China's Presence in Rwanda and Africa, through the Lens of the Product Life Cycle Theory

Permalink
https://escholarship.org/uc/item/4m1894c5

Author
Sofiani, Lily

Publication Date
2013

Peer reviewed|Thesis/dissertation
UNIVERSITY OF CALIFORNIA
Los Angeles

China’s Presence in Rwanda and Africa, through the Lens of the Product Life Cycle Theory

A Thesis submitted in partial satisfaction of the requirements for the degree Master of Arts in
African Studies

By

Lily Sofiani

2013
ABSTRACT OF THE THESIS

China’s Presence in Rwanda and Africa, Through the Lens of the Product Life Cycle Theory

By

Lily Sofiani

Master of Arts in African Studies

University of California, Los Angeles 2013

Professor Ghislaine Lydon, Chair

Abstract: Africa has been, for centuries, stereotypically represented as the continent of “failed” states. Throughout history, more powerful nations have conquered, colonized and depleted the continent of its precious natural and human resources. Under the headings of “civilizing” and “enlightening” European powers took advantage of the African people by force. Today, some claim that China, as the up and coming super-power in the world, is taking its turn as a hegemon in Africa in order to develop its own economy. This paper examines the literature and research on the subject of China as the next colonizer in Africa. It compares this literature to that which argues that China’s involvement in Africa actually benefits African economies. It examines the historic evidence documenting the reasons why many argue for China’s “hegemonic” new role, by using Rwanda’s history with colonialism and its genocide as a case study. I discuss both the negative and positive effects of China’s investments in Africa today, and support the claim that African economies, especially in poorer countries such as Rwanda, will develop and be relatively better off with Chinese investments based on The Product Life Cycle Theory. The Product Life Cycle Theory predicts that as countries develop, they transfer their mature industries onto lesser developed countries which focus primarily on producing basic goods for subsistence. As lesser developed countries receive mature industries, they begin to increase their skilled labor force, education and develop more in technology production rather than primary products. China went through these stages of development by receiving mature industries from superpowers like the U.S. at one point and is now in the beginning stages of
transferring its mature industries to lesser developed countries in Africa as it races to become the next superpower in the world.
The Thesis of Lily Sofiani is approved.

Allen F. Roberts

Sanford M. Jacoby

Ghislaine Lydon, Committee Chair

University of California, Los Angeles

2013
Special Acknowledgments To:

Ghislaine Lydon, for advising me throughout my graduate studies, for editing my paper and for all the encouragement and support. I could not have done it without you.

To Ann Hambartsoumian, my beautiful, caring and loving mother, thank you for everything you have done for me!

Sanford Jacoby for all the support and motivation and for editing my paper.

Allen Roberts for sparking my interest in the topic.

Erika Jahan for editing the paper and for all the support over the years.

Magda Yamamoto, for always being there and all the help.

To Robert Sargsyan, for always being there and for all the technical support.

And to the late Professor Richard Baum, with warm memories.
## Table of Contents

Abstract  ----------------------------------------------------------------------------------------------- ii  
Acknowledgments  ------------------------------------------------------------------------------------------------ v  
Introduction  ----------------------------------------------------------------------------------------------- 1  

### Chapter 1  
The Product Life Cycle Theory  --------------------------------------------------------------- 10  
Product Life Cycle, China’s Advancement in Africa and Rise in the World  ---------- 15  

### Chapter 2  
Pessimism and Optimism toward China’s Presence in Africa  ----------------------------- 24  
The Media’s representation of China in Africa  ----------------------------------------------------------------------------------------------------- 26  
Why The Concern Over China Entering into Africa?  ----------------------------------------------------------------------------------------------------- 30  

### Chapter 3  
Brief History of Colonialism, Independence and Genocide in Rwanda  -------------------- 33  
The Root Causes of the Genocide  ------------------------------------------------------------------------------------------------------------- 35  
China’s Role in Rwanda’s Recent Economic History  --------------------------------------------------------------------------------------------------- 41  
Rwanda’s Exports and Imports to and from China  ------------------------------------------------------------------------------------------------------- 45  

### Chapter 4  
The Future of Rwanda  ----------------------------------------------------------------------------- 51  
Rwanda’s Vision for 2020  ---------------------------------------------------------------------------------------------------------- 55  

### Chapter 5  
Historical Relations between China and Africa  ----------------------------------------------------- 64  
Africa’s Transition to Independence and China’s Great Leap Forward  ---------------------------- 65  
Trade with China and its Implications for Africa  --------------------------------------------------------------------------------------------------- 67  
China’s Form of Aid to Africa  ------------------------------------------------------------------------------------------------------------- 73  
Is China the New Strategic Partner of Africa?  ----------------------------------------------------------------------------------------------------- 78  

### Chapter 6  
Where is China Investing and Why  ----------------------------------------------------------------------------- 83  
The Concern for Human Right  ---------------------------------------------------------------------------------------------------------- 85  
Conclusion  ---------------------------------------------------------------------------------------------------------- 88  
Bibliography  ---------------------------------------------------------------------------------------------------------- 91
Introduction

China’s Presence in Rwanda and Africa, through the Lens of the Product Life Cycle Theory

In 2006, forty-eight African states gathered in the capital city of China for the Beijing Summit to discuss the Forum on China-Africa Cooperation. China’s president Hu Jintao outlined the plan for the new “strategic partnership” for the African leaders. He announced the many different forms of aid China planned on sending to African states, including building a hundred schools in rural areas, thirty hospitals, and five trade and economic cooperation zones across the continent (Brautigam, 1). China declared that it would double its five billion dollars in loans and hence make China the single largest trading partner of Africa (Alden, p.2). The beginning stages of this new partnership has Africans, scholars and the international community divided between those who are excited about the relationship and those who are more skeptical as they fear China’s more powerful role.

The main concern for the continent is whether China will be a development partner or the new “colonizer”. Chris Alden, author of China in Africa notes that Chinese businessmen, in their thirst for rapid growth and development, have been “on an acquisition spree for resources across the African continent since 1996” (Alden, p.3). Indubitably, China has been profiting from its investment in Africa—the question remains as to how African economies benefit in the long run from Chinese investments. Other authors such as Robert Rotberg, of China into Africa, believes that “China’s current thrust into sub-Saharan Africa promises to do more for economic growth and poverty alleviation there than anything attempted by western colonialism” or any other donor (Rotberg, p.viii). According to Rotberg, this new symbiosis between China and Africa, could be the “making” of Africa (Rotberg, p.viii).
The world seems to be divided on the topic of the extent of China’s involvement in African economies. Most journalists and skeptics believe this new relationship to be an acquisition spree. Most academics however seem to agree that in contrast to that of the West’s, China’s investment goals in Africa are beneficial and long term. Despite reports and allegations of rogue donations, and shoddy constructions by the Chinese in Africa, scholars like Anshan Li, Deborah Brautigam, David Shinn, Stephanie Rupp and Robert Rotberg all agree that China’s presence in the continent will help alleviate poverty, raise investment in education, infrastructure and industry, and create new jobs thereby improving local economies.

In this paper, I will present both sides of the argument, and argue that based on the Product Life Cycle Theory, as China and the African nations it trades with develop a stronger manufacturing sector and begin to produce high quality products for the world market, they will be economically better off in the long run, relative to current conditions. I present the diverging opinions on the topic, and agree with their stance on economic development. I will then add to the existing body of work, the idea of economic development through the paradigm of the Product Life Cycle in relation to Rwanda and Africa at large, which no author has done. I rely more heavily on Shinn’s and Eisenmann’s *China and Africa*, as it is the latest book on the topic, and the most extensive study on China’s relationship with Africa. David Shinn has produced the most extensive bibliography of the literature written on China’s relationship with Africa, which I rely upon in this paper.

Much of the current literature on China and Africa is divided between the optimists who believe that China’s investment will help the economies of African nations and the pessimists who believe that China is the next colonizer and is out to exploit African land. The pessimists tend to come more from the media and local peoples, whereas the optimistic views generally
come from scholars studying the relationship. Although there is good reasoning for both perspectives given the history of colonialism, the object of this paper is to look at both perspectives, give an analysis for the reasons behind both views, and predict how China’s presence in Africa will shape the future by looking at the broader picture from the lens of the Product Life Cycle Theory.

Although the subject of China’s role in Africa has become a popular subject of investigation especially concerning speculations about the politics of China-Africa relations, to date no study examines this topic from the perspective of the Product Life Cycle as it applies to China in Rwanda and Africa as a whole. However, authors such as Deborah Brautigam mention the theory in the context of China’s role in international trade and how African countries play an integral part in China’s “going out” for resources model. As countries develop, they go through stages of economic, industrial and cultural development, as economist Walt Rostow’s famous model indicates below in figure 2, and I will attempt to demonstrate this regarding China and its new partners in Africa throughout this paper. Developed nations have throughout history exploited lesser developed areas to a certain extent. European superpowers did so in Africa for hundreds of years in order to develop, and the U.S. itself would not be where it is today without the transatlantic slave trade with Africa.

Rostow’s model below calls the commercial exploitation of agriculture and extractive industry a “pre-condition for take-off” (Figure 2). We know that exploitation was certainly the pre-condition for most of Europe’s early take off and development, but is it necessarily a pre-condition for China? China has already earned a poor reputation for human rights abuses and especially workers rights abuses in its own country for the sake of economic development. As it
becomes a key player in the world market now as a manufacturing super-power in the world, some argue that China is bound to exploit the African people and its resources.

For my methodology I conducted two interviews for this project with local Rwandan’s in order to gain a personal perspective from local Rwandans. Due to the geographic limitations of this study and the scope of this paper, I was only able to interview two people from Rwanda. I chose to interview a genocide survivor from Rwanda, who also worked at the UN for Rwanda, and a Rwandan diplomat in Washington D.C. who focuses on Chinese and Rwandese business development. The significance of my interview with a survivor of the genocide is to add a personal perspective of local Rwandese feelings toward development post-genocide and the Chinese presence there. My interview with a Rwandan government official is significant because he provides inside information about business development with Chinese investors in Rwanda.

Due to the highly political and sensitive nature of the topic, I will merely refer to them as Informant 1 and Informant 2. Both informants I interviewed agree that although China’s more powerful position does result in some disadvantages for local Africans like Rwandese, for the most part, China’s presence is having a tremendous positive effect on economic development, and will continue to do so in the future. My interviews, along with my research, shows that China’s attitude toward African leaders and locals is more respectful and professional that any predecessor. My informants agreed that Chinese businessmen are quick to finish projects in Africa and leave, maybe without much attention to quality. However, on the issue of human rights and respect for African workers, they believe that it is up to the African leaders and governments to set the standards by which Chinese businessmen will conduct themselves.

China’s haste to develop and catch up with the west has taken the country from the “take-off stage” to the “mass consumption stage” (Figure 2) in the past several decades only. China
moved through its stages of economic development very quickly; it has therefore depleted its own resources and in need of resources from outside its borders. China may not be in a full “mass consumption stage” yet as the U.S. but it is close enough to where it needs to go out in order to supply its massive population with the oil, energy, water and many other natural resources its people need to keep growing. In the Rwanda section, I demonstrate with graphs and import/export tables, the basic commodities that China imports from Rwanda, and the more advanced technological goods like cell phones it exports to Rwanda.

The question we must ask is: how can economies, such as many developing African counties’ based heavily on commodity exports transition to higher value-added (manufactured) products? What can China do to help Rwanda other than purchasing its recourses and developing them back home? What are its responsibilities? Western countries did not do much to develop African economies. They went to Africa for the oil, diamonds and human labor, will China be any different? The answer I found during my research is that China’s investments in places like Rwanda are quite different from previous western forms of aid. China is investing in education, infrastructure, fiber-optics, and ICT’s, key areas needed for sustainable long-term development. China is also introducing mature industries like cell phones and TV stations into Rwanda which, as the Product Life Cycle Theory predicts, is an indication for both China’s rise in the global market, and Rwanda’s future economic development.
Walt Rostow’s Model of Development and International Trade

(Figure 1)

As Rwanda is not resource-rich like some of its neighboring states, there has been less research regarding the country’s development. Despite the paucity in scholarship, Rwanda’s case study represents an interesting case of a poor African nation on the rise in which the Chinese presence is growing tremendously. Furthermore, Rwanda is a prime example of a country with a complex history of colonialism and genocide experience in the nascent stages of economic development. Its economy is rapidly growing, and China is heavily investing in the preliminary stages of this effort, especially in building Rwanda’s infrastructure.

With Rwanda as my example, this paper elaborates on the following related points. First, I explain the effects of colonial “divide and conquer” regimes left on African countries. Second,
I examine the transition from a powerless nation whirled into genocide and self-destruction to independence and development. Finally, I consider Rwanda’s particular transition within the context of the international, African, and Chinese economic development. China’s transition from a rural poor economy from the beginning of the twentieth century to that of a key player in Africa and the world toward the end of the century, elucidates the effectiveness of the Product Life Cycle Theory. This theory predicts that as countries develop from rural economies that produce mainly primary goods, they transfer their mature industries onto less-developed countries so they can focus on technological innovation and newer transformative industries. Just as China once received mature industries from developed countries like the U.S. Rwanda will receive mature industries from China, as they trade and help one another develop.

The vision of the current Rwandan government is to become a middle-income country by the year 2020 (Rwanda Vision 2020, p.1). As stated in their vision for 2020 “future competitiveness and prosperity depend on establishing a vibrant services sector and encouraging greater technology transfer” from China, according to The Ministry of Finance in Rwanda (ACET, p.6). The product life cycle stages put into perspective China’s rapid development, its need for new resources, its need for outsourcing labor, and most importantly it sheds more light onto the motives behind China’s presence in Rwanda and in Africa today. The reason why Rwanda is a prime example for this case-study is that while on the one hand its relationship with a powerful, colonial hegemon led to its division and collapse, on the other hand, its independence and genocide mark a turning point in history where we can look back at a particular point in which the re-building of an entire nation begins, from the most fundamental human need for freedom, to the desires of economic and political rights.
This paper will begin with a brief explanation of the Product Life Cycle Theory followed by an introduction to Rwanda’s history and causes for its genocide, in order to explain the detrimental effects of its colonial legacy. Because we cannot cover colonial history throughout the entire continent, this paper will focus mainly on Rwanda, as its history portrays a great deal of how oppression from colonialism affected the land and divided the people. The purpose of introducing Rwanda’s history with colonial powers and its genocide is to trace the roots of the fear that many have of repeating colonial history in Africa by China today. However, this is merely to give validity to the reason for the fear, and not to suggest that the speculation or connection between the two is valid. As most of the fear is simply generated by western media as we will see later on in the paper. Furthermore, Rwanda’s case is ideal in that its economy is in the nascent stages of development. China’s presence there is very recent, and Chinese investment in Rwanda is just beginning to take shape, as its education and infrastructure begin to grow.

The second part of the paper will introduce the history of China’s involvement in Africa on a broader level and outline how the relationship began in an attempt to dispute the claim that China is the next colonizer of Africa by giving evidence of a partnership based more on trade and investment than on imperialism. After Africa’s independence from colonial overrule in the early 1960’s, and China’s great leap forward several decades later, we will examine the transition of the product life cycle as it takes nations like China from rural agricultural economies, to more developed economies of scale, focused more on technological advancement. We will then examine how this in turn has shaped China’s presence in Africa and Rwanda.

