



# Patterns of Chinese investment, aid and trade in Mozambique

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CENTRE FOR  
CHINESE STUDIES

The findings, interpretations, and conclusions expressed therein are those of the authors and do not necessarily reflect the views of the World Wide Fund for Nature (WWF).



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Cover picture by Carine Kiala, 2009: Construction site of the new National Stadium in Maputo which is financed with Chinese concessional loans (see section 4).



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## List of Acronyms

ADS	Approved destination status
AFECC	Anhui Foreign Economic Construction Corporation
CCS	Centre for Chinese Studies
CGOG	China Grains & Oil Group
CHICO	China Henan International Cooperation Group
CPI	Centre for Investment Promotion
CPIDCC	Centro de Promoção de Investimento Desenvolvimento e Comercio China
ESAEN	Escola Superior de Altos Estudos e Negócios
EXIM	Export-Import
FCECCPLP	Forum on Economic and Trade Cooperation between China and Portuguese-Speaking Countries
FDI	Foreign direct investment
FIFA	Fédération Internationale de Football Association
FOCAC	Forum on China-Africa Cooperation
FRELIMO	Liberation Front of Mozambique
IIAM	Instituto de Investigação Agrária de Moçambique
IPME	Instituto de la Pequeña y Mediana Empresa
IRN	International Rivers Network
ISRI	Instituto Superior de Relações Internacionais
MCC	China Metallurgical Construction Group
MOU	Memorandum of understanding
NGO	Non-governmental organisation
SEZ	Special Economic Zone
MSME	Micro, small- and medium sized enterprises
TDM	Telecomunicações de Moçambique
TPM	Transportes Publicos de Maputo
TRALAC	Trade Law Centre for Southern Africa
US	United States
UTIP	Technical Unit of the Implementation of Hydroelectric Projects
WWF	World Wide Fund for Nature

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# 1. Introduction

This briefing paper draws on field research undertaken in Mozambique in February 2009 as well as a large body of secondary data; newspaper articles and academic articles. The paper contains an outline of Chinese investment, aid and trade in Mozambique as per the research questions below. It provides the background for recommendations formulated by the CCS for WWF's China in Africa work, available in a separate document.

The aims of the paper are as follows:

- To provide a short overview of the history of the relationship between China and Mozambique, highlighting key agreements and commitments over the past 40 years;
- To provide an overview of China's aid and investment strategy in Mozambique;
- To outline the key sectors in which China is currently investing in Mozambique, areas for future investment, and what the nature of these investments are;
- To outline any China-Africa related events or meetings taking place over the coming 24 months involving government, private sector and/or civil society;
- To outline the views of Chinese investments held by representatives of governments, civil society (e.g. NGO, media, trade unions) and private sector; and
- To outline existing evidence of the impact (positive and negative) of Chinese aid and investment on the Mozambican economy, environment and people's livelihoods and wellbeing.

## 2. Historical overview: Sino-Mozambican relations

Relations between China and Mozambique were established already before the latter's independence from Portugal, as China provided guerrilla training and military support to the Liberation Front of Mozambique (FRELIMO). Shortly after Mozambique's independence on the 25<sup>th</sup> June 1975, the two countries established diplomatic relations. Sino-Mozambican relations remained intact during the 1978-1992 civil war, but have intensified since the peace accord.

The first Mozambican official visit to China took place in May 1978, and was conducted by then President Samora Machel. The first Chinese official visit to Mozambique was paid by then Vice Premier Li Xiannian in January 1979. Since then, both countries have continued to send and receive official delegations. President Armando Emilio Guebuza's most recent trip to China was in November 2006, to attend the third ministerial meeting of the Forum on China-Africa Cooperation (FOCAC), during which Mozambique was granted an Approved Destination Status (ADS) for Chinese tourism.<sup>1</sup> President Hu Jintao then paid an official visit to Mozambique a few months later, in February 2008.

