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# China's Interest in Africa: Conflict or Stability?

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FLORIDA INTERNATIONAL UNIVERSITY

Miami, Florida

CHINA'S INTEREST IN AFRICA: CONFLICT OR STABILITY?

A dissertation submitted in partial fulfillment of

the requirements for the degree of

DOCTOR OF PHILOSOPHY

in

INTERNATIONAL RELATIONS

by

Tristan di Montenegro

2017

To: Dean John F. Stack, Jr.  
Steven J. Green School of International and Public Affairs

This dissertation, written by Tristan di Montenegro, and entitled China's Interest in Africa: Conflict or Stability? having been approved in respect to style and intellectual content, is referred to you for judgment.

We have read this dissertation and recommend that it be approved.

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Florida International University, 2017

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ABSTRACT OF THE DISSERTATION  
CHINA'S INTEREST IN AFRICA: CONFLICT OR STABILITY?

by

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China's increase in economic and military force projection capability has grown substantially since the beginning of the twenty-first century. This rapid evolution, has in turn, triggered a rush for resources in Least Developed Countries, opened up new markets for Chinese-manufactured products, and has frequently been accompanied by an increased Chinese military presence in those nations in which it maintains an economic or industrial presence.

China's activities in Least Developed Countries, such as those in Africa, have had a direct impact on cultures, regional politics, economies, infrastructure creation, and the environment, yet the complexity of these dynamics has to date precluded an in-depth analysis of their effect on conflict and stability. In order to effectively gauge China's influence on the continent, localized studies of Chinese operations and activities in different locales were scrutinized.

*China's Interest in Africa: Conflict or Stability?* examines Chinese infrastructure and financing packages, Chinese-owned extractive and non-extractive industries, Chinese military and defense industrial enterprises, and finally, Chinese military activities on the continent. In order to provide for a

balanced analysis, this work utilizes case studies from diverse locales, which include the Democratic Republic of Congo, Ethiopia, Sudan, South Sudan, Mozambique, Rwanda, Zimbabwe and Angola.

While some argue that Chinese loans, infrastructure creation, and resource extraction operations contribute to development in Africa, there are ramifications, which have eluded the most erudite of academics. This analysis demonstrates that China's primary concern in Africa is based on securing the food, fuel and resources necessary to sustain its economic growth, often, subtly to the detriment of the African host-countries, which it claims to assist through financing and development.



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## LIST OF ACRONYMS

AERC	African Economic Research Consortium
AFECC	Anhui Foreign Economic Construction Company
AICD	Africa Infrastructure Country Diagnostic
AfDB	African Development Bank
APL	Anti-Personnel Landmines
ASM	Artisanal or Small-scale Mining Operations
AVIC	Aviation Industry Corporation of China
BBC	British Broadcasting Corporation
CACDA	China Arms Control and Disarmament Association
CASC	China Aerospace and Technology Corporation's
CCCC	China Communications and Construction Company
CCCM	Chinese Collum Coal Mine
CDB	China Development Bank
CDIE	Chinese Defense Industrial Enterprise
CH-3	Caihong-3 unmanned aerial vehicle
CHEC	China Harbor and Engineering Company
CIF	China International Fund Limited
CMF	Combined Maritime Forces
CMIE	Chinese Military Industrial Enterprise
CNGC	China North Industries Group Corporation
CNOC	China National Oil Corporation

CNODC	China National Oil and Gas Exploration and Development Corporation
CNOOC	China National Offshore Oil Corporation
CNPC	China National Petroleum Corporation
COIC	China Ordnance Industries Corporation
COSCO	China Ocean Shipping Company
COSTIND	Commission on Science Technology and Industry for National Defense
COVEC	Chinese Overseas Engineering Company
CPECC	China Petroleum Engineering and Construction Group
CREC	China Railway Engineering Corporation
CSG	China South Industries Group Corporation
DFID	Chinese Department for International Development
DGI	Dangerous Goods International
DRC	Democratic Republic of Congo
ECOS	European Coalition on Oil in Sudan
EEPCo	Ethiopian Electric Power Corporation
EEZ	Exclusive Economic Zone
EIA	Environmental Investigation Agency
ELINT	Electronic Intelligence
FAR	Forces Armées Rwandaises
GAC	General Administration of Customs
GAD	General Armaments Department
GCL	Golden Concord Group

GLR	Great Lakes region
GoS	Government of Sudan (North)
GoSS	Government of South Sudan
GNOC	Greater Nile Operating Company
HDI	Human Development Index
HRW	Human Rights Watch
IADC	International Aero Development Corp.
IIED	International Institute for Environment and Development
ICC	International Criminal Court
IDMC	Internal Displacement Monitoring Centre
IDP	Internally Displaced Persons
IEA	International Energy Agency
IFV	Infantry Fighting Vehicle
INSS	Congolese Social Security Institute
IRIN	Integrated Regional Information Networks
LSN	Landmine Survivors Network
LDC	Least Developed Country
MBT	Main Battle Tanks
MDGs	Millennium Development Goals
MIC	Sudan Military Industrial Corporation - Arms Manufacturer
MIIT	Chinese Ministry of Industry and Information Technology
MINURSO	United Nations for the Referendum in Western Sahara
MINUSMA	UN Multidimensional Integrated Stabilization Mission in Mali

MNC	Multi-national Corporation
MOFA	Ministry of Foreign Affairs
MOFCOM	Ministry of Commerce
MOFTEC	Chinese Ministry of Foreign Trade and Economic Cooperation
MONUSCO	United Nations Organization Stabilization Mission in the Democratic Republic of Congo
NOC	National Oil Company
NORINCO	China North Industries Corporation
OCHA	UN Office for the Coordination of Humanitarian Affairs
OECD	Organisation for Economic Cooperation and Development
ONLF	Ogaden National Liberation Front (Ethiopia)
OPV	Offshore Patrol Vessel
OSISA	Open Society Initiative for Southern Africa
PGEs	Platinum-group Elements
PLA	People's Liberation Army
PLAN	People's Liberation Army Navy
POLY	POLY Technologies
PRC	People's Republic of China
REE	Rare Earth Element
REM	Rare Earth Mineral
REPO	Resource Extraction Protection Operation
SALW	Small Arms and Light Weapons
SASAC	State Assets Supervision and Administration Commission



SASTIND	State Administration for Science, Technology and Industry for National Defense
SHADE	Shared Awareness and Deconfliction Maritime Operation
SIGINT	Signals Intelligence
SINOPEC	China Petroleum and Chemical Corporation
SIPRI	Stockholm International Peace Research Institute
SLOC	Sea Line of Communication
SME	Small and Medium Enterprises
SNNPR	Southern Nations, Nationalities and Peoples' Region (Ethiopia)
SOE	State-owned Enterprise
SPLA	Southern People's Liberation Army
SPLF	Sudan People's Liberation Front
SLPM	Southern People's Liberation Movement
SPLM-IO	Southern People's Liberation Movement in Exile
TEU	Twenty-foot Equivalent Unit
TLOC	Terrestrial Line of Communication
TLVS	Timber Legality Verification System
UAV	Unmanned Aerial Vehicle
UN	United Nations
UNAMID	United Nations Mission in Darfur
UNMIL	United Nations Mission in Liberia
UNMISS	United Nations Mission in South Sudan
UNEP	United Nations Environment Program

UNICEF	United Nations Children’s Emergency Fund
UNOCI	United Nations Mission in Cote d’Ivoire
UNPKO	United Nations Peace Keeping Operation
UNRA	United Nations Relief and Rehabilitation Administration
UNSC	United Nations Security Council
WMEAT	World Military Expenditures and Arms Transfers
WS-1	Weishi-01 PRC-manufactured Multiple Rocket Launching System
ZELA	Zimbabwe Environmental Law Association
ZMDC	Zimbabwe Mining Development Corporation
ZNA	Zimbabwe National Army
ZTE	Zhongxing Telecommunication Equipment Corporation
3TG Minerals	Tin, Tantalum, Tungsten and Gold

## Introduction

A compelling case can be made that one of the most dramatic, if not *the* most dramatic changes in global geopolitics in the early twenty-first century has been China's rapid ascension to become one of the largest economic and military actors on the international stage. China's massive increase in military power projection and expanding economic presence now and for the foreseeable future make it one of the most important players in the global arena, which in turn accentuates the need for scholars and policy-makers to gain an understanding of the complex dynamics generated by its rapid growth. In order to facilitate its economic growth, China has of necessity looked outward - often to Least Developed Countries (LDCs) - for the raw materials and food supplies to bolster its expansion, and new markets for the export of Chinese goods. The advent of China's global reach has taken several forms and has in turn generated consequences - not all of them salutary - for the supplier countries involved.

In the belief that the People's Republic of China will attempt to become a hegemonic force, John J. Mearsheimer, notes "if those who are bullish on China are correct [China's rise to power] ... will almost certainly be the most important geopolitical development of the twenty-first century, for China will be transformed into an enormously powerful country. The attendant question that will concern every maker of foreign policy and student of international politics is a simple but profound one: can China rise peacefully?"<sup>1</sup> Mearsheimer's question in turn

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1. John J. Mearsheimer, *Can China Rise Peacefully?* The National Interest, October 25, 2014. <http://nationalinterest.org/commentary/can-china-rise-peacefully-10204>. Accessed on January 8, 2016. Mearsheimer founded and developed offensive realism, a school of thought

demonstrates the need for a comprehensive analysis of the impact of China's global activities on regional conflict and stability in the LDCs in which it is present. It is this crucial question that this dissertation attempts to answer.

In addition to asserting itself in virtually every world region, in an increasingly complicated global environment China must provide security for its resource founts and for the transportation lines for homeward-bound natural resources. This has spurred the Chinese government to re-assess its military capabilities, as the world begins to shift away from a principally unipolar system dominated by the United States.

As a result of these dynamics, the government of the People's Republic of China (PRC) realizes that China's economic stability, inherently intertwined with an abundant and constant supply of natural resources, is a matter of national security. Accordingly, it has made corresponding economic and military policy adjustments in order to enhance the force projection capabilities of the People's Liberation Army (PLA) and People's Liberation Army Navy (PLAN).<sup>2</sup> As far back as 2000, Richard J. Stoll noted, "while China's economy may slow its growth, there is every reason to believe that China will continue to enhance its position ...

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which attempts to explain the dynamics and interactions of nation-states, which he believes are rationally inclined to attempt to become hegemonic powers, in order to counter-balance the uncertainty regarding the intentions of other state-actors.

2. People's Liberation Army forces include both the Army and Navy. Subsequently within this work, the People's Liberation Army will be designated as "PLA" and the People's Liberation Army Navy will be designated as "PLAN." To date the PRC Air Force (PLAAF) has such limited activity in Africa that information regarding its presence on the continent would not facilitate this analysis and thus will not be included.

throughout the world.”<sup>3</sup> Subsequently in 2003, the United States Secretary of Defense, in his report to Congress, stated that

“Beijing is pursuing its long-term political goals of developing its comprehensive national power and ensuring a favorable ‘strategic configuration of power.’ China’s efforts to accomplish its security goals involve an integrated strategy that seeks to apply diplomatic ... military, and economic instruments of national power. China’s leaders believe that national unity and stability are critical if China is to survive and develop as a nation.”<sup>4</sup>

Since the PRC’s scramble for resources has resulted in increased security and resource competition in regions such as Latin America and South Asia, the need for understanding its impact on conflict and stability has become much more pivotal to geopolitics. China’s positioning reflects national security interests and an internal reassessment of its power distribution at resource founts and along transportation lines. As will be argued here, Africa provides the ideal template for comparison by which these dynamics can best be understood, since China’s quest to secure and maintain its growth trajectory has extended through the activities of state-owned enterprises (SOEs), national oil companies (NOCs), defense and military-industrial enterprises, and an increased presence of the PLA/PLAN in African LDCs.

Chinese companies are mining oil in Angola and Sudan, building roads in Ethiopia, working with the electricity sector in Kenya, building infrastructure and developing the tourism industry in Sierra Leone, and servicing mobile phone networks in Kenya and Nigeria. Throughout

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3. Richard J. Stoll, *In Harm’s Way? Chinese Power Projection in Historical Perspective*, May 2000, p. 2. <http://www.bakerinstitute.org/research/in-harms-way-chinese-power-projection-in-historical-perspective>. Accessed on October 17, 2015.

4. United States Secretary of Defense, *Annual Report on the Military Power of the People’s Republic of China*. Report to Congress, July 28, 2003. Executive Summary. <http://bit.ly/2aAzX1q>. Accessed on October 9, 2015.

Sub-Saharan Africa, Chinese companies are building vital infrastructure, including dams, ports, and roads, and helping to renovate government offices and other buildings.<sup>5</sup>

For more than a decade, China experts such as J. Peter Pham and R. Evan Ellis have noted that the PRC was leveraging its influence in Africa and Latin America, in order to guarantee access to natural resources needed to bolster its rapid growth. In his 2007 testimony before Congress, Pham noted that Africa had become more important to China than any other region.<sup>6</sup>

While the PRC has made major forays into other regions, Africa's lack of infrastructure, unexploited resources, and relative proximity to China have made that continent the primary focus of the PRC's quest for raw materials. China's growth has been coupled with investment in Africa and an increasing demand for African oil, since the PRC presently ranks second after the United States as the world's largest oil consumer. China's demand for resources and oil has resulted in partnerships with petroleum-rich countries such as Angola, Sudan and South Sudan, Nigeria and other Sub-Saharan states.

According to Barry van Wyk, Coordinator of the China-Africa Reporting Project in South Africa, by 2011 "China ... [was] comprehensively engaged with almost all of Africa's 54 countries - lending money, providing aid, trading,

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5. Ali Zafar, *The Growing Relationship between China and Sub-Saharan Africa: Macroeconomic, Trade, Investment, and Aid Links*, The World Bank Research Observer, 22 (1), 2007, p. 105. <http://wbro.oxfordjournals.org/>. Accessed on October 14, 2015.

6. Pham (2007). F. William Engdahl, *China and the Congo Wars: AFRICOM. America's New Military Command*, Global Research, November 26, 2008. <http://www.globalresearch.ca/china-and-the-congo-wars-africom-america-s-new-military-command/11173>. Accessed on February 4, 2015.

investing, and more than all else: building infrastructure and extracting resources.”<sup>7</sup> The PRC’s presence in Sudanese and South Sudanese oil fields are the biggest cases in point.

While China’s expanding presence in Africa can be linked to its rapid growth, Sino-African partnerships have also been facilitated by the absence of Western companies and financing institutions. African states have opted to do business with China due in part to its permissive financing stipulations and less than stringent human rights and environmental considerations. Thus, the PRC’s policy of non-interference, often criticized by non-governmental organizations (NGOs) and Western powers, has opened the door for Chinese national oil companies and state-owned enterprises in countries with abusive human rights regimes such as Sudan and Zimbabwe.

Countries like Sudan and South Sudan, which are targets of Chinese investment, seem to welcome the chance to develop their infrastructure while accepting what outwardly appear to be generous financing offerings. There is no argument that China has assisted in infrastructure development, and in some cases, the countries in which they do business experience an influx of funds. However, the effects on these LDCs have not been weighed in totality, especially those concerning impacts on local populations, regional conflicts, and the environment.

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7. Barry van Wyk, *Resources for Infrastructure: China's Role in Africa's New Business Landscape*, The China Analyst, September 2011. <http://www.thebeijingaxis.com/tca/editions/the-china-analyst-sep-2011/88-resources-for-infrastructure-chinas-role-in-africas-new-business-landscape>. Accessed on November 30, 2015.

Chinese financing packages, infrastructure creation, and resource extraction operations may outwardly appear to benefit the African host countries, but there are additional effects, which have escaped the scrutiny of both Sinologists and Africanists. This analysis addresses shortfalls in assessing the impact of China's activities in Africa, many of which have yet to be fully documented.

Even though the leadership in Beijing might propagate the concept of a beneficent China interested in supporting under-developed countries, the prime motivations for its activities in Africa are based in the first instance on its need to secure resources necessary to maintain its domestic development. Thus, according to *China in Africa: A Strategic Overview*, published by the Japan External Trade organization in 2009:

China's ... scramble into Africa has little to do with benevolent idealism but rather a hard-nosed preoccupation with accessing desperately needed raw materials, especially oil and iron ore, to drive its burgeoning economy and new consumer markets for its exports .... China's global economic and political reach in places like Africa, strongly ... [reflects] the imperatives of domestic economic development, which is driving China's search for natural resources in Africa today.<sup>8</sup>

China's recent ventures in Africa to procure raw materials needed to support its economy, manufacturing sector, military expansion and growing population have created complex dynamics. African leaders are quick to point out the relative ease of doing business with the PRC compared to Western countries. Despite the issues created by China's presence, often felt more by the general

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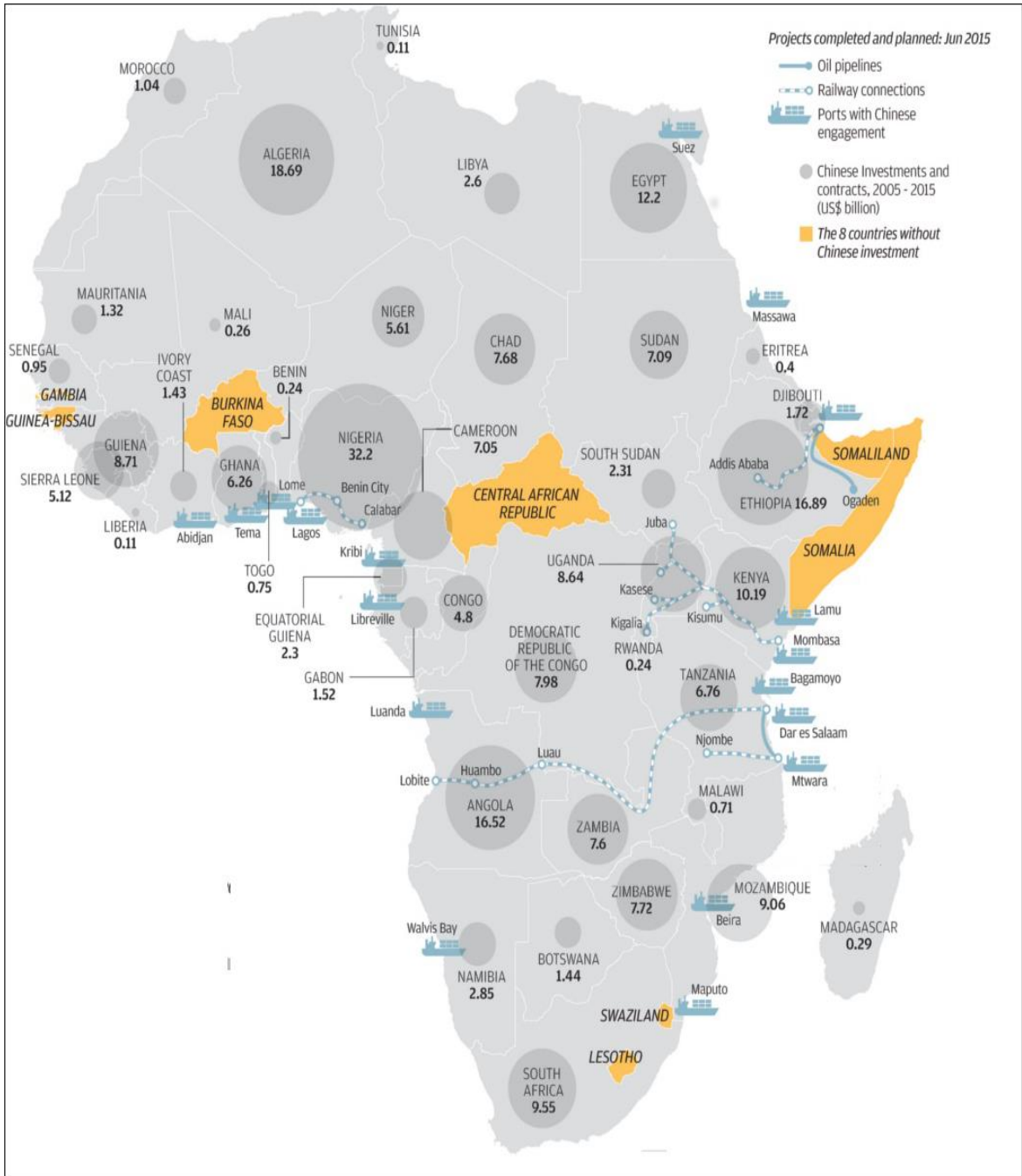
8. Executive Research Associates Party Limited, *China in Africa: A Strategic Overview*. Institute of Developing Economies - Japan External Trade Organization, 2009, p. 4. <http://bit.ly/2bdHAWh>. Accessed on October 12, 2015.



populace than by the elite, the governments of many of the African host countries have proven to be ready partners. The following map details the extent of China's presence on the African Continent as of June 2015, with investment amounts, "oil pipelines, railway connections, and ports with Chinese engagement" visually designated.<sup>9</sup>

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9. South China Morning Post (2015). Jeff Desjardins, *Visualizing Chinese Investment in Africa*, Visual Capitalist, December 9, 2015. <http://www.mining.com/web/infographic-visualizing-chinese-investment-in-africa>. Accessed on June 6, 2016.



Map 1 - Chinese Projects completed and planned as of June 2015<sup>10</sup>

10. Ibid.

While Chinese banks have extended credit options to African countries, which afford them opportunities not available via traditional, Western financing mechanisms, there are also hidden drawbacks. In most cases, the Chinese banks, which provide the financing, also decide which Chinese SOEs will be awarded the project, thus depriving the host governments of some of their autonomy. The bidding processes usually occur behind closed doors among the heads of the Chinese SOEs, and in many instances, African-owned companies are not invited to submit bidding tenders for the projects in their own country. According to Cindy Hurst, an analyst with the U.S. Army Foreign Military Studies Office, “on the one hand, China has been contributing much needed infrastructure to many of the underdeveloped African nations. On the other hand, China’s practices are believed to be exacerbating some of the political problems in certain countries, maybe even increasing instability in some cases.”<sup>11</sup>

Even though China’s political elites have attempted to create the image of a ‘peaceful rise,’ China’s ‘Going Out’ policy has created friction among its SOEs, which in turn has ramifications for the countries in which they operate. In reality, the policy pits Chinese state-owned enterprises against each other in a race to generate revenue. This in turn facilitates backroom negotiations among Chinese financing institutions, Chinese SOEs, and the decision-making apparatus of the African governments in places where Chinese companies have mounted operations.

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11. Cindy Hurst, *The Politics of Oil: China and Sudan - A Well-Oiled Relationship*, Foreign Military Studies Office, July 28, 2008, p. 1. <http://fmso.leavenworth.army.mil/documents/China-and-Sudan.pdf>. Accessed on April 10, 2015.

The understudied contrast in outcomes that Hurst references forms the basis for this dissertation: Is China contributing to the stabilization of African countries through financing, infrastructure projects, an increase in resource exports, and revenue streams or do the activities of PRC corporate, industrial and military entities serve to facilitate regional conflicts?

Host countries *are* affected economically, socio-politically, and environmentally by the activities and operations of foreign state-owned enterprises, yet the total impact of China's financial, industrial and military presence is complex enough that it is difficult to determine the extent of these effects, especially considering the opacity of the financing and bidding methods which are discussed in detail in Chapter 1. China's on-the-fly negotiations and infrastructure-for-resources-based-credit extensions to African states are beset with a lack of transparency, which is not as prevalent in negotiations and contracts with Western-based companies and financing institutions. "African leadership has typically welcomed China's fresh approach to development assistance, which eschews any interference in domestic affairs, emphasizes partnership and solidarity among developing nations, and offers an alternative development model based on a more central role for the state."<sup>12</sup>

Yet, since decisions to use local labor and indigenously sourced materials are deferred to Chinese SOEs, the potential for beneficial trickle-down effects to

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12. Vivien Foster, William Butterfield, Chuan Chen, and Nataliya Pushak, *Building Bridges: China's Growing Role as Infrastructure Financier for Sub-Saharan Africa*. World Bank Executive Summary. 2009. p. 3. <https://openknowledge.worldbank.org/handle/10986/2614>. Accessed on October 10, 2015.

local or state-owned African companies in underdeveloped regions with poor economic conditions is diminished. This serves to inflame local and regional tensions towards Chinese SOEs and their employees, which in turn has generated civil unrest and several incidents of violence involving Chinese nationals.

Additionally, despite China's official 'non-interference' policy, political pressure is often quietly wielded by Chinese SOEs against the governments of the host countries and in some cases is complemented by remuneration or corruption. One of the most frequent complaints of African governments is that Western-financed infrastructure projects and resource-extraction contracts contain too many caveats and stipulations, in addition to a protraction of the processes through which credit is provided to the host countries. China has readily stepped into this void and has taken advantage of this investment vacuum, and many of the contractual conditions and financing arrangements are obfuscated from the public eye and not subject to any regulatory mechanisms.

In order to determine the sum effect of Chinese activities in Africa, a framework or template has to be deployed in order to categorically analyze the Chinese actors. Chinese companies are often hybridized, making it difficult to determine who controls the chains of command in Beijing. State-owned enterprises may operate independently or may have to answer to parent corporations that are linked to either the military or the defense sectors, while other companies may be provincially-owned and not answer directly to the Beijing elite. Historically, while there was integration between military and

defense sectors, over the past decade and a half, these two sectors evolved into more distinct and separate operational entities, especially so since the Chinese government has strongly encouraged the streamlining of the People's Liberation Army and People's Liberation Army Navy. China's activities in Africa are spread across a rather vague spectrum that consists of banks, financing mechanisms, state-owned enterprises, industrial, defense and military operations.

Because the People's Republic of China (PRC) maintains a multifaceted presence through "... diplomatic ... military, and economic instruments of national power"<sup>13</sup> in less developed regions like those found on the African continent, this dissertation will utilize regional case studies to analyze and summarize the ramifications which result from Chinese entities operating across the aforementioned spectrum.

The author will categorically analyze China's investment and finance mechanisms, state-owned enterprises, Chinese military-industrial and defense-related enterprises, as well as the effects of the activities of the People's Liberation Army on regional stability in four chapters: Infrastructure Financing & Development, Extractive and Non-extractive Industries (National Oil Companies and State-owned Enterprises), Defense and Military Industry Activities and People's Liberation Army and Navy Activities in Africa.<sup>14</sup>

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13. United States Secretary of Defense, *Annual Report on the Military Power of the People's Republic of China*, Report to Congress, Executive Summary. July 28, 2003.

14. Appendix 3 details the difference between defense-industrial (essentially defense contractors) and military-industrial entities. While these two categorizations are often used synonymously in the West, they comprise two distinct industrial entity types in the PRC.

The first chapter will examine Chinese banks, financing mechanisms, infrastructure projects, credit lines and re-payment options offered to African host-countries for infrastructure projects through China's state-subsidized banks. This aspect of the PRC's activity in Africa is noteworthy since China's entries into least-developed regions frequently commence with offers of aid and infrastructure development bundles. These agreements, which superficially appear to benefit both the Chinese and their African partners, are subsidized through a mechanism referred to as the Angola-mode, which allows the host countries to repay China for infrastructure with raw materials. Subsequent to the cessation of Angola's civil war in 2002 "... State-owned Chinese companies ... [entered] Angola, as [their] infrastructure contracts were guaranteed by oil repayments. These oil repayments provide[d] China with a long-term secure supply of oil .... This oil-for-infrastructure deal ... [was] dubbed [the] 'Angola-mode' by the World Bank, but actually it is an adaptation of what Japan practised in the past."<sup>15</sup>

The second chapter of the dissertation scrutinizes the activities of extractive industries, which include national oil companies and other state-owned enterprises that involve petroleum, mining and logging operations that are typically not connected to either the military or defense establishments.<sup>16</sup> The

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15. Alex Vines, *Premier Li Keqiang in Africa: The Importance of Angola for China*, May 6, 2014. <https://www.chathamhouse.org/expert/comment/14134#>. Accessed on November 30, 2015.

16. "Although the stake the Chinese government holds in SOEs has been reduced ... [many] SOEs are still *hybrids* [emphasis added] - publicly traded on the stock exchange, but still majority-owned by the government." Lucy Corkin, *Chinese Construction Companies in Angola: A Local*

evaluation of national oil companies will focus on China's petroleum exploration and extraction operations, while discussion and analyses of other state-owned enterprises will center on industrial activities unrelated to petroleum exploration, extraction and transit, since China has also invested in the removal and export of precious metals and rare earth elements, as well as logging. While the PRC's petroleum exploration and extraction operations often monopolize the headlines, China's other SOE-run projects also have an impact on conflict and stability.