In the third part of the paper I will discuss how scholars and the media perceive this new relationship between China and Africa today. Here I attempt to show that China’s role today is not that of a colonizer, but one as a strategic partner that will develop both its own economy and
African economies through trade and investment. In this section, I will also analyze why tactics of international or traditional western form of aid have failed in Africa for so long. Lastly, the fourth part of this paper will show current economic development in Africa resulting from China’s investment. Based on economic trends in Rwanda since its genocide and since the introduction of Chinese foreign investment, the paper will conclude that as The Product Life Cycle Theory predicts, as China develops and trades with Africa, African nations like Rwanda will be relatively better off both economically and in terms of human rights in the long-run.
Chapter 1

Product Life Cycle Theory

I do not apply the Product Life Cycle Theory to a specific product being traded currently between China and Africa. However there is a great deal of technology being exported from China to Africa as we will see later on. I merely use the Product Life Cycle Theory to conceptualize the changes and transition of China’s economic growth with its counterpart, in this case Rwanda, and other African countries. This theory is only a lens through which we can look in order to understand such a broad and dynamic relationship between a developing country on the rise, and the developing countries it trades with in Africa. It is important to begin with an explanation of the theory. The Product Life Cycle Theory is an economic theory that was developed by Raymond Vernon in 1966, in order to explain observed patterns of international trade and development (Wright, 2012).

The theory suggests that early in a product's life-cycle all the parts and labor associated with that product come from the region in which it was invented. After the product becomes adopted and used in the world markets, production gradually moves away from the point of origin. For example the computer, originated in the U.S. where it helped develop the economy and advance technology, then moved to lesser developed regions like China (Hills, 2007). For a brand new product, in its initial stage, the product is produced and consumed in a country like the U.S. where no export trade occurs. For example the colored television, in its early years, it was produced in the U.S. which had a comparative advantage in its initial innovation and production, the U.S. exported it to other developed countries. As the production of the colored TV became standardized and TV’s became a mature industry, its production shifted to developing countries like Taiwan, Japan, Korea and China (Wright, 2012) Countries like Taiwan and China then had
the comparative advantage in making the product. As the product matures, mass-production
techniques are developed and foreign demand (in developed countries) increase. Countries like
the U.S. then export the product to other developed countries. In the standardized product stage,
production moves to developing countries (China for example) which then export the product to
developed countries. The model “demonstrates dynamic comparative advantage” (Wright, 2012).

The Product Life Cycle has four stages as Figure 2 below demonstrates: stage 1 is the
introduction or development of a particular product. Stage 2 is the growth of the product; stage 3
is its maturity; and stage 4, its decline. Products can range from primary goods like clothing or
shoes, to more complex items such as computers and airplanes. Wealthy countries, with highly
educated and skilled workers invent new products in stage 1. As the product matures and less
developed countries copy and reproduce the product, they develop their economies, and in turn
these countries begin to outsource their primary goods to less developed areas than their own,
thus they advance toward stage 1 as they develop the knowhow and resources to innovate newer
technologies themselves.
Stages of the Product Life Cycle

(Figure 2)

The theory suggests that the introduction stage of the product happens in developed wealthy countries where highly skilled labor is needed to produce the product, and people are paid the most to learn and use this skill (Villa, p.308-310). Conventionally, as a product goes through its life cycle, the least profitable functions are relocated to lower costs locations, for example in developing countries like China. A good example of this would be the innovation and design of an Apple computer in Silicon Valley, and its production and assembly in China (Scott & Storper, p.112).¹

For example in the last stage, as the product becomes obsolete, production essentially takes place in low costs locations. Highly technical products which could have only been made in the U.S. at one time, for example, are now being made in China. As China develops and receives mature products from developed countries like the U.S., production and distribution economies

are actively sought as profit margins decline (Rodriguez, p.1). Unfortunately, those who are left with the mature industries are paid less, and are therefore bound to get stuck in a cycle of poverty. In order for countries like China, and now Rwanda to avoid getting stuck with mature industries and basically lower pay, they must continuously invest in education and innovation of new products in order to move toward stage one of the Product Life Cycle and ultimately develop new economies.

Just several decades ago, China was a poor, rural, agricultural country that produced primary goods for developed nations like the U.S. As China develops, it depletes its natural resources, but at the same time it gains the knowhow to copy/produce complex products that are now considered “mature” in more developed places such as cars and computers today. As China depletes its own resources in a rapid pace to develop and obtains more skilled labor, it moves on to the next stage in development, where it goes out to less developed regions looking for natural resources and unskilled labor to produce its primary goods. By outsourcing in less developed nations for its primary goods and resources, China can now focus on more technological advancement, bringing it closer to stage 1, and closer to a developed nation.

From the late sixties onward, scholars have mostly used the Product Life Cycle Theory to illustrate mature industries leaving the U.S. to countries like China, Korea and Taiwan for production. Because China’s presence in Africa is recent, and China itself is not fully developed, it cannot take the role of the U.S. and transfer its innovations/mature industries onto African nations. Therefore, this theory has not been utilized much in relation to China and Africa, except for brief mentions of it by authors like Brautigam who maintain that China will help develop African nations through investment. Africa plays an integral role not only in China’s development, but also in its own. Below figure 3 demonstrates the volume of exports from
Africa to the U.S. which is still the number one consumer of goods, but also China’s drastic ascent to the top, as it “goes out” in search of resources in Africa.

(Figure 3)

The Product Life Cycle Theory predicts that as one region develops and transfers its mature industry to the next, both regions will develop and be better off relative to their status quo. This argument is challenged by some, as regions that inherit the mature markets are paid less for producing common goods and so become entrenched in a state of poverty. For example, while the U.S. is busy introducing the next technologically advanced innovation, China, which now has the monopoly on textile production as well as other manufactured products, has an

(Figure 3) "US Senate Committee on Foreign Relations." : Hearings. N.p., 2012. Web.
entire population stuck in a state of poverty because they are making goods considered to be an old or mature industry (Wright, 2012). Whereas in the U.S. in places like Silicon Valley, those introducing products in stage 1, like the latest iPod for example, accumulate the most wealth.

**Product Life Cycle, China’s Advancement in Africa and Rise in the World**

There is some growing resentment among some Africans toward the Chinese whom they perceive to be taking over their businesses and jobs (Personal Interview, 2012). The Chinese are introducing cheaper products in many places, and Chinese laborers are willing to work longer hours which forces some local manufacturers and traders out of business. On the upside, most African consumers benefit from this competition (Shinn & Eisenman, p.8). China’s contributions to the African continent will certainly produce some winners and some losers. The question is, whether or not it will raise the standard of living on the whole for Africans relative to their current conditions.

During the 80’s and 90’s, China’s main exports to Africa were mainly food and light industrial products. By the late 2000’s however, the majority of China’s exports were electronics and machinery (Shinn & Eisenman, p.xiii). This demonstrates the phases of The Product Life Cycle Theory, as China went from an early agricultural economy to a market oriented economy investing in technology. “Impressed by China’s official 10 percent annual GDP growth rate over three decades, some African leaders envisage a similar result in their own country” (Shinn & Eisenman, p.4). This optimistic vision for Africa’s future is not in vain, through trade and foreign direct investment in Africa, it is as realistic to predict Africa’s economic rise and political stability as it is China’s. Although Shinn and Eisenman argue that it is unrealistic of African idealists to expect China’s Development Model to work in African countries given the vast differences between the country and the continent. This paper argues that Africa’s economies
will be better off relatively, through Chinese trade and investment, not on the basis of merely exporting China’s Development Model to Africa, but based on the general models of regional economic development and trade which predict that two regions that trade with each other will both be better off relative to their status quo or in the absence of any trade (Krugman & Obstfeld, p.13-23).

Africa has been called the “dark continent” and the “failed continent” for centuries. As dim and hopeless as its poor economic conditions may seem in the greater part of the continent, new business ventures brought by the Chinese are bringing with them both a glimmer of hope for prosperity and great fear for those who believe the new relationship to be the second form of colonialism in Africa. The relationship is believed to be mutually beneficial however by most scholars. Africa’s resources in minerals and energy are necessary for China to take its economy from its initial phase of making basic manufactured goods, to exporting such goods in order to make way for technological innovation and development. As China develops rapidly, it depletes its own resources, forcing it to search for basic necessities elsewhere. Africa’s resources are essential for the continued success in China’s development. For example, Angola is one of the largest foreign oil suppliers to China. For this reason, Angola, Sudan, Nigeria, South Africa and Zambia have become major centers for foreign direct investment by the Chinese (Shinn & Eisenman, p. xiii).

In 2006, China’s commitment at the Beijing Summit to double aid to African countries, build infrastructure and become a trading partner of “mutual benefit” has led to growing skepticism and opposition, however (Brautigam, p.3). Concerns over the Chinese giving Africa “toxic aid” intensified, and US foreign policy makers deemed the new development as a “stifle to real progress while hurting ordinary citizens” (Brautigam, p.3). China is on a path of rapid
development, and surely would welcome an outside addition to its own economic boost with open arms. The debate is whether or not China is exploiting African land and people merely for its personal benefit, or whether it will aid the simultaneous development of African states while growing and embarking on its new business ventures across Africa.

The fear of China as the new hegemonic imperialist power dominating Africa, as popularized by western media, and articles we will see later, is not mere paranoia. From the 12th century onward, more powerful nations have come into the continent- whether with the intention to exploit for personal benefit or with the intent to “civilize” and “develop”- and have exploited the land and the African people. This does not mean that China is the next hegemonic power in Africa, nor that it will exploit the people and the land and leave without contributing to its development. However, the beginnings of a new relationship bring with it both excitement and uncertainties, the politics of a relationship between a powerful nation and a less powerful, or indebted one is complex. In order to understand this new relationship, we must consider the excitement brought on by the beginnings of hope and aspiration, while addressing the concerns that rise from the fear of history repeating itself in a new form and new era.

We need to look further back at China’s political aims in Africa, in order to understand the current political and economic picture and speculate as to what the future holds for both China and Africa. During the 80’s and 90’s, China’s economy took off drastically, and so did its need for natural resources. Beijing’s growing need for raw materials drove it to increase its trade, aid and investment package in Africa, leading China to become Africa’s largest trading partner in 2009, surpassing the U.S. (Shinn & Eisenman, p.4). Below figure 3 demonstrates China’s quick ascent to becoming Africa’s largest trading partner (in terms of exports to Africa), as it surpasses the U.S. in only a decade. In 2002, exports from the U.S. the number one economic
super-power in the world almost equaled to that of China’s exports to Africa. In only a decade, we see China’s exports to Africa more than double. China’s “package strategy” includes strategic relations with Africa and dates back to the founding of the People’s Republic of China (PRC).

(Figure 4)

During the early years of China’s development, throughout the seventies and eighties China offered African nations small aid packages, little trade and almost no direct investment as we will see later on. China’s emphasis then was mostly in strengthening cultural relations. There is a deepening cultural integration today. There are twenty-eight Confucius institutes in Africa, two of which are in Rwanda (Personal Interview, 2012). Chinese universities teach thousands of Africans in special training centers each year, and there is a Chinese program equivalent to that

(Figure 4) Kim, Samuel. "Third World in Chinese World Policy (No. 19) [Paperback]." Third World in Chinese World Policy (No. 19):2012.
of the U.S. Peace Corp on a smaller scale (Shinn & Eisenman, p.75). China has also sponsored
the training of thousands of Africans in diplomacy, economic development, agriculture, national
defense, science, medicine and technology (Shinn & Eisenman, p.75). Education and
technological development will play a great role in taking African economies to the next level,
which is bound to benefit the land and the people. On the relationship between China and Africa,
author Li Anshan of Peking University claims:

> Chinese-African relations are characterized by summit-diplomacy, equality, co-
development, and cooperation. Such summit diplomacy cannot be seen in Africa’s
relations with any other country, or in the relationship between China and other
continents (Rotberg, p.35).

Anshan adds that China’s advancement, both economic and political, is due to its change
in ideology (Anshan, p.3). China made a switch from an ideological emphasis to neutrality, from
unitary form to multiple channels in bilateral exchange, and from single aid to a win-win strategy
in the field of cooperation (Anshan, p.2). These changes in foreign policy transpired in the
1980’s when economic development became the main focus. The first ideological change was
going from a simple need to form an alliance (China-Africa), to securing a relationship based on
exchange and dialogue on the basis of common ground.

The change in Chinese political ideology was important to cultivating a relationship
because it meant that the communist party was no longer obligated to maintain ties only with
other socialist parties, but most importantly, the content of new ties, was not limited to party
politics, but was now extended to economic-commercial and cultural exchange (Anshan, p.7). To
differentiate itself from Africa’s former European counterparts, China’s stance was based on
“anti-colonialism”, “anti-imperialism”, and “anti-revisionism” (Anshan, p.5). Anshan maintains
that during China’s economic boom, its emphasis toward Africa was to support and unite the African people in independence after colonialism, and to fight imperialism and hegemony through moral and military support (Anshan, p.5). Below is a table of China’s total aid from its own cultural revolution to when its economy really began to pick up.

**China’s Aid Commitments to Developing Countries from 1953-1985: (In millions of U.S. dollars)**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Africa</td>
<td>4</td>
<td>46</td>
<td>319</td>
<td>94</td>
<td>20</td>
<td>14</td>
<td>107</td>
<td>259</td>
<td>133</td>
</tr>
<tr>
<td>Asia</td>
<td>160</td>
<td>172</td>
<td>310</td>
<td>160</td>
<td>41</td>
<td>1</td>
<td>30</td>
<td>37</td>
<td></td>
</tr>
<tr>
<td>Europe</td>
<td></td>
<td></td>
<td>8</td>
<td>6</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Latin America</td>
<td>8</td>
<td>4</td>
<td>24</td>
<td>3</td>
<td></td>
<td></td>
<td>3</td>
<td>17</td>
<td></td>
</tr>
<tr>
<td>Oceania</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>6</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>172</td>
<td>222</td>
<td>661</td>
<td>263</td>
<td>26</td>
<td>55</td>
<td>111</td>
<td>289</td>
<td>187</td>
</tr>
</tbody>
</table>

(Figure 5)

Africa certainly becomes a priority in the 1970’s after the change in political ideology and throughout the second half of the century as the economy in China picks up. The 1990’s was a period of consolidation, China focused on diplomatic relations between Chinese and African leaders. China helped raise cultural awareness through classes on Chinese history, art, and culture (Anshan, p. 11). Throughout the decades of China’s transformation, Anshan notes that China helped African nations fortify while strengthening political ties. He refutes claims from the media which criticize China’s non-interference in African countries in need. For example, in the case of Darfur and Sudan, he claims China encouraged the governments to cooperate with the UN, and helped with humanitarian aid (Rotberg, p.38). On the issue of human rights, he merely

(Figure 5) Kim, Samuel. "Third World in Chinese World Policy (No. 19) [Paperback]." Third World in Chinese World Policy (No. 19). 2012.
states that economic relations between China and Africa should not be subject to human rights criticism, because Europe is also trying to promote trade with China. He adds; China and the U.S. have been criticizing each other for a long time, but still trade and do business together (Rotberg, p.37).

Anshan overlooks a very significant factor in China’s relations with its trading partners, which is the question of human rights violations. His overall position is to suggest that if the rest of the world does not agree with China’s human rights record, then why do they trade with China? Although I understand his point, it could be argued that Europe and the U.S. are hypocritical in their lip-service to this question while continuing their trade relations with human rights violators in China. I do not believe that merely pointing out the hypocrisy is a solution to the problem. The solution lies in building transparency in the political relationships and ensuring human rights on both ends. On the topic of transparency, Anshan mentions that the reason why China is secretive and refuses to reveal accurate figures of aid to Africa is first: because China still has over 20 million of its own people living under the poverty line, so it would not be wise of China’s government to formally issue how much it is giving to alleviate poverty outside its country. Second, in Chinese culture, it is improper and even immoral to reveal one’s assistance to another (Rotberg, p.39).