### 2.1 Export tariff agreements

In terms of export tariff agreements, it was announced in 2007 that the number of Mozambican products that could enter China duty free had been increased from 190 to 442. Following the FOCAC 2006 Summit, a general Sino-African zero tariff agreement was announced as part of the Beijing Action Plan. By means of this agreement, 466 African export products are exempt from Chinese import duties. However, as a result of low African manufacturing and supply capacity, these agreements are generally seen to have had little impact in terms of boosting Mozambican exports.<sup>2</sup>

### 2.2 Key bilateral agreements signed since 1975<sup>3</sup>

1975:	Establishment of bilateral relations
2001:	Trade Agreement and Agreement on the Promotion and Reciprocal Protection of Investment
2002:	Agreement on human resource development, agriculture and environmental protection

- 2004: Economic and technical cooperation agreement for agriculture, health, education and mining
- 2007: Agreement to strengthen bilateral trade and economic relations for the period 2008-2009
- 2007: Military assistance protocol for military cooperation

### **2.3 Fora for engagement over the coming 24 months**

Over the next 24 months, Mozambique and China will engage in two main multilateral fora. The Forum for China-Africa Cooperation (FOCAC) is a meeting between China and 48 African countries. Since its launch in October 2000, three FOCAC ministerial conferences and one summit have been held: in Beijing in 2000; in Addis Ababa in 2003; and in Beijing in November 2006. A number of commitments were made at the recent FOCAC summit in the spheres of human development, technical assistance, infrastructure, information-sharing, increasing trade, credit lines and other forms of aid. The fourth FOCAC Ministerial Meeting will take place in Sharm El Sheikh, Egypt in November 2009.

China has also formalised relations with Lusophone countries (Angola, Brazil, Cape Verde, Guinea Bissau, Mozambique, Portugal and East Timor) by means of the Forum on Economic and Trade Cooperation between China and Portuguese Countries (FCECCPLP). The Forum, permanently hosted by the Macao Special Administrative Region, held its inaugural meeting in 2003 and has since been dubbed the Macao Forum. Following the inaugural conference, the Action Plan for Economic and Trade Cooperation was adopted. FCECCPLP is to hold ministerial meetings every three years, during which the direction for collaboration for the coming three year will be set.

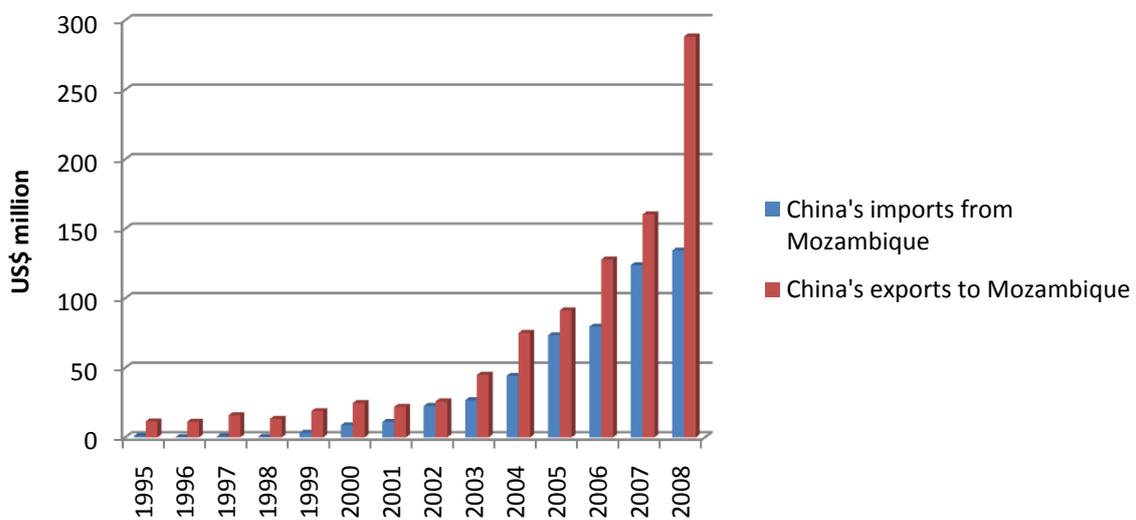
To date, meetings have been held in 2003 and 2006. The 2<sup>nd</sup> meeting in 2006 was attended by government representatives from China and the Lusophone countries as well as more than 200 entrepreneurs from the Lusophone countries and over 400 Chinese private sector representatives from mainland China and Macao. Discussions were held on trade and investment matters such as agriculture, fisheries, infrastructure development, financial service and sustainable development. After the meeting, the 2007-2009 Action Plan on Trade and Economic Cooperation was adopted. The 3<sup>rd</sup> FCECCPLP ministerial meeting is to take place in 2009.<sup>4</sup>

For further discussion and recommendations pertaining to WWF's possible involvement during FOCAC, FCECCPLP and other fora, please refer to the separate FOCAC paper prepared by the CCS.