The third chapter of the dissertation commences the transition into an overview of Chinese defense and military enterprises, which are responsible for the production and supply of conventional weapons, military vessels, aircraft and military equipment.<sup>17</sup> While China's military activities play a large role in its African presence, enterprises run by companies within its defense sector also figure prominently in its continental operations and therefore require some scrutiny. This chapter will address the use and impact of Chinese-manufactured military equipment and weapons on regional stabilization in African States over the past four decades, in addition to providing an overview and analysis of the construction of indigenous African weapons manufacturing plants, which frequently facilitates regional weapons proliferation in regions which have historically been susceptible to civil war and inter-tribal tensions.

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*Linkages Perspective*, MMCP Discussion Paper No. 2, March 2011, p. 9.  
[http://www.cssr.uct.ac.za/sites/cssr.uct.ac.za/files/pubs/MMCP\\_paper\\_2\\_0.pdf](http://www.cssr.uct.ac.za/sites/cssr.uct.ac.za/files/pubs/MMCP_paper_2_0.pdf). Accessed on October 6, 2015

17. *Conventional weapons* include small arms, light weapons (SALWs), as well as heavy weapons (and missiles) which necessitate some type of mechanical means for movement and deployment. Case studies throughout the dissertation will be selected based on data availability.



The fourth chapter of the dissertation will examine the activities of the Peoples' Liberation Army (PLA) and Peoples' Liberation Army Navy (PLAN) presence and missions in Africa and adjacent waters. At the present time, China's military is increasing its footprint in Africa through participation in United Nations Peace Keeping Operations (UNPKOs) and Anti-piracy Operations (APOs). At this juncture, it is difficult to determine whether China's peacekeeping contributions in conflict zones are humanitarian contributions or opportunities to put boots on the ground with the goal of protecting Chinese assets. These operations may also provide the PLA with opportunities to conduct 'live-fire styled' exercises for its relatively inexperienced military. To answer this question this section of the dissertation will scrutinize PRC participation in UNPKOs.

Since the People's Liberation Army Navy vessels have participated in anti-piracy operations in the Gulf of Aden and off the coast of Somalia, its naval activities will be examined and analyzed in this section of the dissertation. China's naval and military force projection is ramping up in the region, as is demonstrated by the PRC's November 2015 announcement that it intends to construct a logistics facility in Djibouti, on the east side of the Red Sea-Gulf of Aden chokepoint, where both American and French militaries are already situated. This chapter of the work will provide a comprehensive assay of the potential impact of PLA and PLAN activities in Africa on both conflict and stability.

As Chinese workers travel to Africa to provide labor for PRC-financed infrastructure projects in places such as Ethiopia, Kenya, Zimbabwe and Sudan, the operational areas of China's state-owned enterprises involved in petroleum

extraction, mining and logging are expanding, at the same time that China infuses conflict-prone regions with inexpensive small arms, light weapons and military equipment.

In Ethiopia, for example, Chinese SOEs are responsible for the recently built roads and the light-rail network that encircle the capital city of Addis Ababa and serve to highlight China's work to visiting African Union dignitaries. Meanwhile, China also signed deals in Kenya in late 2013 for railway lines and energy projects, which totaled in excess of \$5 billion dollars. As Zimbabwe's President Mugabe has opened the door for Chinese mining companies - some of which are purported to be affiliated with the PLA - Zimbabwe has taken steps to adopt the Chinese Yuan as an official trade currency. In tumultuous South Sudan, as Chinese national oil companies expand their base of operations, Chinese soldiers comprising UNPKO units provide security to Chinese personnel staffing the Chinese-owned facilities.

Simultaneously, the PRC is increasing its littoral presence in Africa's most important ports and along strategic choke points such as the Mandeb Strait in the Horn of Africa. The construction of China's new military base in Djibouti signals that the PRC has adopted a multi-tiered approach towards the continent, which appears to be geared towards protracted rather than short-term economic, industrial and military activities.

Yet this creates a dilemma for Beijing; for while its leaders would like to maintain a uniformity of interest in Africa among the commercial, industrial and military entities operating on the continent, these entities often have conflicting

goals, which will serve either to stabilize the regions in which they operate, or facilitate conflict there. This dissertation examines China's activities on regional levels while attempting to determine the overall impact of its operations.

## Chapter 1 - Introduction to PRC Financing of Infrastructure and Development

Compared to the activities of national oil companies, China's infrastructure projects receive a relatively small share of the limelight in the international media, despite the widespread socio-economic and political effects on its African partners. Therefore, it is necessary to examine China's financing mechanisms, the Chinese SOEs involved in infrastructure projects, and the ramifications for the African host states.<sup>18</sup>

This analysis of China's infrastructure projects will commence with an examination of the banks that facilitate the financing between African states and the Chinese SOEs involved in infrastructure projects. The PRC's credit extensions and loan packages to Africa's LDCs are made possible by state-backed financial institutions, through which government subsidies are extended to Chinese SOEs, in addition to the African countries with an abundance of desirable raw materials that include but are not limited to petroleum, timber, minerals, precious metals and rare earths.

According to the *Japan External Trade Organization*, the ability of Chinese SOEs to aggressively enter African energy sectors and commence

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18. "China's economic expansion in Africa is carried forward by thousands of individual entrepreneurs; a small number of large, state-owned enterprises; and a host of companies owned by provincial and municipal authorities. While small private enterprises dominate investment in commerce and manufacturing, state-owned enterprises typically invest in extractive and infrastructure projects. In integrated investment packages, government institutions and state-owned companies work closely together. The Chinese government's active involvement in resource extraction is not fundamentally different from the financial, political and military support granted to oil and mining operations by the US, French or South African governments." Peter Bosshard, *China in Africa Policy Briefing, China's Environmental Footprint in Africa*, SA Institute of International Affairs (SAIIA), Number 3, April 2008, p. 2. <http://bit.ly/2bJoRUj>. Accessed on June 5, 2016.

infrastructure projects on the continent has hinged on their close cooperation with state-backed banking institutions, which are able to tap into national reserves, which exceed more than two trillion dollars (U.S.).<sup>19</sup> Chinese state-owned enterprises have an edge over other business ventures since they are not held to the same level of accountability as their Western counterparts. Furthermore, the loans granted to the SOEs are bundled with generously subsidized interest rates. In many cases, the executives of Chinese banking institutions have close working relationships with the administrators of the SOEs, which allow them to work in tandem, often on a country-by-country basis.<sup>20</sup>

### **The Angola-mode**

China employs several different financing mechanisms, which provides resource-rich African countries (at least in the short term) with an attractive alternative to traditional Western financing options:

- 1) Export credits to support national exporters.
- 2) Natural resources-backed lines of credit (i.e., “Angola-mode”).
- 3) Mixed credits, where financing packages combine concessional and market-rate loans, such as a mixture of FDI and export credit.<sup>21</sup>

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19. Executive Research Associates Party Limited, *China in Africa*, 77.

20. “These entities include the China Development Bank (CDB), Industrial and Commercial Bank of China (ICBC), China International Trade and Investment Corporation (CITIC), China Export and Credit Insurance Corporation (CECIC), Sinosure and the China Export-Import Bank.” Ibid.

21. Adopted from van Wyk, *Resources for Infrastructure*.

These different credit extension mechanisms give Chinese SOEs and NOCs leverage in resource ventures in Africa not typically utilized by Western corporations that are vying for the same exploration, extraction, and export rights. China Exim Bank is the largest state-controlled, infrastructure financier of Chinese state-owned enterprises in Africa.<sup>22</sup> “According to Fitch Ratings, in the decade to 2010, loans to African countries by China’s main state bank for overseas finance reached \$67bn, outstripping African lending by the World Bank.”<sup>23</sup>

African countries, which do not have the financial means to back the loans they receive from China, utilize their resources as a guarantee through the Angola-mode. In turn, the China Exim Bank underwrites and services loans to both Chinese SOEs and African countries, which enter into infrastructure-for-resource contracts. This allows financially limited African states to “.... package natural resource exploitation and infrastructure development.”<sup>24</sup>

The Chinese SOEs discussed in the first part of the dissertation are what the I refer to as ‘Front End’ SOEs, which are primarily involved in infrastructure creation projects. While oil refinery construction, refurbishment, and other petroleum-related projects may also be classified as infrastructure projects,

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22. “China Exim Bank ... is devoted primarily to providing export seller’s and buyer’s credits to support the trade of Chinese goods .... In addition, the China Exim Bank is the only Chinese institution that is empowered to provide concessional loans to overseas projects.” Executive Research Associates Party Limited, *China in Africa*, 78.

23. Tom Burgis, Demetri Sevastopulo and Cynthia O’Murchu, *China in Africa: How Sam Pa became the Middleman*, The Financial Times, August 8, 2014. <http://www.ft.com/cms/s/2/308a133a-1db8-11e4-b927-00144feabdc0.html#axzz39uFFUYxu>. Accessed on November 1, 2015.

24. Executive Research Associates Party Limited, *China in Africa*, 81.

Section 2 of the dissertation, Non-Military-Industrial and Non-Defense-Industrial Activities, will examine the operations of national oil companies and other state-owned enterprises involved with resource extraction. The SOEs discussed in Section 2, which include NOCs, mining, and logging companies are what I refer to as 'Back End' SOEs (versus "Front End"), since their primary function is extracting and exporting resources as payment by the host country, per the Angola-mode financing mechanism.

While the Angola-mode concept originated as a post-2002 moniker for China's loans-for-resources subsidization model employed in post-war Angola, the term is now utilized in a blanket fashion for all the countries that enter into similar credit-for-resources programs with the Chinese government. Since many African states such as Angola, have experienced issues with graft and corruption, the impact on the host countries is vigorously debated, especially because China maintains a non-interference policy with foreign governments.

With the ending of the civil war in April 2002, Angola needed rapid socio-economic development to fast-track the development of an emaciated populace .... Angolan officials ... turned to China because Beijing was willing to offer assistance without political strings attached, especially on the issue of transparency, as well as opening up important sectors of the Angolan economy. The Chinese were prepared to negotiate low interest rates and reasonable repayment schedules, but with the understanding that there would be economic and political prizes to be won, especially in the oil industry.<sup>25</sup>

The Angola production-sharing model acts as one of the support systems for the Chinese government's Go Global strategy. The China Exim Bank creates

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25. Executive Research Associates Party Limited, *China in Africa*, 81.

credit lines for both Chinese SOEs and the governments of African host countries in which they are operating. The credit lines serve to pay for project overhead for the SOEs and provide a mechanism by which the African governments can purchase Chinese goods. In turn, the SOEs and NOCs simultaneously secure access to exploration and extraction rights to valuable natural resources, which include but are not limited to oil, timber, precious and non-precious metals.<sup>26</sup>

A more detailed explanation of the Angola-mode is as follows: Subsequent to the host country's determination of which infrastructure projects it feels are the most pivotal, its ministry of finance or a similar state apparatus will work in conjunction with the Chinese Ministry of Commerce (MOFCOM) to establish a "framework agreement" in which the terms of project development, loans (credit lines), and repayment terms can be established through the China Exim Bank in a fashion, which, at the outset, appears to be equitable to both states.<sup>27</sup>

Figure 1 shows the "Decision-making chain of China Exim Bank-funded projects" as outlined by Lucy Corkin.<sup>28</sup> While the flow chart was created for the purposes of delineating the steps of Sino-Angolan loan-for-resources deals (Angola-mode), the basic outline is applicable to similar resource deals with other African governments when the host countries choose to utilize a Chinese financial institution. The chart also demonstrates the Byzantine complexity of

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26. Executive Research Associates Party Limited, *China in Africa*, 78.

27. Indira Campos and Alex Vines, *Angola and China: A Pragmatic Partnership*, December 5, 2007, p. 6. [http://csis.org/files/media/isis/pubs/080306\\_angolachina.pdf](http://csis.org/files/media/isis/pubs/080306_angolachina.pdf). Accessed on March 24, 2015.

28. Corkin, *Chinese Construction Companies*, 16.



China’s financing protocol in least-developed countries, while underscoring how difficult it is to accurately identify all of the Beijing-based ministries, command chains, intermediaries, state-owned enterprises and subsidiaries involved in financing and development schemes in Africa.

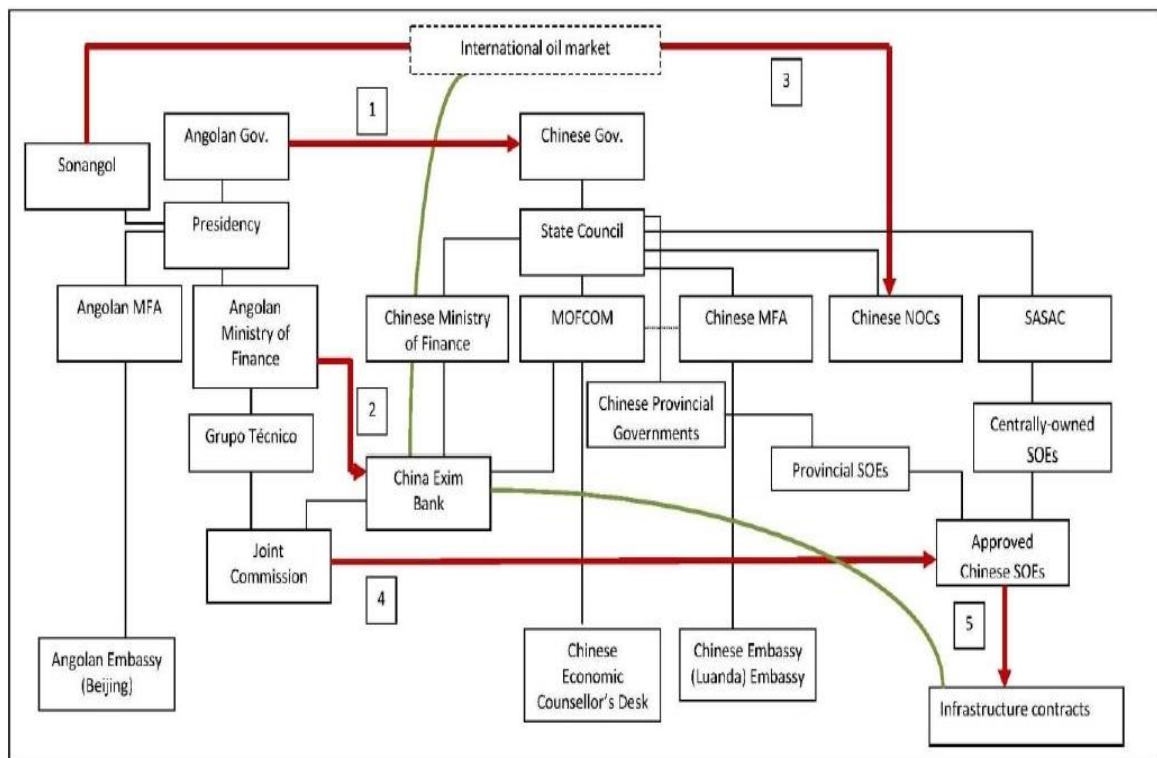


Figure 1 - Decision-making chain of China Exim Bank-funded projects<sup>29</sup>

Loan disbursement is frequently divided into phases and is utilized by the recipient African states for infrastructure project development.<sup>30</sup> In most cases, “project proposals identified as priorities by the respective [host state] ministries

29. Lucy Corkin, *Chinese Construction Companies*, 16.

30. These projects often involve the development of “... energy, water, health, education, communication, and public works” in addition to the construction of roads, bridges and establishment of hydro-electric power installations.” Other subsidized projects may include, but are not limited to “... the rehabilitation and enlargement of ... provincial and municipal hospitals and various district health centers .... the ... rehabilitation of secondary schools and polytechnics [and] .... the acquisition of new agricultural machinery as well as the rehabilitation of irrigation systems. Campos and Vines, *Angola and China*, 6.

are put forward to ... a joint committee [comprised] of the Ministry of Finance and the Chinese Ministry for Foreign and Commercial Affairs .... MOFCOM has in the past suggested [to the host country] further areas of development where it feels China can provide important know-how.”<sup>31</sup> So despite China’s policy of “non-interference,” the African states that opt for PRC-backed infrastructure development lose a lot of their autonomy once the credit has been extended by the financial institution.

The subsequent phase includes the selection of a Chinese SOE to complete the development project. While African host countries “oversee” the project implementation in a limited fashion, the Chinese government “suggests” which Chinese SOEs are best suited for the proposed projects subsidized by the credit extension.<sup>32</sup>

“The loan operates like a current account. When ordered by the Ministry of Finance, disbursements are made by Exim Bank [for example] directly into the accounts of the [Chinese] contractors. Repayment starts as soon as a project is completed. If a project is not undertaken, no repayment is made. Revenue from oil sold under this arrangement is deposited into an escrow account from which the exact amount toward servicing the debt is then deducted. The government of ... [the host country] is free to use the difference at its own discretion.”<sup>33</sup>

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31. Ibid, 9.

32. Ibid.

33. Ibid.

Creating a cost breakdown of specific infrastructure project types is difficult, since neither China nor the African countries they have collaborated with provide comprehensive data, which in turn paves the way for speculative deductions, versus allowing for the establishment of solid conclusions deriving from financial analyses. Bräutigam notes studies that examine Chinese aid packages to African states lack details and value-per-sector breakdowns.<sup>34</sup>

In summary, this overview reveals that China actually has more control over infrastructure projects than the African host countries themselves. It is also apparent that China profits in several different ways from the Angola-mode: The credit lines they extend to African countries are utilized by those countries to purchase Chinese-manufactured goods, the repayment schedules often include interest structuring which is favorable to the Chinese lender, and, thirdly, repayment is made to China through exploration rights and natural resource concessions. The next three sections of Chapter 1 will examine Infrastructure Financing and Development through the Angola-mode in Angola, Ethiopia, Sudan and South Sudan.

### **Case Study One - Infrastructure Financing and Development in Angola**

In 2002, after the cessation of Angola's civil war and proclamation of independence, its government approached various financial institutions in search of credit by which the country could be rebuilt. Deterred by the prerequisites for

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34. "Chinese reports on their aid [only] make it clear that the primary sector financed through aid is infrastructure, ranging from bridges, roads, and water systems to the so-called 'prestige' projects: stadiums, conference halls, [and] Ministry of Foreign Affairs buildings." Deborah Bräutigam, *China, Africa and the International Aid Architecture*, African Development Bank, March 2010, p. 22, <http://bit.ly/1dQu6gK>. Accessed on November 8, 2015.

credit required by the International Monetary Fund (IMF), the Angolan government turned to China to fund its post-war reconstruction process. Subsequent to 2002, until today, the People's Republic of China has been one of Angola's biggest sources for external finance.<sup>35</sup>

Between 2004 and 2011, three banks financed Angolan infrastructure projects, the majority of which were undertaken by Chinese SOEs: The China Export Import Bank (Exim), the China Development Bank (CDB), and the China International Fund Ltd.<sup>36</sup> The subsequent flow-chart, created by Corkin, diagrams Chinese contracting and procurement processes in Angola, and is also representative of those processes in other African states that utilize Chinese banks as infrastructure funding sources.

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35. Nataliya Pushak and Vivien Foster, *Angola's Infrastructure: A Continental Perspective*. The International Bank for Reconstruction and Development, The World Bank, March 2011, p. 2. <http://bit.ly/2a8FMgQ>. Accessed on December 2, 2015. "In 2013 ... Angola was ... for China the second largest source of imported oil after Saudi Arabia." Vines, *Premier Keqiang in Africa*, 2014.

36. Zachary Hylton, *China in Angola: The Pros and Cons of China's Aid Structure*, The Humphrey Review, May 7, 2014. <http://humphreyreview.com/article/china-in-angola-the-pros-and-cons-of-chinas-aid-structure>. Accessed on October 25, 2015.

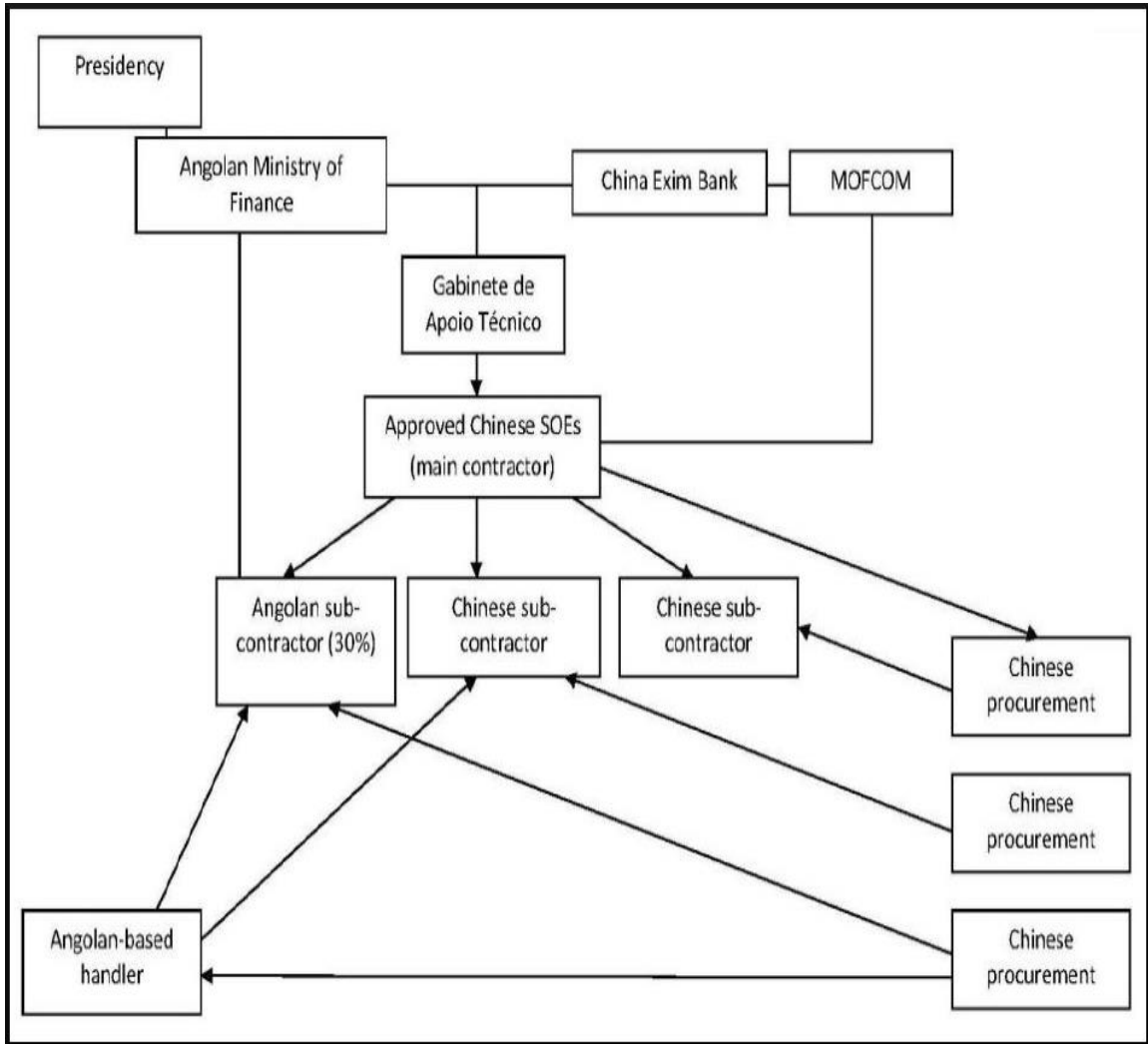


Figure 2 - Chinese contracting and procurement process in Angola<sup>37</sup>

While there is some debate as to whether or not China's loans and infrastructure have benefitted Angola, according to Campos and Vines the PRC's investment has facilitated poverty reduction in the country.<sup>38</sup>

37. Corkin, *Chinese Construction Companies*, 27.

38. Campos and Vines, *Angola and China*, 19-20.

The construction and rehabilitation of electrical and hydroelectrical infrastructure by the Chinese ... expanded electricity access to over 60,000 new clients in Luanda. The rehabilitation of water supply systems across the country ... granted thousands of people access to clean water.

The rehabilitation of roads, bridges, and rail networks provides access to parts of the country that had been disconnected by the war and facilitates commercial activities .... [and could benefit] people commuting into towns and the transport of goods across the whole southern African region.

Lastly, the rehabilitation of hospitals, health centers, schools, and polytechnic institutes will provide access to education and health to many communities that had for years had been deprived of it.<sup>39</sup>

China's policy of non-involvement and no-strings-attached, credit-for-resources subsidization packages have allowed the Angolan government to make headway in strengthening its internal infrastructure, however, some sources suggest that the lack of regulations and transparency, which is atypical of Western financing mechanisms, has led to graft, misappropriation of funds, and lack of development proportionate to the amount of credit extended to the Angolan government through Chinese banks.

One of the biggest issues pointed out by both NGOs and international donors is the lack of transparency, which characterizes Sino-Angolan funding mechanisms. The opaque nature of the credit extensions and actual finance transfers helps to obfuscate how the funds are actually spent.<sup>40</sup> Furthermore, in some cases, the PRC paid its SOEs directly, rather than allowing the Angolan

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39. Ibid.

40. Ibid, 11.

government to administer the payments to the Chinese companies involved in reconstruction projects.

“The China Construction Bank (CCB) and China’s EximBank provided the first funding for infrastructure development in 2002. [Yet] the Angolan Ministry of Finance had little input in these arrangements since CCB and EximBank funding was provided directly to Chinese firms.”<sup>41</sup> Corkin posits “...the larger state-owned Chinese companies ... entered Angola largely on the back of Chinese government loans, as ... state financing structures mitigated the risk that would otherwise have prevented these Chinese firms from entering the ... Angolan market.”<sup>42</sup>

In January 2007, a Centre for Chinese Studies analysis entitled *China’s Interest and Activity in Africa’s Construction and Infrastructure Sectors* noted that the People’s Republic of China was involved with several infrastructure projects within Angola. They included the development of a new oil refinery (Lobito); reconstruction of more than 540km of war-damaged roads between mining and agricultural areas; repairs to the Benguela Railway line (1300 km);<sup>43</sup> construction of a new international airport (Bom Jesus Airport); fabrication of the Luanda

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41. Ibid, 5.

42. Corkin, *Chinese Construction Companies*, 7.

43. This project was funded and undertaken by the China International Fund Ltd, a Hong-Kong based construction firm at a cost of US\$300 million. Centre for Chinese Studies, Stellenbosch University, *China’s Interest and Activity in Africa’s Construction and Infrastructure Sectors*, (PRC) Department for International Development, January 1, 2007, pp. 22-23. <http://bit.ly/2afprs9>. Accessed on November 25, 2015.

General Hospital by the Chinese Overseas Engineering Company (COVEC);<sup>44</sup> construction of more than 5000 housing units;<sup>45</sup> and renovation of the existing water distribution network.<sup>46</sup>

The Centre for Chinese Studies at Stellenbosch University analysis published in January 2007, should have provided a baseline by which quality and project completion rate could be evaluated nine years later - in 2016. Yet it is difficult to determine the success of these projects for several reasons: lack of transparency on the part of both the Angolan and Chinese governments, the frequent passing off of projects to secondary and tertiary Chinese firms, and the lack of comprehensive analyses and news articles which reference reconstruction progress in any detail.

In an April 2015 Xinhua article, “one of CRBC's senior managers for Angolan projects, maintained that ... CRBC ... built or rehabilitated over 1,500 kilometers of highways in Angola since 2006 when it first joined the rebuilding process ... including the recently-finished rehabilitation of a 200-kilometer highway .... [which] links the capital city of Luanda and the northern part of the country which is rich in oil and natural gas resources.”<sup>47</sup> Whether the 1,500 kilometers of ‘highways’ includes the roads referenced in the Stellenbosch

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44. Ibid, 23.

45. In March 2006, China International Fund Ltd was contracted to build forty-four 15-storey buildings, with 5,000 apartments in total (Cabinda City Housing Project). Ibid.

