the data the author has taken into account cover the period 1998-2005; the technological gap between China and Africa in the following decades has widened. Secondly, the substitution effect (of local products with imported products) allows the renewal of production. The more technological the intermediate goods, the more they will replace the old ones instead of being complementary (He, 2013).

An example is in textiles. One would expect a strong clothing sector, given the abundance of unskilled labour and preferential access to European and North American markets. Instead, not only fabrics but also finished products (women's suits), are among the top ten most imported goods from China (Edwards, 2014).

In fact, the production of clothing differs widely between African countries: in Egypt, for example, it is one of the most dynamic industrial sectors, accounting for 20% of its exports, 3.5% of GDP and 30% of employment. New technologies are used at all stages of production, but despite the relative advantage, Egyptian companies have not expanded production beyond cotton.

In Mauritius, the sector, which employed 66% of workers in 2004, was initially hit by Chinese competition. But by importing workers from China, India and Bangladesh, thanks to its resilience and adaptation to global development, and structural changes to advance the clothing industry to withstand Chinese competition in the market, the African island has recovered rapidly, including diversifying exports to the United States, where competition with Asia was sharper (Sandrey & Edinger, 2011).

Countries importing from China transport vehicles (South Africa, Kenya, Mauritius, Ethiopia and Nigeria), motor vehicles (South Africa, Nigeria, Kenya and Ghana), textiles and clothing (South Africa, Mauritius, Nigeria and Gambia) and rice (Nigeria, South Africa, Côte d'Ivoire and Kenya), benefit from the lower prices of Chinese products, and in case of investments manage to reduce costs. In particular, the infrastructure sector benefits not only from FDI but also from imports from China.

Guillaumont Jeanneney and Hua (2015) are dedicated to studying the impact of Chinese competition on the African manufacturing sector. The added value of this shows almost zero growth (equal to 1.5% in 2000 and 1.9% in 2013). Chinese

manufactured goods exports to Africa increase at an annual rate of 28% (worth $4.4 billion in 2000 and $86.7 billion in 2013) (Guillaumont Jeanneney & Hua, 2015).

The factors that are considered to assess the impact are the structural ones that affect transaction costs (infrastructure, size of the economy, quality of institutions), the foreign competitors (within the African market, including imports from other African and Chinese countries, and foreign countries, where exports of manufactured goods from China and the rest of the world are counted), and relative prices of manufactured goods.

Some theories argue that depreciation favours manufacturing, as increasing competition
from local artisans, favoring their exports, while other (Guillau Mont Jeanneney and Hua, 2011) inspired by Schumpeter, on the contrary believe that a better appreciation of the productivity of manufacturing companies, because the worst factories are forced to close. In addition, as regards unskilled work, which is assumed to be a non-transferable asset, wages are rising; at the same time the relative price of imported capital goods is falling and increase wages relative to the cost of capital. This leads to a production that encourages innovation, productivity and

competitiveness of manufactures.

4.8 Impact of Chinese demand on primary commodities prices

Sometimes, African countries importing primary commodities from other African countries, then within the continent, especially raw materials and energy, have suffered from higher prices (part of which is also responsible for China with its growing demand). According to an IMF study in 21 African countries, since the rise in primary commodities prices between 2003 and 2004, only 14 countries have emerged

with a neutral balance sheet: The gains from rising natural resource prices were lost with inflated oil imports. For example, cotton exporters (Benin, Burkina Faso and Mali) enjoyed cotton inflation but suffered oil inflation (Zafar, 2007).

Conclusion

The African continent represents, in our era, one of the biggest business opportunity on the global market panorama.

After the Maoist dictatorship, China has become the second world's greatest economic power and it has clearly understood the importance and exceptional nature of the African territory, securing itself with its investments and infrastructure, the domination of flourishing markets and an extremely important economic position.

The so-called "Beijing Consensus", the Chinese development model, which is the innovative paradigm of international relations, has derived from the rampant policy of Beijing's government, and Africa has become the ideal place to prove the effectiveness of this political strategy, in a worldwide project. The Chinese approach has given rise to many fears in Western countries, particularly in the context of Beijing's aggressive policy of building regional macro-areas in African countries, they are considered to be extremely rich in natural resources and thus to overrun the Western powers.

The strategic importance of investment is clear, both for the demographic and economic weight that Africa will assume from the middle of the 21st century compared to other continents, and for the control of primary resources, but especially for the geopolitical importance. The European Union will continue to support the efforts of the ACP countries (African, Caribbean and Pacific Group of States) to achieve a peaceful settlement of the conflict (VAN DE LOOY J., 2006).

In this context it would be interesting to assess whether the Chinese model in Africa is a "win-win" relationship, if the contractualization of diplomatic relations with local élites will intensify internal conflicts and to contain the incursions of Islam

fundamentalist, or if the infrastructural endowments, on which China invests, will create the conditions for an even more accelerated increase of that previewed from the relative hypotheses to the urban explosion.

This paper documents China's emergence as a new major financier of a weak infrastructure in Sub-Saharan Africa. China's funding commitments rose has passed from around US$0.5 billion per year in the early 2000s, to at least US$7 billion a year in 2006, which has confirmed 2006 as China's official "Year of Africa". Indirect evidences of the conditions for financing, such as loans, suggests that they are more favorable than private capital markets, however not compliant with official development assistance. Thus, the Chinese loans were found to have an average grant component of 18 per cent compared with 54 per cent for official creditors. China is not the only non-OECD funding that plays a key role in Africa. India is also increasing infrastructure financing in the reinvestment zone, with commitments averaging $0.5 billion a year (2003–07) (Glossario, s.d.).

While the "African model" tries to improve cohesion and internal integration, and on this the Chinese model aims to redefine external relations both bilaterally and multilaterally, finalizing the continental infrastructural armor for the collection of raw materials and for commercial and industrial penetration. This is accompanied by forms of compensation apparently independent of the levy model.

The main motivation of this massive presence is undoubtedly the great availability of raw materials of which Africa is rich. Secondly, on the Chinese side, there is a strong desire to isolate Taiwan, in the name of a single China strengthening its power and image on the international scene. To achieve all these objectives, China has chosen Africa as its ally, which is also a developing country, still in search of economic, social and political

stability. New Sino-African relations are based on principles that are alien to Westerners, such as those of mutual benefit and co-development, non-interference in the affairs of others, complete equality and mutual respect.

Sino-African media cooperation is a very recent phenomenon, which is why there are not yet many documents dealing with this issue. Moreover, the few documents in this regard are of western origin, and therefore rather critical of the subject. Despite all the efforts of the Western media to show the negative side of China, the African people seem to perceive the Chinese presence positively. Surely this positive perception is due to the enormous economic and social aid that China has given to Africa, even if many Africans are sceptical about the human and environmental aspects of such cooperation. This is a new topic, constantly changing and deepening, so it would be interesting to follow the developments to understand which way the Africans will choose (Agubamah, 2014, May).

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