### 3. Sino-Mozambican trade

As illustrated in the graph below, Sino-Mozambican trade has grown rapidly over the past decade. The trade volume in 2008 reached US\$ 442.7 million, an increase of 48 percent compared to the previous year.<sup>5</sup> The increase is largely due to increasing Chinese imports of Mozambican oil seeds, sawn wood products and chromium ore.

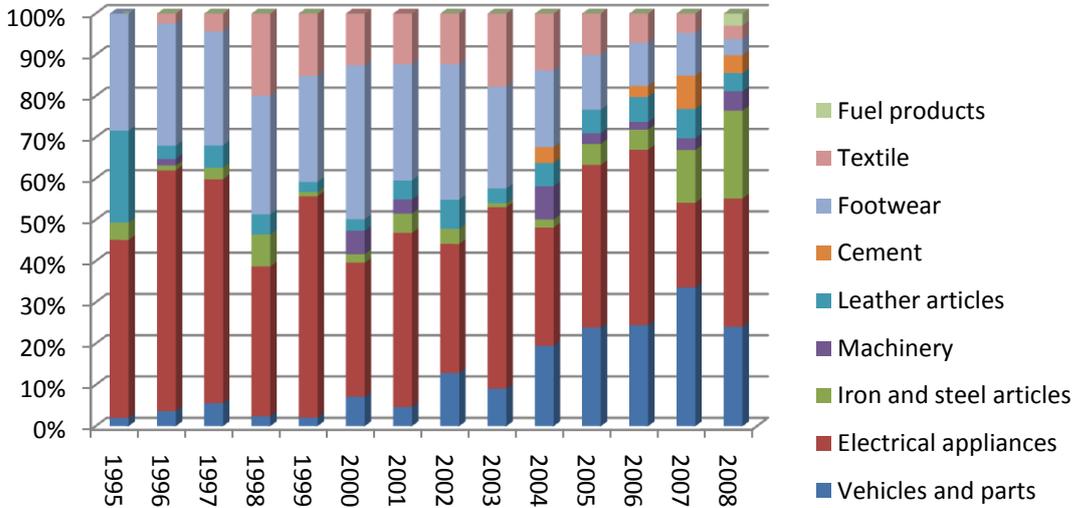
**Graph 1: Sino-Mozambican trade 1995-2008**



Source: World Trade Atlas data

Mozambican imports from China (see graph 2 below) are dominated by manufactured goods, largely vehicles and parts, electrical appliances and iron and steel articles. It can be noted that vehicles and parts as well as iron and steel articles have increased their share in the import profile over the last year.

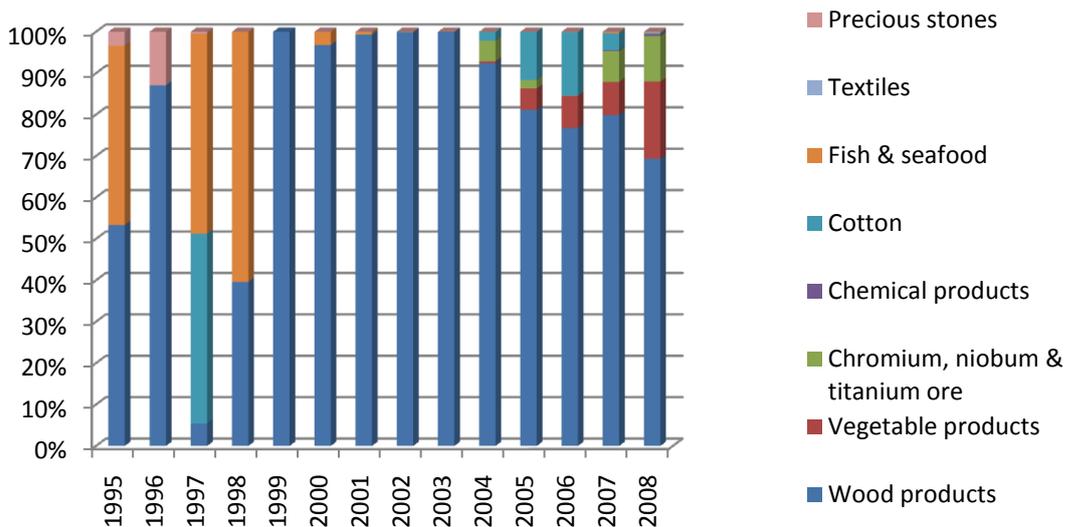
**Graph 2: Composition of Mozambique's top-20 imports (HS4 level) from China 1995-2008**