46. Ibid, 22-24.

47. Xinhua, *We are Building the Best Highway in Angola: CRBC Manager*, April 14, 2015. [http://news.xinhuanet.com/english/2015-04/14/c\\_134147777.htm](http://news.xinhuanet.com/english/2015-04/14/c_134147777.htm). Accessed on November 6, 2015.



analysis is difficult to determine at this time. In 2008, Campos and Vines attributed a 371-kilometer road reconstruction project to CRBC, valued at \$211 million.<sup>48</sup> However, to date, the Benguela Railway reconstruction project is most likely one of China's most successful endeavors in Angola.<sup>49</sup>

### **Negative Aspects of Chinese Infrastructure Projects in Angola**

Despite some evidence of transportation infrastructure development in Angola, Corkin has leveled criticism at Chinese SOE practices in Africa. Corkin references lax safety standards observed by Chinese companies, China's insistence that its SEOs source reconstruction materials from the PRC (versus utilizing local procurement), and its preference for hiring Chinese workers over indigenous Africans. "Officially more than 30,000 Chinese nationals are working in Angola, mostly as low-skilled contract labourers for Chinese companies ...."<sup>50</sup>

While Corkin stated in 2011 that 30,000 Chinese nationals were working in Angola, in 2014 Campos and Vines indicated a much higher number of Chinese workers in the country: "In 2010 at least 50 Chinese contractors were in Angola and in 2011 the Angolan government admitted that more than 258,000 work

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48. Campos and Vines, *Angola and China*, 6.

49. "The Benguela Railway was first completed by Portuguese colonists in 1912 to link the Lobito and Benguela with Huambo, Angola's second-largest city. The line was deserted in 1975 ... the beginning of a 27-year civil war .... The new line, under construction since 2004, will be linked with the Angola-Zambia railway and the Tanzania-Zambia railway in the future ... [as part of a network which is intended to connect] ... the Atlantic and Indian oceans." Zhao Lei, *Angola Rail Line, Built by China, Gets Rolling*, The China Daily, February 16, 2015. [http://www.chinadaily.com.cn/world/2015-02/16/content\\_19600829.htm](http://www.chinadaily.com.cn/world/2015-02/16/content_19600829.htm). Accessed on November 6, 2015.

50. Lucy Corkin, *China and Angola: Strategic Partnership or Marriage of Convenience?* Angola Brief. Chr. Michelson Institute (CMI) and Centro de Estudos e Investigação Científica (CEIC). January 2011, Volume 1, No.1, p. 1. <http://www.cmi.no/publication/?3938=china-and-angola-strategic-partnership-or-marriage>. Accessed on October 6, 2015.

visas had been issued to people from China.”<sup>51</sup> The Angolan government’s statement that more than 258,000 work visas had been issued to Chinese citizens calls into question the results of both Corkin’s research, and that of Stellenbosch University, which cited that 90% of the workforce contributing to Chinese projects in Angola consisted of indigenous Angolan laborers. This point further emphasizes the lack of transparency of such projects.

According to Shinn, the number of Chinese in Africa ranges from 1 million to 2 million. “While there is no precise number for Chinese nationals living in and visiting Africa at any given time, senior Chinese officials usually put the figure at more than one million and some analysts say there may be as many as two million. At the end of 2014, there were about 200,000 Chinese working in Africa on contracts and another 62,000 providing services under aid programs.”<sup>52</sup>

Vines also noted that the sourcing of cement from China, in addition to the large number of work visas issued to low-skilled Chinese laborers also called into question the modus operandi of Chinese SOEs. “Taking into account that Angola has a population of around 19 million and a significant unemployment problem such large numbers of Chinese workers in Angola are not sustainable long term. That the main import by Angola from China in 2010 was cement is [also] ... troubling.”<sup>53</sup>

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51. Vines, *Premier Keqiang in Africa*, 2014.

52. China Statistical Yearbook (2015). David Shinn, Africa: China’s Laboratory for Third World Security Cooperation, China Brief Volume: 16 Issue 11, July 6, 2016. <http://bit.ly/2caCZrN>. Accessed on September 4, 2016.

53. Ibid.

The Benguela rail line is a case in point for questionable Chinese policies implemented during Angola's infrastructure upgrades. In addition to sourcing nearly all of the equipment, labor and resources from the PRC, a higher-than-normal number of worker fatalities were reported. During construction of the rail system, there were more than 20 reported fatalities of Chinese workers.<sup>54</sup>

Problems are evident in other infrastructure projects as well. More than eight years after the assertion that construction of The Bom Jesus Airport outside of Luanda would soon commence with the assistance of Chinese funds, it was still not completed in 2015. In cases where Chinese building construction projects have been completed, there are often quality issues: The Luanda General Hospital made international headlines when its patients had to be evacuated due to structural problems that threatened the safety of its occupants.

According to Deborah Bräutigam, "Luanda General Hospital, built by Chinese company COVEC under China's aid program (not under China's multi-billion dollar line of oil-backed credit) had developed severe cracks and was closed, with patients living in tents on the grounds." Local reporters and human rights activists noted that the problems, which the hospital experienced due to poor construction quality, were representative of issues experienced at many of the projects undertaken by Chinese SOEs.<sup>55</sup>

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54. Lei, *Angola Rail Line*.

55. Deborah Bräutigam, *Chinese Aid and Luanda General Hospital in Angola: Still Falling Down?* <http://www.chinaafricarealstory.com/2011/04/chinese-aid-and-luanda-general-hospital.html>. Accessed on January 15, 2016.

However, Bräutigam stated that the Chinese take pride in their aid work since it is an important aspect of their diplomacy, and maintains that the hospital was built with a majority-Angolan labor pool (90%).<sup>56</sup> Bräutigam also posited that the widely publicized evacuation of the hospital unfairly made China's other aid and infrastructure projects suspect. "What is clear is that one ... [problematic] hospital project has cast a particularly large shadow over hundreds of other less visible Chinese construction projects in Angola that do not seem ... to have had such dramatic flaws."<sup>57</sup>

However, Angolan human rights activist Rafael Marques de Morais expresses views that strongly counter Bräutigam's perspective while simultaneously providing analysts with local perceptions of China's infrastructure project work in Angola:

[When], the General Hospital in Angola's capital of Luanda had to evacuate all medical personnel and patients ... [as] severe cracks appeared everywhere in the two-story building and bricks began to disintegrate .... The moral ... [which Angolans] drew from the story ... [focused] on the short life span of public works undertaken by Chinese companies in Angola as part of the low-key economic and cultural offensive China is waging on the African continent.<sup>58</sup>

While the Luanda General Hospital received a lot of negative publicity due to its rapid structural degradation, the housing unit construction touted in the

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56. Bräutigam, *Chinese Aid Luanda Hospital*, 2011.

57. Ibid..

58. Rafael Marques de Morais, *The New Imperialism: China in Angola*, Al-Jazeera: Cross-cultural Understanding, April 4, 2011, <http://bit.ly/2aeg8Js>. Author's note: *al Jazeera* should not be confused with the Middle Eastern based news outlet al Jazeera. Accessed on November 7, 2015.

Centre for Chinese Studies analysis also gained a lot of attention since the construction contracts and financing agreements were negotiated behind closed doors. Secondly, “only about 20% of Luanda’s population ... [could] afford to live in [this area].”<sup>59</sup> While the Angolan government was responsible for the majority of the issues, the fact that sprawling, Chinese-constructed cities in Angola resembled the recently built ghost towns in mainland China, negatively portrayed the Chinese SOEs involved in their construction.

There were also other issues regarding the opacity of some of the financing by Chinese institutions, as well as the inter-relationship with secondary Chinese SOEs involved in petroleum projects. This was exemplified by rather murky negotiations between the China International Trust and Investment Corporation (CITIC) and the China International Fund (CIF) over the construction of tens of thousands of housing units across Angola.<sup>60</sup>

The renovation and broadening of Angola’s water treatment and sewage facilities by Chinese SOEs have not been widely covered by the media, making it difficult to gauge the progress of these projects. Secondly, given the extent of the

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59. David Benazeraf and Ana Alves, *Oil for Housing: Chinese-built New Towns in Angola*, Global Powers and Africa Programme, South African Institute of International Affairs, Policy Briefing 88, April 2014, p. 2. <http://bit.ly/2bvR7J3>. Accessed on November 3, 2015. “Chinese-built satellite towns ... [were] financed by Chinese oil-backed loans, either ... [through Sino-Angolan] bilateral co-operation agreements or ... private contracts. Kilamba was initially supposed to be financed by China International Fund (CIF) .... [However] .... when CIF ran into financial difficulties .... the project was taken over by ... CITIC Construction .... and financed by the Industrial and Commercial Bank of China.” Croese (2012). Benazeraf and Alves, *Ibid.* Hong Kong-based CIF is tied to Dayuan International Development Ltd., which is linked to dozens of mainland Chinese SOEs.

60. Louise Redvers, ‘*Ghost town’ Still Haunting Government*, Open Society Initiative for Southern Africa, June 6, 2013. <http://www.osisa.org/economic-justice/blog/ghost-town-still-haunting-government>. Accessed on November 4, 2015.

credit extensions for water, sewage, and hydroelectric projects - and the media publicity dedicated to this type of infrastructure improvement in Angola subsequent to 2002, there should be a more extensive list of completed projects of this nature.

While China *has* contributed to Angola's post-war infrastructure development, the overall opinion among Angolans is far from positive, as may be reflected from journalist Rafael Marques de Morais' experiences. He stated that more than 500 km of recently tarred, Chinese-built roadway, which he traversed, had totally decomposed in less than a year, and that this was typical of China's projects in Angola.

[Over a seven month period] the tar had ... [decomposed in] different sections of [Chinese-built roadways] as a result of poor workmanship by Chinese engineers. This was not an isolated occurrence .... Tales of ... Chinese roads being washed away by rain or filling up with potholes within months of being opened to traffic are now the stuff of legend [in Angola]. .... I saw a new Chinese-built school whose roof had blown off in a recent rainstorm, [while] ... older neighboring houses kept their roofs even though some of them were thatched.<sup>61</sup>

### **Summary of Infrastructure Financing and Development in Angola**

In summary, despite "the growing magnitude of China's projects in Angola very little is known about them. As a result there have been many myths about the terms of co-operation"<sup>62</sup> The opaque nature of Sino-Angolan negotiations, the involvement of covert Chinese state actors, and the history of graft and

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61. Marques de Morais, *The New Imperialism: China*.

62. May Tan-Mullins, Giles Mohan and Marcus Power, *Redefining 'Aid' in the China-Africa Context*, Development and Change, International Institute of Social Studies, 41(5), 2010, pp. 857-881. <http://bit.ly/2dCgjB6>. Accessed on October 6, 2015.

corruption has led to the cultivation of a negative perspective of Chinese SOEs involved in infrastructure projects in Angola. The poor quality of work, whether it be the rapid degradation of roads or crumbling buildings which are less than half a decade old has also served to contribute to the overall negative impression of the presence of China's state-owned enterprises in the country.

“Assessing the impact of China's ‘foreign assistance’ projects in Angola is further complicated by the ‘bundling’ of ... ‘assistance’ with direct foreign investments from the approved Chinese companies .... [This is exemplified by] oil-backed loans and credits ... intertwined with massive investments by state-led enterprises such as the China International Trust and Investment Corporation (CITIC), the China Road and Bridge Corporation (CRBC) and ... privately-owned CIF.”<sup>63</sup> Furthermore, some of the infrastructure projects, such as the Benguela Railway, have been created in order to facilitate the transport of raw materials, and will not benefit the population.

In post-war Angola, the majority of the population lives below the poverty line and from its perspective, both China and the Angolan elite are enriching themselves at the expense of the country, which still has a relatively low level of infrastructure development, especially considering its vast resource wealth. While China has spent billions of dollars with the Angolan government, the general population has yet to see many benefits from the influx of oil-backed credits and currency.

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63. Tan-Mullins, Mohan and Power, *Redefining 'Aid'*, 857-881.

With respect to China's credit extensions to Angola, it is apparent that the benefits reaped by China far outweigh any socio-political or economic gains made by the East African state and the general population. "This [credit extension] is not 'aid' in any conventional sense therefore. In many cases, it is unclear how money has been spent ... [on] the projects that have resulted from bilateral co-operation as the funds are often tracked so far off the books that they do not appear in any budgets whilst the bidding process for the lucrative contracts themselves ... [is] opaque."<sup>64</sup>

Thus in the case of China's resources-for-infrastructure development projects in Angola, they serve to increase tension among the local population, and these dynamics have become more prevalent across the continent over the past decade as Chinese presence increases. It should be noted that this rise in tension is not limited to labor-intensive infrastructure projects, but is also an effect of local market displacement created by inexpensive Chinese goods, and of an increase of Chinese-owned business establishments.

Chinese managers and employers have been reported in the African media for being abusive, under-paying their employees, and forcing them to work in hazardous conditions. In some cases, this has triggered violence and resulted in the death of Chinese nationals. The antagonism toward Chinese managers and workers has risen "in countries with struggling economies [which include the majority of African states and] the arrival of large numbers of ... Chinese ... [that]

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64. Ibid.



combined with a lack of enforcement of laws and regulations, have fuelled tense relations with locals [across the continent].”<sup>65</sup> This has been demonstrated by attacks on Chinese-owned facilities, and violence against Chinese SOE managers and laborers in Angola, Cameroon, Ethiopia, Kenya, Nigeria, Sudan and South Sudan, South Africa, and Zambia.<sup>66</sup>

While the Angola-mode does allow for superficial infrastructure creation, the collateral aspects of Chinese operations in LDCs such as Angola are questionable at best, and seem to indicate a one-step-forward, two-steps back devolution of Sino-African SOE operations, which are tightly bundled with resource-for-infrastructure financing packages. The negative aspects of Chinese infrastructure creation are further compounded by the poor quality of the buildings, roads, and bridges, in addition to the lower-than-market wages and poor working conditions local employees are subject to, if they are able to secure employment with a Chinese company.

### **Case Study Two - Infrastructure Financing and Development in Ethiopia**

“China has had a long history of involvement with Ethiopia, especially since the rise of the ... Zenawi government”<sup>67</sup> Observing China’s infrastructure financing and development activities in Ethiopia provides for a different

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65. Integrated Regional Information Networks (IRIN), *Increasing Hostility Towards Chinese Traders*, September 7, 2012. <http://www.irinnews.org/report/96266/southern-africa-increasing-hostility-towards-chinese-traders>. Accessed on December 9, 2015.

66. Chapter 2 briefly examines African on Chinese violence.

67. Monika Thakur, *Building on Progress? Chinese Engagement in Ethiopia*, China in Africa Project, South African Institute of International Affairs (SAIIA), Occasional Paper Number 38, July 2009, p. 4. <http://bit.ly/2afuOHj>. Accessed on November 19, 2015.

perspective than the examination of the PRC's involvement in petroleum-rich Angola. The two countries are diverse in location, culture, and indigenous resource-wealth. While post-war Angola has earned a name for itself due to its vast oil reserves, Ethiopia is the official seat of the African Union headquarters and has struggled to overcome a history of famine, illiteracy, and internecine power struggles among its eighty-plus ethno-linguistic groups.

According to Ethiopian scholar Seifudein Adem, "Ethiopia does not produce industrially critical raw materials such as oil and strategic minerals, which have presumably provided the basis for China's relations with many countries in Africa .... If China's relations with many African countries could be described as one of 'infrastructure for natural resources,' the Sino-Ethiopian relationship can be described 'infrastructure for diplomatic support.'"<sup>68</sup> Knowing that Ethiopia serves as a transit point and base for diplomats of all of the African states, China has used the country to 'showcase' its credit extensions and infrastructure development.

Dr. Monika Thakur notes, "[the] majority of the growing literature on Sino-African relations focuses on China's relations with resource-rich/economically robust countries or unsavoury regimes. Limited attention has been paid to the rest of Africa's states, but it is in these 'less significant' countries, such as Ethiopia, that China has the potential to have the most impact. [In Ethiopia]

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68. Seifudein Adem, *China in Ethiopia: Diplomacy and Economics of Sino-optimism*, African Studies Review, Volume 55, Number 1, April 2012. Project Muse. Cambridge University Press. pp. 143-151. <http://muse.jhu.edu/journals/arw/summary/v055/55.1.adem.html>. Accessed on November 12, 2015.

China's economic engagement ... focuses mainly on infrastructure

development."<sup>69</sup> According to the World Bank's 2015 *Country Overview*,

Ethiopia is the second-most populous country in Sub-Saharan Africa .... [and is] one of the world's oldest civilizations .... The country's per capita income of \$550 is substantially lower than the regional average .... The main challenge for Ethiopia is to continue and accelerate the progress made in recent years ... [and] to address the causes of poverty among its population .... Large-scale [foreign] donor support will ... [thus] provide a vital contribution in the near-term to finance the levels of spending needed to meet these challenges.<sup>70</sup>

While the rate of Ethiopia's economic growth has been difficult to gauge due to a general opacity and lack of consistent annual expenditure reporting, the country has shown progress which can be attributed in some part to an influx of foreign funds and infrastructure development. The PRC has been Ethiopia's primary contributor since 2004. The analysis entitled *Chinese FDI in Ethiopia: A World Bank Survey* states "China's economic cooperation with Ethiopia has expanded rapidly over the past decade. In 2011, China was both the largest import and largest export-trading partner of Ethiopia. Similarly, China's investment in Ethiopia has increased steadily."<sup>71</sup>

Thakur notes that China's primary focus in Ethiopia has been infrastructure (road, bridge and railway), hydroelectric power, water supply projects, and telecommunications.<sup>72</sup> According to a 2010 World Bank report, in

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69. Thakur, *Building on Progress*, 3.

70. World Bank, *Country Overview: Ethiopia*, September 23, 2015. <http://www.worldbank.org/en/country/ethiopia/overview>. Accessed on November 15, 2015.

71. World Bank, *Chinese FDI in Ethiopia: A World Bank Survey*, Africa Region, November 2012, p. vii. <http://bit.ly/1zEpU1r>. Accessed on November 18, 2015.

72. Thakur, *Building on Progress*, 9.

Ethiopia, of all “the non-OECD [Organisation for Economic Cooperation and Development] financiers, China is an increasingly important source of external finance and currently contributes 20 percent of [Ethiopia’s] total capital expenditure.”<sup>73</sup>

One of the principal differences between Angola’s and Ethiopia’s infrastructure development is that the majority of infrastructure projects initiated by Chinese state-owned enterprises in Ethiopia, were not originally financed through Chinese lending institutions. Initially, “the major sources of finance for the projects were ... the World Bank, European Commission, African Development Bank, OPEC Fund, and Arab Bank for Economic Development.”<sup>74</sup>

### **Transportation Infrastructure Projects in Ethiopia**

Over the past decade, China has been responsible for a large portion of Ethiopia’s transit creation and rehabilitation projects. “[By] 2009 all new construction and 66.6 percent of rehabilitation, upgrading, and maintenance of roads in Ethiopia were being done by Chinese companies.”<sup>75</sup> One of the biggest road and bridge construction projects engaged by Chinese SOEs in Ethiopia to date has been the Ring Road project, which entailed the building and reworking of the major arteries surrounding Ethiopia’s capital, Addis Ababa.

In 1998 [the state-owned] China Road and Bridge Corporation ...signed a contract agreement with Addis Ababa City Roads Authority (AACRA) for

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73. Vivien Foster and Elvira Morella, *Ethiopia’s Infrastructure: A Continental Perspective*, The International Bank for Reconstruction and Development, The World Bank, March 2010, p. 20. <http://bit.ly/2arYvZj>. Accessed on December 2, 2015.

74. Bräutigam (2009) and Gebre (2009). Adem, *China in Ethiopia*, 150.

75. Adem, *China in Ethiopia*, 150.

the project. The contract price to complete the Ring Road project was US\$ 86.02 million, US\$ 67.25 million in the main contract for the road construction and US\$ 18.77 million in a supplemental contract. The contract with the AACRA included the construction and upgrading of 33.4 km of highway, which included the upgrading of 14.2km of bituminous asphalt concrete surfacing and the construction of 19.2km of new road, 41 new structures, 6 flyover bridges, 23 pedestrian bridges, and 12 culverts.<sup>76</sup>

As previously mentioned, the primary difference between Angolan and Ethiopian projects is that Ethiopia utilized non-Chinese financing mechanisms for the majority of its projects. In the case of Ring Road, China financed less than twenty percent of the US\$ 86 million venture.<sup>77</sup> However, over the past decade, Ethiopia has increasingly opted to utilize Chinese financing mechanisms for its projects instead of the aforementioned entities.

The Addis Ababa Ring Road Case Study by Mo et al. outlines the structuring of the Sino-Ethiopian “project entities” involved in the metropolitan road and bridge venture, which can be compared to Corkin’s flow chart (Figure 2) *Chinese contracting and procurement process in Angola* in Case Study One. Both illustrations reflect similar project entity structuring, with the Chinese Government jointly entering financing agreements with the host countries, and then allowing for local (African) government ‘oversight’ of the Chinese state-owned enterprises involved in the infrastructure development, which in the case

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76. Peng Mo, Ryan J. Orr, and Jianzhong Lu, *Addis Ababa Ring Road Project: A Case Study of a Chinese Construction Project in Ethiopia*, International Conference on Multi-National Construction Projects, November 21-23, 2008. p. 3. [https://gpc.stanford.edu/sites/default/files/cp028\\_0.pdf](https://gpc.stanford.edu/sites/default/files/cp028_0.pdf). Accessed on November 14, 2015.

77. “The Government of Ethiopia provided US\$ 73.02 Million of equity support from the governmental budget. The remainder - US \$13 Million, which equates to one sixth of the contract price, was contributed from Chinese sources through an interest-free loan with a 30-year refund period.” Ibid, 7.

of the Ring Road Project is China Road and Bridge Construction.

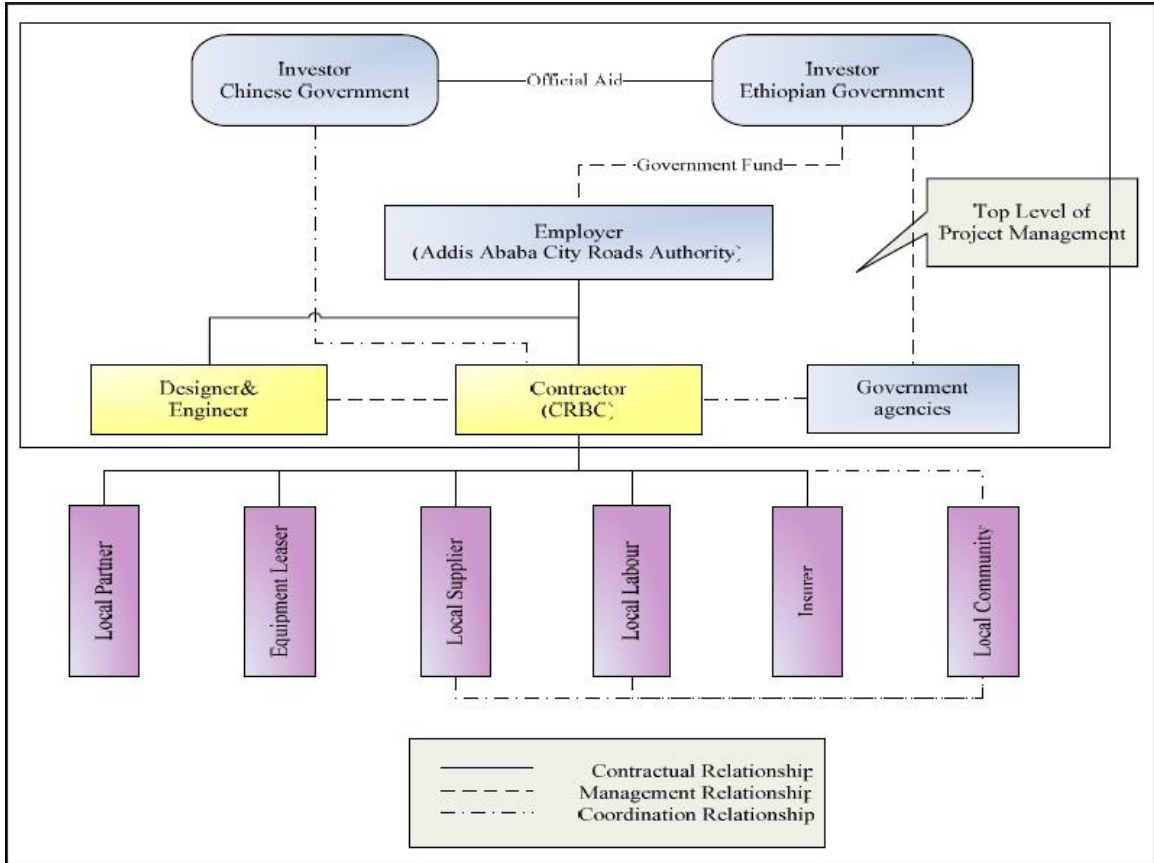


Figure 3 - Project Entities Structure in the Ring Road Project<sup>78</sup>

Given Ethiopia's limited pre-project road network prior to the completion of the venture, Addis Ababa's population and its commercial enterprises appear to have benefited from the upgraded transportation system.

“Ring Road was completed in 2004, six years after commencement. Local residents were content .... [Since the new roadways] allowed heavy vehicles ... to bypass portions of the city .... reduced traffic congestion ... and linked neighborhoods with market places, schools, churches and clinics. [In turn] the diminishing traffic congestion ... reduced the risk of traffic accidents.”<sup>79</sup>

78. Ibid, 4.

79. Ibid, 3.

## Negative Aspects of Chinese Transportation Infrastructure Projects

Despite the improvements in traffic flow, congestion and accident reduction, there were negative ramifications to the project. In *Scoping Study on the Chinese Relation with Sub Saharan Africa: The Case of Ethiopia*, Ethiopian academic Alemayehu Geda reveals serious drawbacks, like the ones experienced in Angola.

- 1) Sub-standard (work) quality of the construction undertaking itself
- 2) Failure of Chinese labor and products (materials) to meet international standards, especially in terms of sanitation, and water supply facilities.
- 3) Sub-standard remuneration for local Ethiopian laborers.
- 4) Failure of CRBC to hire a number of local unskilled laborers, commensurate with the scope of the project.
- 5) The duty- and tariff-free importation of technically outdated construction equipment through a Sino-Ethiopian incentive plan which subsequent to the project[s] completion does not have a significant service life.
- 6) Chinese usage of governmental connection to crowd out domestic firms.<sup>80</sup>

Point 4 of the foregoing list references that Chinese companies prefer to use Chinese laborers, rather than Ethiopian workers. As mentioned in the previous sub-section, similar complaints were voiced by the Angolan populace. However, in a January 2013 interview with the *China Daily*, the operational director of First Highway Engineering Company, a subsidiary of CCCC (China Communications and Construction Company), maintained that he had hired

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80. Alemayehu Geda, *Scoping Study on the Chinese Relation with Sub Saharan Africa: The Case of Ethiopia*, AERC Scoping Study, African Economic Research Consortium, Nairobi, March 2008, p. 8. <http://bit.ly/2aOtcFj>. Accessed on November 20, 2015.

8,400 laborers for the project, at a 20 to 1 ratio, which equated to 8000 Ethiopian workers and 400 Chinese.<sup>81</sup>

Chinese SOEs were also responsible for other roadway installation projects in different parts of the country. In early 2013, Ethiopia's Ministry of Foreign Affairs announced the opening of an important Ethio-Sudanese transportation link between Asosa (Ethiopia) and Kumruk, Sudan. The Ethiopian Ministry of Foreign Affairs stated, "The 100km-long road ... will enhance trade relations as well as social ties between the two countries .... The construction of the project was carried out by ... [the Chinese SOE Sinohydro] at a cost of over US\$ 27 million. This Ethiopia-Sudan highway is the second highway connecting Ethiopia with Sudan .... and opens up another route ... [which allows] interior Ethiopia to trade within the region."<sup>82</sup>

Once again, issues of transactional opacity, similar to the phenomena evidenced in Angola, were present in Ethiopia. The Sinohydro website outlined that the project, initiated in 2007, was slated to be completed in 2010. Another questionable discrepancy is that the Sinohydro website states that the overall project cost was more than double what the Ethiopian government claimed to have paid out US\$ 62 million, versus the Ethiopian government's cost quote of US\$ 27 million. The estimated project completion time nearly doubled, and this

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81. Andrew Moody and Zhong Nan, *60 Percent of the New Roads in Addis Ababa have been Built by First Highway Engineering Company of China*, MelesZenawi.com. January 25, 2013. <http://bit.ly/2am1HC1>. Accessed on December 3, 2015.

82. Ethiopian Ministry of Foreign Affairs (2013). MelesZenawi.com, *Ethiopia-Sudan Highway Link Completed*, January 17, 2013. <http://www.meleszenawi.com/ethiopia-sudan-highway-link-completed>. Accessed on November 25, 2015.



may have been one of the reasons for the 130% increase in the project price. Additional reasons for the delayed project completion and the large cost discrepancy have never been published.