I would agree with Anshan that revealing accurate figures of aid to Africa would enrage the Chinese people living in poverty today even more. Yet is seems likely that the Chinese people are already well aware of China’s great investment in Africa, and many may be already asking, “Why help Africans and not us?” It is difficult for anyone studying economic development in Africa to draw any definitive conclusions or projections for the future when all the facts and figures are distorted, to the point where Chinese aid mentioned in one paper amounts to millions, and in others it amounts to billions.
On whether China is out to colonize Africa or not, Anshan notes allegations that China is engaging in neo-colonialism are being popularized by western media (Rotberg, p.40). He believes that China views African states as equals and most importantly as sovereigns. He argues that China is responsible for turning Africa’s potential wealth into real wealth by trading in oil and natural resources. I cannot make my own conclusion on this point as there are too many mixed reviews on who is benefitting from this trade. I do however agree very strongly on one point Anshan makes, which is the economic benefit to Africans from the transfer of technology. He argues that as China imports raw materials like oil from Africa, it exports electronic, mechanical and high-tech products to the African people (Rotberg, p.37). From the perspective of the Product Life Cycle Theory, if China is importing raw materials from Africa and exporting even technological know-how with technology to African states, both stand to develop. As China will take its next step in becoming a world leader, African states will obtain the necessities needed for sustained long-term growth and development.

Anshan mentions briefly that China and Africa may have different short term and long term vested interests. However, he merely concludes by saying that both parties should “coordinate short-term interests and long-term interests in order to guarantee the vitality of the cooperation, to strengthen the partners’ capacity of self-development in order to ensure the sustainability of the cooperation” (Anshan, p. 20). From a political standpoint, I do not believe that merely considering a partner’s political interests can translate to a tangible plan that ensures mutual benefit. I do believe that implementation of strict policies and standards by African leaders, world leaders from developed nations and NGO’s for human rights, can secure those benefits. Overall, Anshan’s views on Sino-African relations are very optimistic and hopeful. He argues against pessimistic views and the Western media’s depiction of China’s quest for goods in
Africa. I now turn to both views on Sino-African relations and discuss the more pessimistic notions popularized by the western media on China’s goals in Africa and the world.
Chapter 2

Pessimism and Optimism toward China’s Presence in Africa

Optimists that support China’s presence in Africa, base their argument on different theories of what the relationship entails. Some analysts contend that Chinese trade and investment are bound to develop African economies. Others claim that China will increase transparency in African politics while helping “Africans gain leverage over an exploitative West” (Shinn & Eisenmann, p.11). These two positions on Chinese-African relations are not entirely realistic, in my opinion. One optimist argument claims that a great benefit of the relationship is increased foreign aid. According to the author of Dead Aid, Dambisa Moyo, aid is not a benefit, but a contribution which hinders long term real economic growth, which I agree with more. Moyo argues that foreign aid is the reason why Africa is stuck in a perpetual cycle of debt, poverty, and dependence. How can nations develop a real economy if they are constantly given just enough aid to survive, but no real investment in education or any tangible means of building a future?

The other argument is that China’s intentions to develop African economies is based on a deep historic and “profound friendship” (Shinn & Eisenman, p.13). From a political standpoint, and from my own, I cannot agree that any nation in haste to develop would put its interests aside to help develop another nation merely out of “friendship”. Brautigam’s view, the author of The Dragon’s Gift, is slightly different in that she contends China’s relationship with Africa is based on a long-term commitment to development for both sides. Realist political scientists would argue that without a personal political or economic benefit, one nation would not help develop and strengthen another (Frieden, 2009). In this case a profound friendship could mean the possible political allies that China is helping create.
On the other hand, pessimistic analysts argue that China will not raise transparency in African business and government because:

The way China does business—particularly its willingness to pay bribes, as documented by Transparency International—undermines local efforts to increase good governance and international efforts at macroeconomic reform by institutions like the World Bank and the International Monetary Fund (Shinn & Eisenman, p.14).

Authors such as David Shinn and Joshua Eisenman argue there is already some evidence of illicit trade between the Chinese and African elite. For example, between 2000-2005 China was Africa’s primary market for illicit timber and ivory export (Shinn & Eisenmann, p.118).

Although I don’t agree that the use of such examples elucidates real corruption between African and Chinese leaders, many authors use examples like these to give evidence to corrupt business practices. Along similar lines, researchers such as Denis M. Tull and Ian Taylor, point out that:

There is virtually no way around the conclusion that China’s massive return to Africa presents a negative political development that ‘almost certainly does not contribute to the promotion of peace, prosperity and democracy on the continent.

Authors that argue China’s relationship with Africa through poor business practices reversing any chance of prosperity or democracy on the continent, present what I believe to be the short-term consequences of the corrupt relationships between illiberal Chinese and dictatorial African elites. The short-term consequences bring the perpetuation of more corruption and less progress in democratization. Both views have good evidence on the one hand to fear the personal relationships between African and Chinese elites, and on the other hand, to expect more transparency in the long-run. As corrupt African nations ruled by “kleptocrats” develop and
become more economically and politically stable, this stability and self-governance will lead to more democratic and transparent governments. Both the economic development of China and Africa will manifest in the political stability, transparency and democratization from mutual growth in the long run. The leaders of the trading nations will have to strengthen each others’ economies first however, before we can see the development of a larger educated middle class and greater political stability.

The Media’s representation of China in Africa

Journalists and think-tank analysts who strongly believe in China’s intention to colonize and exploit Africa are extremely one-sided in their approach to the issue. This would explain why there is such a strong divide on the matter. One well known award-winning article from 2008 demonstrates the journalist’s views toward the “hegemonic exploitation of poor Africans.” In his article “China storms Africa: With its resource-hungry push into the Sub-Sahara, Beijing puts the planet to the test”, author Richard Behar portrays China’s highly self-interested and politically motivated prowl on a vulnerable continent, Africa. The title alone calls for attention from the rest of the international community to put a stop to this new development by addressing it as a “test” to the planet.

The writer opens his argument with a description of the number two killer in Africa after Malaria. A parasite called Entamoeba histolytica, which takes over a host’s body and destroys it overtime in a manner of slow death. His comparison of the parasite in Sub-Saharan Africa to China’s entrance into the continent is a striking metaphor which gives the reader only a terrifying picture of the colonial style invasion that is about to take place. The author’s argument is that because sub-Saharan Africa is in such a poor and vulnerable state economically and politically, it is being tricked into giving away its resources and well-being by the illusive Chinese promises
for a better future. Like some, the author believes that China’s plan for Africa is politically motivated and complex, and no one can understand it fully because it is in its beginning stages of development.

In a region so vast, where 300 million Africans live on less than $1 a day, Behar argues that “a place so desperate for everything - cash, trade, investment, infrastructure - and so powerless to negotiate strategically, that it's pretty much up for sale to the highest bidder” (Baher, p.1). Behar’s argument points out that; less-developed African countries are not in the best position to make business deals because of their vulnerable position relative to China. They are both economically and politically at a disadvantage in any deal because they cannot afford to bargain. Their focus on survival takes precedent and affects their decision on what is best for their economic development both short-term and long-term.

Behar makes the connection of Africa’s painful history with colonization by comparing it to China’s rapid move into the sub-Saharan region for the acquisition of resources:

Anyone who thinks that kind of ravenous acquisition of resources is a thing of the past should take a close look at the suction China is applying in the sub-Sahara. The region is now the scene of one of the most sweeping, bare-knuckled, and ingenious resource grabs the world has ever seen (Baher, p.1).

To support his argument, Behar also contends that in 2007-2008, there were more Chinese living in Nigeria and setting up local businesses, than there were Britons during the height of British colonization (Baher, p.1). His point is clear, this is a second form of colonization, but it is more severe because it is more rapid and expansive. Moreover, the world seems oblivious to China’s true intentions.
Behar’s description of Chinese business in sub-Saharan as “an epic, almost primal propulsion that is redrawing the global economic map” and as a phenomenon that is known in sub-Saharan as “the Great Chinese Takeout” is testament to this fear of another world imperial invasion in which Africa is the victim (Behar, 1). His choice of words, “epic”, “primal propulsion” and “Chinese takeout” all seem to pull the reader back into the darkness that embodied the plundering of the colonial period. The description brings back images of the European oppressor that enslaved, plundered and pillaged the African land and people for its own “takeout’ of goods.

From popular articles in the media such as Behar’s, the main fear that seems to be growing in the west is the rise of China’s power. The idea that China might be the next hegemonic ruler in Africa is not just a concern local Africans have but one that westerners are growing more anxious about because of what it will mean for superpowers like the U.S. This concern is evident in a subtle remark made by Behar: “the Chinese ain't spreading democracy, folks. They're there to get what they need to feed the machine” (Behar, 1). Behar’s reference to the great Chinese communist machine, and the fact that he mentions the Chinese not spreading democracy in Africa, is indicative of what may be the real underlying concern for westerners, the spreading of communism by a massive force. Would Behar’s argument about China’s “invasion” of Africa be the same if China was a democratic capitalist state?

Scholars note that China’s foreign policy has been for over 5 decades, one of strong political will to ally other nations in its political ideology. “China’s original decision to reach out to Africa was a necessary part of a foreign policy dedicated to spreading Maoist ideology around the world” (Yu, p.9). China’s political voice and credibility in the international community and the UN Security Council has also been dependant on African states’ votes from the early 1960’s
One may argue that for the western observer, the real concern is not the fate of Africans, but the fate of the new world with China as its communist superpower.

In an attempt to explain China’s need for recourses and reason for going out to Africa, Behar goes further to argue that “Americans need to understand that behind that Made in China tag at Wal-Mart is a mutually reinforcing death spiral, we are beginning to overwhelm our host” (Behar, p.2). If our host, China, is being overwhelmed, that means it is running out of energy and resources, which would lead it to what many describe as the second “resource grab” or a “revamped, upgraded replay of colonialism” (Behar, p. 2). Naturally, for China’s rapid growth, this means the acquisition of new sources of energy, oil, and minerals from outside its borders. What are the Chinese willing to pay Africans however for their precious resources?

In 2011, The Economist came out with an anonymous article entitled: Trying to pull together: Africans are asking whether China is making their lunch or eating it. The article reported stories told by Chinese businessman Zhu Liangxiu, stories which had a more positive outlook on china’s relationship with Africa, but ones which still demonstrated some trepidation especially in issues of trust with Chinese businessmen. Is China making something in the mere appearance of an economic contribution (infrastructure/roads), while taking the ingredients needed to make their “lunch”?

There seems to be a great divide between those who believe that China is making a real positive difference in Africa, and those who say that China is merely creating the illusion of making a real change. The top official of Ethiopia’s Ministry of Foreign Affairs announced that “never in modern history has a nation successfully made such a determined and massive effort as China has in achieving progress within such a short amount of time” (Alden, p.35). Liangxiu believes that China has single handedly contributed more to the African continent in recent years.
than any other country. Liangxiu describes his business in trade in Nairobi to be one of a positive experience. However “his partners say he is ripping them (African businessmen) off” because “Chinese goods are held up as examples of shoddy work” (The Economist, 2011). According to this report “politics has crept into encounters” and the word “colonial” is used throughout the paper to describe these business relations (The Economist, 2011).

Although China has contributed a great number of roads, schools and hospitals, these constructions often have a reputation for being shoddy work. Chinese construction work is known to be “slapdash and buildings erected by mainland firms have on occasion fallen apart” (The Economist, 2011). One hospital built in Angola had to be closed down because of cracks that appeared in the walls within months of construction. A road built in Zambia’s capital was soon swept away by the rain. Are these constructions truly contributions to the African people? Experts like Lucy Corkin, projects director for the Center for Chinese Studies at South Africa's Stellenbosch University, which is a leading African think tank devoted entirely to China-Africa research, believes that the Chinese businessmen in Africa do not care about the environment, they are consuming everything at such a rapid pace, it is as if they are completely out of resources, and this is scary for the local communities (Behar, p.2).

**Why The Concern Over China Entering into Africa?**

We have looked at both the positive and negative aspects of China’s relationship with Africa today. Is the benign history between the country and the continent enough today to assume a completely benevolent Chinese policy toward Africa? From a realist perspective, no matter how much cultural or historic bond may be between two states, the sole purpose of each state is to maximize its own security and power, and a state would not empower another state willingly at its own cost (Frieden, 2007). China would certainly not be in Africa merely out of
altruism, if it did not benefit from the land and resources. Should we be concerned about the lack of transparency in business, or worse the violations of workers’ and human rights that stem from corrupt relations? The West set foot in Africa in the 15th century and held on to its colonial rule for hundreds of years. Now, in only several decades, China has “stormed” into the continent and already replaced the key super-powers as number one trading partner.

This naturally leads the media and politicians in the Western countries that see Africa as their own "backyard", especially those with the "zero-sum" thinking and Cold-War-mentality, to feel uncomfortable, as if China had "moved the cheese" of the West (FOCAC, 2012).

China’s rapid economic boom in the early 1990’s drove the country to deplete much of its own environment. So the country was forced to look for raw materials outside its own borders. China’s need for raw materials like iron ore, titanium, cobalt, aluminum, manganese, timber, copper, uranium, and most importantly oil, has influenced where in Africa the Chinese are investing (Shinn & Eisenman, p.71). China is not just simply taking raw materials from African land however as colonizers once did. There is mutual trade in most parts of the continent. In 2010, trade between China and African countries totaled 127 billion dollars in total. And in some countries, China is offering low interest loans through infrastructure projects built by Chinese workers, in exchange for raw materials shipped to China (Shinn & Eisenman, p.52).

The sustainable development of China-Africa relations now and how far China could go in Africa depends largely on:

How China responds to the sensitive issues of concern of Africa, such as management localization of the Chinese companies, local workers under-employment, textile industry competition, Africa’s infant industries’ protection, Chinese products’ quality problems
and need for the Chinese companies to increase their corporate social responsibility awareness (FOCAC, 2012).

It is understandable why local African communities should have their doubts and concerns when dealing with any new partner. This is why we must carefully look at both the media’s representation of China’s encounters with locals, and actual reports of what takes place on the fields. However, we must also take into account that much of the reports, whether they are financial statements, reports of shoddy construction work being done, or any other form of aid, are less than accurate. Many of the scholars who have worked and done their research in Africa have a hard time coming up with real statistics and figures. Corruption is difficult to study and report for obvious reasons, but we can speculate on the important changes being made for the long-term future, by analyzing both sides of the story. I will now turn to a brief history of Rwanda’s relationship with its Belgian colonial counterpart and its genocide, to demonstrate the relationship African countries had with colonial leaders. After which I will show Rwanda’s current relationship with China today. I will follow Rwanda’s case with a broader view of China’s relationship with the rest of Africa, from the perspective of other scholars.
Chapter 3

Brief History of Colonialism, Independence and Genocide in Rwanda

In the 19th century, colonial powers, first Germany then Belgium, allied with the Rwandan court, and began what was a millennia of conquer and divide tactics between the Hutus and the Tutsis, an artificial class distinction created by the Belgian government in Rwanda in order to divide the natives (Des Forges, 1999). Throughout colonization, European imperialism sought to divide and undermine African people in order to subjugate them for their own personal benefit. Colonial rule tried to confine Africans in “tribal” stereotypes and subordinate roles, seeking to extract from them products and labor that would deplete their land and personal well-being.

Colonial regimes discovered that Africans could not be constricted within the roles created for them, but would actually rise up against oppression in the midst of “urban unrest within a very rural continent” (Cooper, p.20). Unfortunately, the uprising would come after colonizers successfully depleted African lands of resources, and its people of dignity and humanity. The strength that many Africans found to stand up to their colonial oppressors had come much too late, the damage had been done, and the effects of colonial legacy would linger on and surface well after independence. For Rwanda, the effects of colonial oppression, of the “divide and conquer” rule, and of the political and religious system imposed on Rwandans not only divided the nation in half, but led the way to the genocide that would consume the nation decades later.