Source: World Trade Atlas data, CCS analysis<sup>6</sup>

Mozambique's exports to China are dominated by wood and wood products. A smaller share of China's import profile with Mozambique is comprised of vegetable products and chromium, niobium and titanium ores.

**Graph 3: Composition of Mozambique's top-20 exports (HS4 level) to China 1995-2008**



Source: World Trade Atlas data, CCS analysis



## 4. Chinese aid to Mozambique

Chinese assistance to Mozambique since 1975 includes a textile mill, a passenger-cargo vessel and a shoe and clothing factory. Moreover, China has reportedly carried out a military housing project, well drilling and water supply projects. During the 1983 famine crisis, China provided Mozambique with emergency relief.<sup>7</sup> The Mozambican parliamentary building, built in 1999, is also a donation from the Chinese government and was built by Anhui Foreign Economic Construction Corporation (AFECC), that also built the Joaquim Chissano conference centre in 2003 (donation worth US\$ 5 million) and the Foreign Ministry building in 2004 (donation worth US\$ 12 million).<sup>8</sup>

China has also donated low-income housing located in Zimpeto, Maputo.<sup>9</sup> Several additional public facilities are being built in Mozambique by means of Chinese concessional loans; the office of the auditor-general (worth US\$ 40 million), two primary schools, the anti-corruption centre and a prison in Matola.<sup>10</sup> Work is also currently being carried out on the national stadium, financed by several concessional loans from the Chinese government worth about US\$ 50 million. The work is to be completed in 2010.<sup>11</sup>

China has cancelled a total of US\$ 52 million of Mozambican debt; US\$ 22 million in 2001 and US\$ 30 million in February 2007.<sup>12</sup> Moreover, President Hu pledged US\$ 170 million in loans to Mozambique during his visit to the country in 2007.<sup>13</sup> In September that year, it was announced that China would provide Mozambique with a US\$ 300,000 grant for the rehabilitation of infrastructure destroyed by natural disasters.<sup>14</sup> Also in 2007, China donated US\$ 1.5 million towards the Mozambican armed forces.<sup>15</sup>

Moreover, there is currently a great deal of interest in bridging the Sino-Mozambican language barrier. Three institutions in Maputo are currently establishing Mandarin teaching programs, and one of these institutes is seeking to establish a Confucius Institute.<sup>16</sup>

### 4.1 FOCAC aid projects

Several initiatives were pledged to Mozambique as part of the Beijing Action Plan launched after the FOCAC summit in 2006. Research conducted by the CCS in 2009 shows the following progress in the implementation of these pledges:

- Following the FOCAC summit in 2006, China donated an agricultural technology demonstration centre to Mozambique which is being built next to the Umbeluzi site in Maputo's Boane district. The Centre, worth US\$ 55 million, is to be completed during the first quarter of 2010 and is situated 20 km south west of Maputo's central business district.<sup>17</sup> The *Instituto de Investigação Agrária de Moçambique* (IIAM) made 52 hectares of land available for the project in 2008. Ten Chinese agricultural technicians will oversee the establishment of the centre and two had already arrived to monitor the preparatory phase.<sup>18</sup>
- Another agricultural research centre is to be constructed in the Moamba Technology Park. It has been reported that the total value of the two agricultural research centres is US\$ 700 million.<sup>19</sup>
- Two Chinese medical teams are currently active in Mozambique. One team of twelve doctors is working at Maputo Central Hospital, and another team is active at Mavalane General Hospital.<sup>20</sup>
- Mozambique is also to receive a malaria research centre. The establishment of the centre has been delayed since the parties could not agree on a suitable site. However, a building site has now been allocated and the parties are in the process of finalising the agreement.<sup>21</sup>
- Since 1992, Mozambican students have been awarded Chinese government scholarships annually to study in China. During the period 2007/2009, 77 Mozambican students were awarded the scholarships. The programme is managed by *Instituto de Bolsas de Estudo*, under the Ministry of Education and Culture. The institution also facilitates the integration of its pipeline graduates into the formal economy.<sup>22</sup>