While this dissertation does not allow for a full-scope and detailed examination of Sino-sponsored road and bridge construction in Ethiopia, the foregoing example indicates that other infrastructure projects of the same nature may have been susceptible to similar pitfalls and detriments: substandard work quality, questionable bidding processes, and overall project costs, which exceeded original agreements. Before delving into hydroelectric and telecommunication projects, the author will briefly examine one portion of China's recently completed railway refurbishment in Ethiopia.

In September of 2015, the "Chinese-built and funded Light Rail .... [opened] the first phase of the state-owned urban railway, which comprises 34 kilometers (21.1 miles) of lines across the city .... The Light Rail is the first in a raft of Chinese-funded infrastructure projects that Ethiopia's government says will ... help maintain annual economic growth .... Another railway along the main trade route to neighboring Djibouti may begin early in 2016."<sup>83</sup>

According to a May 2015 article in *Xinhua*, a secondary project referred to as the Sebeta/Addis Ababa-Mieso line, will comprise a total length of 329 km, and serve to facilitate imports and exports throughout East Africa. "The ... railway

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83. The Ethiopian Light Rail Project was awarded to the China Railway Engineering Corporation (CREC). William Davison, *Modernizing Ethiopia Opens \$475-Million, China-Built Urban Rail*, Bloomberg, September 21, 2015. <http://www.bit.ly/2c05vd4>. Accessed on November 18, 2015.

[project was] ... contracted by [China Railway Engineering Corporation] CREC with a total cost of US\$ 2 billion .... [Moreover] Prime Minister ... [referred to the] project ... [as] a blood-line of the country's economy.”<sup>84</sup> Xinhua noted that the CREC’s work facilitated technology transfer between China and Ethiopia, in addition to “supporting the locals, especially those who ... [live in close proximity to] the projects sites, where the Chinese company has undertaken development programs in water supply and road development.”<sup>85</sup>

The construction of Ethiopia’s rail system appears to reflect dynamics described by Geda, and those, which Adem referenced in *China in Ethiopia: Diplomacy and Economics of Sino-optimism*.

The Sino-Ethiopian relationship ... [could] be described [as] ‘infrastructure for diplomatic support’<sup>86</sup> and “.... [since] the African Union and the Economic Commission for Africa [is] located in Addis ... African leaders ... visit Addis frequently. [Therefore] symbolic [projects undertaken] ... by Chinese SOEs in Ethiopia thus could serve to advertise their work ... [to] the rest of Africa.”<sup>87</sup> The track of the Light Rail “.... [which] skirts the African Union’s headquarters .... [was described by the Ethiopian] Transport Minister ... [as] one of the first of its kind in sub-Saharan Africa, [and] as a milestone in the nation’s journey out of poverty.”<sup>88</sup>

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84. Xinhua, *Key Section of Ethiopia Railway Project Nears Completion*, May 20, 2015. <http://www.wantchinatimes.com/news-subclass-cnt.aspx?id=20150520000119&cid=1202>. Accessed November 21, 2015.

85. Ibid.

86. Adem, *China in Ethiopia*, 143-151.

87. Geda, *Scoping Study*, 11.

88. “The Ethiopian Railways Corp. service ... will be run and maintained by Shenzhen Metro Group and China Railway Engineering Corp. for five years .... The second line will start running when China Electric Power Equipment Technology Co., another state-owned company, finishes connecting it to a dedicated electricity supply ....” Davison, *Modernizing Ethiopia*.

However, in a departure from the previously discussed Sino-Ethiopian road construction-financing models, the Ethiopian government opted to go through the Export-Import Bank of China rather than the alternative non-Chinese financing mechanisms it had previously opted to utilize, as with the Ring Road project undertaken by CRBC.<sup>89</sup>

Due to its staged-phase completion schedule, it is too early to make a determination of the impact of the implementation of a Chinese built and funded light rail system in Ethiopia. However, at the present time, while aspects of the Sino-Ethiopian financing agreements may be questionable, it appears as though the general population will benefit from the establishment of a modernized transportation system, which represents improvements to the general architecture of Ethiopia's infrastructure. "The Light Rail is the first in a raft of Chinese-funded infrastructure projects that Ethiopia's government says will [soon] come online ... and help maintain annual economic growth."<sup>90</sup>

### **Hydroelectric Projects**

China has also been the primary contributor to Ethiopia's blossoming hydroelectric project aspirations, which if successful, may make it one of Africa's largest suppliers of electricity. A September 2015 *Bloomberg* article noted, "the

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89. "The government agreed to borrow the funds in June 2011 from the Export-Import Bank of China at the 6-month Libor interest rate plus 2.6 percent and a grace period of three years, according to Ethiopian Finance Ministry data. State-owned contractor China Railway Engineering Corp. was the recipient of the export financing and completed construction in less than two years. The loan, which is part of Ethiopia's growing total public debt of around 60 percent of gross domestic product, will be paid back partly by profitable rail projects ...." Davison, *Modernizing Ethiopia*.

90. Ibid.

Gibe III hydropower dam's reservoir has started filling, with its 1,870 megawatts capable of almost doubling Ethiopia's generating capacity."<sup>91</sup> However, these projects have the potential to adversely impact local populations, limit agricultural operations of small villages, which survive through subsistence farming, and damage the environment (and some may rightfully point out that this phenomenon is not particular to Chinese activity alone - other countries have acted in similar fashion).

As with the rail projects undertaken by CREC, Ethiopia - like Angola - has turned to Chinese financial institutions for credit extensions rather than applying to more transparent and traditional institutions to subsidize its ambitious hydroelectric projects. This is due in part to the comparatively strict prerequisites created by non-Chinese financing mechanisms that are bundled with credit extensions when projects have the capacity to negatively impact the environment and regional stability.

No international development banks funded the dam projects, yet some have funded international transmission lines that will carry power from the dams, a decision criticized as backdoor support for the dam projects. Instead, Ethiopia is relying on the sale of government bonds and funding from Chinese state banks. These findings indicate a departure from international standards found in the funding criteria of development banks. Ethiopian officials view complying with these standards as a burden and dams as a development imperative requisite at all costs.<sup>92</sup>

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91. Ibid.

92. "A number of Chinese state banks are involved in Ethiopian hydro projects, including The Industrial and Commercial Bank of China (ICBC), the world's largest bank with assets exceeding U.S. \$2 trillion." Pat Adams, *Progress at Any Cost? International Development Banks, Large Hydropower, and the Environment in Ethiopia*, Environmental Policy Update, 2012, pp. 2-6. <http://bit.ly/2agtPvj>. Accessed on November 18, 2015.

Ethiopia plans to become East Africa's largest power exporter by the end of this decade, which it believes will in turn help to support its economic growth. The government of Ethiopia believes that with Kenya, Djibouti, and Sudan, as possible electricity consumers, by 2018 electricity will supplant coffee as the nation's primary export.<sup>93</sup>

### **Negative Aspects of Hydroelectric Projects in Ethiopia**

It appears that one of the reasons Ethiopia bypassed traditional financial institutions and opted for Chinese subsidies, is that the potential for socio-economic crises generated by the project would not have satisfied the prerequisites of Western institutions such as the World Bank. In cases such as this China's policy of 'non-interference' may be called into question.

"Findings suggest that in its zeal to develop with massive hydro, the Ethiopian Electric Power Corporation (EEPCo), the state-owned power utility, understates critical social and environmental impacts of the dams .... Large dams like those under construction in Ethiopia come with a host of social and environmental costs including displacement of communities upstream, disruption of watersheds downstream and the communities that depend on them, and the risk of conflict over trans-boundary water resources."<sup>94</sup>

Map 2 details the location of the Gibe III and the Grand Renaissance Dams, and their proximity to Ethiopia's national borders. Of special concern is

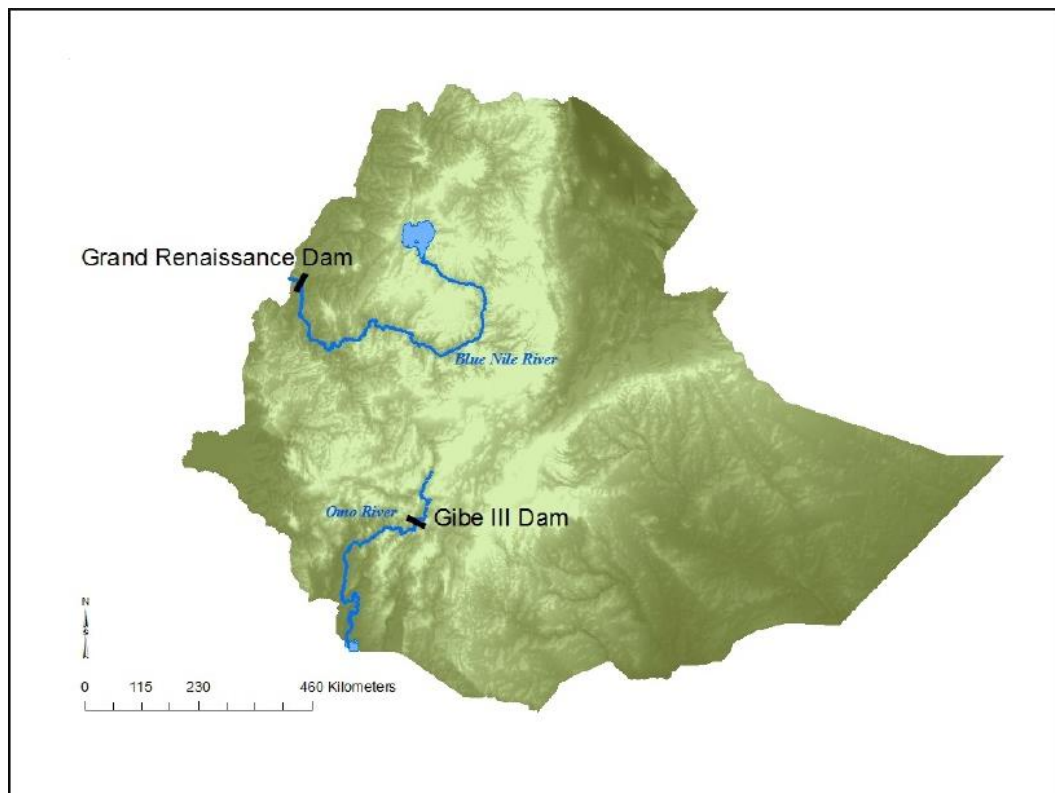
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93. McLure (2008). Adams, *Progress at Any Cost*, 3.

94. Abbink (2012) and Scudder (2005). Adams, *Progress at Any Cost*, 2-3.

the Gibe III Dam which transverses part of the Southern Nations, Nationalities, and People's Regions of Ethiopia (S.N.N.P.R.).

The S.N.N.P.R. contains more than 45 different indigenous tribes, which make it one of the most ethno-linguistically diverse areas in the world, per square kilometer. Additionally, many of these primitive groups which will be affected by the Gibe III in Ethiopia; Kenya, and South Sudan risk having their limited resources disrupted, in a region which is already rife with tribal tensions stemming from cattle raids (often to subsidize bride price payments), and



Map 2 - The Grand Renaissance and Gibe III Dams<sup>95</sup>

grazing-, fishing-, hunting-, and agrarian-rights disputes in an arid environment which is dependent on an adequate water supply.

95. Adams, *Progress at Any Cost*, 4.

The construction of the Gibe III Dam, which was inaugurated on December 17, 2016, has drawn the ire of activists, NGOs, and water-dependent tribes of northwestern Kenya.

The World Bank and the European Investment Bank ... dropped consideration of the Gibe III Dam after viewing the environmental impact report commissioned by the Ethiopian government. Activists say the World Bank and the African Development Bank lost interest in the project after considering its social and ecological implications on the region's fragile ecosystem stretching across Ethiopia and northern Kenya. The European Investment Bank also dropped consideration of the ... [Gibe III].<sup>96</sup>

In a move that creates issues which parallel those resulting from massive hydroelectric projects in China, some communities will lose their farming and grazing lands due to an increase in drought-like conditions, while other communities will have to relocate because their centuries-old tribal lands will become submerged as the dam fills. China, in conjunction with Ethiopia, is helping to create inroads towards a multi-national crisis, which has the potential to affect hundreds of thousands of people.

The project has been mired in controversy since it was just a blueprint .... A November 2010 hydrology report by the African Development Bank (AfDB) noted that the Omo River is responsible for 90 percent of the water leading into Lake Turkana. A major dam blocking the river would drain most of the lake, depriving 300,000 Kenyans of the water needed for agriculture, cattle herding and fishing .... [In Ethiopia] The area that will be flooded by the dam is home to low-level farmlands used by 300,000 Ethiopians. Food resources are already so scarce in the drought-hit border region between Kenya and Ethiopia that two of the main ethnic groups living there have resorted to violence in their bid for more land and water.<sup>97</sup>

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96. Celia Hatton, *China's Backing for Ethiopia Dam Riles Activists*, CBS News, June 1, 2011. <http://www.cbsnews.com/news/chinas-backing-for-ethiopia-dam-riles-activists>. Accessed on November 19, 2015.

97. Ibid.

While tribal contentions have existed between many of these ethnic groups for centuries, regional stability will become much more tenuous since neither the Ethiopian government nor the state-backed Chinese financial institution subsidizing the dam construction took the socio-economic, political or trans-national impacts of such a project into consideration. Although, until this juncture, Sino-Ethiopian dam projects have not yet contributed to either conflict or destabilization, these projects are creating conditions that will greatly escalate regional tensions between tribal groups that already have a history of conflict. China has also provided financing to the Ethiopian government for the Grand Renaissance Dam, the operation of which will also foment regional tensions and create downstream issues for North Sudan and Egypt.<sup>98</sup>

It is important not to confound Ethiopia's decision-making processes concerning hydroelectric projects with the role played by the Chinese SOEs and Chinese-owned financial institutions. The Ethiopian government is responsible for its own decisions. However, China's funding of infrastructure projects through its own state-owned financial institutions in African countries is markedly different from those, which are provided by traditional, impact-cognizant, financial institutions such as the World Bank and African Development Bank.

In cases such as the Gibe III and Grand Renaissance Dam projects, it becomes apparent that the Ethiopian government has opted to ignore the longer-term, negative socio-economic and environmental impacts. Statements from the

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98. Chinese financing for the Grand Renaissance Dam, which is slated to be finished in 2017, is estimated to be between 1.2 - 1.8 billion dollars, according to several different sources.



Ethiopian government indicate that China's policy of non-interference and its aversion to considering the socio-economic and ecological implications of foreign peoples within its infrastructure project zones make PRC-based financial institutions and SOEs preferential partners for such endeavors. It also needs to be noted that even in developed countries, analyses of hydroelectric projects reveal that in most cases, "large hydropower dams ... [are] too costly in absolute terms and take too long to build to deliver a positive risk-adjusted return .... [especially since] large dams have strikingly poor performance records in terms of economy, social and environmental impact."<sup>99</sup>

"In a 2012 interview with *The Reporter*, a prominent English language newspaper in Ethiopia, EEPCo's board chairman Debretsion G. Michael said the World Bank has 'very stringent regulations over environmental issues' and can ask 'exaggerated questions,'" thus indicating it was preferable to attain credit through Chinese state-owned financial institutions that ignore typical prerequisites for credit extensions.<sup>100</sup>

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99. Atif Ansar, Bent Flyvbjerg, Alexander Budzier, and Daniel Lunn, *Should We Build More Large Dams? The actual costs of hydropower megaproject development*, June 2014, pp. 2-5. <http://bit.ly/1ekyL7Q>. Accessed on September 12, 2016.

100. "[The] phenomenon of viewing hydropower as a development imperative, regardless of environmental, social, and even economic costs, is not confined to Ethiopia. Scholars and activists have raised similar concerns over massive dam projects in other parts of the world." Michael (2012). Adams, *Progress at Any Cost*, 15-16. "Chinese hydropower projects in Sudan ... 'have unrecognized social and environmental costs for host communities. Chinese dam builders have yet to adopt internationally accepted social and environmental standards.'" McDonald *et al.* (2009). Adams, *Progress at Any Cost*, 16. "As of October 2015 ... EEPCo, financed by Ethiopia and China, had constructed approximately 47 percent of the [Grand Renaissance] Dam." Margaret Suter, *The Politics of Water. What We Know About the Grand Ethiopian Renaissance Dam*, February 9, 2016. <http://bit.ly/2bS5ewD>. Accessed on October 6, 2016.

Michael characterized the nature of infrastructure funding from China in contrast to the World Bank: “The Chinese only focus on the viability of the project .... If they can recover the loan, they will provide funds ... [for] the projects. They pay due attention to the feasibility study. If they are convinced on the commercial viability of the project, they ... grant the loan. They do not attach other issues to the loan request. The Chinese give deaf ears to the cries of NGOs.”<sup>101</sup>

It is important at this juncture to make a final point in regard to financing for the two Ethiopian hydroelectric projects. While Chinese financial institutions played a role in subsidizing the two dam projects, they do not qualify as Angola-mode financing strategies since Ethiopia has arranged to remunerate the PRC-based financier(s) with money versus raw materials or resources.

### **Telecommunications Projects**

The final section of Case Study 2 will examine the ramifications of Sino-Ethiopian telecommunications deals.<sup>102</sup> In Ethiopia, there has been a flurry of issues associated with less-than-transparent transactions in respect to Sino-Ethiopian telecommunications projects undertaken by two Chinese SOEs: Zhongxing Telecommunication Equipment Corporation (ZTE), and more recently by Huawei. While the directorship of Huawei has consistently engaged in tactics

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101. Debretsion G. Michael, Interview: *Our Priority is to Provide Enough Funding for the Renaissance Dam*, The Reporter, 2012.

102. “Telecommunications [generally] refers to the industry that provides mobile and fixed-line telephony, television, and Internet access and includes network operators and equipment providers.” Alfred Wong, *China’s Telecommunications Boom in Africa: Causes and Consequences*. E-International Relations, September 21, 2015. <http://www.bit.ly/2bqU2YO>. Accessed on November 21, 2015.

in an attempt to keep its ties to the Chinese government and PLA layered in secrecy, for the purpose of this analysis, I will examine Huawei with the perspective that the company acts as an agent of the state, and in cooperation with the Beijing elite.

The Huawei Corporation, founded by PLA Engineer (retired) Ren Zhengfei, has not publicly divulged its ownership. A 2012 Investigative Report authored by the U.S. House of Representatives Permanent Select Committee on Intelligence maintained Huawei Technologies Company Ltd. refused to elucidate its potential ties to the Chinese government, and concluded the company posed a potential security threat.<sup>103</sup>

As will be demonstrated below, ZTE and Huawei have been accused of bypassing generally accepted bidding practices, utilization of governmental connections to secure contracts, and installation of sub-standard networks. Additionally, there is concern these two companies may be contributing to Ethiopia's human rights issues through the implementation of surveillance technology on behalf of the Ethiopian government. This also raises questions about the security of communications for the Ethiopian-based and Chinese-constructed African Union facility and the Economic Commission for Africa.

Both “Huawei and ZTE have ... been ... [criticized] over the quality of ... [their] products and services.”<sup>104</sup> Despite having a more positive track record for

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103. “The ZTE Corporation ... a Chinese [SOE] headquartered in Shenzhen, China ... was founded in 1985 ... by a group ... associated with China's Ministry of Aerospace.” <http://www.chinese-champions.com/zte>. Accessed on February 21, 2016.

104. Dalton (2014) and Mthembu-Salter (2011). Wong, *China's Telecommunications Boom*.

network installations and customer service than ZTE, allegations of unfair practices have also been leveled against Huawei, especially regarding the advantage it derives from being backed by Chinese state-owned financial institutions. In June 2011, “Huawei Technologies ... rejected a charge by the ... [chairman] of the U.S. Export-Import Bank that it has an unfair advantage over rivals because of help from the Chinese government.”<sup>105</sup>

The US Exim chairman maintained that opaque credit extensions from state-backed, Chinese financial institutions allowed Chinese companies to monopolize developing foreign markets and specific sectors, which included countries in need of telecommunications infrastructure. Furthermore, in a surprising turn of events, African countries, which have a less-than-stellar reputation themselves, also raised the alarm over ZTE’s opaque dealings with developing nations.

According to a November 2014 article in the *Wall Street Journal* by Matthew Dalton,

“ZTE and Ethio Telecom have been locked in a standoff over prices that Ethiopia would pay for ZTE's equipment and other issues .... The Ethiopian government ... warned ZTE ... that it may cancel a huge contract it awarded to the Chinese telecommunications firm last year, amid concern about the prices ZTE is proposing to charge for its equipment .... Cancellation of the contract would also be another blow to

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105. “In a [2011] speech ... Export-Import Bank Chairman and President Fred Hochberg said Huawei had a US\$30 billion credit line from the Chinese Development Bank ... [which] reduced the Chinese networking vendor's cost of capital and provided financing to its customers at rates not available to buyers of other vendors' gear.” Stephen Lawson, *Huawei Calls Charge of Government Help ‘Hogwash,’* IDG News Service, PC World, June 18, 2011. <http://bit.ly/2bJvkgu>. Accessed on November 23, 2015.

ZTE's business in Africa, where several countries have annulled contracts awarded to the firm because of concerns that it violated government purchasing rules, acted improperly or wasn't up to the job.”<sup>106</sup>

As a result of these tensions, Ethio Telecom, “Ethiopia's government-controlled, monopoly telecommunications operator,”<sup>107</sup> opted to edge ZTE out of some of the network installation work, which it had already been awarded, albeit through dubious contractual processes. “[A subsequent] investigation by the World Bank ... found fault with the deal, criticizing Ethiopia for sidestepping government procurement rules to give the project to ZTE and for awarding such a big contract to one company. ZTE ... said it ... [did not] violate the [Ethiopian] government's rules.”<sup>108</sup> [However the deal was] .... conditional on ZTE doing the job without bidding.”<sup>109</sup>

Ethiopia also lodged complaints with ZTE, which stated that the telecommunications network was plagued with sporadic network coverage, slow data transfer speeds, and poor call quality. Furthermore, the Ethiopian government contested the financing terms. While Chinese financial institutions subsidized the project cost, ZTE structured what the Ethiopian government interpreted as unfavorable terms. In response to the complaints regarding the

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106. Matthew Dalton, *ZTE at Risk of Losing Ethiopia Telecom Contract; Ethiopia Already Giving Pieces of ZTE's Business to Huawei Amid Pricing Concerns*, The Wall Street Journal, November 13, 2014. <http://on.wsj.com/2bHh6xs>. Accessed on November 25, 2015.

107. Ibid.

108. “While export credit is provided by most countries, China provides it on an unparalleled scale, with available credit exceeding the annual revenues of ZTE and Huawei. Government credit thus constitutes a clear advantage for Huawei and ZTE in winning contracts.” Ibid. Wong, *China's Telecommunications Boom*.

109. Geda, *Scoping Study*, 7.

financing cost(s), ZTE maintained that it was simply attempting to recoup fees charged to them by the Chinese financial institutions.<sup>110</sup>

In 2013, possibly anticipating additional issues, the Ethiopian government decided to renegotiate the agreement and awarded Huawei work that was originally slated to be completed by ZTE. “Like many of the contracts that ZTE and Huawei have won in Africa, the two firms offered Ethiopia large amounts of financing backed by Chinese state-run development banks, brushing aside Western competitors for the contract,” yet based on Dalton’s observations, it appears that in some cases the original financing terms are subject to change.<sup>111</sup>

Another serious issue is that ZTE- and Huawei-telecommunications projects may provide the means for foreign governments to illegally monitor opposition groups, which in turn has the potential to create human rights issues in countries, which have already faced international criticism for failing to adopt democratic norms. Media and information exchange in Ethiopia, like China, are closely monitored by the central government in an attempt to stifle dissent from those with political views which run counter to those of the ruling political party.

Political opposition groups in Ethiopia today are weak and fragmented ... but they ... are sometimes critical of China’s support for the ... [Ethiopian] government. China’s significant involvement in the country’s telecommunications industry has recently been singled out as alarming, since the Ethiopian government is suspected of using Chinese technology for jamming radios and television broadcasts critical of the government and for blocking opposition-controlled or opposition-affiliated Web sites.<sup>112</sup>

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110. Dalton, *ZTE at Risk*.

111. Ibid.

112. “[Despite these contentions] other opposition members ... see China’s increasing involvement in the country as beneficial since China’s investment, in the telecommunications

The scope of Huawei and ZTE's undertakings and their potential connections to the Chinese government, military and intelligence branches has also raised the ire of U.S. politicians. In October of 2012, the U.S. House Intelligence Committee released a report, which expressed concern with the activities of both ZTE and Huawei.<sup>113</sup>

While the report focused on the activities of ZTE and Huawei within the United States, the security issues created by the utilization of their equipment and software in least-developed countries, such as Ethiopia for example, may pose even greater concerns, because LDCs lack the technological capabilities to detect and deter cyber-intrusions and potential cyber-kinetic attacks. Furthermore, many developing states struggle with human rights issues and the installation of potentially intrusive technologies runs counter to democratic development.

[ZTE and Huawei] sell telecommunications equipment needed to create and operate wireless networks .... [These] concerns are most acute about Huawei and ZTE because of their close ties to the Chinese government, which the committee said has heavily subsidized the companies.

Allowing the Chinese companies to do business in the United States ... would give the Chinese government the ability to easily intercept communications and could allow it to start online attacks on critical infrastructure, like dams and power grids.

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sector for instance, will potentially enhance interconnectivity among Ethiopians and with the outside world, which could in turn encourage the emergence and consolidation of grassroots movements and pave the way for a greater challenge to the ruling regime in Ethiopia." Adem, *China in Ethiopia*, 153-154.

113. A 2011 report by the Open Source Center (CIA) alleges that Huawei's chair, Sun Yafang had previously worked for the Ministry of State Security. Bill Gertz, *Chinese Telecom Firm Tied to Spy Ministry*, The Washington Times, October 11, 2011. <http://bit.ly/2bXlpo8>. Accessed on July 20, 2016.

The report [also stated] ... the committee had obtained internal documents from former employees of Huawei that showed it supplied services to a “cyberwarfare” unit in the People’s Liberation Army.<sup>114</sup>

### **Summary of Infrastructure Financing and Development in Ethiopia**

Given Ethiopia’s general lack of transparency, limited freedom of the press, and record of human rights violations, China’s non-interventionist policy may contribute to the Ethiopian government’s firm grip on an already oppressed population. Although at least in the short-term it appears as though China’s infrastructure projects will benefit the country economically, it is, however, too soon to determine the long-term impacts of the infrastructure development, which is often subsidized through Chinese-backed concessionary loans.

“It is still premature to conclude whether Chinese engagement has definitively contributed to overall economic progress in Ethiopia .... China’s contribution to Ethiopia’s economic development (vis-à-vis infrastructure growth, information and communication technology (ICT) development and hydroelectricity projects) is undeniable, despite certain issues related to the quality of the infrastructure, technology transfer and employment.<sup>115</sup>

African critics have pointed out that China’s ‘help,’ often in the form of loans are not without negative implications for the future. According to a former

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114. Michael S. Schmidt, Keith Bradsher, and Christine Hauseroct, *U.S. Panel Cites Risks in Chinese Equipment*, The New York Times, October 8, 2012. <http://nyti.ms/2c0uiO0>. Accessed on November 21, 2015. “The NSA and other U.S. agencies have long been concerned that the Chinese government or military ... may have installed backdoors in Huawei equipment, enabling it for surveillance .... The equipment, routers, and software manufactured and supplied by ZTE and Huawei can be used “to switch internet and private traffic .... The systems that decide where traffic should go can be separated from the systems that actually transmit it to its destination, removing some of the functionality from hardware that does the latter job by replacing it with software applications that can communicate across platforms regardless of which company made the hardware.” Kim Zetter, *How a Chinese Tech Firm Became the NSA’s Surveillance Nightmare*, Wired, March 27, 2014. <http://www.wired.com/2014/03/how-huawei-became-nsa-nightmare>. Accessed on November 20, 2015.