Rwanda had been a Belgian colony since 1918, after Belgium took it from Germany following the latter’s defeat in World War I. Belgium also took over Rwanda’s neighboring state
Burundi, both territories would later become UN Trust territories following WWII (Des Forges, 1999). The ramification of colonial subjugation was Rwanda’s civil wars and genocide. An entire population left psychologically and physically damaged from enslavement with a strong sense of longing to restore national pride and take back control of the self by any means possible. Belgian colonial rule dominated Rwanda with the ideology that the people of Rwanda were of two distinct categories, the Tutsi and the Hutu. During the nineteenth century, Europeans created a myth describing the Tutsi aristocracy that ruled Rwanda as being descendants of a “Hamitic people” with a culture far superior to those of the indigenous Hutu (Meredith, p.486).

Belgian officials conceived of Tutsi as natural aristocrats and as “less African” than the Hutu. Therefore they viewed the Tutsi as racially superior in accordance with European racial ideology. Only Tutsi were accepted as chiefs under colonial supervision, missionaries welcomed them into schools and accepted them into Catholicism. They claimed that the Tutsi migrated from distant lands and took over Rwanda from the Hutu whom they perceived to be inferior to them. Because of this artificial ethnic division stemming from misunderstood concepts, Belgian officials decided they needed to tell the Hutu and Tutsi apart from one another. The officials begun to classify Hutu and Tutsi by forcing them to carry identification cards, as a result, they turned their perception of inequality, into “ethnic” rivalry (Des Forges, 1999).

The European version of Rwanda’s history was inaccurate and based simply on created mythical histories rather than on real evidence. And for whatever reason Tutsi believed they were superior, social distinction between the two was a product of complex historic relations rather than a history of conflict (Cooper, p.7). Although most wealthy and ruling class identified as Tutsi, they commonly married Hutu, and many Hutu were able to rule, acquire land and
wealth and to become Tutsi. Tutsi basically meant “aristocracy,” it was a mere class distinction and had no relation to ethnicity (Des Forges, 1999).

This idea of categorizing Africans within European concepts of “historic races” was common and fashionable throughout the nineteenth century (Cooper, p.7). It is precisely this ideological division which was born from myth that would later be realized in history books and instilled in Rwandan children from a very young age. This myth would later become the official history taught in schools and “seized on by Hutu politicians for their own propaganda purposes” (Meredith, p.486). As we look at Rwanda’s past, we do not see a long history of conflict between Hutu and Tutsi; what we do see is the rivalry fabricated by Europeans that led to the genocide of 1994 (Cooper, p.8).

The Root Causes of the Genocide

Imperialist designs of Rwanda and other neighboring countries, the historic legacy of inter-group conflict which it successfully left behind, and the psychological manipulation of local groups, all play a role in explaining why the genocide began in Rwanda (Hintjens, p.245). However, although Tutsi aristocracy certainly considered itself inherently superior to the Hutu and this notion was prevalent even among the poorest Tutsi, there was never a significant economic difference between the two, nor was there a significant physical or social difference (Hintjens, p.247). Both groups were alike physically and culturally, to the point where differences could not be made without investigating personal documents, and confusion led to many wrongful killings during the genocide itself.

As the Belgian government played favorites between the Tutsi and Hutu, they set the stage for the division of the Rwandan people, political structures of the colonial era began to
unravel. In the 1950’s, as most African nations began demanding freedom and independence from their colonial rulers, Rwanda’s western educated elite was beginning to do the same. Because the Tutsi were favored by Belgium and had been educated the most, the anti-colonial movement was ignited by them. It was at this point that the Catholic Church decided to switch sides and favor the Hutu, who were now allegedly more “authentic African” in an attempt to pin them against the so called “pretentious” Tutsi (Des Forges, 1999).

During the 1950’s, in another misguided attempt to divide Rwanda and hold on to its imperial power, Belgium successfully instilled fear and suspicion in Rwandan people that would later manifest into violence and chaos and lead the way to genocide. With the help of Belgian propaganda and the Catholic Church, Hutus set out to revolt against Tutsis with a Hutu Manifesto in 1957. They claimed, as the Belgians wanted them to, that the Tutsi had monopolized power, land and education (Cooper, p.8). Tensions heightened between Hutu extremists and Tutsis in Rwanda. Tutsi minorities who had gained power in Burundi were now killing Hutus. They were eliminating Hutu elite and Hutus were now fleeing to Rwanda from Burundi.

In Rwanda, Tutsis were fleeing from persecution to neighboring Burundi and other states. By 1972, the Rwandan Hutu leader Kayibanda, used Burundi as an example to declare that “Tutsi domination is the origin of all the evil the Hutu have suffered since the beginning of time” (Meredith, p.489). This ideology led the way to an upcoming dictator who would lead the nation of Rwanda into genocide. In 1973, General Habyarimana took control of the country and made sure that Tutsis were marginalized from every part of society. He too forced the people of Rwanda to carry identification cards, and prevented Tutsis from rising in higher education (Meredith, p.489). Tutsis had no intention of restoring their monarchy, Tutsi leading exiles
launched the Rwandan Patriotic Front in order to overthrow a bankrupt regime and establish a democracy in Rwanda (Des Forges, 1999).

As Tutsis invaded Rwanda, General Habyarimana convinced the French president to send military assistance to fight the Tutsis who he claimed wanted to restore Tutsi dominion. With French aid, and over $100 million in military spending, Habyarimana’s regime strengthened and prepared to commit genocide. Meanwhile, a number of militias formed with death squads out to get any Tutsi and any Hutu moderate that was considered an accomplice to the Tutsi. Their principal enemy was defined as Tutsis that were “nostalgic for power, who NEVER recognized and will NEVER recognize the social revolution of 1959” which gave power to the Hutu (Meredith, p.496). The revolution of 1959 in rwanda was both a means of attaining independence from colonial powers, and a prelude to the 1994 genocide because it once again gave power to one group, while isolating another. Whether the animosity against Tutsis at this point was real or artificial, the feeling of anger and animosity left behind by colonization on the subjugated Hutus is evident in the desperate need for Hutus to maintain power and control of themselves.

General Habyarimana’s dictatorship resembled very much that of colonial rule, and it mimicked the same ideologies which Belgian colonizers used to keep power. However, Belgians did so with a real imperial notion that Africans were beneath them. They colonized and enslaved with the knowledge that they could take what they wanted and leave. After colonization, we see this behavior mimicked by rulers who were made to believe they were superior to those they would later oppress. Whereas in the colonizers case, he oppresses the “other” in order to expand and maintain power for his own people, in the African case, Rwandan citizens maintain the artificial creation of the “other” in order to perpetuate the division and disorder that would lead to the depletion of their own land, with no one to benefit from the downfall. In a sense, colonial
rule and ideology never left Africa, and for the rest of the world, the fear of more powerful nations going into the continent with the intention of developing their own economies back home, is perfectly justified. We are seeing this fear today in some, with regard to China’s entrance into the continent.

After European colonizers left Africa, independence for many countries like Rwanda came both as a blessing with a price, and a curse which bore with it the legacy of colonial rule. As political and economic chaos was a given for any African country during its transition from one of European subordinate to an independent nation with its own identity, Rwanda actually stood out as an exemplary nation with an impressive government and economic management. After gaining independence in 1962, Rwanda became a thriving nation with a high-density population, a booming economy based on coffee, banana, and a high rate of tourism. Rwandan’s were known for being hardworking and church-loving people and there was almost no crime. Western countries were so impressed with Rwanda’s commitment to developing rural areas, and to law and order, they placed Rwanda at the top of their donor list (Meredith, p.486).

Between 1965 and 1989, Rwanda’s economy was booming (Meredith, p.486). Gross domestic product increased by nearly 5 per cent a year, and there were great advances in health care and education. About two-thirds of rural households were helping boost Rwanda’s export earnings and the economy with coffee production. European donors like Belgium, which colonized Rwanda before independence, France, and Switzerland, all donated generously in foreign aid and military training (Meredith, p.486). Even relative to its wealthy neighboring countries, Rwanda was known as the “Switzerland of Africa” (Hintjens, p.244). There was no reason why Rwanda should not have risen out of poverty, oppression and slavery, into an
economically and politically stable nation with strong human rights. Nevertheless, only several decades later social tensions gave way to one of the most horrific genocides in human history.

The Rwandan genocide was misguided and misdirected. From a psychological perspective, the memories of colonization and emasculation resurfaced in the face a group that once collaborated and befriended the very same oppressor they tried to fight. In 1990, the Tutsi Patriotic front launched a war to topple Habyarimana and assure the return of hundreds of thousands of Tutsi back to Rwanda. Habyarimana saw this as an opportunity to rebuild his eroding control and begun rallying Hutus against all Tutsis and accomplices (Des Forges, 1999). By 1992, the Hutu militias were well prepared to launch their genocide, meanwhile the Cold War had ended and the UN and U.S. decided to promote democracy and human rights more vigorously in Rwanda and in the rest of Africa (Liang-Fenton, p.30).

During the Cold War, the focus of the world was on threats coming from centralized authorities like the Soviet Union and the U.S. After the collapse of the Soviet Union, external threats became less significant than internal threats such as ethnic tension, breakdown of authority, environmental destruction and refugee migrations like those of Rwanda. Development both economic and in human rights was supposed to become a priority for the west (Shattuck, pp.169-172). But by 1994 the atrocities had began in Rwanda, and the Hutu were sending loud and clear signals to the world of what was happening, yet neither the U.S. nor the European allies were stepping in to help stop the killings. On April 6th, 1994, under international pressure to at least have peace talks in Rwanda, Habyarimana agreed to have peace talks in Arusha, Tanzania. On his way to Arusha, his plane was shot down, and within hours the genocide was launched (Liang-Fenton, p.35).
Rwanda’s genocide left the country completely destroyed and its people traumatized and impoverished. Its infrastructure demolished and the economy bankrupt. Over a period of 100 days, over 500,000 Rwandans had been brutally slaughtered (Des Forges, 1999). According to Human Rights Watch estimates, 20% of Rwanda’s population had been massacred. Unfortunately both the U.S. and the Belgium government decided to withdraw its peacekeepers from Rwanda when ten Belgian officers and eighteen U.S. troops were murdered (Des Forges, 1999). The Hutus knew that by murdering only a handful of peacekeeping officers, western powers would withdraw and they could continue on with mass extermination because that is exactly what the U.S. did only a few years prior when the civil wars broke out in Somalia (Clark, p.1).

Indeed, internal threats had become the main source of human rights abuses after the collapse of the Soviet Union. However, for African countries like Rwanda, internal conflict was stemming from “failed states” since the decolonization and collapse of the main authoritarian imperial regime holding the internal rivalries and differences in check. European powers failed to confront the Rwandan government for its discrimination against the Tutsi and to demand the removal of identification cards which would be later used to identify and slaughter Tutsis (Des Forges, 1999). But the genocide also happened because of the silence and withdrawal of western superpowers at the time. The U.S. set an example in the international community that it wanted to become the successful demonstration of the “American commitment to humanitarian principles-at acceptable risk and cost” (Clark, p.1). Clearly the lives of eighteen U.S. troops was not of “acceptable risk and cost” to pay in the face of hundreds of thousands of African lives that were being taken simultaneously in Rwanda at the time. For Hutu militias, the lives of ten Belgian peacekeepers, was enough to force Belgians to withdraw completely.
Rwanda’s painful history combined with the memory of its western allies abandoning its people during the genocide is grounds for mistrust of any new partnership and even trepidation of any hope for real development through outside aid. As I will go on to show however, Rwanda has, through its new partnership with China, picked up its economy, and is on its way to becoming a middle income country in the next decade. I would now like to turn to Rwanda’s economic development since the genocide, as I used the colonial history and genocide merely to demonstrate the turning point of an African country like Rwanda, destroyed by outside forces, and divided from within. And to note its new beginning, as it rebuilds and enters the world market as an independent member dedicated to economic growth, political stability and secured human rights.

**China’s Role in Rwanda’s Recent Economic History**

After Rwanda’s genocide, the collapsed economy and the country’s conditions naturally “stalled” its ability to attract private and outside investment. Parts of the country had been left in ruins. It is difficult to invest in a region where mere communication and transportation methods are blocked, or simply do not exist. Although Rwanda is a landlocked rural country, smaller than the state of Maryland, it is trying to overcome its limitations today through regional trading. It still requires aid and food import from outside, and receives a substantial amount of aid money and has obtained the IMF-World Bank status for Heavily Indebted Poor Country (HIPC). Despite significant economic recovery since the end of the war,

Rwanda continues to depend primarily on subsistence agriculture and foreign aid. But the country’s Vision 2020 plan charts a course of national reinvention that will transform the economy into a regional communication and trading hub. China’s economic engagement with Rwanda has the potential to support this transformation (ACET, p.6).
The main challenges for foreign investment and trade potential remain “the high cost of land transport to seaports in neighboring countries, a narrow export base (more than 60% of exports are tea and coffee), an expensive energy supply and a largely unskilled workforce (ACET, p. 6). However, the country is taking great measures to improve its economy and attract foreign investment. For example, Rwanda gained full membership of the East African Community (EAC) customs union in July 2009. The EAC is a common market protocol which allows the free movement of goods, services, people and capital within the EAC (Europa World, 2012).

Since its genocide, Rwanda’s economy and people have rebounded tremendously. Despite its great recovery however, conflicts are not a distant memory. Rwanda, like many other poorer African countries, is still suffering with political issues both inside and outside the country. Today there are reported allegations of the Rwandan government backing a rebellion in neighboring Democratic Republic of Congo. Issues like this are expected and understandable given the unstable and violent history of this region. This matter has raised concerns that donor aid to Rwanda will be withdrawn causing Rwanda’s currency to depreciate. According to Economist Intelligence Unit however, this depreciation may not be a bad thing, because “years of high inflation caused an appreciation of the real exchange rate, meaning that a correction could make Rwandan exports more competitive” (EIU, 2012).

Since 1994, Rwanda’s economy has stabilized dramatically. Paul Kagame, who was the leader of the Rwandan Patriotic Front, and had been a de facto leader since 1994, was elected president in 2003. And again, was re-elected to second term in 2010. During his tenure, Rwanda experienced high growth rates both in infrastructure, international investment and tourism (CNN, 2010). Rwanda’s GDP has rebounded with an average annual growth of 7%-8% since 2003 and
its inflation has been reduced to single digits (CIA, WorldFactbook). The country is now aligning its budget, trade, and immigration policies with its regional partners. Rwandan government has embraced an expansionary fiscal policy to reduce poverty by improving education, infrastructure, and foreign and domestic investment and pursuing market-oriented reforms (CIA, WorldFactbook).

Today, Rwanda’s economy is characterized by internal budget deficits, and external balance of payments “a macroeconomic disequilibria” along with low investment rates, savings and high unemployment (Kaberuka & Niwamanya, p.4). For 2010, Rwanda’s gross national income (GNI) was $5,537 million U.S. dollars which is equivalent to $520 per head (Europa World, 2012). This figure is better than many of its surrounding neighbors. Never the less, a significant percentage of the population is still living below the official poverty line and now is the time for foreign investment from countries such as China to step in. Rwanda’s economy today is heavily dependent on the agricultural sector. According to FAO, 89.0% of the employed labor force was estimated to be engaged in the sector (mainly at subsistence level) in 2012 (Europa World, 2012).