It was identified during the field research that the major challenge experienced in the implementation of these projects was delays in the process of allocating sites for the donations that involve construction.

## 5. Chinese investments in Mozambique

In the 1990s, after the end of the Mozambican civil war, Chinese economic actors such as construction companies and timber merchants were among the first to re-enter the country.<sup>23</sup> In 2008, with US\$ 76.8 million worth of investments, China became Mozambique's second largest foreign investor following South Africa with US\$ 136 million worth of investments.<sup>24</sup>

During the first half of 2009, two workshops summoning Chinese and Mozambican investors have been held in Maputo and it has been reported that over 20 proposals from Chinese companies are currently under evaluation by the Mozambican Centre for Investment Promotion (CPI).<sup>25</sup> The efforts of the Joint Commission for Technical, Economic and Trade Activities and the CPI's work with the *Centro de Promoção de Investimento Desenvolvimento e Comercio China* (CPIDCC) facilitate trade and encourage investment between the two countries.

Mozambique's Ministry of Trade and Industry is also in the process of establishing an *Instituto de la Pequeña y Mediana Empresa* (Institute for Small- and Medium Sized Enterprises, IPME). Once the management has been appointed, the institute will promote foreign investment in the micro, small- and medium sized enterprises (MSME) sector to encourage entrepreneurship and sustainable employment.

The country's industrial parks will offer an incubating environment for investors, particularly those in the textiles and garment sectors. Local cotton produce will be used to manufacture the textile, but fabrics will be imported to manufacture garments. Other targeted sectors include graphics, metals, chemicals and agricultural industrialisation.<sup>26</sup> MSMEs will stimulate industrial activity in Mozambique, but the prospect of an influx of Chinese investment in the sector has already prompted the proposition that it should be regulated in special industrial zone.

At present there is only one industrial free zone in Mozambique that is fully operational. The Beluluane Industrial Park and Free Zone, stretching over 700 hectares of land, is a partnership between the Mozambican government and Chiefton Moçambique.<sup>27</sup> It is strategically positioned some 16 kilometres outside Maputo City and 20 kilometres from the Port of Maputo. It also falls along the Maputo Corridor that links Mozambique to Swaziland and South Africa's N4 highway, which leads to the epicentre of South Africa's economic hub - Gauteng province.

The Beluluane Industrial Park and Free Zone is known for housing the MOZAL 1 and 2 plants, as well as several MOZAL suppliers. Mozambique is in the process of setting up two new industrial parks –

i.e. in Dondo (Sofala province) to cover the central corridor and in Nacala (Nampula province) to cover the northern corridor.<sup>28</sup> To boost more Chinese FDI into the country's MSME sector, Mozambique has placed a bid to establish one of China's trade and economic cooperation zones.<sup>29</sup> With new emphasis on promoting joint-ventures, Mozambique aims to tap into Chinese human and capital resources to develop new areas of industrial development.

## 5.1 Infrastructure

Around 30 Chinese companies are currently based in Maputo where they conduct work funded not only by Chinese policy banks but also the World Bank, the Mozambican government and private enterprises. China Henan International Cooperation Group (CHICO) has carried out a number of infrastructure projects in the country. In 2007, it constructed a 154 km road between Muxungwe and Inchope at a project cost of US\$ 3.7 million.<sup>30</sup> In September 2008 the company was also awarded the tender to build 200 km of tarred road between Chitima and Mágoé in Tete province. Work was slated to commence in November 2008.<sup>31</sup> In June 2008, CHICO concluded the construction of the Moamba Bridge over the Incomáti River in Maputo province. The bridge is 300 metres long, 10 metres wide and is built on 11 pillars two metres above the level of the 2000 flood that destroyed the previous bridge. The project cost was US\$ 8 million and the construction was completed in 18 months.<sup>32</sup>