115. Thakur, *Building on Progress*, 4.



executive working for the African Development Bank, “the heavy volume of concessionary loans from China is a cause of concern ... [since it contributes to a] growing debt burden. The former president of South Africa, Thabo Mbeki ... warned ... [that this is] a “new form of neo-colonialist adventure.”<sup>116</sup>

There are additional worries since Chinese projects in the Ethiopia have created disparities similar to the ones experienced in Angola, Zambia, and other African states. Local companies are not utilized in accordance with the initial agreements, potential local labor pools are not incorporated, and if they are, the employees are under-paid - even by local, Ethiopian standards.<sup>117</sup>

In Ethiopia - like Angola “China is accused of failing to create local jobs, flooding markets with poor quality goods, devastating local industries, securing contracts through outright bribery and turning a blind eye to human rights abuses .... George Ayittey, a Ghanaian economist says China’s increased engagement in Africa “has impeded the continent’s halting steps towards democratic accountability and better governance.”<sup>118</sup>

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116. New Security Learning, *China's Mighty Telecom Footprint in Africa*, February 2011. <http://www.newsecuritylearning.com/index.php/feature/75-chinas-mighty-telecom-footprint-in-africa>. Accessed on November 23, 2015.

117. “While it is true that there is significant Chinese investment, especially in the construction ... [sector] in Ethiopia .... Chinese companies bring with them both skilled and semiskilled workers, even for ... low-paying jobs [such] as driving, painting, and masonry. Some Ethiopians are therefore not particularly pleased about the increasing number of Chinese who are perceived to be taking away ‘their’ jobs .... Ethiopians also claim that very few Chinese companies are engaged in joint ventures with their Ethiopian counterparts.” Gebre (2009). Adem, *China in Ethiopia*, 152-153.

118. *The Economist* (2010). New Security Learning, *China's Mighty Telecom Footprint*.

Chinese financing and construction contracts pose several problems for African host countries. In many cases, indigenous African companies and international firms are not included in the bidding processes. Agreeing to that condition is usually one of the prerequisites for financing. This in turn allows Chinese construction companies, which have been awarded contracts to set their own terms, including provisions for the utilization of Chinese laborers, instead of local workers. Furthermore, the contracts offered by Chinese financial institutions often have light “front-end” burdens, which are subsequently eroded by future terms that gradually encumber the host country with higher costs, through subtle ‘bait-and-switch’ styled mechanisms.

While it is true that Chinese financial institutions offer project-subsidization packages to African governments that are unable to secure credit from Western banking institutions, the negative aspects of such deals are not always immediately evident, and the host-countries may pay more over the long-term than they had originally intended.

In the construction and the energy sector, Chinese involvement in telecommunication, road and power plant construction projects through very low initial bid-prices (as well as offering credit to finance such projects) has ... [displaced] both local and other foreign construction firms. Notwithstanding, for example in the case of power plants, the fact that the very low initial entry bid-prices are ... [off-set] by high operational costs when the projects start operation; and the fact that Chinese big credits are almost at commercial terms.<sup>119</sup>

In a rare move, considering the stance of the Ethiopian government towards those who openly voice dissent, some of the employees of Ethio-

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119. Geda, *Scoping Study*, 2.

Telecom complained about the opacity of the bidding processes, and political cronyism between the Chinese and Ethiopian government which paved the way for additional discrepancies which are not typical of the more transparent Western-based companies and governments.

“The success of Chinese firms in .... [infrastructure projects can] explained by the political ties their government created with the government of Ethiopia, low initial bidding price offered by Chinese firms in bidding for such projects, [and] the self-financing options ... that ... [Chinese SOEs] give to the Ethiopian government owing to the support they get from the Chinese government.”<sup>120</sup>

With regard to the security of communications for world leaders and African diplomats based in Ethiopia, ZTE and Huawei have successfully embedded themselves in African diplomatic channels. If the backdoors, virtual switches and routers are exploited, the Chinese government has the capability to access in-bound and out-bound communications in Addis Ababa, giving them an edge in negotiations, commercial and military activities. While the aforementioned dynamics address shorter-term concerns, the longer-term humanitarian issues, such as population displacement and regional conflict, have the potential to create far graver problems for the region and surrounding states.

A cascade of ... violence between the Kenyan Turkana and Ethiopian Daasanach ... has led to the deaths of ... Ethiopians and ... Kenyans .... Though the fighting has been localized, it has put pressure on both nations to deal with strife between nomadic groups who are competing for diminishing resources. Both groups are traditionally pastoral nomads living

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120. Geda, *Scoping Study*, 12-13.

within the Elemi Triangle ... which has dry pastureland, historically used by both the Turkana and the Daasanach, as well as the Didinga, Toposa, and Inyangatom ... communities.”<sup>121</sup>

While Ethiopia may have made improvements in its infrastructure with the help of the Chinese, both Thakur and Adem point out that the PRC has not assisted in sectors in Ethiopia, such as agriculture, which would yield the greatest benefits to the general population. “[Even though] ... China has an interest in assisting African countries to achieve food security, Chinese engagement in agricultural technology transfer remains negligible ....”<sup>122</sup> It becomes apparent that China’s interaction with Ethiopia, either via financing or infrastructure projects, has mixed effects.

“Overarching judgments as to whether China’s engagement is a blessing or a curse for the country are still unclear .... In terms of issues of governance, China has a very clear policy of non-intervention, and this is strictly exercised in Ethiopia. The lack of censure by China ... of the current Ethiopian regime’s stalling of the democratization process, human rights violations and closing up of political space may have troubling long-term political implications.”<sup>123</sup> China’s “record so far is mixed at best, and the structural dependency and vulnerability of [the] Ethiopian economy have not changed much as a result of China’s

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121. Circle of Blue, *Water Conflict: Violence Erupts Along Ethiopia-Kenya Water-stressed Border*, June 21, 2011. <http://bit.ly/2av1gHk>. Accessed on December 9, 2015.

122. Thakur, *Building on Progress*, 4. “In 2010 only 4.3 percent of Chinese companies with projects in Ethiopia were engaged in ... [the agricultural] sector.” Adem, *China in Ethiopia*, 150.

123. Thakur, *Building on Progress*, 3.

arrival.”<sup>124</sup> Furthermore, the impending humanitarian issues created for multiple countries by recent dam construction may sway the balance and vitiate any of the positive aspects of China’s involvement in the region.

### **Case Study Three - Infrastructure Financing and Development in Sudan and South Sudan**

In Case Study Three, Chinese infrastructure projects will be examined in both Sudan and South Sudan. South Sudan gained its independence from Sudan in July 2011, and some of the infrastructure projects carried out by Chinese SOEs span both Sudan and South Sudan. Furthermore, due to internecine conflicts within South Sudan, which have been compounded by North-South hostilities, data on Chinese infrastructure projects in the South is relatively limited.

According to a 2011 *Africa Infrastructure Country Diagnostic* (AICD), “Two-thirds of [pre-liberation] Sudan’s spending ... [consisted] of investment, with Chinese funds accounting for 40 percent of investment finance<sup>125</sup> .... Capital investments in Sudan ... [were] heavily skewed toward the power sector, [and] much of this [was] funded by China.”<sup>126</sup> While the PRC “has an active presence in neighboring countries ... [it has] yet to make substantial investments in [post-

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124. Adem, *China in Ethiopia*, 155.

125. Ranganathan and Briceño-Garmendia, *Sudan’s Infrastructure: A Continental Perspective*, The International Bank for Reconstruction and Development, The World Bank, June 2011, p. 2. <http://www.ppiaf.org/sites/ppiaf.org/files/publication/AICD-Sudan-country-report.pdf>. Accessed on November 30, 2015.

126. Ibid, 41.

liberation] South Sudan.”<sup>127</sup> However, in the past several years there has been a gradual increase in infrastructure projects in South Sudan, which have been financed by Chinese institutions.

### **Infrastructure Financing and Development in Sudan**

China’s infrastructure projects in Sudan date back to 2000, with Chinese financing institutions infusing more than \$US2 billion by 2010. In 2007, Sudan signed a bilateral framework agreement for \$US3 billion with the PRC, which has proven to be one of the largest on the continent to date, underscoring the importance China places on its relationship with Sudan’s president, Omar al-Bashir.<sup>128</sup> “Chinese projects ... [have provided] some 2,200 MW of new thermal power generation, and the country is responsible for the now-completed 1,250 MW Merowe Dam and associated 1,800 km transmission line .... [The PRC] has also been involved in the reconstruction of some 1,500 km of roads.”<sup>129</sup>

China has also been involved in extensive port expansion projects in Port Sudan. The China Communications Construction Company (CCCC) subsidiary, China Harbor and Engineering Company (CHEC), indicates on its website that it

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127. Ibid.

128. Ibid.

129. “Capital investments in Sudan are heavily skewed toward the power sector, much of ... [which is] funded by China.” Ranganathan and Briceño-Garmendia, *Sudan’s Infrastructure: A Continental*, 41. In several cases, such as the construction of the Qarre I Power Station outside of Khartoum, China’s Central Bank provided project financing for large, publicly-owned, Chinese corporations. Qarre 1 was built by the Hong-Kong listed Harbin Power Company. As in other instances throughout Africa, instead of utilizing SOEs for major infrastructure projects, Chinese, state-owned financial institutions may grant favorable financing terms to large, publicly-owned Chinese corporations with close ties to the Chinese Communist Party. Yitzhak Shichor, *Sudan: China’s Outpost in Africa*, The China Brief, The Jamestown Foundation, Volume V, Issue 21, October 13, 2005, p. 9. [http://www.jamestown.org/programs/chinabrief/archivescb/2014/?no\\_cache=1](http://www.jamestown.org/programs/chinabrief/archivescb/2014/?no_cache=1). Accessed on December 5, 2015.

is presently involved in the construction of a new container terminal, in addition to extensive dredging operations.<sup>130</sup> “The project is located at the entrance of Sudan Port, planned with [two] ... 70,000TEU [Twenty-foot equivalent unit] Container Terminal[s] and ... dredging works.”<sup>131</sup> CHEC is also involved in the Sudan Sinnar Bridge Project which “...is located ... 5km down the Sinnar Dam ... [and includes] a road bridge across the Blue Nile River, and 2 rail bridges across the water channel.”<sup>132</sup> CHEC also constructed the 50,000DWT (Deadweight tonnage) Dammar Oil Terminal in the Port of Sudan, but the operational capabilities of this project have not been documented to date.

The majority of infrastructure creation in Sudan by Chinese SOEs appears to be related to petroleum exports and is relatively limited in comparison to both Ethiopia and Angola. Furthermore, data availability regarding project quality has not been published. As the conclusion to this section will demonstrate, the infrastructure projects in Sudan, with Chinese backing, have had little positive impact on the general population.

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130. The China Harbor and Engineering Company (CHEC), listed on the Hong-Kong Stock Exchange, is a subsidiary of China Communications Construction Company (CCCC), and is also designated as an SOE.

131. “The total length of the terminal is 781m with -16m water depth. The body is planned to be [a] double-decker hollow concrete cube structure, its revetment is about 1410.81m in length. Dredging for the foundation trench, turning basin, main channel and total dredging volume comes to 3.5million m3.” China Harbor and Engineering Company website. January 1, 2015. <http://www.chec.bj.cn/zg/tabid/896/Infold/6253/Default.aspx>. Accessed on December 3, 2015.

132. Ibid.

## Infrastructure Financing and Development in South Sudan

Compared to Sudan, South Sudan has relatively limited infrastructure.

There are two reasons for this, President Bashir traditionally focused on developing the Arab North, rather than the Christian South, and secondly because South Sudan has more extensive, conflict-related infrastructure damage than the north. Since South Sudan's liberation from Sudan, China has been the most prominent foreign financier and developer of infrastructure in the south. Sinohydro, one of the larger Chinese SOEs, has recently taken an interest in South Sudan.<sup>133</sup>

Chinese companies, both state-owned and private, have monopolized the widening market in the south. This, in part, may be attributed to the prior presence of Chinese NOCs in the region, which facilitated additional contacts with local leaders in the south. "The field for new contracts is wide open, and senior roads ministry officials report being overwhelmed by interested Chinese construction firms. A variety of other international firms have expressed interest, but the Chinese far outnumber other prospectors."<sup>134</sup>

While ongoing civil conflicts have prevented rapid infrastructure development in South Sudan, some progress has been made, albeit sporadically. Forays have also been made into the telecommunications sector, including

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133. "Sinohydro Corporation, a major state-owned engineering and construction company based in Beijing, operates in a wide variety of infrastructure and engineering sectors, with a particular focus in hydropower. [The company has been] active in Sudan for many years." International Crisis Group, *China's New Courtship in South Sudan*, Africa Report No.186, April 4, 2012, p. 17. <http://bit.ly/2eCP3Br>. Accessed December 2, 2015.

134. International Crisis Group, *China's New Courtship*, 17.



Huawei's attempt to create a centralized data and communications center, which would have mirrored the Ethiopian telecommunications network, albeit on a smaller scale.<sup>135</sup> "Five licensed mobile operators are active in South Sudan; most receive primary infrastructure, equipment, and operations support from ... Huawei and Zhongxing (ZTE) .... Huawei also signed a memorandum of understanding with South Sudan's government to build, equip, and connect a National Information Centre, but finite government resources ... put this project on hold."<sup>136</sup>

China has avoided international and local oversight and bidding processes by circumventing Southern Sudanese ministries. This activity is facilitated by post-independence disorganization, local conflicts and tribal differences.<sup>137</sup> In addition to creating an atmosphere conducive to graft and questionable bidding, this also allows for questionable hardware and software to be incorporated into the fledgling telecommunications grid, which once deployed, will raise issues regarding the security of communications in South Sudan as it has in Ethiopia.

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135. Ibid, 17-18.

136. Ibid.

137. In February 2012 "the [Southern Sudanese] telecommunications ministry ... [was] formulating plans to expand mobile coverage ... to extend broadband connectivity through a national fibre optic backbone network, which ... [would] require both public and private capital. Both ... [Huawei and ZTE] indicated interest in conducting feasibility studies and projects to expand connectivity, but their engagement ... [was] with private operators, meaning the still emerging ministry ... [was not apprised] of their activities." International Crisis Group, *China's New Courtship*, 18.

In 2010, both Huawei and ZTE were vying for backing from Chinese financing institutions to commence telecommunications projects in the south of Sudan, a year before the South's transition to independence.

Huawei applied for \$120 million from Chinese policy banks to finance the extension of fibre optic cables from Kenya to the eastern portion of South Sudan; however, Khartoum's central bank declined to facilitate the transaction .... As proposals began to materialise, Chinese commerce ministry officials encouraged telecommunications officials to instead orient business to ZTE, noting that its [stronger] state ties would facilitate rapid [Chinese] government sponsorship and mobilisation.<sup>138</sup>

Subsequently, South Sudan's liberation from Sudan has allowed the Chinese to streamline their financing and infrastructure development operations in the fledgling state. According to an April 2012 *Bloomberg* article,

China will provide South Sudan \$8 billion in development loans over the next two years .... The loans ... [would] be used for road construction, agriculture, hydroelectricity, infrastructure and telecommunications, which would [in turn] be built by Chinese companies, according to ... [a South Sudan] government spokesman .... [who] declined to reveal the cost of the ... [financing].<sup>139</sup>

Subsequent to the South Sudan government spokesperson's 2012 announcement of Chinese financing, one of the largest projects to come to light has been the proposal for a railway project, which would connect the new nation to coastal East Africa.

[In May of 2014] .... CHEC and the Ministry of Transport, Road and Bridge of South Sudan signed ... [a] contract for [the] Juba-Nimule Railway Project in South Sudan .... After its completion, Juba-Nimule Railway ...

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138. International Crisis Group, *China's New Courtship*, 18.

139. Jared Ferrie, *China to Loan South Sudan \$8 Billion for Infrastructure Projects*, Bloomberg, April 28, 2012. <http://bloom.bg/2ae1Nwy>. Accessed on November 30, 2015. Subsequently in March 2013 the Irish Times reported "a Chinese official denied that Beijing had promised \$8 billion ... in aid as Juba had claimed ... but suggested more could be offered if the fragile nation achieved a lasting peace." Mary Fitzgerald, *Oil Key to South Sudan's Fledgling Relationship with China*, The Irish Times, December 20, 2013. <http://bit.ly/2bdDFZz>. Accessed on November 20, 2015.

[would] connect to the railways of Uganda and Kenya and become an important component of interconnectivity of the East African region. The successful signing of this contract is a practice of CHEC answering the China's policy of supporting the interconnectivity of African region."<sup>140</sup>

Since the primary concern of the People's Republic of China in both Sudan and South Sudan is petroleum-related, both countries will be examined in detail in the subsequent section dedicated to non-military-industrial and non-defense-industrial activities. The ramifications of Chinese presence in these two countries are more evident in the dynamics created by its petroleum exploration and extraction operations.

### **Summary of Infrastructure Financing and Development in Sudan and South Sudan**

The populations of both Sudan and South Sudan have seen limited benefits from Chinese-backed infrastructure development. Given South Sudan's recent independence, the ramifications of Chinese activity in the country are difficult to analyze. However, the situation in Sudan, which is more advanced and developed, also reveals that the external investment and infrastructure development primarily benefits the government and state-owned entities under control of Omar al-Bashir's government, rather than the general population.

According to Ludovic Wiat, the author of *The Chinese Angola-mode in Africa: the Case Study of Angola and Sudan*, both Sudan and South Sudan have benefitted from the Angola-mode in the short- to medium-term since both countries needed to rapidly access some manner of financing in order to boost

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140. China Harbor and Engineering Company (CHEC) Website, 2015.

infrastructure renovation. Since Sudan and South Sudan have substantial oil reserves, he posits that oil-for-financing has paved the way for economic growth for both countries.<sup>141</sup>

In the cases of Sudan and South Sudan, Wiart offers some caveats about China's infrastructure work, which mirror problems in both Angola and Ethiopia. "In regards to the infrastructure development, it ... appears that local companies - and [the] population did not ... [reap potential benefits] ... generated by [these projects]."<sup>142</sup> Once again, the Chinese government preferred to grant bids to Chinese companies versus local companies, and to employ Chinese laborers instead of local laborers.

In extremely under-developed countries, like South Sudan (and Ethiopia), agricultural projects and the creation of irrigation systems would be especially beneficial to the population, yet in these sectors, China's lack of contributions is apparent. "Given declining projections for oil production, agriculture is widely viewed as the next centrepiece of South Sudan's economy, and the transition must happen fast. As elsewhere on the continent, Chinese officials often cite agriculture as a primary area for cooperation, but little government or private investment has materialised so far."<sup>143</sup>

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141. Ludovic Claude Jacques Wiart, *The Chinese Angola-mode in Africa: the Case Study of Angola and Sudan*, The HKU Scholars Hub, The University of Hong-Kong, 2012, p. 1. <http://hdl.handle.net/10722/199863>. Accessed on November 30, 2015.

142. Ibid.

143. This statement parallels comments made by Ethiopian scholars in Case Study 2, which addressed China's lack of agricultural assistance in the Horn of Africa's most populous nation. International Crisis Group, *China's New Courtship*, 18.

Even Bräutigam who is usually quite optimistic about China's activities in Africa has expressed criticism about China's underperformance in agricultural assistance on the continent. "Some experts argue that while agriculture is touted as a major Chinese interest in Africa, the reality does not often match the rhetoric. Agriculture often features in partnership arrangements with developing African states, and is encouraged by Beijing's ministries and banks, but large commercial projects rarely materialise."<sup>144</sup> According to an International Crisis Group publication entitled *China's New Courtship in South Sudan*, Beijing is hesitant to exploit impoverished regions in Africa due to fear of escalating regional tensions.<sup>145</sup>

Another issue that is rarely discussed by academics is that roadway creation, a major activity of Chinese SOEs in both Sudan and South Sudan, facilitates the movement of weapons, military equipment, and troops. Thus, in areas that are subject to conflict, limited infrastructure acts as a buffer between warring states and different ethno-linguistic groups. In unstable regions, roads and bridges streamline the communication lines between different actors, which are normally separated by time and distance, which in turn increases the capacity for dynamics that inhibit regional stability.

## **Chapter 1 Summary**

The creation of infrastructure for African states serves China in several ways. It serves to diminish the perception that the PRC is exploiting the continent

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144. Bräutigam (2012). International Crisis Group, *China's New Courtship*, 19.

145. Ibid.

for resources in colonialist fashion, while facilitating its *guanxi* networks with African leaders.<sup>146</sup> It also imparts the appearance of a humanitarian element to China's activities on the continent while simultaneously providing a convenient mechanism for the extension of credit, loans, and repayment arrangements that often help to secure exploration rights and raw materials under conditions favorable to both the Chinese government and its lender-banks.

While infrastructure development may be a mechanism employed by China in order to guarantee its SOEs and NOCs unfettered access to raw materials, some studies suggest that the majority of these projects are not geared towards self-servingly facilitating the transit of raw materials to littoral trans-shipment points.

### **Negative Aspects of Infrastructure Development**

Authors such as Wiart posit that the Angola-mode economically benefits African host countries, since they are able to rapidly develop infrastructure through subsidization agreements far less stringent than what has historically been attained through partnerships with western corporations. An *Executive Research Associates* analysis states "Africa is ... a major natural resource exporter, and with enhanced infrastructure could develop this potential even

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146. Guanxi (Mandarin) "Connotes something like the Western version of connections ... or network, only far more pervasive. Like Karma or air miles, guanxi is accumulated. When applied to politics and business guanxi can become indistinguishable from corruption or nepotism." Tom Burgis, *The Looting Machine*, 2015, p. 82.

further, accelerating economic development in ... [respective resource-rich] region[s].”<sup>147</sup>

However, is Chinese-financed infrastructure development actually a boon for these African host-countries? If economic growth were a direct benefit of infrastructure development, the Chinese-built bridges, highways, and railways could be viewed as pivotal to the economic success of developing African countries. Yet one study suggests that infrastructure development is a result of economic growth, rather than a cause.

While “the prevalent view in economics literature and policies derived from it is that a high level of infrastructure investment is a precursor to economic growth,” in many - if not most cases that is a fallacy.<sup>148</sup> The Ansar et al. report rebuts the “[myth] that infrastructure creates economic value.”<sup>149</sup>

Ansar’s et al’s study is important for two reasons: One, it debunks the assumption that infrastructure more often than not plays a role in economic growth, or at a minimum is a precursor to growth.<sup>150</sup> Secondly, Ansar et al, utilized China as their analytical model. The second aspect is important since this work, as well as Ansar’s, specifically examined the operations of Chinese SOEs. A Sino-African comparison is also beneficial because both African countries and

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147. Pushak and Foster, *Angola’s Infrastructure*, 5.

148. Atif Ansar, Bent Flyvbjerg, Alexander Budzier, and Daniel Lunn, *Does infrastructure Investment Lead to Economic Growth or Economic Fragility? Evidence from China*, Oxford Review of Economic Policy, Volume 32, Number 3, 2016. p. 360. <http://oxrep.oxfordjournals.org>. Accessed on September 10, 2016.

149. Ibid.

150. Ibid.

the PRC still face developmental challenges. In that respect, they have more similarities than differences.

Is it possible the loudly heralded infrastructure development in Africa could impede the development of its LDCs, which are so keen to create infrastructure in order to strengthen their economies? Ansar's analysis suggests this might be the case. His conclusion regarding heavy, front-end infrastructure creation, indicates that the African countries which opted for infrastructure development (often with the sole purpose of exporting high-demand natural resources), may suffer economic setbacks as a result of their decision.

“There is ... [a] detrimental boomerang effect of overinvestment in infrastructure. Unproductive projects carry unintended pernicious macroeconomic consequences: sovereign debt overhang; unprecedented monetary expansion; and economic fragility .... China is not a model to follow for other economies - emerging or developed - as regards infrastructure investing, but a model to avoid.”<sup>151</sup>

Furthermore, while the Chinese government is quick to claim that African governments have the free will to decide which types of infrastructure projects will best benefit the country, the governments of the host counties have little to no input regarding the execution and completion of the projects. Gill and Reilly also indicate that the activities of Chinese SOEs on the continent have a negative impact, regardless of the benefits received from the extension of credit lines, the

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151. Ansar et al., *Infrastructure Investment*, 384-385.



revenue generated for African countries through the sale of raw materials, or the creation of infrastructure in African LDCs.

Large Chinese SOEs involved in resource extraction ... generate fears of Chinese dominance among some African and international leaders [in addition to historically-proven traditional foreign corporate partners] and among international organizations. Mid-level Chinese manufacturing and construction firms generate tension with African businesses in which their market shares are eroding, and individual Chinese entrepreneurs and low-cost workers are criticized for taking African jobs and undermining traditional markets and goods.<sup>152</sup>

As previously mentioned, poor working conditions, low pay - even by local standards - and the displacement of small indigenous businesses has resulted in kidnappings, attacks, injuries and deaths of Chinese managers and laborers across the continent for close to a decade. In Angola, China has been able to edge out SOEs from other countries (such as Portugal and Brazil) by undercutting their bids, and this has resulted in problems, despite apparent, and possibly superficial, short-term advantages.<sup>153</sup>

Issues with Chinese construction standards and the materials they utilize have become points of contention across the continent. While the activities of Chinese SOEs in Uganda are not the focus of this study, the quality of PRC-subsidized projects in that country has also been called into question. In the fourth quarter of 2015, both CRBC and the World Bank were brought into the

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152. Guolai Renshuo (2006). Bates Gill and James Reilly, *The Tenuous Hold of China Inc. in Africa*, The Center for Strategic and International Studies and the Massachusetts Institute of Technology, *The Washington Quarterly*, Summer 2007, p. 46. <http://bit.ly/2bSwcRI>. Accessed on October 6, 2015.

153. The means by which China is able to undercut other bidders has been attributed to political connections, the utilization of sub-quality material, omission of processes or materials during construction, and the alleged usage of prison laborers from China.

spotlight in Uganda due to issues arising from contractor bidding and selection, in addition to allegations of the rapid degradation of roadway projects which non-qualified, World Bank designated, CRBC engineers, had supervised.<sup>154</sup>

Among the non-registered engineers was the Project Manager in Uganda of China Road and Bridge Corporation .... [who] began working in Uganda immediately after graduating in China, without any prior experience. Construction of the road started in 2001 but *began to break down immediately after completion* in 2005 - developing longitudinal and traverse cracks and potholes. The road was supposed to last for a minimum of 20 years, but the commission was told, that *within just 9 years, the road is in a worse state than it was before the upgrade*.<sup>155</sup>

As a result of the rapidly deteriorating roadway project, the United Nations Relief and Rehabilitation Administration (UNRRA) began an official inquiry, in conjunction with the Uganda National Roads Authority. The “Former Permanent Secretary in the Ministry of Works and Transport .... told the ... [inquiry] that World Bank irregularly influenced the international bidding and selection of CRBC as the contractor.”<sup>156</sup> Another local (unverified) Ugandan internet publication quoted ... [the Secretary] as stating that a .... low quality [of] materials were ... used contrary to those specified.”<sup>157</sup>

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154. The “World Bank advanced a ... [22.9 Billion Shilling] loan to government to upgrade the Pakwach-Nebbi road to tarmac from gravel but with a condition that they [World bank] would have to approve every project stage .... [However] the engineers brought in by the World Bank were not registered in Uganda despite a policy in the ministry stating otherwise.” The Observer (2015). AllAfrica, *Uganda: UNRA Probe - World Bank Pinned On Pakwach-Nebbi Road*. October 20, 2015. <http://allafrica.com/stories/201510201599.html>. Accessed on December 3, 2015.

155. Ibid, *Emphasis added*.

156. Ibid.

157. At the time of the article’s publication, Catherine Bamugemereire was the UNRA Commission of Inquiry Chairperson assigned to investigate the degradation of the Pakwach-Nebbi Road Project in Uganda. ChimpReports. *Bamugemereire Issues Ultimatum for Chinese Construction Firm*, October 19, 2015. <http://bit.ly/2c0yUGF>. Accessed on December 3, 2015.

Similar issues have occurred in Angola, as referenced in Case Study One. Corkin maintains that while the presence of Chinese SOEs has broken up the market monopolization of Brazilian and Portuguese construction companies in Angola, while simultaneously triggering cost reduction, “There is ... evidence ... [that] buildings constructed only a few years ago ... [are already] showing signs of structural damage.”<sup>158</sup>

On-the-ground sentiment regarding Chinese infrastructure projects is usually not positive. African-owned companies and laborers claim that the level of local involvement is very low and that materials are sourced from China rather than locally. Yet according to Corkin, while “the prevailing view is that Chinese companies operating in African countries do not use local labor, materials or any other inputs in the undertaking of their contracts .... [in actuality] Chinese companies have progressively begun contracting more and more non-Chinese labor on their [overseas] projects.”<sup>159</sup> At this stage, with the exception of a few African countries, “so little is produced in-country that often only ‘locally procured’ materials, rather than ‘locally produced’ materials are available.”<sup>160</sup>

### **Negative Aspects of Angola-mode Financing**

In addition to issues with general project integrity and quality, there are also conflicting viewpoints as to the benefits and detriments of the Angola-mode for African countries. While Chinese aid recipients in Africa, may demonstrate

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158. Corkin, *Chinese Construction Companies*, 2.