Rwanda’s main resources for investment in agriculture are: coffee, tea, pyrethrum (insecticide made from chrysanthemums), bananas, beans, sorghum, potatoes, and livestock. Its main industries are: cement, agricultural products, small-scale beverages, soap, furniture, shoes, plastic goods, textiles, and cigarettes (CIA, WorldFactbook). The Manufacturing industry accounted for 7.0% of GDP in 2011. The main resources for manufacturing are beverages, tobacco, food products and basic consumer goods, including soap, textiles and plastic products. According to official figures, manufacturing GDP increased by an average of 8% a year from 2001–2011, and the GDP of the sector grew by 7.9% in 2011 (Europa World, 2012). It is also interesting to note, that even with insufficient electricity, the construction sector has increased at
an annual rate of 12.7% from 2001-2011. Recently, the growth in the construction sector went from 8.9% in 2010 to 23.4% in 2011 (Europa World, 2012). This is a drastic growth rate in a one year period, and with Chinese investment, this sector will grow exponentially by 2020. Below is a graph showing the volume of construction rising in Rwanda. It shows the value of the construction sector that has gone up in Rwanda from 2007 to 2011, mostly due to Chinese investment in the construction sector as we will see later on.

**Value of the Construction Sub-sector in Rwanda in RWF Billions**

(Figure 6)

According to the National Bank of Rwanda (BNR), construction and public works are the most important branches of the industry sector today. Thanks to the Kurwanya Nyakatsi program, a Chinese program in Rwanda, there has been such an improvement in the credit markets, and public infrastructure (roads and schools) the sub-sector jumped from 8.8% in 2010 to 23.6% in 2011 (BNR, 2011). China’s investment in infrastructure and technology helps create jobs indirectly. We can see that in the numbers alone. The service sector now contributes to 48.6% of the GDP (2011). From 2001 to 2011, the service sector grew at an annual rate of 10.4% (Europa World, 2012).

However, in 2011 only 17.4% of the country’s GDP was in the industrial sector which makes up just 2.9% of the labor force according to official figures (Europa World, 2012). These figures include mining, manufacturing, power and construction (where China is investing). Strengthening industries in cement, plastic goods and textiles have generally proven important for growth in any developing nation. China’s investment in these sectors could increase growth rates for both countries and dramatically improve economic conditions for Rwanda’s local communities. Although during the economic downturn of 2009-2010, mineral exports fell 40% (Europa World, 2012). However, we can already see an improvement in Rwanda’s upturn of export from 2010 to 2011 alone. And we know that as exports increase, its economy will take off, as it will collect enough revenue to invest in important sectors of industry and manufacturing.

**Rwanda’s Exports and Imports to and from China**

In 2010, Rwanda’s main exports which comprised of tin, ore and concentrates contributed 28.1% of the value of total merchandise exports (Europa World, 2012). Also tea and coffee, were averaged at about $297 million. In 2011 however, the number rose to $372.9 million (Europa World, 2012). Rwanda imports basic goods like foodstuffs, machinery and equipment, steel, petroleum products, cement and construction material from China (CIA, WorldFactbook). Despite its fertile eco-system, Rwanda’s food production is not always enough to keep pace with its peoples’ demand. We can see in the graphs below China’s need for basic goods as it imports from places like Rwanda now, and contrast it to Rwanda’s next stage in development as it imports technological goods from China in return.

This is not to say that Rwanda is at the stage where China is in regards to producing technology, as we can see, Rwanda is merely importing basic technological goods for
communication like cell phones. However, through the lens of the Product Life Cycle Theory, we are able to predict that Rwanda will soon be where China is today in terms of producing technology, once it has adopted the resources and knowhow from China. China will also advance to its next stage in developing and introducing new and innovative technology, as it will rely on African countries for resources and basic products instead of producing them back home.

<table>
<thead>
<tr>
<th>Rwanda’s Key Exports to China (2007)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Products</td>
</tr>
<tr>
<td>Rawhides and skins of goats</td>
</tr>
<tr>
<td>Rawhides of sheep</td>
</tr>
<tr>
<td>Niobium ores</td>
</tr>
<tr>
<td>Slag, dross (other than granulated slag)</td>
</tr>
<tr>
<td>Rawhides of bovines</td>
</tr>
<tr>
<td>Total</td>
</tr>
</tbody>
</table>

Rwanda is a perfect example of a small landlocked African country, severely depleted of human capital, and economically damaged by civil wars and genocide, yet one which has prevailed tremendously through its own ambition, and has managed to recover despite all odds. Like China, Rwanda has, in a short period of time, shifted quickly to an open economy and set policies that would attract foreign investment. In 2010 the IMF graduated Rwanda to PSI (Policy Support Instrument) which recognizes the country for its successful management of its macro economy (CIA, WorldFactbook). For 2012, two major objectives of the government are to establish a bank that will give loans to the agricultural sector, and complete a SEZ in Kigali to attract trade and industry (Europa World, 2012).

Today Rwanda’s export partners comprise of: Kenya 30.1%, Democratic Republic of the Congo 12%, Malaysia 8.8%, U.S. 5.6%, Swaziland 4.8%, and China 13.5%

(CIA, WorldFactbook). As we can see, China is not yet a major trade partner in Rwanda, and there are issues in the beginning stages of the partnership. For example, one main concern is that “increased exports of low-cost Chinese consumer goods—growing more than 700% between 2004 and 2008—have created a large and growing trade imbalance favoring China” (ACET, p.6) as figure 9 indicates below. This is to be expected, as Rwanda is just beginning to establish a manufacturing sector, and nowhere near ready to compete with a manufacturing powerhouse like China.

One of the ways in which China raises its share of trade volume with Rwanda is by tying grants to the products that it wants to penetrate into the Rwandan market. Another method it uses is by sponsoring travel to trade fairs in China for Rwandan businessmen (ACET, p. 14). Entering the Chinese market however is not so easy. “Chinese market requires tough, disciplined and patient negotiation for much longer than is typical for most trade relationships” (ACET, p16). Chinese businessmen require very short contracts of only about six months. These negotiations are at times difficult for Rwandan businessmen to carry out because of their lack of exposure to international trade, and the lack knowledge in Chinese languages.
In figure 9 above, the red line indicates Chinese products going into Rwanda, and the green, Rwandan products going into China. There is a great imbalance in trade as we can see. This should not come as a surprise however given the fact that China is the manufacturing superpower of the world, and just the mere difference in size for both nations. Although, this can become problematic if in the future the trade does not balance out. As China increases investment in technology and education however, the skilled workforce will expand in Rwanda, and so will quality and quantity of its products to export. In time, trade should level out for both nations.

Even in agriculture, the introduction of Chinese ways of growing crops like rice and bamboo (which the Chinese are already introducing to Rwanda) could add more diversity to Rwanda’s export base (ACET, p.18). New methodologies of production in agriculture could help

alleviate some of the financial burden for the Rwandan government. This will save time and money in the long-run. The surplus revenues can then be invested in the manufacturing sector, thereby rendering Rwandan products more competitive in the world market, and moving them closer to stage one of the Product Life Cycle Theory. China’s own development is resulting in a growing demand for coffee within the new emerging Chinese middle class which is good for coffee producers in Rwanda (ACET, p.18). China’s demand for more coffee is also indicative of a rising middle class that is able to afford luxury items it can import from Africa, and hence invest more of its own resources in creating new technologies.
Chapter 4

The Future of Rwanda

China’s focus now is in resource rich countries, namely Nigeria where oil is abundant, or more developed nations such as South Africa where infrastructure and communication are more attractive to investors. Obstacles such as energy shortages, instability in neighboring states, and lack of adequate transportation linkages to other countries halt private sector growth and investment from Chinese businessmen. Therefore, the Rwandan government is seeking to become a regional leader in information and communication technologies. In 2010, Rwanda neared completion of its first modern Special Economic Zone (SEZ) in Kigali. The SEZ is designed to attract investment in all sectors. Their main goal in attracting investment however is in: agribusiness, information and communications technologies, trade and logistics, mining, and construction (CIA, WorldFactbook).

In 2007, A-Link Technologies, a registered Chinese ICT company, constructed a factory in Rwanda where it now assembles cell phones. The Chinese have also established an ICT park in Kigali. Inexpensive handheld devices like cell phones are being produced now in order to lower the cost of communication. The largest ICT investor in Rwanda is Star Media Communication Network Technologies, which has established an internet service provider and a TV station that has the capability to reach many African countries (ACET, p.15). These are all areas in which China is looking to invest and is developing itself. For Rwanda:

China is considered a source of the inexpensive and cost-effective technology and skills needed to rebuild the economy, especially in the infrastructure sector and the information and communication technologies sector, an important emerging trade and investment sector tied to Vision 2020 (ACET, p.6).
According to the African Center for Economic Transformation (ACET), the future of Rwanda is also heavily dependent on improving the agricultural sector by 2020, since this sector alone employs 5 million Rwandans out of 9.7 million population (ACET, p.8). ACET also recommends that Rwanda should increase trade and FDI (foreign direct investment) in order to reduce their aid dependency which is currently 50% of the national budget (ACET, p.9). I agree that dependency on foreign aid needs to be reduced, as Dambisa Moyo, author of *Dead Aid*, argues, because it hinders real economic growth for the country. It is likely that a more permanent solution is by investing heavily in education, because only the future engineers, technicians, doctors, lawyers and scientists can build and maintain a real economy. Unfortunately Rwanda does not attract as much FDI as needed to boost its economy quickly.

The service sector attracts the most FDI at 40%, after which is information and communication technology at 19% (ACET, p.9). These numbers are due to inflation rates which averaged about 9% from 2003 to 2009, poor infrastructure (roads) and Rwanda’s landlocked geography and a small market (ACET, p.9). In my research however, I found that the Chinese believe there is a large market in Rwanda, especially for communication technologies like cell phones (Personal Interview, 2012). A-Link Technologies for example, invests in the training of Rwandan workers and manufacturing personnel for a year in the Great Lakes region, in the assembly of cell phones.

The technology transfer was conducted by Chinese experts who were given the mandate to create a core of proficient Rwandans who would essentially run the operations. Today, the firm has two production lines with a daily production capacity of 700 mobile phones (ACET, p.26).
The development of the trade section is essential to reach the goal of 2020, which is for Rwanda to become a middle-income country in the next seven years. This would mean that the national income would have to be $900 per capita. And according to ACET, poor infrastructure is one of the biggest impediments for increased trade today, which is why China’s investment in infrastructure is so vital for the future of Rwanda’s development. The second major obstacle is the fact that there isn’t much diversity in Rwanda’s export base. Coffee and Tea make up 60% of its exports. The U.S. for example imports mainly coffee and tea from Rwanda, and exports aircrafts, machinery and pharmaceuticals (Bureau of African Affairs, 2012). Although some reports suggest that mineral mining is slowly replacing the coffee/tea sector in exports.

Another problem Rwanda faces in the commercial sector and FDI is poor quality in its products which makes them uncompetitive in the world market. For this, proposing investment in education might seem to be a stretch to some, but I believe it to be the long-term solution to creating a skilled work force. Also Rwanda’s need to improve the energy supply, which is a basic need for both the people of Rwanda and investors looking to do business there. Lastly ACET suggests that the trade deficit needs to be addressed immediately in order to alleviate pressure on the country’s currency.

Rwanda must, as a matter of urgency, move toward a strategy of industrialization and service sector development that offsets this growing deficit. In fact, it must ensure that incentives are created that favor spending on productive items rather than those that go toward pure consumption (ACET, p.19).

The service sector is growing more and more now especially because of so much tourism in Rwanda. I agree however, that moving toward industrialization as quickly as possible, in the way
China did in a few decades, would be the best solution for the future of Rwanda, as we have seen it work for China which is much bigger in geography and population size.

If China can invest in educating local Rwandans in new methods of mineral mining, this will raise Rwanda’s economy drastically. As local Rwandans will move toward manufacturing the products they export, rather than simply exporting raw materials which the Chinese refine back home. The problem with the Rwandan export base, and its place in the Product Life Cycle Theory, is that it is, like many African countries, exporting only basic commodities. African countries like Rwanda cannot rise out of poverty and enter into the beginning stages of the product life cycle unless they establish a strong manufacturing sector, the way China did, and begin manufacturing complex products. In 2010, Business Insider came out with a list of “20 poorest countries in the world” in which Rwanda was number 15.

Rwanda is one of the countries on this list which shows signs of hope. The genocide in 1994 left the nation’s infrastructure in ruins and its people in the depths of poverty. Like several others on this list, this nation is rich in minerals. Efforts to develop this resource, aided by the international perception of increased stability after nearly 1 million deaths during the genocide, have caused mineral production to replace coffee and tea as Rwanda’s main export (Business Insider, 2010).

In the article most of the twenty poorest countries were depicted with images of hunger, poverty or violence. Rwanda’s image however, showed two little boys working on computers, making construction models, a more hopeful depiction of Rwanda’s bright future. The image below is from the perspective of western media. While other countries struggle in hopeless poverty, Rwanda seems to project a brighter vision of the future. This is what many argue to be the reason why China wants to invest in Rwanda, the perception that Rwandan people and its government, is recovering and growing at a very fast pace (Personal Interview, 2012).
Rwanda’s Vision for 2020

How does Rwanda envisage its future? How can they unite their people to foster development? These are some questions that are being addressed by the Ministry of Finance in Rwanda today. According to the Ministry, although the challenges facing its economic development are still daunting:

Today, Rwanda finds itself at a crossroads, moving from the humanitarian assistance phase associated with the 1994 genocide into one of sustainable development. Since 1994, the Government of Rwanda has established a stable political climate, whilst putting the economy back on track with considerable assistance from development partners (Rwanda Vision 2020, p.1).

This is where China steps in, and will become the most valuable partner and contributor in Rwanda’s development. Rwanda’s vision for 2020 is to transform itself from an agricultural
subsistence economy to a “knowledge-based society” with high levels of private investment and savings (Rwanda Vision 2020, p.1). Because the country is expected to double in population to about 16 billion by the year 2020, it must grow at an average of at least 7% annually in order to reduce its dependence on outside aid and become more economically independent (Rwanda Vision 2020, p.1).

In order to achieve this, the average per capita rate has to increase to $900 a year by 2020. Since FDI has increased in Rwanda, we already see drastic changes in economic improvement for the people. The percentage of Rwandans aged 18 and over for example, who have opened saving accounts has increased from 9.2% in 2006 to 20.6% in 2011 (NISR, 2012). That is a growth rate of 11.4% in only a period of five years. According to the Ministry of Finance and Economic Planning in Rwanda, the country’s goal for development by the year 2020, is based on the following pillars:

- “Reconstruction of the nation and its social capital anchored on good governance, underpinned by a capable state”;
- “Transformation of agriculture into a productive, high value, market oriented sector, with forward linkages to other sectors”;
- “Development of an efficient private sector spearheaded by competitiveness and entrepreneurship”;
- “Comprehensive human resources development, encompassing education, health, and ICT skills aimed at public sector, private sector and civil society. To be integrated with demographic, health and gender issues”;
- “Infrastructural development, entailing improved transport links, energy and water supplies and ICT networks”;
• “Promotion of regional economic integration and cooperation” (Rwanda Vision 2020)

The first pillar, reconstruction under good governance, is of utmost concern in Africa as a whole today. As we will see later on, corruption is one of the main obstacles standing in the way of investment and development in countries like Rwanda. The second pillar, the transformation from an agricultural economy to that of a market oriented one, is the key to development as we have seen with China and other developing nations. This is where China will have the most influence in accomplishing the transformation, through investment in infrastructure, education and new business development. The third pillar is actually how China itself developed so rapidly. China realized that as a communist state, without an efficient private sector fueled by competitiveness and entrepreneurship, it would simply not develop and would never catch up to the west and took measures to compensate. This pillar should not be as difficult to introduce and implement in Rwanda as it is not a communist country, and has already embraced the idea of an efficient private sector.