Moreover, CHICO is currently building an integrated water supply system in Chicamba in Manica province. The project entails reconstructing and expanding the water collection unit at the Chicamba dam, the construction of a new water treatment station and six water storage tanks with a total capacity of 10,000 cubic metres. Upon completion, the system will supply the areas of Chimoio, Gondola, Mania, Messic, and Bandula with water. The project, worth US\$ 44.7 million, is funded by the governments of Mozambique and the Netherlands.<sup>33</sup>

In October 2008, it was announced that China Metallurgical Construction Group (MCC) had concluded refurbishment and expansion work on Maputo's water supply system at an estimated project cost of US\$ 145 million. The project has reportedly increased the capacity of Maputo's water system from 6,000 to 10,000 cubic meters per hour, increasing the number of people with access to piped water to 1.5 million.<sup>34</sup>

Furthermore, at the time of writing, China Geo-Engineering Corporation is finalising work on the bridge *Ponte da Unidade* (Unity Bridge) over the Rovuma River connecting Mozambique and Tanzania. The two-lane 720 meter long bridge is due to be handed over to Mozambican authorities in November 2009.<sup>35</sup>

Other Chinese companies have been involved in the construction of a shopping centre and an industrial warehouse in Maputo as well as in the rehabilitation of the water supply systems in Beira and Quelimane, the latter two projects worth US\$ 25 million in total.<sup>36</sup>

## 5.2 Hydroelectric dams

It was reported in 2007 that China EXIM Bank had agreed to finance feasibility studies for the Moamba Major dam project in Maputo that would supply both water and electricity to the capital. If the studies were successful, China EXIM Bank would finance the construction of a US\$ 300 million hydroelectric dam in Maputo.<sup>37</sup> Roque noted in January 2009 that final negotiations on the project were underway.<sup>38</sup>

China EXIM Bank has also showed interest in funding a large-scale power generation project on the Zambezi River in western Mozambique, the Mphanda Nkuwa dam. In 2006, the Bank extended a US\$ 2.3 billion loan for the construction of the 1,350 MW capacity dam which is to be located 60 km downstream from the existing Cahora Bassa dam. The construction is slated to start in April/May 2010 and the project is to be completed by 2014. Of the US\$ 2.3 billion, US\$ 1.1 billion is towards the construction of the dam itself while the remaining US\$ 1.2 billion is targeted towards the transmission lines to Maputo.<sup>39</sup>

The construction of the Mphanda Nkuwa dam is set to take an unusual path for a China EXIM Bank financed project, since the main contractor is not to be a Chinese company but a Brazilian company, Camargo Corrêa, and its Mozambican partner group Insitec. Alvarenga notes that this is an interesting development, indicating that China EXIM Bank is certainly developing its project financing methods according to the specific case at hand. He notes that this is hardly surprising since “China has an unremitting tendency to be pragmatic in its foreign affairs and economic diplomacy”.<sup>40</sup>

Prior to China EXIM Bank’s involvement in the Mphanda Nkuwa project, the World Bank and the European Investment Bank had expressed interest in financing the project. However, they pulled out after the completion of a feasibility study carried out in 2001 by the Mozambican Technical Unit of the Implementation of Hydroelectric Projects (UTIP), an agency which implements hydropower projects in Mozambique on behalf of the Ministry of Mineral Resources and Energy.<sup>41</sup>

Civil society groups such as the International Rivers Network (IRN) and the NGO Justiça Ambiental have argued that there has been a lack of transparency around the feasibility studies for the dam. The NGOs argue that the project is likely to have detrimental socioeconomic impacts such as displacement

of homes and livelihoods.<sup>42</sup> Moreover, IRN notes that “due to the high cost of extending the transmission grid, this dam will not contribute significantly to rural electrification. Smaller, decentralized options would better suit the needs of Mozambique’s rural majority”.<sup>43</sup>