159. Corkin, *Chinese Construction Companies*, 3-11.

160. *Ibid*, 24.

positive results from infrastructure expansion, infrastructure-for-resource arrangements often result in negative ramifications for the industries in the “beneficiary” countries. Chinese imports to LDCs can negatively impact domestic markets. According to Habiyaremye,

Various case studies commissioned by the African Economic Research Consortium (AERC) to assess the impact of China-Africa trade flows have ... provided useful insights into the welfare effects and development dynamics of ... [the Angola-mode] on ... African economies .... In total, twelve studies were conducted on the impact of China-Africa trade relations .... [and] the common thread is that most of their findings point to substantial gains for the industries or sectors which have complementarities with Chinese import needs (resources, raw materials) and loss or even knock out effects for the industries that have to compete with cheap Chinese export in their domestic and/or third country markets.

Most of these case studies indicate that countries producing goods highly demanded by China (e.g., oil and minerals) may see significant growth in their exports; those exporting products in competition with Chinese goods, such as textile and clothing will see exports fall, while countries importing those goods will gain from lower prices.<sup>161</sup>

It is important to note that overall the general population of the African host countries usually does not see much trickle-down benefit from the export of raw materials. It is important to understand the entrance of Chinese SOEs into resource-rich LDCs has several ramifications, which include a negative impact on domestic production operations that can result in higher rates of unemployment. Research also indicates that the Angola-mode precludes “autonomous development” of the countries partnered with China, and furthermore - does not

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161. Alexis Habiyaremye, ‘Angola-mode’ Trade Deals and the Awakening of African Lion Economies, *African Development Review*, Volume 25, No. 4. 2013, p. 643. <http://bit.ly/2arZTLg>. Accessed on December 6, 2015.

allow for a transparent analysis of local and regional socio-economic impacts created by this arrangement.<sup>162</sup>

China's practice of bundling together aid, trade and investment, makes it difficult for researchers to distinguish between their respective effects. The 'Angola-mode', whereby aid and investment are paid back in oil or minerals, minimizes the local content and prevents African economies from effectively participating in major investment projects, which reduces not only the multiplier effect on income but also denies them the opportunity of technological learning and ... capability building. *The development optimism generated by the positive dynamics of Sino-African trade must also be tempered by the weak spillover potential of Chinese projects to local African producers.*<sup>163</sup>

One of the most effective ways to examine these dynamics - which have a negative effect on local economies, and thus the general population - can be accomplished through the examination of annual Human Development Index fluctuations. Both Angola and Sudan, (which are more technologically advanced and developed than South Sudan) are cases in point regarding resultant development, or lack thereof. The following chart by the United Nations Development Program reveals Human Development Index trends in Angola, Sub-Saharan Africa and Sudan. Since Ethiopia does not export petroleum to the PRC, its data has not been included within this comparison.

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162. Ibid, 644.

163. Ibid, *Emphasis added.*

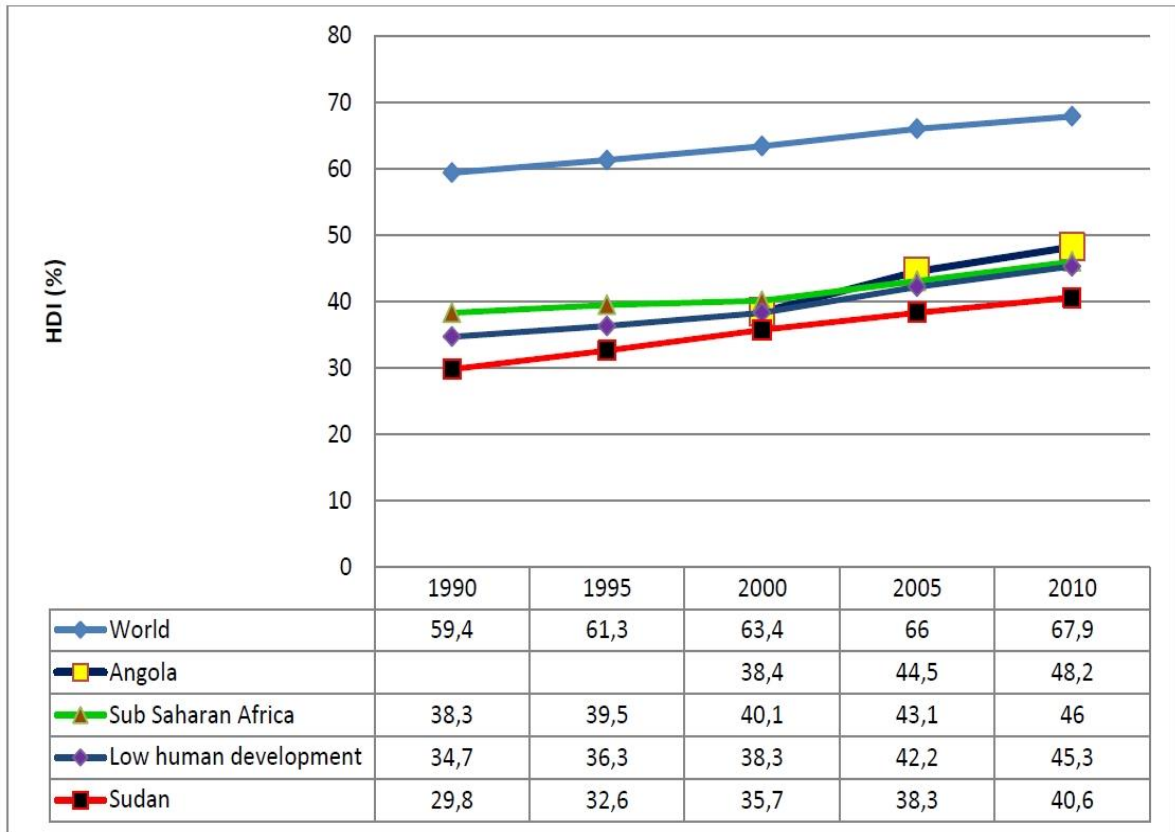


Figure 4 - HDI Selected Indicators and Economies<sup>164</sup>

According to Wiart, while Sudan’s petroleum stores contributed to economic growth, the Human Development Index did not correspondingly reflect a positive evolution, especially when compared to Angola during the same period. “Therefore, the oil exploitation [from] ... an economic point of view proved to have strongly benefited the country. However, the effects of ... [this progression is] still expected on the side of development. First, concerning the HDI and comparison to Angola, Sudan achieved unsatisfactory results.”<sup>165</sup>

164. Wiart, *The Chinese Angola-mode*, 42.

165. *Ibid*, 22.

While over the past decade Angola achieved an increase of approximately 10 percentage points; the Sudanese Human Development Index's evolution improved twice as slowly. Secondly, in regards to the poverty line, the contrast is even more stringent;<sup>166</sup> indeed, while Angola's poverty line decreased from 70% in 2003 to 40% in 2006,<sup>167</sup> the poverty rate in Sudan increased from 40% in 2004<sup>168</sup> to 46.5% in 2009.<sup>169</sup>

The aforementioned data extrapolation may substantiate Wiart's beliefs that, if a government is not fully committed to acting in favor of the general population, the Angola-mode will prove to be ineffective and subsequently fail as a dependable pro-development mechanism.<sup>170</sup> Therefore, while the increase in infrastructure-for-resources financing packages offered by China, and the short-term economic evolution which coincides with that type of development do create some beneficial results, the effects on the 'general population,' as demonstrated in Sudan (and thus lesser-developed South Sudan by default), may have longer-standing negative ramifications for local industries and indigenous businesses.

In "less business friendly ... [environments such as Sudan and South Sudan, Chinese financing] is harmful for ... development and .... in this [regard evidence reveals] that most of the countries [which engaged in the Angola-mode financing mechanism subsequently demonstrated] ... a poor business climate evolution."<sup>171</sup> In the case of Sudan, while "investments help Khartoum by

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166. Ibid.

167. Index Mundi (2015). Wiart, *The Chinese Angola-mode*, 22.

168. Index Mundi. (2016). Ibid.

169. CIA World Factbook (2009). Ibid, 23.

170. Ibid, 22-23.

171. Ibid, 38.

delivering basic services to its people. Beijing also offers loans to help finance Khartoum's goals."<sup>172</sup>

However, Khartoum's "goals," like the goals of numerous African leaders and regimes, are not always in the best interest of its people. While there is evidence that China's investments and infrastructure projects in some cases may have a nominal, beneficial trickle-down effect on the population, if Chinese activities in Africa subsidize aggressive regimes and governments, the stabilization of those regimes may in turn yield dynamics which are conducive to socio-economic destabilization, human rights violations, and the facilitation of conflict.

Chinese infrastructure projects in Africa represent an economic, double-edged sword. On the surface, the Chinese government does appear to provide African LDCs unprecedented opportunities for financing, which Western countries and corporations are hesitant to grant them, especially in the unstable regions in which the PRC has a proclivity to invest. "China's engagement is [initially] attractive for African governments because China does not attach political conditions to its economic relations - unlike Western countries or international organisations such as the International Monetary Fund."<sup>173</sup>

Superficially and in the short term, China creates the appearance of bringing regional stability to African countries to which it offers financing

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172. The Eurasia Group, *China's Overseas Investments in Oil and Gas Production*, October 16, 2006, p. 22. <http://bit.ly/2aWUugq>. Accessed on March 27, 2015.

173. New Security Learning, *China's Mighty Telecom Footprint*.



packages without attached prerequisites, most frequently through the Angola-mode. However, the short-term benefits are often nullified by subtle issues that are not immediately evident. While China's non-interference policy and no-strings-attached financing-packages may appear to offer good prospects, they may also serve to increase the level of corruption and exacerbate human rights issues.

Since the initial results of Chinese credit extensions and infrastructure projects appear to benefit local economies and aid in the stabilization of the regions whose development they are 'supporting,' frequently the longer-term negative impacts are either not identified or ignored.

"Despite the enthusiasm for ... China-fuelled growth ... it is important to recall that the growing presence of Chinese companies ... also entails risks for Africa. If not properly managed ... [the dynamics created by their financing packages and activities] may lead to worsening standards of governance and human rights, more corruption and even a crowding out of Africa's local investment capital."<sup>174</sup>

In summary, Habiyaremye also concludes that despite the short-term benefits to African LDCs, which are eager to build up their infrastructures, strengthen their economies, and provide a higher standard of living for the general populace, the resultant effects of China's Angola-mode infrastructure development throughout Africa can have profound negative consequences for

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174. Habiyaremye, *'Angola-mode' Trade Deals*, 645.

regional stability. “It is important to keep in mind [that] .... instead of enriching African countries, the exploitation of natural resources has often fuelled armed conflicts, provoked civil unrest, and caused environmental degradation and social disruption in many parts of the continent.”<sup>175</sup>

Academics, financial analysts, and economists offer a wide range of opinions on Chinese infrastructure projects and the activities of its SOEs in Africa. According to the *Africa Infrastructure Country Diagnostic*, the telecommunication infrastructure, which China has built across the continent, has “contributed as much as one per cent to per capita GDP growth - a bigger role than changes in monetary or fiscal policies [which in turn may assist in] ... re-establishing Africa as a source of valuable commodities for the global market.”<sup>176</sup>

A Columbia University School of International and Public Affairs analysis entitled *China and ICT Investment in Africa* concluded that China’s “engagement in the African telecommunications infrastructure ... accelerated general development ‘to a degree that would otherwise have been impossible.’”<sup>177</sup> Other scholars feel that while staggered progress has been achieved in certain sectors, the overall impact of Chinese engagement will not lead to long-term progress.

This dynamic may in turn subsequently contribute to destabilization or conflicts in

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175. Ibid, 644.

176. New Security Learning, *China's Mighty Telecom Footprint*.

177. Columbia School of International and Public Affairs (2008). New Security Learning, *China's Mighty Telecom Footprint*. However, “even under the best of circumstances, it is difficult to find valid and reliable data on the performance of infrastructure investments,” and in LDCs such difficulties are compounded.” (Roy et al., 2001; Stening and Zhang, 2007; Quer et al., 2007). Ansar, Flyvbjerg, Budzier, and Lunn, *Infrastructure Investment*, 360.

regions such as Southern Ethiopia, where the establishment of hydroelectric projects without the usual prerequisite impact studies could result in the displacement of hundreds of thousands of rural inhabitants. Ansar's conclusion regarding the negative boomerang effect of infrastructure creation on the economies of developing countries also leaves room for speculation that African nations which heavily invested in infrastructure development may face negative consequences in the not-so-distant future.

## Chapter 2 - Extractive and Non-Extractive Industries: National Oil Companies and State-owned Enterprises

### Extractive and Non-Extractive Industries: Petroleum, Mining and Timber

Before delving into the activity of Chinese state-owned enterprises in Africa, it is important to briefly examine the metamorphosis of SOEs in China. After the Chinese Civil War ended, Chair of the Communist Party, Mao Zedong established the People's Republic of China in October 1949, and as the country evolved, so did its state-owned enterprises.

As there was neither private wealth nor any organized structure to take on ... [post-war development] it was the state enterprises that gradually undertook all the nation-building tasks .... Since economic reform and opening-up policies began in 1978, China's SOEs have undergone a long process of gradual and progressive transformation .... The number of SOEs owned by the central government ... [fell] from 196 in 2003 to 115 in March 2013. But many smaller SOEs are still owned by different levels of sub-national (local) government.<sup>178</sup>

In 2003, the control of SOEs managed by state ministries was assigned to two primary, state-owned divestment companies: The State-owned Assets Supervision and Administration Commission (SASAC) of the State Council and Central Huijin Ltd. This also functioned to separate state financing mechanisms from the ministries that controlled the SOEs.<sup>179</sup>

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178. Fan Gang and Nicholas C. Hope, *The Role of State-owned Enterprises in the Chinese Economy*, China-United States Exchange Foundation, Chapter 16, 2013, pp. 2 - 6. <http://bit.ly/2b270bO>. Accessed on August 5, 2016.

179. "Reform of the institutional arrangements governing the state's ownership of the SOEs owned by the central government took an important step forward in 2003 when the State-owned Assets Supervision and Administration Commission (SASAC) of the State Council and Central Huijin Ltd. were set up as investors on behalf of the state. Ownership of many SOEs was transferred away from line ministries to SASAC and Central Huijin .... Under this framework, most major industrial SOEs are now owned on behalf of the state by SASAC, while state-owned financial institutions are owned by Central Huijin." Gang and Hope, *Role of State-owned Enterprises*, 2-6.

While this dissertation does not allow for an analysis of both the central government and sub-national SOEs in Africa, it will examine what might be referred to as the 'flagship' SOEs and NOCs. Thus, it will scrutinize industrial activities that are not directly connected to either the defense-industrial or military-industrial complex, yet still play a unique role in China's expansion in Africa. National oil companies, and state-owned enterprises have a long history of involvement on the continent, and as China's drive to increase its resource security has grown, so has the level of its extractive activities in Africa.

"The success of Chinese resource diplomacy in Africa can be measured in terms of China's presence across the continent in ... the major resource economies there. It has gone from a status of no position in the resource market in 1995 to a standing as a significant player ... with oil leases from Angola to Sudan and mining concessions from the Democratic Republic of the Congo (DRC) to South Africa."<sup>180</sup> The majority of the PRC's trade-agreements to date, with the exception of South Africa, have been forged with oil-producing states. However, while China's primary resource focus in Africa is oil, it is also seeking timber and rare earths.<sup>181</sup> "The African continent possesses a generous endowment in natural resources, namely hydrocarbons, minerals and timber,

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180. Chris Alden and Ana Cristina Alves, *China and Africa's Natural Resources: The Challenges and Implications for Development and Governance*, SAIIA - South African Institute of International Affairs, September 2009, p. 4. <http://bit.ly/2av5mPW>. Accessed on December 14, 2015.

181. Ian Taylor, *China's Oil Diplomacy in Africa*, *International Affairs*, Volume 82, Number 5, 2006, p. 2. <http://www.jstor.org.ezproxy.fiu.edu/stable/pdf/3874208.pdf>. Accessed on December 4, 2015.

which remain mostly untapped due to decades of political instability, poor infrastructure and lack of investment.”<sup>182</sup>

As discussed in the first chapter, NOCs and SOEs play an important role in Angola-mode infrastructure-for-resources agreements. As stated, these SOEs include companies that receive rights to extract and export raw materials as payment from African host countries for infrastructure work done by separate Chinese SOEs, not necessarily involved in the extractive industries. While Chapter 1 focused on the Angola-mode financing mechanism, infrastructure projects, and the socio-economic effects they generated in the respective host-countries, Chapter 2 will examine how Chinese SOEs involved in extraction operations affect stabilization and conflict in the regions within which they operate, albeit with more of a focus on conflict, human rights violations, arms movement and internally displaced persons (IDPs).

The first chapter was dedicated to explaining the financing mechanism, and detailed the different types of infrastructure projects and their varying effects within the different regions. This chapter will focus on the effects of the NOCs and extractive-related SOEs versus examining the positive and negative aspects of the Angola-mode itself and the correlative infrastructure created as an inherent part of the financing mechanism.

When Chinese NOCs, mining and logging companies are not involved in Angola-mode financing mechanisms, they frequently enter contracts for

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182. Alden and Alves, *Africa's Natural Resources*, 4.

exploration, extraction, and exportation rights with African countries, sometimes independent of infrastructure creation projects, and make payments with money, weapons, construction equipment, military equipment or a combination of any of the aforementioned. In most cases, the SOEs involved in the extraction of natural resources primarily focus on projects such as pipelines and roadways by which the extracted material can be conveyed to ports-of-departure.

“Despite being among the major oil producers ... and being second only to the US in refinery capacity and output ... China is only able to provide for less than half of its domestic oil needs,” thus its drive to secure oil accessions in LDCs which Western companies consider to risk-prone to operate in.<sup>183</sup>

Since China’s energy policy is driven by numerous state actors, exploration and extraction operations are often complicated by the conflicting agendas of various types of SOEs, all of which operate semi-autonomously.<sup>184</sup> In addition to the cloudy dynamics generated by competing Chinese-owned SOEs and NOCs, their operational goals are further complicated by the complexity and disorganization of Beijing’s ministerial bureaucracy. This appears to facilitate a lack of oversight or formation of definitive policies by which China’s African-based extraction operations are guided.

“Concurrently, four ministries contribute to energy policymaking: the Ministry of Land and Resources (oversees natural resources), the Ministry of Finance (tax and fiscal policies), the Ministry of Foreign Affairs (MOFA), and

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183. Ibid, 4.

184. Ibid, 10.

MOFCOM [Ministry of Commerce].<sup>185</sup> The last two play a bigger role not only in resource diplomacy formulation, but also in its implementation.”<sup>186</sup> Furthermore, provincial actors from major Chinese metropolitan areas in which industrial operations are based often operate internationally with little to no feedback from Beijing.<sup>187</sup>

Bräutigam states that, while the activities of Chinese extractive industries in Africa are generally beneficial to the host countries, issues related to “lower labor, social and environmental standards” may create risks.<sup>188</sup> Other sources indicate that Chinese SOE and NOC operations on the continent may create more issues than benefits, especially in countries, which lack infrastructure and governance. According to a 2013 *Chatham House Report*, for example, the dynamics generated by SOEs with conflicting agendas in Africa do pose various threats to lesser developed, resource rich nations.

Home-country governments of extractives companies ... need to implement and enforce the standards to which they sign up at the international level such as those pertaining to ... human rights .... [Secondly] Even for ... [states] with sophisticated institutions and experience, careful choices need to be made where projects would degrade national assets such as major forest or ... ecosystems.<sup>189</sup>

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185. While the four ministries referenced contribute to energy policy-making, the Chinese Communist Party maintains ‘administrative control’ of SOEs through the State Council, as demonstrated in Figure 5.

186. Ibid, 10.

187. Ibid.

188. Deborah Bräutigam, *China in Africa: What Can Western Donors Learn?* Norfund - Norwegian Investment Fund for Developing Countries, August 2011, p. 9. <http://bit.ly/2a3J1Lh>. Accessed on March 24, 2016.

189. Paul Stevens, Jaakko Kooroshy, Glada Lahn and Bernice Lee, *Conflict and Coexistence in the Extractive Industries*, A Chatham House Report, November 2013, p. 109. <http://bit.ly/2aiAJgS>. Accessed on March 28, 2016.



This chapter of the dissertation will examine the impact of extractive industries on regional conflict and stability through an analysis of several types of state-owned enterprises in different geographical locations, commencing with NOCs. Subsequently the author will examine mining and logging operations.

### **National Oil Companies**

Even as NOCs have increased their international presence in least-developed regions such as resource-rich African states as part of China's 'Going-out' policy, the Chinese Communist Party remains at the helm of their operations.<sup>190</sup>

The ownership and control of shares and assets of SOEs fall on the authority of the State Assets Supervision and Administration Commission (SASAC) .... Although the SASAC's responsibilities do not extend to the company operations, production and development, it holds the majority of shares of SOEs and has executive control over corporate policy and executive appointment .... The decentralization of ... [China's] petroleum industry [which began in the late 1990's gave] substantial autonomy to NOCs and diluted the central government's regulatory control."<sup>191</sup>

Figure Six diagrams Chinese Communist Party administrative control over the three state holding companies, which represent China's three largest oil companies and their respective limited liability companies: the Chinese National

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190. "As the NOCs gain more assets domestically and internationally through their mother companies and subsidiaries, their financial and political clout are also expanding. However, this study argues that major national oil companies ... still remain under the authority of the Chinese Communist Party (CCP)." Ellenor Grace M. Francisco, *Petroleum Politics: China and Its National Oil Companies*, Centre Internationale de Formation Européenne, June 26, 2013, p. 19. <http://www.ie-ei.eu/Ressources/file/memoires/2013/francisco.pdf>. Accessed on March 14, 2016.

191. Ibid, 12-20.

Petroleum Corporation (CNPC), China Petroleum and Chemical Corporation (SINOPEC), and China National Offshore Oil Corporation (CNOOC).<sup>192</sup>

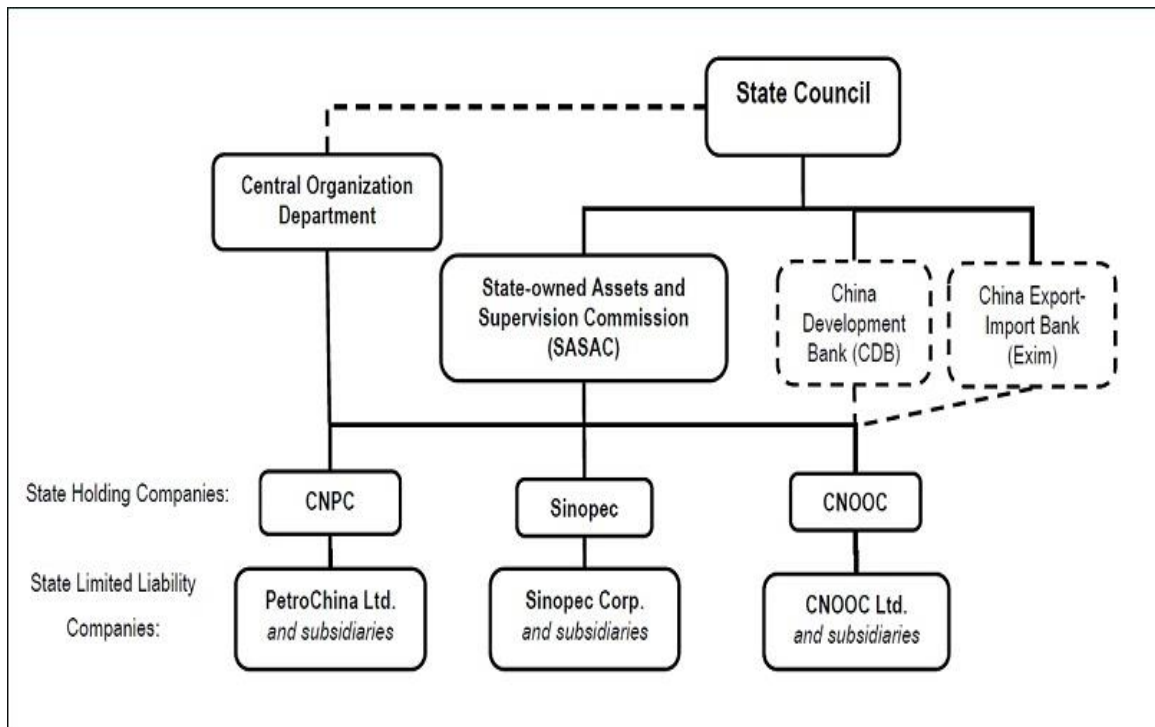


Figure 5 - Administrative Control of NOCs<sup>193</sup>

It is generally agreed that the exploration and extraction operations of Chinese NOCs do facilitate an influx of funds for the governments of the host-countries; however, the effects of NOC-operations on the populations of the states in which they maintain a presence are complex and enigmatic. In many cases, deals between African governments and Chinese NOCs are a

192. PetroChina is a subsidiary of the Chinese National Petroleum Corporation (CNPC) and China Petroleum and Chemical Corporation is the “parent” corporation of Sinopec. It is common for the names of the subsidiary NOCs and their parent companies to be used synonymously which often confounds the understanding of Chinese SOE activities in Africa and other least-developed regions.

193. Francisco, *Petroleum Politics*, 21.

springboard for other Chinese activities in those particular regions, and frequently those areas are within conflict-prone territories.

### **Chinese NOC Activity in Sudan and South Sudan**

While South Sudan gained its independence in 2011, I am going to examine both Sudan and South Sudan together since their respective regional security issues remain integrated. Sudan represents the PRC's NOC-activity prototype model in Africa.

According to Daniel Large, exploration and extraction agreements between the PRC and African host-countries such as Sudan, open the door for Chinese imports, exports of other natural resources, and an increase in diplomatic and military cooperation. While Large's work focuses primarily on Sudan, his examination of Sino-Sudanese interaction provides a general framework by which Beijing's energy policies and petroleum extraction operations can be assessed across the continent.

China's role entails a full spectrum of political, economic and military relations, as well as educational, cultural and social relations of the Chinese population in Sudan. The most manifest thrust of the Chinese role may be economic, but this has long been intertwined with multiple levels (central states, Chinese provinces or Sudanese states) and types (government, corporate and political party) of formal and informal political relations. The drivers of the Chinese government's policy engagement involve a fusion of central state political imperatives and economic interests, in Sudan and its neighbouring regions, as well as corporate oil diplomacy. The result, like that of other powers, is not always unified or coherent policy, let alone actual engagement.<sup>194</sup>

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194. Daniel Large, *Between the CPA and Southern Independence: China's Post-Conflict Engagement in Sudan*, South African Institute of International Affairs, Global Powers and Africa Programme, Occasional Paper 115, April 2012, p. 7. <http://bit.ly/2cnnWfq>. Accessed on October 27, 2015.