Development of education, health, gender and human rights issues will follow as China’s investment in infrastructure, energy and ICT (information and communications technology) networks gain a strong foundation and create more jobs for local Africans. The last pillar set by the Ministry, promotion of regional economic integration and cooperation is one that will keep Rwanda’s economy stable in the long-run, but also promote development in neighboring countries. This is especially important given Rwanda’s history with violence and political tension with surrounding states, an issue which is still problematic and stunts economic growth and outside investment.
Although Chinese FDI in Rwanda averages at about 1% relative to the rest of Africa, for Rwandans Chinese investment is more substantial because it is not just in traditional service/resource sectors, but in transformative sectors such as telecommunications and manufacturing (ACET, p.7). When I asked my informants about the changes they have witnessed since the genocide and since China’s increased involvement in Rwandan business. Informant 1 noted:

Since the Chinese have come into Rwanda, there have been lots of changes in infrastructure; we are seeing physical changes. We see cities getting eroded and there is a lot of importation of building materials by the Chinese into Kigali for example. People are therefore getting more involved in business today. Today, there are more private schools being built than public (government) schools in Rwanda. The Chinese are investing in social programs at an unbelievable pace. We see the new buildings built; it’s as if they have worked day and night (Personal Interview, 2012).

From this perspective, it seems that investment in infrastructure is the most important aspect of Chinese FDI today. The informant also notes that investment in infrastructure is also creating jobs for local Rwandans. Informant 1 added that:

A lot of Chinese in Rwanda are now employing people directly and indirectly. They are using mostly all Chinese labor to build things quickly, but they are indirectly creating jobs for Rwandans. Today for example, a lot of Rwandan businessmen are going to China to get building materials, house equipment and other goods to bring back to Rwanda, all of which we used to get from Uganda before. Not many people know this, but the
Ministry of Foreign Affairs in Rwanda was actually built by the Chinese (Personal Interview, 2012).

It is important to note, as my informant does, that Chinese business is helping create jobs for the locals. Because this is an issue as we will see later on, in many parts of Africa, where local Africans complain that they are losing jobs to Chinese laborers coming in.

Registered Chinese investments are also yielding many jobs for Rwandans in sectors like technical training and significant amounts of skilled work for women. If Rwanda’s vision for 2020 is to alleviate poverty and develop its economy, it must continue to “pursue an expansionary fiscal policy that improves education and infrastructure” (ACET, p.7). It must adopt a fiscal policy that will take into account how much of Rwanda’s debt is tied into Chinese products and services, and to make sure that the amount of Chinese loans are not so high and interest rates not at a rate that would harm Rwanda’s macroeconomic stability. The wrong kind of aid can hurt developing countries in the long-run, and keep them in a perpetual state of poverty and dependence as Moyo points out (Moyo, 2009).

The right kind of investment could mean a sustainable, strong, and long-lasting economy for Rwanda. Right now, Rwanda is at a point where its need to develop and recover from the effects of the genocide and civil wars, can push its government to accept bad aid if short-term benefits seem advantageous. When I asked my informants how they felt about this, informant 1 said “Rwanda’s economy is booming now, and China’s role is great in that, China is just doing a better job relative to others” (Personal Interview, 2012). Informant 2, while agreeing that China is simply the better alternative for Rwanda and not the best choice, added:
China is taking advantage of our need for development right now. The need is in infrastructure, road building and government financing, and the Chinese are heavily involved in this. We are open, so the Chinese will come in and bid, we want to develop in energy let’s say, they quote less on all the big projects so they win the bids. But we are victims of quick, shoddy construction work. They come in, operate, and leave within 2 years, leaving behind bad roads that fall apart, so they are taking advantage of our situation (Personal Interview, 2012).

This sentiment is shared by many local Africans, and others observing the situation. I asked my informants whether they felt China was in a way acting as a colonial figure and whether this was a common feeling shared amongst Rwandan people. Informant 1 noted “we have no problem with the Chinese being in Rwanda. I see them investing and that’s all that matters. Who has ever come into Africa to help, without strings attached? Even grants come with strings”. They added “we all have our shortcomings, so does China” (Personal Interview, 2012). But this informant did not opine that China’s presence can be equated to that of a “neo-colonial hegemon” in Rwanda. Informant 2, remarked that China’s powerful status and conduct in Africa depends on the Rwanda’s own leaders. In this informant’s opinion:

Today, it’s different, in Africa: countries are coming together, as opposed to European colonial times. It’s up to the country and its government now to decide how China will do business there. Standards for workers and ways of doing business need to improve and the local government leaders need to set higher standards. And China will follow them. Integration is the key. Rwanda is joining the East Block of Africa now, so integrating and working together is essential to any outside force not taking advantage of local Africans.
This particular point is especially convincing. Indeed it makes much sense that human rights and workers’ rights should be set by local leaders in order for China to follow and abide by them; otherwise, corruption is inevitable. Corruption is one of the main concerns for scholars and locals alike. There are other obstacles of course. Today, key challenges for Chinese FDI in Rwanda include high taxes, language barriers, a largely unskilled workforce, Rwandan perceptions that Chinese goods are low quality, and competition between Chinese and Rwandan traders and anti-union policies at Chinese work sites (ACET, p.7). Policies at Chinese work sites need to be set by African leaders and enforced by NGO’s both from inside and outside the countries. I asked both my participants where they see Rwanda by 2020. Informant 1 explained:

As a genocide survivor myself, I have seen a great deal of change in Rwanda since 1994. There is no more conflict, it seems to me anyway, that Rwandans have risen above the conflict, and this is what unites us. We are really progressing. Our government has opened the doors for outside investors to come in, and made it easy for them to start business there. All those things make Rwanda a success as opposed to other countries in Africa. There are more Chinese in other African countries where they can get more for their investment, so there are other factors for them being in Rwanda today. What I would recommend is for investors to focus on community development and education. This is what will make a real difference in the long-run. Before the genocide, and during Colonialism, Rwandans didn’t know who they were. They lacked education, so they fell for propaganda and became victims of genocide. This is why education is such an invaluable tool today (Personal Interview, 2012).

This remark concerning education is compelling. It must be noted that this informant has also worked for developmental programs in Rwanda and Children to End Conflict at the UN.
The informant has a greater insight as to Rwanda’s education needs. And China is in fact investing heavily in the education sector in Rwanda. Informant 1 also concluded “from what I see, I’d be surprised if there wasn’t a positive outcome in the next five to seven years; China will have a positive direct impact on the future of Rwanda” (Personal Interview, 2012). Informant 2 declared:

If the Rwandan government sets strict guidelines for business conduct, things will improve, because the Chinese themselves struggle with issues of corruption. But by 2020, we expect to see lots of changes, positive changes in Rwanda. We already see the changes beginning to take shape. Chinese investors have improved the agriculture sector. But most importantly, China is investing in what I think is the backbone of our economy, fiber-optics and ICT. We need to have fiber-optics laid, and they are coming in and doing this. They are helping us build the ground work and we now have a backbone for our economy. Things will improve by 2020; I think it is up to Rwandans to decide how Chinese will help shape the economy (Personal Interview, 2012).

Indeed, Rwanda’s economic development now depends on the measures its leaders take to ensure just and ethical business practices and trade between the two nations. One of the reasons why Rwanda became so successful so quickly after its genocide was precisely because of the strategic opening of its borders and market to foreign investors. Not to suggest that China’s development model will work for every country, but Rwanda happens to be a case where the same model is working. They are focused on creating economic zones for investors and have embraced relations with the Chinese. “One of the outcomes of the proactive posture of the Rwandan government has been the alacrity with which Rwandan business people have embraced
the import of Chinese products” (ACET, p.13). Overall, there seems to be a positive attitude toward the Chinese in Rwanda according to my informants.

In the following chapter I turn to how China came to be a key player in the African continent today. What is China’s historic relationship to Africa? Most of the world knows about the colonial takeover of the continent by Europeans, but few know about the Chinese in Africa, and what historic ties the two regions have. Perhaps the lack of knowledge about the relationship has played a role in the fear and generalized assumption that China is the next colonizer of Africa. Looking back at the relationship between China and Africa, and understanding how China came to be in Africa today is important because of China’s great role in countries like Rwanda today. Rwanda can not only recover from its colonial past, genocide, political and economic chaos, but it can take the next step forward in developing its economy, its political and human rights with China’s partnership, as can many African nations.
CHAPTER 5

Historical Relations between China and Africa

Although it is often thought that Chinese involvement in Africa is recent, it turns out that this relationship has a long history. Trade relations between China and East Africa date back to 600-900 B.C. to China’s Tang Dynasty (Northrup, 2002). There is no historic evidence that China participated in the slave trade during this era when Arabs actively enslaved Africans and took human labor from Africa to their homelands. A turning point in Sino-African relations was when famous Chinese explorer Zheng He took his expedition to Africa (Swahili coast and Somalia) in 1400 (Shinn & Eisenman, p.17-21). The Chinese were known to have treated Africans with respect and courtesy centuries before the arrival of Europeans who hindered trade and eventually ended contact between China and Africa (Shinn & Eisenman, p.17-21).

Contact between the China and the African continent did not end permanently, however. Europeans arrived 100 years after the Chinese in Africa, in the 1500’s with the Portuguese. There were a great number of Chinese immigrants working and setting up small shops in Madagascar and Mauritius at the time. And in very small numbers, Chinese people were even present in South Africa during 1700’s. The Chinese were discriminated against and used as slaves during the Imperial period along with Africans by European colonial governments.

The Chinese enslaved laborers were sent to Africa by Europeans to work in mines and plantations in the sixteenth century. They remained in places like South Africa and worked as basket makers, fishermen, and masons, and over decades, set up small restaurants and served as traders and craftsmen. By 1907 there were an estimated 54,000 Chinese workers in South Africa, which made up 35% of the unskilled workforce, many of whom were allowed to stay and work as “free Africans” even though they were Asian (Shinn & Eisenman, p.22-24). The Portuguese
even used Chinese workers in Mozambique to build the first railway in harsh conditions, along with local Africans. Out of thousands of Chinese laborers, only 600 survived in building this railway. This interaction along with many others recorded in history, including an official Belgian treaty with the Chinese government allowing Chinese workers to settle and work in the Congo in 1898, shows the beginnings of an integral Chinese presence in African communities. Historic records indicate that local Africans thought the Chinese to be courteous and respectful (Shinn & Eisenman, p.226). This historical precedent is important when considering African-Chinese relations today.

Throughout the first part of the 20th century, China was not too concerned with its relations with Africa, with the exception of a modest trade link between the small Chinese communities in Africa. It was not until communism became dominant in China and World War II was an international focus, that China’s government pressed African states to support its position in the world (Shinn & Eisenman, p. 29). From the end of World War II until 1990’s, and throughout the Cold War, China had an incentive to sway African states to its side for support, especially as western influence was beginning to die out and Africans were demanding independence from colonialism in the 1960’s. As much as China wanted to assist Africa in rebuilding after independence in strengthening ties through political relations, China’s own political problems back home prevented the Chinese government from doing so.

**Africa’s Transition to Independence and China’s Great Leap Forward**

During the transition from colonialism to independence in Africa, China itself was trying to transform its economic and political structure by developing from an agrarian society to a modern agricultural economy. But China did not forget the importance of initial influence on African states about to gain independence from oppressing western superpowers. In 1955, Premier of China Zhou Enlai led an Asian-African conference in which he spoke out against
imperialism and colonialism and urged African countries to fight for independence. It was called the “Bedung Conference”, it also introduced China’s “Five Principles of Peaceful Co-existence” which were based on respect for sovereignty, non-interference and mutual nonaggression (Shinn & Eisenman, p. 33).

Although the 1955 conference established what is today the basis of China’s ideals in its relationship with Africa, at the time, Mao Zedong’s leadership in China and his so-called “Great Leap Forward” would drive the country into economic and political turmoil, a cultural revolution, uprisings and revolts (Baum, 2010). Despite the political chaos Chinese foreign policy still managed to pursue its relations with Africa a great deal during the early 1970’s. From 1970-1976 China sent aid to twenty-eight African countries in the amount of 1.8 billion dollars, more than the Soviet Union (Shinn & Eisenmann, p.41). And even before the turmoil of China’s cultural revolution began in 1965, China was exporting 125.4 million dollars to Africa and importing 130.9 million (Shinn & Eisenmann, p. 107).

In 1971, The People’s Republic of China (PRC) came to power and made reforms to the Chinese government in drastic ways under Dung Xiaoping (Baum, 2010) which African states supported by majority. China tried to appeal to the African countries more inclined toward socialism, and against liberal capitalist western ways. China’s concern was the two superpowers of the world, Russia and the U.S.

Beijing underscored that the third world was the principal force for confronting the two superpowers. In its effort to unite the third world against the superpowers, China improved its state-to-state relations, especially in Africa (Shinn & Eisenman, p.42). It was not until the end of the Cold War however, when China began to focus its attention on rapid economic development through industrialization and trade to compete in a world market, that its relationship with Africa became more central to its future. The tension and
competition between Russia and the U.S. had died down and Africa was no longer a concern for either side. China saw this as an opportunity to build new relations with Africa based on trade and economic development (Shinn & Eisenman, p.42). In 1996, President Jiang Zemin proposed his plans for Africa, in which he stated that China and Africa will have a sincere friendship and should seek “common development on the basis of mutual benefit” (Shinn & Eisenman, p.47).

**Trade with China and its Implications for Africa**

In 1973, during the pre-reform period in China, Beijing began its development stage from agricultural to industrial as it targeted the west for its great leap forward in machinery and equipment imports. During its acquisition of factories and machinery from the west, China’s trade with Africa slowed for a bit. China’s main focus was investment in technology so it needed to trade with a capital-rich west and not capital-poor Africa in order to get the know-how in technological skills and move forward in its product life cycle and develop (Shinn & Eisenman, p. 112). During this period, Africa kept running trade deficits with China, as China kept running trade deficits with the west and the rest of the world as it developed to a more industrialized nation (Shinn & Eisenman, p. 111). During the decade from 1980-1990, Africa’s entire world trade fell from $213 to $197 billion whereas China’s grew from $37 to $117 billion—as much as 316 percent (Shinn & Eisenman, p. 112). This is an indicator of both China’s rise in the world as it is forced to look elsewhere for resources, and Africa’s need for foreign direct investment, as it tries to develop after decades of corruption in the post-independence era.

In the 1990s, China became a manufacturing powerhouse and developed a multipronged, state-driven approach to strategic resource acquisition in Africa.
Together, China’s increasing demand for raw materials and ability to produce affordable consumer and capital goods became the dual catalyst for the unprecedented rise in China-Africa trade in the following decade (Shinn & Eisenman, p. 114).

As China obtained the technological skills and know-how needed to move up the ladder of development, its new focus on trade with Africa grew along with its economy. From 1999 to 2010, trade numbers grew from $6.3 to $128.5 billion, for Africa, this 20 fold increase in trade with China meant its total world trade growing from 1.8 percent in 1999, to 4.3 percent in 2010.

Despite the increase in trade with Africa however, China’s contribution to the African continent only went from .75 percent in the 1990’s to 3.5 percent in the 2000’s. Below figure 10 shows China’s export-import volume and the drastic rise within a short ten year period.
Africa’s Exports and Imports Volume with China (in billions of U.S. Dollars)

For many African countries, China is still a minor trading partner (Shinn & Eisenman, p.114). China’s rise in the world and its role in Africa is still in its beginning stage however, and both China and African countries can benefit with increased trade and investment especially in states that have untapped potential for resources and economic development.