Nonetheless, the plans remain intact for Mozambique. Public Works and Housing Minister Felicio Zacarias claims that the project would also help control the flood incidents and drought periods in that part of the country.<sup>44</sup> Furthermore, the majority of the power generated will be exported to SADC countries. In May 2009 Mozambique agreed to increase its energy exports to neighbouring Botswana until 2013. According to Botswana’s Minerals, Energy and Water Affairs Minister Ponatshego Kedikilwe, Mozambique would increase its exports from the current 70 megawatts to 120 megawatts. The decision is based largely on shortage forecasts, considering South Africa’s own energy shortages and plans to cease exports to neighbouring countries ahead of its hosting of the 2010 FIFA World Cup.<sup>45</sup>

### 5.3 Finance

In the finance sector, a few developments have recently taken place. In March 2009, Moza Banco signed a memorandum of understanding (MOU) with Bank of China.<sup>46</sup> Moza Banco, established in June 2008, is a 51/49 joint venture between Mocambique Capitais and the Macao-based Geocapita. Moreover, in April 2009, Mozambique’s Banco Internacional de Mocambique (Millennium BIM) signed a cooperation agreement with Bank of China. The agreement seeks mainly to facilitate bank transfers between China, Macau, Hong Kong and Mozambique by both individuals and companies.<sup>47</sup>

### 5.4 Agriculture

In terms of agricultural development, the Chinese government has showed interest in developing the Zambezi Valley in the centre of the country. In November 2008, a US\$ 18 million loan was extended from the Chinese government to support agricultural projects in the region.<sup>48</sup> China Grains & Oil Group (CGOG) has constructed a US\$ 10 million soya processing plant in Beira, and a Chinese company was contracted to build a US\$ 12 million prawn production centre in central Mozambique.<sup>49</sup>

## 5.5 Telecommunications and transport

In terms of telecommunications, it was reported in July 2008 that the Mozambican parastatal Telecomunicações de Moçambique (TDM) was negotiating with China for a funding concession totalling US\$ 25 million to expand its network to Mozambique's rural areas.<sup>50</sup>

The Mozambican Ambassador to China, Antonio Inacio Junior, has stated that Mozambique seeks to promote Sino-Mozambican joint ventures in the public transport sector.<sup>51</sup> For example, in 2007 Transportes Publicos de Maputo (TPM) began operations with four gas-powered buses built by the Chinese company Yutong.

Moreover, Maputo International Airport is currently being revamped with the help of a US\$ 75 million concessional loan from China EXIM Bank. The expansion and modernisation project is expected to increase the capacity of the airport so as to enable it to more efficiently handle the 600,000 passengers that pass through the airport annually. The building was originally designed to accommodate 60,000 passengers per year when it was built in the 1960s.

The refurbishment work is being carried out by AF ECC and encompasses the modernisation and expansion of the airport's domestic and international passenger terminals as well as the construction of a Presidential VIP terminal, a cargo depot and a control tower. The US\$ 6.7 million cargo depot, which is self-financed by the airport, has already been constructed and is in operation, and the site where the Presidential VIP terminal is to be built has been identified. The project also includes the construction of access roads, a car park and a duty free area. The work is scheduled to be completed in June 2010.<sup>52</sup> Moreover, AF ECC is also involved in a US\$ 15 million refurbishment project at Vilanculos airport, Inhambane province.<sup>53</sup>

## 5.6 Forestry

Few Chinese timber companies are registered in Mozambique with their own forestry concessions or processing plants. Instead, most Chinese economic actors active in Mozambique's forestry sector are merchants, buying timber from local or other foreign operators and exporting to China.<sup>54</sup> For a more extensive discussion on local perceptions and impact of Chinese actors in the forestry sector, please refer to section 6.1.1.

## 6. Impact and perceptions of Sino-Mozambican relations

During field research in Mozambique, the CCS observed that members of civil society are generally enthusiastic about the relation between China and Mozambique. Since the end of the civil war, there is an enormous amount of general activity on the ground directed towards poverty alleviation and socio-economic development. The donor community and NGOs have been and continue to be very generous towards the country, and in comparison with this, China's most recent efforts are small. Nonetheless, these efforts are recognised and appreciated by most members of civil society.

The building of prestigious government offices and public facilities, for instance, bestows pride on individuals, as well as commanding respect of the state officials and the authority of the government. Also the budding interest in Mandarin suggests there is a growing appreciation for Sino-Mozambique relations, which will set the foundation for bridging cultural differences.

