

YIN and YANG
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By **MARTYN DAVIES**

This week, China's President Hu Jintao will (yet again) visit Africa, including SA. He has visited 17 African states over the past 10 months - more than any other head of state. China has rapidly become the most assertive investor nation in Africa.

There are more than 800 Chinese state-owned enterprises (SOEs) in Africa. They have a presence in practically all African economies, but China's largest investments are in oil-rich Nigeria, Sudan and Angola. The latter is China's largest supplier of oil. According to the Chinese government, its enterprises have invested US\$6,27bn in Africa.

Chinese SOE construction and telecom firms are also expanding their footprint across the region and are gaining market traction in all economies they enter. Following them are pharmaceutical, automotive and engineering equipment firms. Beijing announced in November it had established a US\$5bn African investment fund, which will fuel the expansion of these sectors.

But it is not just Chinese SOEs that are changing Africa's economic landscape. Chinese entrepreneurs are moving to Africa en masse to take advantage of less competitive markets and grasp opportunities for business. A local Chinese leader recently told me that there are now 300 000 Chinese in SA. Rumour has it that up to 3m are to move to Angola in the coming years. Family and regional network ties are driving this migration of private Chinese capital. Beijing has no influence over this trend but it may result in an even greater developmental impact for the continent. Small Chinese firms have become integral to the region's supply chains.

Emboldened by the attention and financial gains from China, African states may be less inclined to pursue political reform. The "Chavez effect" is taking hold in Africa: resource nationalism, delayed political reform and increased political assertiveness against traditional Western interests.

In Africa we can label it the "Dos Santos" effect. It is unfortunate that the clash of interests over strategic energy assets between China and the West is likely to further entrench nondemocratic regimes in oil-rich African states, with neither doing enough to propagate political reform of these non-accountable governments. However, the criticism should not result in China being branded the continent's latest coloniser.

Yet as China's presence and influence in Africa expand, it will find it increasingly difficult to stay out of domestic political issues. The recent elections in Zambia, where the opposition leader whipped up anti-Chinese sentiment, portend the use of the "China card" in domestic African politics.

China is even having an impact on economic policymaking in SA. Disagreements on trade policy due to intense competition from China are fuelling disputes between government and Cosatu. Import quotas on Chinese textiles and garments, forced on government by labour, are a case in point.

Africa's geostrategic relationship is shifting away from the West towards the East - and focusing on China. China's commercial engagement with Africa is challenging the vested interests of the former colonial powers. The burgeoning relationship holds out a great deal of opportunity for Africa.

China's engagement strategy towards Africa is a long-term one. But Africa's strategy towards China is ad hoc and fragmented.

Europe regards Africa as a developmental burden, while China sees Africa as a commercial opportunity.

The strategies of engagement are different but the outcomes will be the same unless African governments and private sectors learn to better engage China and channel its attention in the continent towards development, and not commercial exploitation.

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