In terms of trade, the most difficult aspect of doing research on trade between China and Africa is collecting reliable and consistent data. Due to inaccurate reporting or just incomplete data, scholars studying trade between the two regions find that either Africa or China reports the other to have a surplus in trade (Shinn & Eisenman, p. 99). The trade imbalances are the result of factor endowments according to Shinn and Eisenman, where African countries rich in resources like oil benefit more from the trade; and in resource-poor countries, China benefits greatly in the trade. African countries with few resources usually endure large trade deficits with China like

Benin, Egypt, Ethiopia, and Liberia. While countries rich in resources are able to export and enjoy surpluses, like Angola, the Democratic Republic of Congo, Libya, and Gabon (Shinn & Eisenman, p. 117).

The main concern raised by Africans is based on this imbalance in trade between the two regions. China is extracting raw materials from the African continent in massive amounts. As of today, China’s main imports from Africa are primary goods like oil, steel, precious stones, wood, and minerals which China uses to build its own infrastructure and develop technologically back home. Africa meanwhile, is losing its natural endowments in the process. In 2008, Alhaji Babamanga Tukur, president of the African Business Roundtable and chairman of the NEPAD Business Group voiced his concern that “China does not have a proper trade structure in Africa” because of “raw materials being removed from the continent for factories in Asia” (Shinn & Eisenman, p. 118). And in 2006 South African President Thabo Mbeki said:

It is possible to build an unequal relationship (between China and Africa), the kind of relationship that has developed between African countries as colonies. The African continent exports raw material and imports manufactured goods, condemning it to underdevelopment (Shinn & Eisenman, p. 121).

Regional organizations offer competition and scale effect, but corruption influences the success of their effects. China is focusing now on regional African organizations like; The Common Market for Eastern and Southern Africa (COMESA), the Southern African Development Community (SADC), and the Economic Community of West African States (ECOWAS). More research needs to be done on this aspect of trade between the Chinese and African organizations. Most literature on the topic has focused on trade between China and large African countries like Nigeria, Angola and South Africa. Regional trade opportunities in Africa are also limited because of the small economic size relative to such large geography. Also, some
African countries are members of several different organizations, causing an overlap of inefficient and inconsistent rules and regulations (Shinn & Eisenman, p. 121).

These small obstacles actually cause trade costs to go up, and hinder long-term development. There is little attention being given to micro or regional trade which is a great determinant of regional economic development in African countries. China-COMESA trade has increased drastically, and as China looks for raw materials like oil and copper in Africa, COMESA representatives believe that they can look to China for technological advancement in areas like telecommunication. China has targeted several African countries for long-term investment, and although this will benefit those few countries, we must ask how trade with others will affect less endowed regions.

How will the African man be a prospective buyer of Chinese goods if he cannot afford them? As of 2006, China has reported that there are over 800 Chinese companies in Africa, by 2011, the number rose to 4,600 (Shinn & Eisenman, p.129). These numbers are outstanding because China is willing to invest in regions where others are not. Chinese companies’ determination in profit maximization is the main detriment in their drive to do business even in dangerous parts of Africa like DRC, Ethiopia, Darfur etc. (Shinn & Eisenman, p. 130). Of course, one has to start somewhere; regions with most corruption and poverty need a boost at a certain level in order for the economy to develop enough to minimize danger and risk to foreign investors. In the long-run, Chinese investments in dangerous areas can prove to be a success if local African workers are incorporated into Chinese labor.

Where Chinese companies encounter political instability, corruption and limited skilled labor, they opt for dealing in business with the local Chinese communities instead, such as in South Africa, Madagascar and Mauritius (Shinn & Eisenman, p.131). This is understandable given the nature of rigid foreign exchange regimes and taxes that do not benefit the companies.
However, in time, as African labor is educated and trained in the skills needed, the pool of skilled labor will rise along with the market. However, Africans criticize the Chinese for unfair investment practices and for not training African workers, among other complaints (Shinn & Eisenman, p.131).

Enough complaints have led to the installation of agencies such as the Chinese Academy of Social Sciences to assess the Corporate Social Responsibility and workers’ conditions in places like Mali, Ethiopia and Sudan (Shinn & Eisenman, p.131). In time, as more African workers rise up and demand workers’ rights and access to the market, the more the corporate laws and regulations will improve for Africans. The World Bank welcomes Chinese FDI in Sub-Saharan Africa because “it has the potential to build infrastructure, create jobs, and increase opportunities in the manufacturing sector” (Shinn & Eisenman, p. 135).

The China Development Bank (CDB) formed in 1994, was established to promote development in China and is directly responsible for FDI in Africa. As of a few years ago, Chinese FDI had been heavily focused on South Africa, Nigeria, Zambia, Sudan, Algeria and Egypt (Shinn & Eisenman, p. 133). All of these countries are well endowed with oil and minerals. Several projects are under way today in Africa which will ensure FDI and promote economic development locally. Special Economic Zones sponsored by China in Mauritius for example, is expected to attract $750 million of FDI over the next five years. Two SEZ’s in Nigeria and one in Egypt are to be completed in 2018, with an expected goal of attracting $250 million of FDI over the next ten years (Shinn & Eisenman, p. 137).

Of course it is exciting to think that African economies will develop as quickly as China’s did with their Special Economic Zones. However, China understands that there the SEZ’s will look different from one region to another within the continent, and they cannot
simply recreate the China model in Africa. What China does plan on promoting in terms of similarities though, is the introduction of “competition, international cooperation, and incentives from local government” (Shinn & Eisenman, p.137). One of the most important aspects of Chinese FDI in Africa is that “Chinese investment has the potential to assist economic transformation through technology transfer” (Shinn & Eisenman, p. 142).

What the FDI is missing however, is the training and expertise needed to go along with the new technology. The African Center for Economic Transformation (ACET) in Ghana is working on evaluating the potential for Chinese FDI in creating real jobs for Africans. They have determined that so far the employment being created is going to nontraditional sectors like agriculture and manufacturing. ACET believes that China has helped African manufacturing integrate economies into the global supply chain and diversify African exports (Shinn & Eisenman, p.142). With the right investments and aid policy, local African economies can grow in a self-sustaining manner, rather than a dependent one. A cement factory in Rwanda for example has generated a great deal of profits and taxes for the local governments (Shinn & Eisenman, p.145).

**China’s Form of Aid to Africa**

It is well known that simply handing out aid does not promote real development. At the Tokyo International Conference on African Development held in 1993, African countries suggested, as Moyo explains, that foreign investment based on development and production is more effective than traditional aid packages (Moyo, 2009). China has “stepped up its aid” which it provides in the forms of technical assistance, with an emphasis on training in Chinese institutions; grants; interest-free loans; preferential loans that have an interest subsidy; and debt relief. According to the IMF, China is not yet a member of the Development Assistance
Committee of the Organization for Economic Cooperation and Development (OECD), which reports on members' international aid. Therefore China does not provide details about the amount and terms of its own aid to other countries—so data and information in this regard are sketchy (Jacoby, p.1). But scholars do agree that China’s form of aid is helping more than hurting Africa, in comparison to traditional western aid.

Brautigam also notes that China is a different kind of donor and a strategic partner in that it is itself a developing country. Its rapid economic transformation and reduction of poverty give it a great deal of credibility and recent experience. During the eighties, when the west was pulling out of Africa and giving up on the so called “failed continent,” Beijing looked at Africa and saw “opportunity” (Brautigam, p.70). China’s form of aid differed from the beginning from others in that it went beyond the idea of just aid. China emphasized competition, efficiency and market-oriented principles and the two ways in which it aimed to accomplish its goals in Africa was first: the trading companies owned by Chinese ministries were separated from their parent corporations and pushed to operate as independent companies with their own profits and losses. Eventually the large state-owned enterprises would close down or merge, and almost all small to medium sized firms would be privatized. So, although still receiving help from China, the management of the companies now was in the hands of the local government (Brautigam, p. 79).

Second, in the mid-nineties, another wave of organizational change created the three “policy banks”: The China Development Bank, China Export Import Bank and China Agricultural Development Bank. While other banks kept their commercial interests, these three banks remained tools of the government and began to operate overseas. The importance of keeping the banks aims aligned with those of the state and politicians lies in the idea of “development finance”. As Taiwan, Korea and Japan did before China, with the use of
development finance, winners in the “race for globalization” are chosen. This change made in 1995 marked the most dramatic reform made from China’s aid to Africa since its inception. This was the year when Vice Premier Zhu and Vice Premier Li visited 13 African countries to explain China’s new policy regarding foreign aid, and after one year, China signed agreements of these favorable loans with 16 African countries (Anshan, p.17). This new strategy was called the “Great Economic and Trade Strategy” (Brautigam, p. 80). The aid would be used to foster three initiatives.

First and foremost, joint-venture investments in manufacturing and agriculture took priority. Second on the list came assembly factories which would create a demand for exports of Chinese machinery and parts. The Chinese corporations were strongly encouraged to invest in African countries where they could export small to medium equipment, technology and labor service. For example, in Cote d’Ivoire, Cameroon and elsewhere, vehicle assembly factories were set up through concessional loans. Third on the list were the exploration and investment in mineral and forest resources. In 1996, Sudan was the first country in which China invested aid in order to finance oil exploration. The new aid program was strategically shaped to channel China’s aid money in a direction that would serve a “mutual benefit” (Brautigam, p. 81).

In the mid-nineties, the State Council also directed China’s state-owned companies to launch a series of trade, investment and development centers across Africa. Each center was to be operated independently by an experienced Chinese company with extensive business interests in that particular African country (Brautigam, p. 82). As all investors do however, China’s main interests as far as investing goes lies in markets. The World Bank and Peking University both reported that Chinese companies looking to invest in Africa listed “markets” as the most important factor in their decision making process. This explains why most Chinese investors are going into Nigeria, Egypt and South Africa, where the population and market is highest for consumption (Brautigam, p. 90). This only boosts economies that are already doing relatively
well. Investment is needed in less developed regions like Rwanda however, where there is both an opportunity for cheaper labor, and a vast market for Chinese products. The economic crisis of 2008 further intensified the need to outsource and to look for new markets with low-cost production.

Gao Jian, The vice-governor of China Development Bank, believes that Chinese firms have faced overcapacity in recent years, while Africa has a shortage of supply in consumer goods, “this should complement both economies” he stated (Brautigam, p. 91). For both economies to develop together, indeed their production, supply and consumption must complement each other, but it cannot all be one way. The Chinese cannot be the only ones producing, while Africans consume. Africans have to merge into the production machine and produce as well. The problem is that most of the aid does not go into industry and investment into manufacturing within Africa. The traditional donor countries have allocated less than 1 percent of their aid to industry. From 1995 to 2007, only 11 percent of the U.S.’s investment in Africa went to manufacturing, half of which went to South Africa (Brautigam, p. 92).

China however, does not see investment in Africa as “aid,” it sees it as a “market-based fund” according to the CEO of China-Africa Development Fund, Chi Jianxin. Gao Jian also commented “we’re not seeking high profits from this fund, but just ask that we don’t incur losses” (Brautigam, p. 94). A mentality which is not common amongst donor countries or many investors, Gao notes that China sees Africa entering a new era. He says Africans have overcome issues such as tribal conflicts and apartheid, and are now focusing on economic development. China Development Bank does not, however, give official development aid. Rather it provides non-concessional development finance. For example, in Kenya, the bank financed the Great Wall
Apartment complex, 528 low-cost apartment units which would later be sold for about $50,000 each to Kenyans with moderate incomes (Brautigam, p.115).

China’s Eximbank’s concessional loans are the only part of China’s operation in Africa that can be categorized as foreign aid. The subsidy for the interest rate on these concessional aid loans comes directly from the Chinese government’s foreign aid budget (Brautigam, p.14). These loans are specifically designed to promote economic development and improve living standards in developing nations. Although funds to develop Africa have been launched by private firms in industrialized countries, the China-Africa Development fund does not have a true counterpart from any industrialized governments in an effort to develop Africa (Brautigam, p.95). Chinese companies are not only investing in manufacturing, they are also investing in crops. In Senegal for example, Chinese entrepreneurs are planting sesame seeds to export duty free back to China (Brautigam, p.97). Between 2006 and 2008 alone, thirty-two countries in Africa showed an increase in earnings from exports to China.

Brautigam supports China’s form of aid, investment and its overall role in Africa today. She tries to counter the argument that China is out to exploit poor African countries and labor. She believes that “the conventional wisdom about China’s impact on Africa’s weak manufacturing sector is overwhelmingly pessimistic” (Brautigam, p. 189). Brautigam believes that if we take a closer look at the relationship, we will see that the picture is not as grim as some portray it to be. Chinese private companies have already invested their money in over 230 manufacturing companies across Africa, (most of which are into more developed countries like Kenya, South Africa, and Nigeria). Nonetheless, in 2005, she estimated that half the projects set in Africa were investments in manufacturing alone (Brautigam, p.190).
Brautigam does mention China’s immensely rapid growth in industrialization and manufacturing under Mao as she compares China’s growth to African states. Although she acknowledges that China had a head start in industrialization, she fails to give some historic explanations as to why African countries that are behind now, actually stayed behind. She merely states that “there are many explanations for the poor performance of manufacturing in Africa, all still fiercely debated” (Brautigam, p. 192). She comments that China developed quickly in the nineties and now exports high-tech items whereas in contrast, sub-Saharan Africa during the same period, had almost no change at all in industrial structure or movement up the value-chain.

The truth of the matter is, there should not even be a comparison between a communist, uniform country, that was forced to develop rapidly under austere leadership, and an entire multi-ethnic, multi-cultural continent, colonized and left with corrupt-if any leadership-at the time of China’s development. As I demonstrated earlier, during the nineties, when China was at the height of its development, Rwanda was going through genocide, so economic development would not have been an issue as mere survival was the only thing that mattered to the Rwandan people. On the one hand, I agree with Brautigam’s positive outlook on China’s investment in Africa, and its newfound relationship with developing African countries. On the other hand, I think the “pessimistic” arguments need to be examined within the context of colonial history, which she does not do. China’s need for resources and its race to catch up to the west are reason enough to fear China’s powerful position in Africa, or anywhere else.

**Is China the New Strategic Partner of Africa?**

In *China into Africa: Trade, Aid and Influence*, Robert Rotberg compiles the works of several scholars who are studying China’s quest for resources in Africa. According to him, China and Africa need each other at this point in order to grow and develop. He argues that “China
hardly wants to colonize, but it does have immense mercantilist ambitions” (Rotberg, p.1). He believes that China’s rapid growth and thirst for basic commodities is welcomed in Africa where the Chinese not only pay for unprocessed products, but also invest long term “thus expanding Africa’s permanent capacity in the mining and petroleum sectors” (Rotberg, p.1). He notes that to service these sectors, China constructs roads, railways and export processing zones, it supplies equipment and builds national industrial bases. All in all, China’s investment in Africa can lead to the building of the backbone of its own and its member states’ economies. Rotberg’s optimistic view of a symbiotic relationship between China and Africa is entirely convincing. On the other hand, he should have addressed the negative impact China is having on local African communities more directly in his book as he did in a previous article in The Boston Globe where he noted:

> China is a force for GDP growth in Africa, but it also is a modern colonial colossus intent on stripping Africa of its wealth without leaving sustainable structures behind. A flood of cheap goods, especially textiles and apparel, has already begun to undermine and bankrupt local industry, forcing hundreds of thousands of Africans out of work (Rotberg, 2007).