China's investment in Sudan's petroleum industry began in the 1990's. "In 1996 ... Sudan became the first country to receive Chinese aid to finance oil exploration, in a joint venture with China National Oil Corporation [also referred to as CNPC]<sup>195</sup> .... [S]ince 1999, China National Petroleum Company [CNPC] ... has invested more than \$15 billion in Sudan.<sup>196</sup> Currently, it's estimated that CNPC owns half of Sudan's refineries."<sup>197</sup>

Until the late 1990's, Chinese NOC-activity was limited primarily to Sudan, however at the present time "Chinese oil companies are operating in nearly 20 African countries ... and pose a significant strategic and economic challenge to ... [petroleum extraction operations owned by other countries] which for many years enjoyed unparalleled ascendancy in the continent's energy sector."<sup>198</sup>

In addition to CNPC's burgeoning activities in Africa, SINOPEC and CNOOC have also expanded their operations over the last decade and a half,

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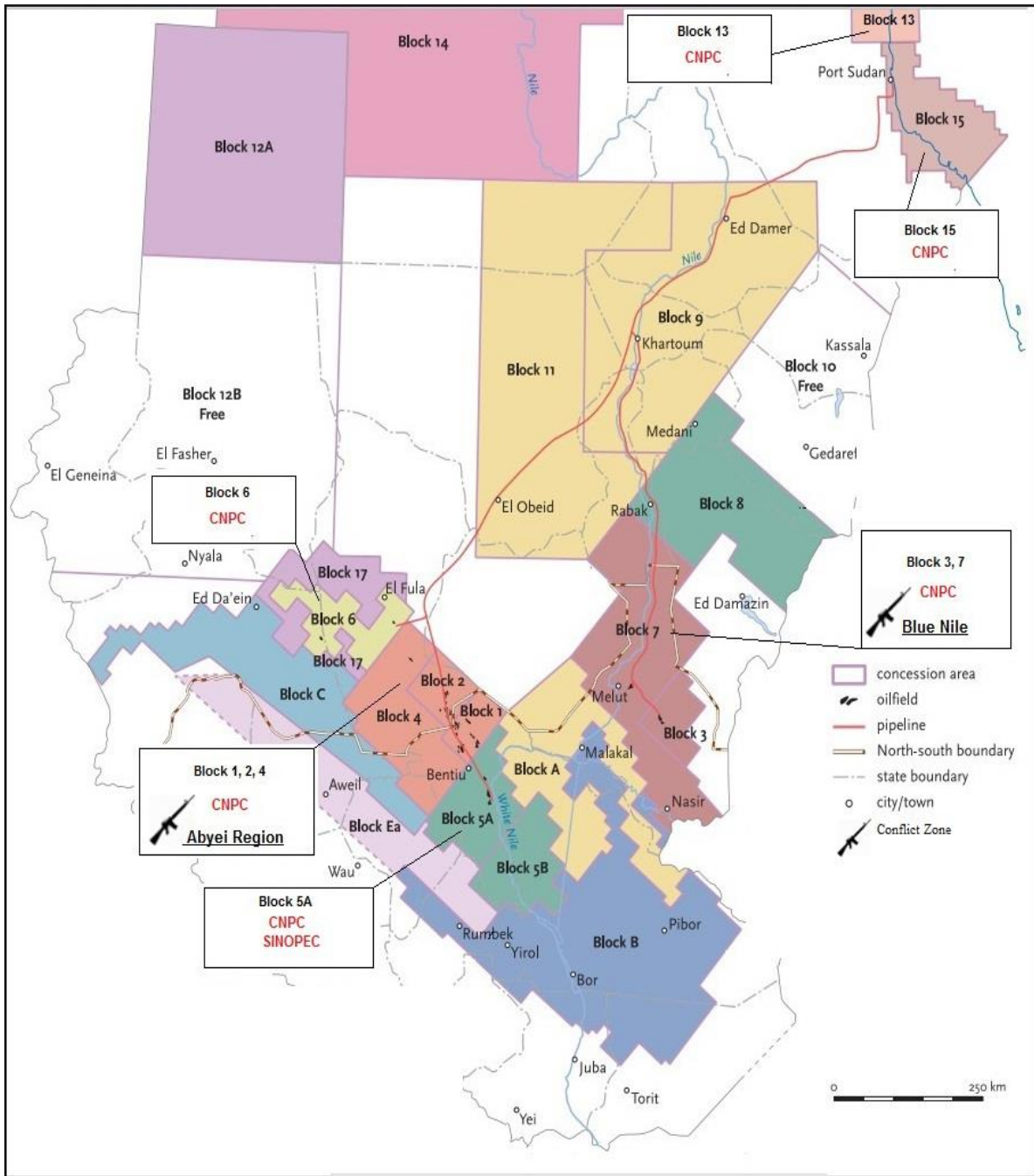
195. Deborah Bräutigam, *The Dragon's Gift*, 2009, p. 81. Bräutigam refers to CNPC as the China National Oil Company (CNOOC).

196. Phillip Manyok, *Oil and Darfur's Blood: China's Thirst for Sudan's Oil*, Journal of Political Sciences and Public Affairs, Volume 4, Issue 1, January 28, 2016, p. 1. <http://bit.ly/2afsQH0>. Accessed on April 10, 2016.

197. "CNPC is the biggest foreign player in the Sudanese oil industry. It owns a 40% stake (the largest) in Sudan's Greater Nile Petroleum Operating Company (GNPOC), and has an operative stake in six of eight Sudanese oil fields currently online, as well as majority interests in two other blocks under exploration. CNPC plays an active role in oil field services and construction, and has built two pipelines in Sudan." The University of California, Regents (2009). Caroline Francis, Pratheepan Madasamy, Sharif Sokkary and Sokunpanha You, *China and the Sudan-South Sudan Oil Fee Impasse: Implications of Chinese Foreign Aid, Diplomacy, and Military Relations*, April 24, 2012, p. 6. <http://bit.ly/2a3Kq4d>. Accessed on April 4, 2016.

198. Institute of Developing Economies - Japan External Trade Organization, *China in Africa: A Strategic Overview*, October 2009, p. 31. <http://bit.ly/2bdHAWH>. Accessed on April 7, 2016.

and the amount of their investments has been substantial. CNPC and SINOPEC are the principal Chinese NOCs operating in Sudan and South Sudan, and they maintain a presence in the most conflict-ridden areas within the region. The location of these two SOEs is demonstrated in Map 3 below, which also denotes concession block numbers and the conflict zones within Abyei Province and Blue Nile State.



Map 3 - CNPC and SINOPEC Operations in Sudan and South Sudan<sup>199</sup>

199. Figure 6 has been modified for this analysis to reflect the activities of China's major NOC's in the region: CNPC and SINOPEC. Conflict zones in Blue Nile State and the Abyei Province are indicated by the long gun icon. European Coalition on Oil in Sudan (ECOS) (2007). Sudanese Ministry of Energy and Mining <http://bit.ly/2bSH8PA>. Accessed on April 30, 2016.

Even though South Sudan declared its independence from the Sudan in July 2011, both countries remain tied to one another. The majority of the oil-rich blocks are located in South Sudan; however, Sudan controls the pipelines that lead to Port Sudan. “The Government of South Sudan (GoSS) receives 98% of its revenue from oil. Sudan, on the other hand, owns the entire pipeline infrastructure required to transport the oil out of Sudan so it can be exported. Oil also provides over half of the Government of Sudan’s (GoS) revenues .... Chinese aid and investment are intertwined making it difficult to quantify dollar amounts for either but it is clear that Sudan has been a large recipient of both, with South Sudan ... [receiving aid] also.”<sup>200</sup>

The PRC has subsidized both governments. China’s financing and support of Sudan’s government, led by Omar al-Bashir has injected Sudan’s economy with billions of dollars: “China has been generous in its loans and aid packages to Sudan as part of a strategy to build goodwill, sweeten bids and increase its leverage over the government.”<sup>201</sup> Subsequent to South Sudan’s independence, China began to funnel funds to the new nation, which included \$43 million dollars for geological studies, in the belief that the funding would help its SOEs to obtain mining licenses.<sup>202</sup>

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200. Francis *et al.*, *China Sudan-South Sudan*, 2.

201. The Eurasia Group, *China’s Overseas Investments*, 22.

202. Fitzgerald, *Key to South Sudan*.

## Ramifications of Chinese NOC Activity in Sudan and South Sudan

There is no question that China has been a major benefactor to both Sudan and South Sudan, however the effects of its activities on both countries are contentious.

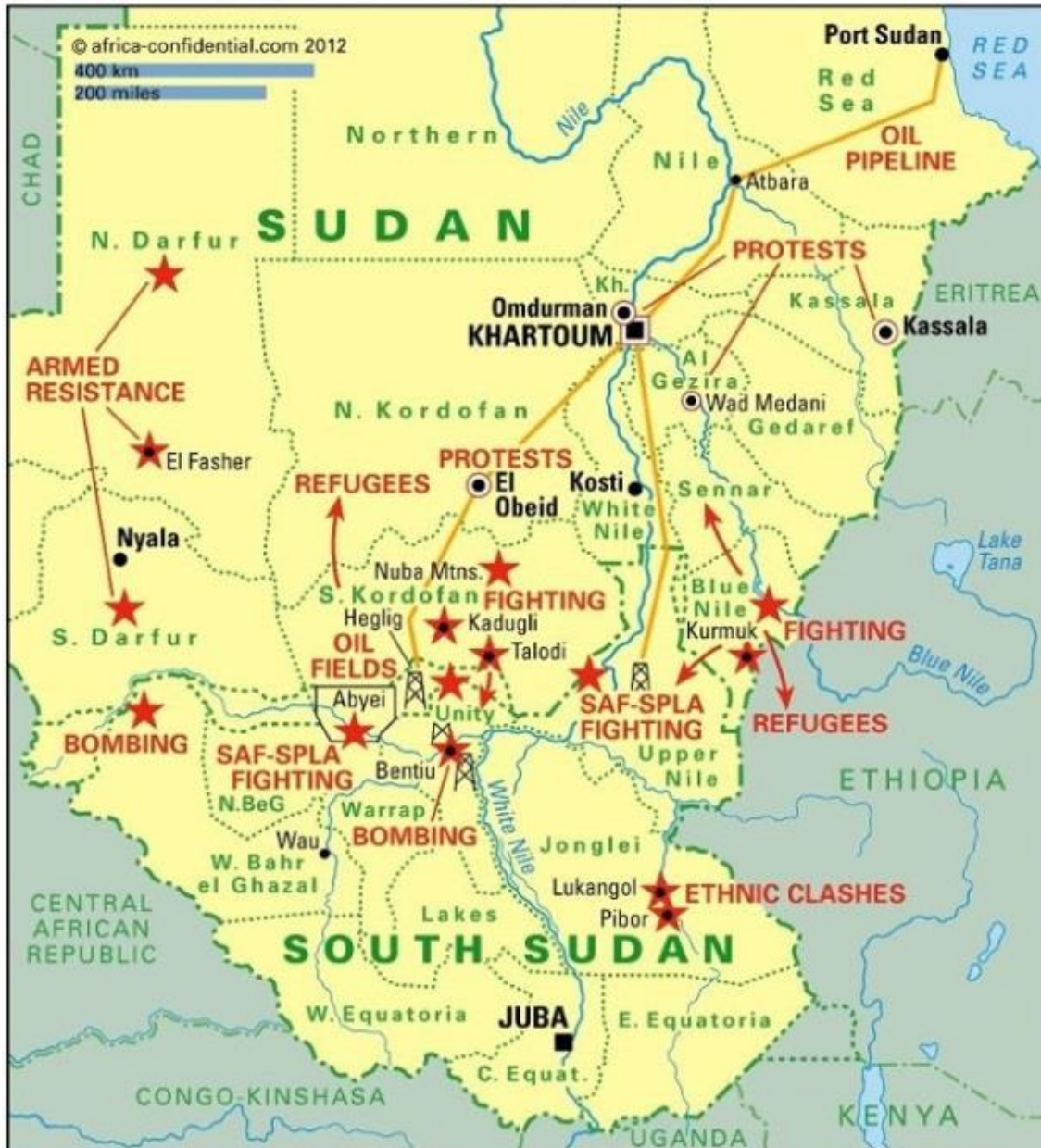
Khartoum's government ... has benefitted from the sale of Sudan's oil to China .... These benefits have come in different forms. Sudan has been paid billions of dollars by ... Chinese oil companies which sounds like ... [it would be a] good thing for Sudan's economy. Unfortunately, it has not been the case. The new found wealth has helped Bashir's regime to wage relentless civil wars in Southern Sudan, Southern Kordofan, Blue Nile, Abyei and Darfur. Since Khartoum began signing oil deals with Chinese oil companies, Sudan has acquired more weapons which exponentially has increased the intensity of civil wars across the country. In places like Darfur, Blue Nile and Southern Kordofan, [the] Khartoum government has carried out many atrocities some of which have been labeled as a genocide or crimes against humanity.<sup>203</sup>

While Map 3 indicates the location of conflicts and ethnic clashes in relation to Chinese NOC operations in Sudan and South Sudan (specifically Blocks 1, 2, 3, 4, and 7), Map 4 reveals the scope of conflicts across both states. There are fifteen different conflict locations designated by red stars in Map 4, and the ethnic groups in most if not all of these locations are using weapons and equipment supplied by China.

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203. Manyok, *Oil and Darfur's Blood*, 1.





Map 4 - Conflicts and Ethnic Clashes in Sudan and South Sudan<sup>204</sup>

Despite the fact the PRC infuses money into least-developed regions, it appears as though in many cases the benefits to the host states are overshadowed by collateral damage experienced by the local populations. The

204. PaanLuel Wël, *Sudan and South Sudan Conflict Map*, South Sudanese Bloggers, 2012. <https://paanluelwel2011.files.wordpress.com/2013/01/sudan-south-sudan-borderline-map.jpg?w=614&h=706>. Accessed on April 3, 2016.

presence of Chinese NOCs in Sudan and South Sudan creates several problems, which are related to each other. They include but are not limited to an increase in ethnic conflicts, ethnic cleansing or genocide, loss of ancestral land, internally displaced persons, and damage to the environment resulting from extractive operations of multi-national corporations (MNCs).

Map 4 reveals the extent of conflict in both Sudan and South Sudan, and while the onus for these inter-ethnic tensions cannot be placed solely on the Chinese, the PRC has made funding, weapons and military equipment available to the GoS, which inevitably facilitated regional destabilization in regions such as Darfur, Abyei Province and the Blue Nile State.

In LDCs, it is difficult to put forward an accurate account of conflict-related fatalities and casualties, however a 2008 BBC Article entitled *China is Fuelling War in Darfur* notes that GoS troops, funded, weaponized and in some cases trained by China were responsible for 300,000 deaths in the Darfur Region alone; and “prosecutors at the International Criminal Court (ICC) ... [stated] war crimes by Sudan's Arab-dominated government ... included summary executions, rape and torture.”<sup>205</sup> According to Eric Reeves, the last official mortality assessment in the Darfur region in 2008 was a gross underestimate. He calculated the mortality rate to be closer to 500,000 by 2010.<sup>206</sup>

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205. Hilary Andersson, *China is Fuelling War in Darfur*, BBC News, July 13, 2008. <http://news.bbc.co.uk/2/hi/africa/7503428.stm>. Accessed on February 26, 2015.

206. “In August of 2010, using all extant data and surveying all relevant reports ... [Eric Reeves] produced ... [an] analysis that ... concluded ... approximately 500,000 Darfuris had died as of that date.” Eric Reeves, *Reckoning the Costs: How Many Have Died During Khartoum's*

As previously discussed, the regional destabilization and inter-ethnic conflict in these areas has resulted in millions of IDPs in both countries. By 2008, it was estimated that fighting in Darfur resulted in more than two million people fleeing their ancestral land from GoS troops and the pro-government (GoS) Arab Janjaweed militia.<sup>207</sup> The Internal Displacement Monitoring Centre (IDMC) estimated that more than 1,474,400 people from South Sudan had been displaced between mid-December 2013 and March 30, 2015 due to ethnic clashes and these figures do not take into account all of the 15 conflict areas designated in Map 4.<sup>208</sup> Reuters published an article which maintained that as of July 2014, in total, more than 2.3 million people were displaced as a result of the Darfur Conflict.<sup>209</sup>

As both Map 3 and Map 4 demonstrate, many of the conflicts in Sudan and South Sudan are in oil-rich regions where the PRC has mounted oil exploration and extraction-related operations manned by Chinese workers. While

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*Genocidal Counter-insurgency in Darfur?* March 18, 2016. <http://wp.me/p45rOG-1S4>. Accessed on October 16, 2016.

207. Andersson, *China is Fuelling War*.

208. "Given that the displacement situation is highly fluid, populations are widely dispersed, and onward movement and repeated displacement are poorly tracked, [UN Office for the Coordination of Humanitarian Affairs] OCHA's figures paint an incomplete picture. Neither the figure for Sudan nor South Sudan includes IDPs from the Abyei Area as its final status remains undetermined. More than 100,000 people were displaced following an incursion by the Sudanese armed forces in May 2011." Internal Displacement Monitoring Center, *South Sudan Internally Displaced Person Figures Analysis*, April 3, 2015. <http://www.internal-displacement.org/sub-saharan-africa/south-sudan/figures-analysis>. Accessed on April 1, 2016. As of December 1, 2015, IDMC estimated "there were at least 1,690,000 internally displaced people" in South Sudan. Internal Displacement Monitoring Center, *South Sudan: South Sudan IP Figures Analysis*, January 2016. <http://bit.ly/2dWWH53>. Accessed on October 16, 2016.

209. Reuters, *The Darfur Conflict*, July 31, 2014. <http://news.trust.org/spotlight/Darfur-conflict>. Accessed on October 16, 2016.

the lack of stability and potential for conflicts in these areas pre-dated China's presence in the region, the fashion in which the Chinese assisted the GoS has contributed to regional destabilization, conflict intensity, the number of conflict-related fatalities and IDPs.

While the press often covers conflicts and IDPs in Sudan, other negative affects of petroleum extraction operations are not given as much attention in the media. China has a poor environmental impact record at home and abroad, and its activities across both Sudan and South Sudan have created environmental issues for ethnic groups whose ancestral has been tainted by extraction-related pollution.

A 2009 CNN report revealed that several of the areas which have come under criticism for environmental issues, fall within the boundaries of oil extraction facilities operated by Chinese NOCs. Oil fields owned by White Nile Petroleum, a joint Sino-Sudanese venture were discovered to be tainted by high concentrations of cadmium, lead and chromium - a known carcinogen.<sup>210</sup> These facilities lie within a swampy region of wetlands in South Sudan called the Sudd.

Stretching over 30,000 square kilometers, the Sudd supports an array of wildlife and waters adjacent pastureland. It acts both as a huge sponge and a filter for much of east Africa and is vulnerable to pollution and degradation.

The Nuer people who live in the village of Rier, at the edge of the Sudd and the oilfields don't have the means to test the water they and their

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210. The Greater Nile Operating Company (GNOC), located in South Sudan, has also been accused of devastating the local environment with oil extraction byproducts. GNOC is a Multi-national Oil Company comprised of Chinese, Malaysian and Indian shareholders. David McKenzie and Ingrid Formanek, *Pollution Fears Taint Sudan's Oil Promise*, CNN, December 8, 2009. <http://www.cnn.com/2009/WORLD/africa/12/07/sudan.oil/index.html>. Accessed on March 24, 2016.

livestock use. Nor does the regional government, which says only that it's "suspicious" of the water quality in this area.

The villagers just relate what they see. One of them ... [stated] that before the oil companies arrived "... cattle didn't die and our children didn't die. Our water was good...now the water is bad."

[However] there is no independent evidence that the oil companies' operations have caused sickness or death; and they certainly deny that. But ... [the Governor of Unity State] told CNN oil exploration here has been characterized by one word: mismanagement ....<sup>211</sup>

But in March 2016, it was estimated by the German NGO, Sign of Hope, that "180,000 people face life-threatening risks from oil-related water pollution."<sup>212</sup> According to a May 2016 Wilson Center Report, "beyond conflict, South Sudanese communities have ... been ringing the alarm bell about pollution and health hazards caused by the oil industry ... Heavy metals, from leaking pipelines and refineries ... [as a result of] damage from fighting, have leaked into the groundwater."<sup>213</sup> The United Nations Environment Program (UNEP) has also noted that pollution and other environmental issues in Sudan have the potential to create 'conflict flashpoints.'<sup>214</sup>

### **Targeting of Chinese-owned NOCs by Indigenous Groups**

In many locations where China is involved in extractive operations on the African continent, its facilities and personnel have become targets of violence

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211. Ibid.

212. Wim Zwijnenburg, *South Sudan's Broken Oil Industry Increasingly Becoming a Hazard*, Wilson Center, May 2, 2016. <http://bit.ly/2bKRDZc>. Accessed on May 5, 2016.

213. Ibid.

214. United Nations Environment Program (2007). Zwijnenburg, *South Sudan's Broken Oil*.

initiated by local indigenous groups or militias, which oppose the central government of the host countries in which Chinese NOCs operate. There are several reasons why Chinese facilities and their employees are singled out for aggression.

Local communities believe the Chinese government uses its national oil companies to finance and weaponize African regimes with poor human rights records. State-owned enterprises are perceived by regional ethnic groups to be strawman-proxies acting on Beijing's behalf. Furthermore, environmental damage and loss of ancestral land that has traditionally been used for grazing and subsistence agriculture also foster tensions which may lead to African-on-Chinese violence.

In Sudan, the GoS has deployed both military and government-backed militias to drive farmers and herdsman from their ancestral lands in order to make room for PRC NOC operations, while simultaneously defending Chinese-owned installations with arms and equipment supplied by China.

Various human rights groups have repeatedly accused Sudan of systematically massacring civilians and chasing them off ancestral lands to clear oil producing areas. For years rebels have attacked oil installations in Sudan, hoping to deprive the government of any means to pursue a civil war that has claimed so many lives. Yet ...Chinese laborers ... [have been] shielded from these attacks, working under the protection of Sudanese government troops armed mostly with Chinese-made weapons.<sup>215</sup>

For more than a decade Chinese NOCs and their personnel have been targeted in countries such as Sudan, Ethiopia, Angola and Nigeria. Facilities

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215. Hurst, *The Politics of Oil*, 3.

have been attacked, workers have been taken hostage and in some cases, Chinese NOC employees have lost their lives as a result of the violence. In 2004, “two Chinese workers ... [were] abducted by anti-Sudanese government militants in western Sudan”<sup>216</sup> and in 2008, “Five Chinese oil workers kidnapped in [the Kordofan region of] Sudan ... [were] killed.”<sup>217</sup> In 2014 more Chinese were kidnapped in the South Kordofan region.<sup>218</sup>

While the impact of Chinese-owned NOCS in Sudan and South Sudan exemplifies Sino-African petro-dynamics across the continent, it is important to briefly discuss other acts of violence directed towards Chinese petroleum facilities and personnel in order to demonstrate that China’s extractive operations and the personnel which staff them are often not well-received by the local communities.

In April 2006, a Nigerian militia warned that all Chinese citizens were considered targets since the PRC government was involved in potentially questionable dealings with the Nigerian government.

Militants in Nigeria's volatile oil-producing region detonated a car bomb ... and issued a warning that investors and officials from China would be ‘treated as thieves’ and targeted in future attacks .... A spokesman for the Movement for the Emancipation of the Niger Delta said ... the car-bomb attack was ‘the final warning’ before the militants turned their attention to oil workers ... ‘soft oil industry targets’ .... [He] specifically criticized the

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216. Xinhua, *Two Chinese Abducted by Rebels in Sudan*, March 17, 2004. [http://www.china-daily.com.cn/english/doc/2004-03/17/content\\_315491.htm](http://www.china-daily.com.cn/english/doc/2004-03/17/content_315491.htm). Accessed on March 15, 2016.

217. BBC, *China Hostages Killed in Sudan*, October 27, 2008. <http://www.news.bbc.co.uk/2/hi/7694106.stm>. Accessed March 22, 2016.

218. In 2012, SPLM-North (Sudan People’s Liberation Movement - North) Sudanese rebels in the South Kordofan region kidnapped and later released twenty-nine Chinese national Sinohydro employees. Ulf Laessing and Sui-Lee Wee, *Kidnapped Chinese Workers Freed in Sudan Oil State*, Reuters, February 7, 2012. <http://bit.ly/2cxmUyT>. Accessed March 22, 2016.

Chinese .... 'We wish to warn the Chinese government and its ... [NOCs] to steer well clear of the Niger Delta .... Chinese citizens found in oil installations will be treated as thieves. The Chinese government by investing in stolen crude places its citizens in our line of fire.<sup>219</sup>

In 2007, there were at least two attacks against employees of Chinese-owned SOEs in East Africa. Chinese Road and Bridge Construction personnel were fatally attacked in Kenya resulting in a fatality,<sup>220</sup> and an attack on the Chinese-owned Zhongyuan Petroleum facility in Ethiopia's restive Ogaden region in made international news when Chinese nationals working at the facility engaged in a firefight with Ogaden-based rebels.

In April 2007 nine employees of Zhongyuan Petroleum Exploration Bureau, a subsidiary company of China Petroleum and Chemical Corporation (Sinopec), and sixty-five Ethiopians were killed by the Ogaden National Liberation Front (ONLF), a group opposed to the central government of Ethiopia.<sup>221</sup> The event was clearly a setback for Chinese companies that sought to explore oil in the Ogaden region of eastern Ethiopia.<sup>222</sup>

In 2009, Afrik News published an article that indicated aggression towards Chinese nationals was also increasing in Angola. "The spate of violence against Chinese nationals in Angola ... [has become] an issue of concern. A sense of neocolonialism amongst some Angolans is breeding xenophobia that borders on

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219. Craig Timberg, *Militants Warn China Over Oil in Niger Delta*, The Washington Post, May 1, 2006. <http://wapo.st/2chpaW7>. Accessed on March 15, 2016.

220. A Chinese stone materials facility owned by the China Road & Bridge Corporation was attacked in January of 2007, resulting in the death of one Chinese engineer and the injury of another. Guo Qiang, *Chinese Engineer Killed in Kenya Attack*, The China Daily, February 1, 2007. [http://www.chinadaily.com.cn/china/2007-02/01/content\\_798974.htm](http://www.chinadaily.com.cn/china/2007-02/01/content_798974.htm). Accessed on March 15, 2016.

221. Gettleman (2007). Adem, *China in Ethiopia*, 151.

222. Kurlantzick (2009). Adem, *China in Ethiopia*, 151.



racism.”<sup>223</sup> The trend continued in 2010, when separatists in Cabinda attacked a convoy transporting Chinese workers. A *Stratfor analysis* stated

Two soldiers from the Angolan Armed Forces (FAA), which had been contracted by Angolan state-owned oil company Sonangol to protect the Chinese workers, were killed in the ambush. No Chinese were reported killed or injured .... FLEC rebels ... have shown a desire to target Chinese oil workers in the past ... [and] this marks at least the fourth such incident in the last 15 months .... In all likelihood [as a result of attacks on Chinese workers], there will also be an increase in Angolan counterterrorist operations against FLEC.”<sup>224</sup>

While Boko Haram is principally based in Nigeria, they crossed into Cameroon to launch attacks against Chinese facilities and personnel. In May 2014, “Suspected Boko Haram rebels from Nigeria ... attacked a Chinese work site in northern Cameroon, killing at least one Cameroonian soldier while 10 Chinese workers were missing and believed to have been abducted.”<sup>225</sup> So from 2004 to 2015, Chinese personnel working at NOC facilities were attacked in at least five different countries: Sudan, Ethiopia, Cameroon, Kenya, and Angola.

Thus in conclusion, it is possible to surmise that while on one hand the governments of African host countries encourage the entrance of Chinese-owned extractive operations and SOEs, on the other hand, the general population is not receptive to the influx of the Chinese. If resentment is commensurate with

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223. Konye Obaji Ori, *Angola: Chinese Violence and Murders, Protest or Criminality?* Afrik News. November 14, 2009. <http://www.afrik-news.com/article16469.html>. Accessed on March 15, 2016.

224. Stratfor, *Analysis: A Cabindan Ambush and Angolan Relations with China*. November 12, 2010. <https://www.stratfor.com/analysis/cabindan-ambush-and-angolan-relations-china#>. Accessed on December 8, 2015.

225. Tansa Musa, *Suspected Boko Haram Attack Chinese Workers in Cameroon; 10 Missing*, Reuters, May 17, 2014. <http://bit.ly/2c0EsB0>. Accessed on March 15, 2016.

alienation and displacement, then Chinese-owned NOCs may have a rocky future with the average African, regardless of the stance of his or her government.

### **National Oil Companies Summary**

Due to the PRC's pervasive involvement in the region, Sudan and South Sudan are the most important templates by which the impact of Chinese NOCs may be gauged on a Pan-African basis. Their activities have facilitated destabilization and ethnic cleansing, exacerbated conflicts resulting from territorial claims, adversely affected environmental conditions in the region, contributed to violence which has resulted in hundreds of thousands of internally displaced persons, and triggered aggression from local populations targeting Chinese NOC facilities.

While China is quick to claim 'non-interference' during its interactions with LDCs in Africa, the fact that the PRC supplies weapons and provides training to the militaries of governments involved in regional conflict makes China's proclamations of non-interference contestable.

"What makes China's involvement in Sudan so controversial ... are the atrocities ... [which have taken] place within Sudan and China's undying support of the Sudanese government. China ... [has provided] diplomatic protection to a government accused by the United Nations of genocide in the western region of Darfur," writes Cindy Hurst, of the U.S. Army's Foreign Military Studies Office.<sup>226</sup>

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226. Hurst, *Politics of Oil*, 3.

A complex argument can be made that while the activities of Chinese national oil companies in Africa serve to stabilize the positions of the ruling governments (or regimes) of host-states, the socio-economic, environmental and human rights effects on the general population actually serve to *destabilize* the regions in which they operate, which in turn creates dynamics which are conducive for conflict and unrest.