Critics are quick to ridicule and condemn China's financing of the new national stadium, which they claim is not targeted at any development issues or would never provide Mozambican people with its basic needs. However, many locals responded that Mozambique is cultivating reputation of an ideal tourism destination and the growing industry is a valid source of income. Built during the colonial era, the only existing stadium is in no condition to host even national club tournaments and so annuls prospects of hosting regional and international events thus placing grave limitations to its tourism portfolio.

Bosten notes that various local Mozambican sources acknowledge that Chinese companies do make mistakes in the early stages in their operations, "[b]ut it was equally recognized that Chinese companies are fast learners and that the difficulties were normally overcome rather fast."<sup>55</sup> This has been particularly evident in labour issues. In 2007 Mozambique published a Mandarin Chinese version of its 209-page labour law.<sup>56</sup> CCS research indicates that the Mandarin version of the labour law has been of great use to Chinese companies and has served as a guide for dispute settlement.<sup>57</sup>

## 6.1 Challenges identified

### 6.1.1 Forestry

Forestry is the area which has proven the most challenging in the Sino-Mozambican relation. Illegal logging by a number of Chinese companies in Zambezia, Cabo Delgado, Nampula and Niassa provinces has become the most controversial issue in the Sino-Mozambican relation, a challenge that has been referred to as the 'Chinese takeaways'.<sup>58</sup> Roque notes:

"Mozambique is currently China's lead supplier of wood in East Africa, although most of the timber is illegally exported as unprocessed logs, a strategy pursued with the assistance of locals. The partnership between local communities and Chinese timber buyers begins with the acquisition by a Mozambican national of a simple licence that allows logging to take place in small quantities in determined areas. The cost of these licences, estimated at \$15,000, is covered by the Chinese partner. The local partner then transports the logs to ports, where the Chinese buyer is waiting with either ships or smaller vessels that will transport the merchandise to cargo ships that wait in international waters. Authorities lack the capacity to effectively patrol the 2 500 km of coastline."<sup>59</sup>

This issue illustrates the complex nature of the Sino-African relationship. Whereas relations between the two governments may be excellent and development projects initiated at government level may be proceeding well, private Chinese entrepreneurs do at times engage in behaviour that is not well received by the African host countries. Such activities, however, do not take place in isolation from local economic actors. In the case of illegal forestry in Mozambique, Lemos & Ribeiro note that "Chinese timber buyers are colluding with Mozambican business people and some members of the Mozambique government."<sup>60</sup>

In a similar vein, Roque notes that "the local media continue to view this problem as one where Chinese companies involved in the illegal extraction of timber are associated with groups of powerful Mozambicans and senior government officials that have concessions and are becoming partners in several of these private companies."<sup>61</sup> Thus, these challenges are intimately related to governance issues in the African countries. Siteo notes that "Mozambique has good environmental policy framework which was revised during the last decade in the light of the principles of sustainable development. However, the institutional framework is still not able to fully implement the established regulations, therefore, leaving gaps for opportunists to violate these regulations for their own benefit."<sup>62</sup>

### 6.1.2 Fisheries

Concerns have been raised pertaining to Chinese economic actors involved in illegal fishing activities.<sup>63</sup> Chinese fishing boats have allegedly used gill nets and longliners that are detrimental to the coastal zone and capture not only fish but also sharks and turtles. This issue is considered to be intimately related to Mozambican authorities' low capacity and/or will to monitor the coastline.<sup>64</sup>

## Endnotes

<sup>1</sup> Xinhua (2006). "China grants tourist destination status to 26 African countries: Action Plan." Published on 06.11.2006, accessed on 18.05.2009 from

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## Profile of the Centre for Chinese Studies

The Centre for Chinese Studies (CCS) is the first academic institution devoted to the study of China in Africa. The Centre promotes the exchange of knowledge, ideas and experiences between China and Africa.

As Africa's interaction with China increases, the need for greater analysis and understanding between our two regions and peoples grows. This involves evaluating China's developmental role in Africa that is felt in various capacities ranging from trade and investment to humanitarian assistance. The Centre conducts analysis of China-related research to stakeholders in Government, business, academia and NGO communities.

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## Researcher profiles

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