On the other hand, textile factories in Benin and Burundi have both generated a great deal of taxes and revenue for the local governments (Shinn & Eisenman, p.145). It is important to note though, that simply stating how much revenue has been generated for the local government is not necessarily a good thing, if the government is corrupt and the money never gets to the people, and is not invested the right way. We must also address not just pessimistic attitudes toward Chinese investors in Africa, but also the real reasons behind those attitudes and concerns. In some areas, cheaper Chinese labor and better products are displacing local African workers and
goods being locally produced. This is an obstacle that will hinder growth and development for Africans in the short run. In this paper however, I argue that despite these short term hurdles, African economies will develop and be relatively better off in the long run, as African commodity exports slowly shift to manufactured goods through Chinese investment, based on the Product Life Cycle Theory.

As for the Chinese helping rather than victimizing the African people, he adds that China also supplies arms and military firepower to more fragile states in sub-Saharan Africa. In terms of aiding Africans for political leverage, author Chin-Hao Huang, who helped coordinate the China-Africa project in D.C. notes that despite what Washington may believe, China is not using its engagement with Africa to compete with or humble the US or Europe, or for global hegemony. Instead, China is “defensive” in that it fears Washington’s attempt to contain “China’s ambitious global agenda” (Rotberg, p.2). I do not differentiate between the two however, as China’s goal for global hegemony and influence in African states would cause it to humble other powerful states whether it was on the defensive or offensive. Whether China allies itself with African states as a defensive or preemptive measure as a result of its fear of Washington is not the issue, its race toward global hegemony is. This is the concern for the pessimists and the west alike. According to Huang, China’s quest to build a strategic partnership with Africa fits perfectly in its strategic ambition for a “peaceful rise as a global power” (Rotberg, p.297). Huang also notes, that China’s friendly, respectful and helpful historic relations with Africa provides a more durable foundation for the partnership today. I found that most scholars seem to argue in favor of China’s form of aid to Africa, as opposed to popular beliefs that China is giving false hope or even bad aid to Africa.
In her book, *The Dragon's Gift*, Brautigam tries to challenge what she calls the “myths” about China being a rogue donor that gives only to corrupt governments and stifles real growth, by trying to answer the question of what China’s involvement may really mean for Africa’s poverty and development (Brautigam, p.3). Regarding the Product Life Cycle Theory, Brautigam mentions that in 1985, a Chinese researcher, Xue Hong from the Chinese Academy of International Trade and Economics, predicted that based on the “International Product Life Cycle” China would develop quickly and set up factories in other countries in what he called “going out”. Xue believed that China would “digest, absorb and remold” advanced technologies from abroad, then it would transfer its “mature” products to developing nations just beginning to create those products (Brautigam, p.197). As the Product Life Cycle predicts, and as Xue predicted almost three decades ago, China is now outsourcing to African countries and moving onto advanced technologies.

Brautigam notes that whereas the U.S. is against outsourcing its mature industries to developing countries in Africa, China actually welcomes the idea as one that will take it to the next stage in development. According to her research, in 1994 the U.S. Congress imposed a regulation called the “PD 20” which prohibits the U.S. Agency for International Development from funding any activity (such as helping a developing country attract U.S. investment) if it might cause any jobs being lost within its own borders. This measure ensures that aid from the U.S. will not be used to help poor countries develop by taking over its mature industries, like shoes, steel, textiles, electronics, automobiles, etc. (Brautigam, p. 93). In this scenario, it makes sense why the U.S. would keep giving aid to poor counties in Africa-for the sake of giving aid, but not for the sake of real economic development. Consequently, very little progress has been made in African countries struggling in poverty regardless of how much aid is disbursed.
Like Moyo, Brautigam also argues that simply giving aid to poor countries has mixed results. She states that “convictions about how aid can best foster development change regularly, and yet in Africa the continually changing recipe has yet to make much of a dent in ending poverty” (Brautigam, p.11). Chinese aid and economic cooperation programs emphasize infrastructure, production, and university scholarships however, whereas traditional donors have in the past downplayed all of these. As far as aid is concerned though, Brautigam argues that China’s great secrecy of its financial investments in Africa is what fuels all the rumors and speculations about its intentions and corrupt relations (Brautigam, p.12). According to her, the media’s portrayal of China giving aid only as a “quid pro quo” in exchange for natural resources is incorrect. She contends that Sudan and Zimbabwe especially have earned reputations for enjoying large amounts of “no strings attached aid” when in fact they get very little aid (Brautigam, p.12). As I researched Brautigam’s work and followed her blog online which she updates regularly on new developments in Chinese-African relations, I found that much of what she says is agreed upon by the other scholars in her field.
China’s need for raw materials is dictating much of where it invests in Africa today. China is the world’s largest copper consumer, and because of this, the country has invested a great deal in Zambia and the Democratic Republic of Congo. In Zambia alone, China has invested 100 million dollars during 2000-2005. China’s rapid growth back home is evident in its consumption rates of resources from Africa. By 2005, “China consumed roughly one-third of the total global production of steel, 40 percent of cement, and 26 percent of copper” (Shinn & Eisenmann, p. 118). China’s rise in economic development and prosperity are clear from the numbers on consumption and investment. How this will affect African states, however, is still a question that needs to be explored; however, the necessary data will only present itself over time. What we can speculate based on regional development models, is that both trade and investment will benefit African states, even if there are questionable relations or business interactions in the initial phases of the relationship. These are merely side effects of the development process from third world countries rising out of poverty and corruption and becoming stable governments.

In *Dead Aid*, Moyo argues that doing business and investing in Africa is a nightmare, because it takes so much time, money and energy to overcome the hurdles of poor infrastructure, roads, telecommunication and power supply. It becomes cheaper to invest in Asia or even Europe because of these obstacles. She also argues that the levels of corruption within the African communities themselves are the reason why foreign direct investment is the lowest in Africa, and why African states do not seem to develop (Moyo, p.100). If China is able to somehow overcome these hurdles and invest and rebuild, it is sure to raise living conditions and develop the regions in Africa with which it trades. China will obviously grow even faster with
the contribution of African resources. In the past ten years alone, China’s economy has grown 10 percent annually which it would not have done so without energy, crude oil, and raw materials from Africa. The benefit to Africa is that China has built roads in Ethiopia, pipelines in Sudan, railways in Nigeria and brought power to places like Ghana among many others (Moyo, p.101).

Because of China’s great contributions to African infrastructure and education, the pessimist view of China as the next hegemon preying on Africans and their resources does not have much support from the majority of scholars who study this topic. One argument that the pessimists make for their side that fails to support the historic evidence of economic development and its correlation to democracy, is that “Chinese illiberalism presents the real long-term geopolitical challenge” that we need to worry about in the west (Shinn & Eisenmann, p.13). The fear that Chinese illiberal, communist ideology will influence African politics and cause a major threat to the western world contradicts the historic evidence that great powers democratize as they develop and become both wealthy and educated.

The idea that both African and Chinese governments will slowly democratize as they develop through trade speculates about the far off future of course. By the time China has utilized African resources to become a fully developed super-power, it would progress from illiberal, communism to a democratic, liberal state. Economic development often gives birth to democratic institutions due to the emergence of a strong middle class that is both wealthy and educated as noted by many theorists such as Aristotle and Samuel Huntington. In this case, China’s political and economic influence in Africa would not pose a threat to the west or the rest of the international community because both China and Africa will strive toward more democratic and transparent institutions as they develop economically.
President Hu Jintao of China actually called democracy “the common pursuit of mankind” (Thornton, p.1). And Premier of China, Wen Jiabao devoted his 2007 speech to the rule of law and democracy, as the ultimate goal for China. The threat of corrupt, communist, or dictatorial regimes and relations therefore should not be feared for the long-term relations between China and Africa. These threats are simply temporary hurdles to be overcome by two regions trying to develop and rise out of poverty and corruption. Corruption is fueled by economic instability, and both political institutions and the economies of Africa and China will develop if trade and foreign direct investment continues to grow, and the rule of law is respected among the leaders of the mutual partnership.

The Concern for Human Rights

China’s main incentive and immediate goal is to develop its economy as quickly as it can. This raises some concerns in the international arena in terms of its political relations in African countries. Some have voiced concerns that China supports dictators, disregards acts of violence, and will contribute to the already present political instability that overwhelms so much of Africa. One of the concerns is that of China’s treatment of its own workers. In the haste to develop as quickly as possible, China has ignored human rights in favor of economic rights for its own people. Is it possible for the Chinese to do business in Africa while maintaining respect for workers and their basic human rights? How can we expect this from a government that favors rapid development over the basic rights of its own people? Is it possible to develop quickly without destroying land, precious natural resources and the dignity and rights of human beings? Much of history shows that it was not, at least for the colonial period.

Over a long time, Western countries have held high the banners of "democracy", "freedom" and "human rights" and thereby having openly taken up the moral high ground
in the field of public opinion. By contrast, adhering to its traditional humility and low-keyedness, China has followed the principle of “allowing each country to independently choose its path of development” and “non-interference in other countries’ internal affairs”, and immersed itself in promoting economic cooperation and development only (FOCAC, 2012).

Throughout China’s development in the 80’s and 90’s, reforms were made to develop the economy to catch up to the west, and with it, basic human rights and political rights were stripped away from the Chinese people. Most of Western Europe’s and North America’s development and rise in the world was based on the abuse of Africans’ human rights. For some, the China-Africa relationship is a “new twist on an age old story for Africa, the stripping of resources by a foreign power to the benefit of a few fabulously wealthy leaders” (Alden, p.4). There is growing concern about the way Chinese businesses treat African laborers, the close relationships between Chinese and African elites, and what this means for the local African workers and merchants.

Much of the concern of China’s business interactions in Africa stems from China’s poor record with human rights. Human rights activists are concerned that “China’s growing aid program creates new options for dictators who previously dependent on those who insisted on human rights progress” (World Report, p.3). We must not forget however, that the same western powers that insist on protecting human rights today, were the same powers that abused them less than a century ago. In 2004, China put forth a motion to try to avoid censure of its domestic human rights abuses, and half of the 27 countries that voted in favor China’s motion were African. These included African countries whose membership in the UN is supported by China, and some of whom have questionable records with human rights themselves.
The People’s Republic of China has a political outreach program that is specifically targeted toward African elite members and any opposition to their status. African civil society groups are “beginning to question Chinese human rights practices, particularly in Africa” (Shinn & Eisenman, p.98). Brautigam also asks “is China’s lack of political conditionality thus rolling back a wave of progress” in terms of human rights? (Brautigam, p.285). Her perspective is that African dictators in resource rich countries do have an option, and they were never dependent on champions of human rights. She says that China is like any other donor, even the World Bank which lends to dictators without imposing political conditions.

Since the Cold War, mostly recently, the World Bank has begun to impose governance conditions based on corruption though, not on violations of human rights (Marquette, p.413-430). “It would be odd if the Chinese, who do not practice democracy at home, required it of others” (Brautigam, p.286). China’s main goal is rapid development; it is not that the Chinese do not care about human rights-they know that human rights and democracy will come later. China’s elite and oppressive leaders realize that they must oppress political rights and human rights until they develop their economy fully, because they are not yet ready for a full democracy. In order to build a successful democracy, a state must be economically developed enough to have a strong middle class.

As China develops, so will its progress toward democracy, and its relations with African nations in more transparent and ethical business. Of course, African leaders must implement strict standards for business in the meantime. Brautigam also disputes much of the corruption stories as being either myth or simply exaggerated. She says that China is not simply handing out blank checks to African leaders to do with as they please. They are actually pledging money to be given out in a period of several years for development projects (Brautigam, p.293). She notes
that the fact that China Eximbank loans are not usually disbursed to governments in weak states helps reduce corruption.

Brautigam disputes arguments that China does not account for their figures properly. She says in her research she found that China does their accounting very well in China, where the money remains (Bratigam, p.294). Brautigam’s view of the relationship is that China, even with all its shortcomings, raised millions of its own people out of poverty without outside aid. The Chinese are not after corruption, rogue aid or neo-colonial paternalism, but experimentation with capitalist business development which raised their own out of poverty and into the global economy, the “dragon’s gift” to Africa therefore, may be the gift of new opportunities (Brautigam, p.311-312).

**Conclusion**

In this paper I have discussed a great variety of opinions among scholars and journalists who have pondered the new relationship forming between China and Africa. Arguably, China’s fast growing power in the world is a root cause for much of the expressed skepticism and fear concerning the outcomes of this relationship. The fear of China’s more powerful role is also derived from the memory of colonial history. China’s need for resources, its poor record with human rights, combined with its race for global hegemony as some have called it, is a legitimate reason for this concern. Although China has a poor record with human rights back home because of its haste to develop, I strongly believe that African leaders and outside human rights organizations need to set strict guidelines for business, human rights and workers’ rights between Chinese and African nations in order to put a stop to an further abuses that may result from corrupt relations. According to review of the literature, the overall consensus on the issue, especially among scholars, is that China’s investment in African nations is different from
traditional western form of aid, and is benefitting Africans more than hurting them despite the temporary issues of corruption.

Throughout this paper I have used the theory of the Product Life Cycle model in order to demonstrate how developing countries can go through phases of product production from primary products to advanced technologies. China was, in the eighties and nineties, in the stage of development where it was producing primary goods for superpowers such as the U.S. as it developed, an educated middle class emerged and the country began to invest in high tech industries as it copied technology from the U.S. Today, China has depleted much of its environment and natural resources, therefore is going out in search of resources in Africa. I used Rwanda as my case study to demonstrate these processes. First, Rwanda’s colonial legacy is an important chapter explaining both its social and economic present, namely the preconditions for the 1994 genocide and its economic underdevelopment. Second, I discussed Rwanda’s exceptional recovery since this horrific event and China’s positive impact on Rwanda’s new infrastructure and growing economy. Even though China remains a minor investor in Rwanda and minor trade partner today, its presence is growing at a very fast pace, and this is generating and boosting economic activity in Rwanda.

Moreover, Rwanda has opened its market and is utilizing China’s development successfully. Through the lens of the Product Life Cycle Theory, we see that Rwanda is already beginning to import more mature industries like cell phones from China, as China once did from the U.S. And through this lens, we can predict that both economies will develop and be better off relative to their status quo in the long-term future. There is a great trade-imbalance between China and Rwanda today, but that is to be expected as China is the manufacturing superpower of the world, and Rwanda is just beginning to recover from its civil wars, genocide, and hundreds
of years of colonial subjugation. As Rwanda develops and an educated middle class emerges, which is its goal for 2020, both the skilled workforce and quality of its products will improve, rendering them highly competitive in the world market.

The case of Rwanda exemplifies the most extreme challenges faced by developing African nations. It is one that has experienced some of the darkest points of colonial and human history, but one that has an optimistic, hopeful outlook toward the future. Rwanda’s economic well being will not only benefit its own people, but it will benefit the neighboring states struggling with civil wars around it. It will integrate more technology, communication and foster better relations between the warring states. Concerns for corruption in business between Africans and Chinese are understandable given both regions are still developing, and are not at the stage where ethical standards and human rights can take precedent over economic and political rights.

Simply giving aid to a developing country struggling in poverty makes it dependant on aid and halts real economic development. Time and time again we have seen traditional aid fail to improve conditions in Africa and other parts of the world where poverty is a perpetual state of being. Leaders of developing countries will naturally be inclined to engage in corrupt transactions by pocketing public resources for personal benefit. Such corruption is particularly present in environments where laws are not enforced or can easily be broken, and there is a lack of public accountability. Overtime, as these economies develop, a stronger middle class will emerge and demand higher standards of law and order to increase their livelihoods. It is hoped that corruption will lessen and overall living conditions will improve. Today China is investing in infrastructure, ICT and education across the continent of Africa. These are the most crucial areas of foreign investment because they will set African economies on the right path to development and a better future for the African people.
Bibliography


Winter 2012.


<http://www.europaworld.com/entry/rw.is.62>.


Informant 1. Personal Interview. 12 October 2012.

Informant 2. Personal Interview. 3 November 2012.


