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China elevates its economic profile in Africa

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Enlarge By Jason Lee, Reuters

A man walks past a poster promoting the upcoming China-Africa Summit in Beijing. The two-day summit, with the theme of friendship, peace, cooperation and development will open on November 4.

By David J. Lynch, USA TODAY

China's thirst for oil and raw materials is leading to a major expansion of its involvement in Africa. From Sudan to South Africa, Chinese officials and merchants are building roads, handing out generous aid packages and negotiating lucrative business deals.

This weekend, 48 African leaders are expected in Beijing for a China-Africa summit that will underscore the growing links between the world's fastest-growing economy and a continent that has been a globalization backwater.

What's happening in oil fields, copper mines and retail markets across Africa illustrates that China's galloping economy is spurring Beijing to adopt a higher global profile. That means new customers and aid donors for Africa's 54 nations. But it also threatens to saddle already struggling nations with the

poor working conditions, fouled environment and rampant corruption that characterize China's anything-goes economy.

"China is taking a 'realpolitik' point of view, trying to secure natural resources to continue fueling its high rates of economic growth. ... For Africa, it's a mixed bag," says Todd Moss, senior fellow at the Center for Global Development in Washington.

Last year, trade between China and Africa totaled \$39.8 billion, up more than one-third from the year before. Unlike the West, China applies no import fees on products from 28 African countries.

China creates controversy

But China's rise has not been without controversy. African shop owners complain that matching the price of their new Chinese competitors is almost impossible.

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In July, Zambian workers at a Chinese-owned mine rioted over arduous working conditions. Five were shot and wounded by police in the melee. Michael Sata, the opposition party candidate for president, vowed to expel Chinese traders from Zambia in the run-up to the Sept 28 balloting, which he lost.

China's involvement in Africa is driven by both oil and diplomacy. Today, imports account for 40% of China's oil consumption and are expected to reach 60% by 2020. In response, Chinese oil companies have embarked upon a global search for new supplies. In Africa, they've found them in such nations as Angola, Chad, Congo, Libya and the Central African Republic.

But the oil fields haven't come cheap, according to Zhongxiang Zhang, a senior fellow at the East-West Center in Honolulu. In January, China National Offshore Oil paid \$2.27 billion for a 45% stake in a Nigerian field — \$270 million more than a rival Indian bidder offered.

China regards its foreign oil deals as national security investments, so it hasn't shied from paying top dollar. Additional deals are expected. "The Chinese approach is governed by a significant amount of fear and desperation," says Joshua Kurlantzick of the Carnegie Endowment for International Peace, who estimates China's African oil industry investment to date at \$15 billion.

China's Africa diplomacy

On the diplomatic front, China considers African support at the United Nations vital on issues such as the status of Taiwan and human rights.

China's expansion in Africa also is complicating U.S. efforts to manage African debt relief and punish with international sanctions nations such as the Sudan, where government-backed militias are engaged in what President Bush has labeled genocide.

In 1996, state-owned China National Petroleum acquired its first stake in a Sudanese oil producer. Today, China buys about two-thirds of Sudan's oil exports and is the pariah state's major arms supplier and investor.

China, a permanent member of the U.N. Security Council, also has resisted proposed sanctions on Sudan.

For African nations, China offers a commercial partner and aid donor that lacks the West's scruples on human rights or government corruption. China has granted preferential loans to 26 African countries, including countries such as Ghana and the Republic of the Congo that have been granted debt relief by the World Bank and IMF.

World Bank President Paul Wolfowitz last week criticized China's lending practices, including the fact that Chinese banks do not comply with a set of social and environmental standards endorsed by 80% of the world's commercial banks.

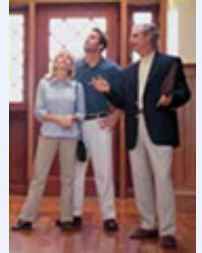
China isn't backing down. "The World Bank has its own ideology under Wolfowitz's leadership of emphasizing human rights (and) democracy," says Chu Shulong, a foreign policy expert at Tsinghua University in Beijing. "China does not have these conditions."

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The Asian giant also is keen to promote its state-led economy as a model for African nations that bridle at the free market gospel of the International Monetary Fund and U.S. Treasury Department.

China's unabashed commercial orientation, however, is ironic considered against its promotion of leftist revolutions in Africa during the 1960s and 1970s. Under Mao Zedong, Chinese officials also promoted socialist solidarity with the continent's post-colonial nations by dispatching doctors and engineers to work on behalf of the poor.

Today, Beijing is festooned with red banners, a major highway is being restricted for summit-goers' private use, and officials talk of a major new aid package to be unveiled this weekend.

But analysts cautioned against exaggerating China's growing role. Moss says many announcements of new deals are never implemented, adding: "There is a lot of hype around the 'Chinese invasion.' "

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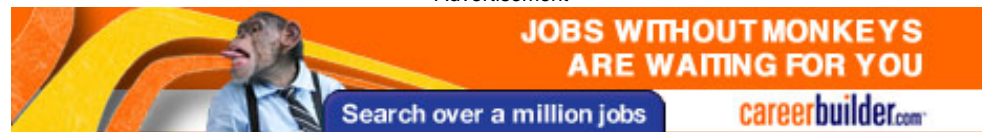
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