Over the past decade, China has quietly deployed (non-UNPKO) security personnel to NOC operations on the continent. “In at least one case,” according to the Eurasia Group, “Chinese nationals are providing security for energy infrastructure directly. Though their exact numbers are unclear, armed Chinese security personnel are routinely present at key oil facilities in Sudan.”<sup>227</sup> According to the same source, in 2006 “decommissioned People’s Liberation Army soldiers [were embedded with Chinese NOC personnel in Sudan and] charged with protecting China’s investments .... [and] vulnerable oil installations ... often in concert with Sudanese troops.”<sup>228</sup>

A 2007 Eurasia Group analysis of Chinese NOC operations in Sudan noted “China appears more intent upon contributing to efforts to address ... conflict ... though it still prefers solutions that neither draw attention to itself, nor put its resources at risk.”<sup>229</sup> However, the authors of the analysis do not address

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227. The Eurasia Group, *China’s Overseas Investments*, 8.

228. Ibid, 1-22.

229. Small Arms Survey, *Arms, Oil and Darfur: The Evolution of Relations between China and Sudan*, Human Security Baseline Analysis, Volume Number 7, July 2007, p. 9. <http://bit.ly/2ahwr61>. Accessed on June 14, 2015.

either the effects of Chinese NOC operations on the local population(s), especially the displacement of local indigenous groups whose areas of habitation overlap with exploration and extraction operations, or the reaction(s) of these indigenous groups.

Although the PRC afforded the GoS with diplomatic support, and facilitated an influx of weapons and military equipment to GoS-backed militias, there are indications that Beijing has finally begun to recognize its policy of non-interference has facilitated conflict while negatively affecting regional stability. This in turn has threatened the security of its NOC operations in Sudan and South Sudan.<sup>230</sup>

The way China engaged with the Darfur crisis provides a case study of how China's foreign policy has ... evolved over time .... In the early years of the Darfur crisis, China, true to its stated policy of non-interference, treated the Darfur situation as an internal conflict. However, over time, China [has] changed its stance - first shifting to passive support of the GoS without opposing international efforts to intervene in Darfur, and eventually beginning to play an aggressive diplomatic role in bringing the UN peacekeeping force into Sudan. China was the only country to engage in direct diplomacy and negotiated directly with Bashir, and successfully pressured Khartoum to cooperate with the UN.<sup>231</sup>

China is not adopting a more humanitarian approach in its areas of operation due to moral or ethical considerations, but due to a realization that funneling arms and military equipment to regions, which have a history of inter-

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230. Jonathan Berkshire Miller, *China's Balancing Act with the Two Sudans*, Al Jazeera Centre for Studies, June 17, 2015, pp. 1-2. <http://bit.ly/2kl8m4O>. Accessed on April 17, 2016. "The division of Sudan into two separate countries has resulted in significant policy adjustments that guide Chinese engagement with Khartoum. Beijing remains Sudan's largest investor with more than \$5 billion invested in both countries' oil field developments. While traditionally focused narrowly on Sudan's oil reserves, China is now increasingly involved in peace and security issues due to the recent instability in South Sudan." Ibid, pp. 2-3.

231. Large (2012). Francis *et al.*, *China Sudan-South Sudan*, 11.

ethnic conflict, ultimately threatens its energy security. At some point in the past several years, the power brokers in Beijing decided that energy security and uninterrupted resource lines of communication trumped revenues from the sales of weapons and military equipment to African LDCs.

PRC NOCs are not in Africa only to explore and extract oil. They also serve as diplomatic flagships and currency funnels to the African elite. The Chinese government uses NOC contracts with host-governments as leverage for other deals and activities. Setting up oil extraction facilities in African LDCs acts as a primer for other undertakings. In addition to securing resources, China utilizes petroleum exploration and extraction deals with African countries as economic, diplomatic and socio-political force magnifiers. As the Eurasia Group noted:

Chinese leadership wants to pursue policies that will secure supplies of oil and natural gas and cement a strengthened role for the major Chinese oil [companies] .... While the governments of many Western countries, including the United States, usually take a relatively hands off approach to intervening in oil companies' investment and purchasing decisions, there is a consensus in China that the state must use policy tools to secure ownership of foreign upstream production assets by Chinese companies.<sup>232</sup>

Utilizing Sudan and South Sudan to illustrate the impact of Chinese NOCs in Africa, what can be concluded? China funnels billions of dollars to African host countries, creates infrastructure to facilitate mineral extraction and serves as a regime-stabilizer by funding often-authoritarian governments. The benefits of these financial infusions to local populations are negligible and PRC NOC

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232. The Eurasia Group, *China's Overseas Investments*, 2.

operations often result in environmental damage, loss of ancestral land, IDP's, African-on-Chinese violence, and a spike in conflict and regional destabilization.

In some instances, African officials abandon the official 'pro-Beijing' party-line espoused by their leaders and express their concern over the lack of transparency of Chinese-run NOCs, and the corresponding benefits, or lack thereof to the local population. The activities of Chinese oil companies in South Sudan have not been without criticism, and it is evident that Beijing is beginning to have issues with maintaining its policy of 'non-involvement' and also with how its NOCs deal with the African host countries within which they operate.

[In] February ... 2012 [the] South Sudan[ese] ... said it ... [gave] the president of Petrodar - a Chino-Malaysian oil company - 72 hours to leave the country [after] accusing him of not cooperating with the government and continuing to receive instructions from the government in Khartoum .... [South Sudan's] oil minister ... stated ... [Petrodar was] not respecting the terms of reference of the memorandum of understanding which ... [it] signed in December [2011] .... South Sudan also [accused Petrodar] of dishonesty. The ministry of petroleum ... [stated] it discovered that the company was producing 40,000 barrels per day (bpd) more than the 230,000 bpd it was declaring.<sup>233</sup>

Subsequently, in May 2016 there was a sharp exchange of words between the Chinese ambassador to South Sudan and the South Sudanese Minister of Finance and Planning, who criticized Chinese NOC operations in the newly-independent country. "[Minister] David Deng Athorbei accused the Chinese government of stealing South Sudanese oil and resources without doing

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233. The Sudan Tribune, *South Sudan gives PetroDar President 72 Hours to Leave Juba*, February 3, 2012. <http://bit.ly/2calTtc>. Accessed on September 4, 2016.

anything for the suffering South Sudanese people.”<sup>234</sup> The Chinese embassy refuted the accusations and responded that Minister Athorbei, a member of President Salva Kiir’s administration, had adopted a position that ran counter to that which his party held.

So in reality, what is occurring in countries such as South Sudan? Are the operations of PRC-run NOCs in African LDCs benefitting the general population, or the respective governments? Viewed through an idealistic Western perspective, China’s oil extraction operations are proving to be a hindrance to progress on the continent. In *The Politics of Oil: China and Sudan - A Well-Oiled Relationship*, Hurst notes that “China’s policy of not interfering with another country’s internal affairs make it an ideal partner for many nations with a history of human rights violations. China’s growing influence in Africa is therefore counterproductive to western objectives of promoting human rights and abolishing corruption. China’s growing involvement in Africa could actually make African governments more corrupt.”<sup>235</sup>

### **Mining Operations in the Democratic Republic of Congo**

While there are some similarities between the effects caused by both mining and NOC operations, mining operations in some cases generate dynamics which while in part may be negative, vary from those created by Chinese-owned NOCs. Some of the main differences are related to resource

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234. Nyamilepedia, *China-South Sudan Bilateral Relations at a Brink of Collapse*, July 7, 2016. <http://bit.ly/2bW1MiM>. Accessed on September 4, 2016.

235. Hurst, *Politics of Oil*, 3.

accessibility, transportability, salability and value. Oil is not easy to access or transport, it is difficult to sell on the black market in its unprocessed form, and finally when its weight and volume are considered, it is not a black market commodity that can easily be sold by small groups or independent operators.

Compared to oil, strategic minerals, precious metals, and gemstones are often easier to access, extract, transport and sell in a clandestine fashion. Even though the terms ‘rare earth minerals,’ ‘rare earth elements’ and ‘strategic minerals’ are often used synonymously, they have different meanings. Rare earth minerals are minerals that are comprised of at least one major rare earth element constituent, while “strategic minerals are minerals containing rare elements that [specifically] can be used in defense, energy or industry. Because there are a limited number of companies and nations that control a majority of the supply, strategic minerals are often subject to unpredictable fluctuations in price and availability.”<sup>236</sup>

“The unequal geographic distribution of strategic minerals ... has led to individual nations dominating certain industries. China possesses a near-monopoly on most [Rare Earth Elements] REEs.”<sup>237</sup> In an effort to guarantee resource security, China has made major forays into mineral-rich area such as the Democratic Republic of Congo (DRC). The DRC contains 40 percent of the

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236. “Strategic elements can be divided into five categories: platinum-group elements, fission elements, rare earth elements, rare metals, and phosphorus.” Massachusetts Institute of Technology, *Strategic Minerals: Will Future Supply Be Able to Meet Future Demand?* 2016. <http://web.mit.edu/12.000/www/m2016/finalwebsite/>. Accessed on May 29, 2016.

237. Ibid.



world's cobalt and 64 percent of the world's coltan and is also host to large deposits of "tin, tantalum, tungsten, and gold; collectively known as '3TG minerals.'"<sup>238</sup>

In addition to oil, Beijing has also targeted 3TG minerals and cobalt for extraction in Africa. Thus, the Democratic Republic of Congo's Copper Belt has seen a surge in the presence of Chinese mining companies since the early 2000's. "China's consumption of coltan is part of its "go global" strategy of sourcing overseas raw materials, particularly from Africa."<sup>239</sup> According to a prior Governor of Katanga Province in the DRC, "more than 60 of Katanga's 75 processing plants are owned by Chinese companies and adds that 90 percent of the region's minerals go to China."<sup>240</sup>

As the first section of Chapter 2 revealed, Chinese-owned SOEs involved in extractive industries often generate serious issues for the populations of their African host-countries, and in the cases of REE and strategic minerals extraction operations, the negative impact may be even more substantial.

Valuable mineral deposits in developing countries can create nearly as many problems as they solve. Artisanal or small-scale mining (ASM) accounts for nearly a quarter of all non-fuel minerals mined worldwide, generally in developing countries where regulations are lax. These operations are largely run by individuals unaffiliated with any government or regulatory body. Working conditions in these small-scale mines are

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238. Appendix 1 provides a brief description of the uses of Cobalt, Coltan, Tantalum and Tungsten. Appendix 2 consists of a map detailing mineral and timber distribution in the DRC.

239. Tiffany Ma, *China and Congo's Coltan Connection*, Project 2049 Institute, June 22, 2009, p. 1. <http://bit.ly/2aAyKaj>. Accessed on December 11, 2015.

240. Simon Clark, Michael Smith and Franz Wild, *African Kids Feed Chinese Company Profits*, Independent Online - South Africa, July 27, 2008. <http://bit.ly/2bGSM1o>. Accessed on December 20, 2015.

typically unsafe and environmentally unsound. Additionally, large multinational corporations operating in underdeveloped countries may take advantage of relaxed regulations to the detriment of local communities.<sup>241</sup>

### Health and Safety Issues

Since mining operations are often in remote locales, the conditions, which are created by such operations often escape scrutiny. In many cases, the mines are run with little to no regard for the safety or health of the workers. If and when protective clothing is issued to mining employees, it is often sub-standard or has been used to the point that it is ineffectual. “Health and safety issues are the main concerns for workers. At all stages of mining, from extraction to processing, workers are directly exposed to various toxic substances, as well as to the risk of accidents.”<sup>242</sup>

Health risks and accidents could be reduced by providing workers with decent protective equipment (e.g. boots, mask, gloves, clothing, hard hats, etc.), which should of course be regularly replaced. Workers handling unprocessed copper and cobalt are exposed to radioactive elements but in most cases they work with their bare hands, without a mask. Companies do not provided [sic] sufficient equipment and even when workers have been given some protective gear it is worn out.<sup>243</sup>

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241. Chen (2012). Massachusetts Institute of Technology, *Strategic Minerals*. “Since 2005 the Chinese have become the primary owners of furnaces [In the Katanga Province, DRC] that rely on ore ... [procured by] hand diggers [artisanal or small-scale mining operations].” Clark, Smith and Wild, *African Kids*.

242. Rights and Accountability in Development (RAID), *Chinese Mining Operations In Katanga, Democratic Republic of the Congo*, September 2009, p. 13. <http://bit.ly/2aCt8Jq>. Accessed on December 11, 2015. Pollution-related illnesses often affect members of the local population in addition to the miners themselves. “Miners are exposed to heavy metals through dust inhalation, food and water contamination.” Nicolas Tsurukawa, Siddharth Prakash, and Andreas Manhart. *Social Impacts of Artisanal Cobalt Mining in Katanga, Democratic Republic of Congo*. Institute for Applied Ecology, November 2011, p. 42. <http://bit.ly/2agnYVW>. Accessed on December 12, 2015.

243. Rights and Accountability in Development (RAID), *Chinese Mining Operations*, 13.

Local workers are often forced to work long in dangerous conditions, underground in carelessly constructed and poorly ventilated passageways, or near smelters without protective clothing. “Sources [have] confirmed that there are frequent injuries and some fatal accidents as a result of landslides, falling boulders or asphyxiation due to a lack of adequate ventilation. Ventilation systems are rarely put in place and, where they are used, they depend on small - often manual - pumps. Miners also described several cases where men had been seriously or permanently injured while mining.”<sup>244</sup> While the DRC’s enforcement of safety standards is weak, Chinese mining companies operate in what are considered a haphazard fashion even by local standards. “Chinese-owned smelters ... are particularly prone to accidents that maim or kill workers.”<sup>245</sup>

Most mining operations have no provisions for work-related injuries, and rarely provide their African employees with health insurance.<sup>246</sup> “Chinese companies are failing to register workers with the INSS [the Congolese Social Security Institute] thereby depriving them of state insurance benefits. By refusing

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244. Amnesty International, *Profits and Loss: Mining and Human Rights in Katanga, Democratic Republic of the Congo*, 2013. p. 14. <https://www.amnesty.org/en/documents/AFR62/001/2013/en/>. Accessed on May 7, 2016. “Mining sector workers are exposed to enormous health risks and occupational hazards. This is particularly the case in smelters where furnaces can reach temperatures of 1,981 degrees Fahrenheit (1,082.7 Celsius - the melting point of copper ore).” Rights and Accountability in Development (RAID), *Chinese Mining Operations*, 14.

245. Clark, Smith and Wild, *African Kids*.

246. “Workers complained most about headaches, feeling dizzy and superficial burns. If a foundry worker faints because of the heat there is a real risk that he may sustain life-threatening burns or even be killed. Workers reported an almost total lack of preventive measures, training or even first aid in most Chinese establishments.” Rights and Accountability in Development (RAID), *Chinese Mining Operations*, 13.

to provide sick pay or to cover the costs of medical treatment for work-related accidents and occupational illnesses the Chinese mining companies are in breach of Congolese law.”<sup>247</sup>

Another aspect of Chinese presence in the region is the facilitation and enablement of the local sex trade, and the spread of disease, through sex workers. “Prostitution, promiscuity, lack of sanitation and hygiene contribute to high levels of disease and health problems in the miners’ camps. The presence of current and demobilized soldiers, a group with elevated levels of HIV/AIDS infection, also increases the risk of dissemination in the local population.”<sup>248</sup>

While some Chinese companies do provide nominal health care for Chinese employees, HIV testing is usually voluntary and the PRC-owned SOEs will often let their personnel continue working as long as they are physically capable. Other Chinese-owned companies have no contingency policy for the transmission of communicable diseases between employees and locals, or vice versa. These conditions create unique transmission networks in which Chinese employees, African laborers, women, and girls from local communities are all potential biological vectors.

For example, “in Zambia, CCCM [Chinese Collom Coal Mine] management sees no need for an HIV/AIDS workplace policy, insisting that Chinese staff are disciplined and do not indulge in extramarital affairs. This obviously implies that the health of local employees is of no interest. The

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247. Rights and Accountability in Development (RAID), *Chinese Mining Operations*, 14.

248. PACT (2010). Tsurukawa, Prakash, and Manhart, *Social Impacts*, 40-41.

perception that the Chinese are disciplined and do not engage in sexual activities with locals is not correct. In Luansha ... Chinese workers are dating young girls of 12 and 15 years old ... [and have been] arrested.”<sup>249</sup>

### **Employee Abuse and Human Rights**

In addition to dangerous work conditions in all stages of the mining process, there is evidence that Chinese managers and supervisors have acted in a chronically negligent manner and failed to observe basic human rights of their indigenous employees.

Not only are health and safety standards in Chinese mining companies woefully inadequate but also .... the behaviour of many Chinese managers and supervisors amounts to gross negligence. The treatment of the Congolese workers ranges from verbal aggression and bullying to beatings and in some cases extreme physical abuse. A number of cases of serious assaults ... [have also been] reported.”<sup>250</sup>  
In many instances, due to corruption, bribes and cronyism, neither

Chinese SOE managers, nor the companies themselves are held accountable for worker-abuse or human rights violations. Not wanting to upset the status quo, government employees and law enforcement are hesitant to interdict abuses perpetrated by Chinese nationals working for a powerful corporate entity.

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249. Claude Kabemba, *A Concern for Care? Chinese Companies' HIV and AIDS Policies*, Open Society Initiative for Southern Africa (OSISA), October 10th, 2012. <http://bit.ly/2can8Kr>. Accessed on May 28, 2016.

250. Rights and Accountability in Development (RAID), *Chinese Mining Operations*, 15. “One worker stopped drilling into a wall because the drill had started to overheat. His Chinese supervisor insisted he should go on but the worker refused. The Chinese supervisor then allegedly took the hot drill and pushed it against the worker’s genitals severely burning him. The worker was not given any medical assistance and was forced to continue working. He struggled against the pain for three days but was too unwell to keep on working. He complained about his treatment to the management. He was fired on the spot.” Rights and Accountability in Development (RAID), *Chinese Mining Operations*, 15.

Indigenous employees have no legal recourse, which in turn imparts a sense of impunity to Chinese supervisors running mining operations. Thus, “local work inspectors, police and magistrates are not usually willing to prosecute a company or Chinese staff member even for flagrant violations of workers’ rights and Congolese law. The workers are powerless and do not have access to lawyers willing to take on cases .... NGOs do their best to help but often lack resources .... [Therefore] there is a complete absence of an effective remedy.”<sup>251</sup>

### **Child Labor**

The utilization of child labor in extremely dangerous conditions is another problematic aspect of Chinese mining operations in the DRC. While the exploitation of children by Chinese mining companies in the Democratic Republic of Congo is difficult to document, a 2012 report compiled by a DRC-based United Nations Children’s Emergency Fund (UNICEF) researcher revealed that in Katanga province alone it was estimated that, “40,000 children under the age of 16 years ... [were] believed to be working on mine sites in Kolwezi, Kipushi and Likasi.”<sup>252</sup> Additionally, young children are also used for prostitution at mining operations.<sup>253</sup>

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251. Rights and Accountability in Development (RAID), *Chinese Mining Operations*, 15.

252. Walther (2012). Amnesty International, *Profits and Loss*, 14.

253. “Prostitution is wide-spread in artisanal miners’ settlement[s], and involves children as young as 12 years old ... often exploited orphans and street children.” Tshilobo (2005). Tsurukawa, Prakash, and Manhart, *Social Impacts*, 41.

According to the director of the Rights and Accountability in Development Project, Patricia Feeney, “Chinese smelters have no regard for the health and safety of the children who dig the ore” at poorly constructed, Chinese-run artisanal sites which have high injury and fatality rates in comparison to non-Chinese-owned extractive operations.<sup>254</sup>

Despite allegations of the utilization of child labor in its DRC-based, extractive SOE operations, a Chinese Ministry of Commerce spokesperson maintained, “Chinese companies need to observe local labour laws and regulations and fulfil their social commitments.”<sup>255</sup> However, during the same time-period, China's foreign minister partially negated his colleague’s statement and conversely maintained, “countries should be allowed to set their own standards for development and choose their own social systems.”<sup>256</sup>

According to “Law No. 16/010 ... [July 2016, which amended and supplemented] Law No. 015-2002 ... [of] the Labor Code .... the determination of the capacity to contract at 18 [years of age],” implying that in most cases, in the

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254. Clark, Smith and Wild, *African Kids*.

255. Ibid.

256. Ibid. It should be noted that after South Sudan’s liberation from Sudan in 2011, the PRC and some of its flagship SOEs operating in Africa, including those in the extractive industries, have increasingly paid more attention to the effects of their operations on local populations. This is a result of Beijing’s recognition that human rights violations, conflict, and regional destabilization have a negative economic impact on Chinese SOE operations in Africa, not as a result of a preoccupation with adhering to internationally acceptable norms.

Democratic Republic of Congo, it is prohibited to hire anyone younger than 18 years of age.<sup>257</sup>

### **Environmental Issues**

In the People's Republic of China, which maintains a higher level of government oversight than the DRC, Chinese mining companies have a very poor environmental record, which is also in evidence in Africa. Uju Okoye, the Special Assistant to the Permanent Secretary at the Federal Ministry of Environment in Abuja, Nigeria notes that China's lack of compliance with environmental standards should serve as a warning to African countries.

"While China's presence on the African continent is rather new and African leaders are enthusiastic at basking in Beijing's deep pockets, the example of several Southeast Asian countries [such as Malaysia and Vietnam] should give them a moment of pause .... Because in ... [its] mad dash for resources, Beijing has turned a blind eye to the massive environmental damages done by mining companies."<sup>258</sup>

Considering the high degree to which Chinese-owned extractive industries are involved in the DRC, there is a dearth of information regarding pollution and environmental damage. "Many cobalt deposits of the [Katanga Province] Copper

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257. "In order to comply with the Education Act, the legislator [sic] ... determine[d] the [legal] capacity to [enter a] contract ... [to be] 18 instead of 16 years." Joseph Yav Kashtung. *Promulgation of Law No. 16/010*. 2016. <https://www.hg.org/article.asp?id=42557>. 2016. Accessed on March 29, 2017.

258. Uju Okoye, *The Long Term Dangers of Chinese Investment in Africa*, The Diplomatic Courier, December 16, 2015. <http://www.diplomaticcourier.com/2015/12/16/the-long-term-dangers-of-chinese-investment-in-africa>. Accessed on May 30, 2016.



Belt include uranium ores, which - during artisanal mining activities - are partly disseminated in the environment through water and dust, exposing workers to radiation and causing long-term contamination of the food chain.”<sup>259</sup> This issue also affects local indigenous community members who fish, graze their cattle, and engage in subsistence agriculture.

Mining operations contribute to deforestation, which in turn leads to erosion during the rainy season, which lasts for several months at a time. Trees need to be cleared for roads to transport the extracted material, and for easements leading into the mines. Secondly, large amounts of wood are needed for the smelters, and the food that mining-operation employees consume, is cooked over open fires.<sup>260</sup>

Mining ... [causes] environmental damage through the deterioration of landscapes .... One of the concerns ... [is] large-scale deforestation: miners are chopping down forests to make land available for mining and living-space. Wood is also needed to build mining structures and camps near the mine sites, and as firewood for cooking and heating .... Deforestation has had several negative effects on plant and wildlife. The rapid development of mines has put rare plant species at risk and destroyed the natural habitat of ... [endangered and threatened fauna]. Deforestation has also contributed to soil erosion and subsequently to silting in rivers.<sup>261</sup>

According to a 2011 Center for International Forestry Research report, in the DRC, “the involvement of Chinese companies, particularly in the small-scale

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259. Tsurukawa, Prakash, and Manhart, *Social Impacts*, 45.

260. Artur Usanov, Marjolein de Ridder, Willem Auping, and Stephanie Lingemann, *Coltan, Congo & Conflict, Polinares Case Study*, The Hague Centre for Strategic Studies, Number 20, March 2013, p. 28. <http://www.hcss.nl/reports/download/125/1763>. Accessed on December 11, 2015.

261. Ibid.

and artisanal mining segments of the mining sector, is potentially a significant source of deforestation and especially forest degradation in areas that attract large numbers of migrant diggers.”<sup>262</sup> One of the issues that the Katanga Province faces is the lack of oversight of Chinese mining activities. Yet even when environmental damage is noted, in most cases the SOEs are not held responsible. Other African countries hosting Chinese extractive industries have also suffered environmental damage resulting from Chinese mining company operations.

Africa’s environment has suffered ... at the hands of its Chinese investors, and illegal gold mining has led to a number of issues .... As many as 250 rivers in Ghana have been polluted by ... cyanides and heavy metals that are a by-product of the local Chinese community’s illegal gold mining activities .... Laws introduced disallowing foreign nationals to either mine or sell gold have been circumvented by dubious practices lower down the retail chain. However, despite the evident risks associated, African governments continue to embrace vast Chinese investments in their commodity industries.<sup>263</sup>

### **Conflict Minerals**

Although child labor, safety and health issues, environmental damage and pollution are rather serious ramifications which result from PRC-owned extractive industries operating in the Democratic Republic of Congo, the greatest cause for concern is over the loss of human lives and creation of internally displaced persons which the rush for rare earths and minerals has facilitated in the country.

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262. Louis Putzel et al., *Chinese Trade and Investment and the Forests of the Congo Basin: Synthesis of Scoping Studies in Cameroon, Democratic Republic of Congo and Gabon*, Working Paper 67, Center for International Forestry Research, 2011, p. VII. <http://bit.ly/2a3Mn0z>. Accessed on May 28, 2016.

263. Okoye, *Long Term Dangers*.

Minerals accessed, sold or transported, which profit armed groups are commonly referred to as 'conflict minerals.'<sup>264</sup>

“In many recent conflicts, valuable or scarce resources - land, water, timber, or minerals - have played a central role in both causing and sustaining violence. In particular, valuable minerals took center stage after "conflict diamonds" or "blood diamonds" became a prominent feature of Sierra Leone's civil war. Unfortunately, competition over minerals in the Democratic Republic of the Congo has followed a similarly brutal course.”<sup>265</sup>

Many conflicts, which arose from territorial disputes or ethnic differences, decades or even centuries ago, may subsequently be perpetuated by the presence of mineral resources within the region, since it “can also become a further point of antagonism fueling the conflict.”<sup>266</sup> Furthermore, as with mining-related environmental damage and pollution, the remote situation of many extractive operations in many instances allows for regional conflicts, casualties, and IDPs to remain hidden from the media and international scrutiny.<sup>267</sup>

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264. Office of Conflict Management and Mitigation in the Bureau for Democracy, Conflict, and Humanitarian Assistance of the United States Agency for International Development (USAID), *Minerals and Conflict*, April 2005, p. 5. <http://bit.ly/2aftzI7>. Accessed on December 11, 2015.

265. Ibid, 1. It should be noted that in areas where there is authoritarian oppression and fatalities have occurred during the mining process, that the diamonds are referred to as “blood diamonds,” regardless of whether or not there is a recognized civil war.

266. Ibid.

267. “Even if controlling mineral resources is not the original cause of conflict, it can become the focus of fighting. The presence of minerals in remote regions can also reinforce secessionist tendencies. Conflict over resources within those remote regions often stays under the radar of international attention, allowing the conflict to fester.” Ibid, 3.

A report of the Office of Conflict Management and Mitigation of the United States Agency for International Development notes mining and mineral wealth have the potential to facilitate and exacerbate destabilization. Mineral wealth finances arms purchases, which in turn has the capacity to increase the severity of the conflict and level of both military and civilian casualties.<sup>268</sup> It also has an adverse effect on corruption-prone LDCs.<sup>269</sup>

As discussed in the beginning of this section, the DRC contains 40 percent of the world's cobalt and 64 percent of the world's coltan<sup>270</sup> and is also host to the 3TG minerals.<sup>271</sup> "These minerals have helped to fund the continued fighting in the region for years,"<sup>272</sup> and armed militias, which demand bribes for extraction rights, control many of the mines in the Eastern Democratic Republic of Congo.<sup>273</sup> These circumstances suggest that Chinese mining operations most likely maintain some level of cooperation with local warlords, especially if one

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268. Ibid, 3.

269. "Mineral wealth can increase vulnerability and corruption, which weaken states and their ability to effectively govern and maintain security, thereby opening the door to violent conflict." Ibid.

270. Massachusetts Institute of Technology, *Strategic Minerals*.

271. "While [cobalt and] tantalum ... [represent] an alarming link between global consumption and human insecurity in Central Africa ... other minerals including cobalt, cassiterite (tin), tungsten and gold ... [are also] drivers of conflict in the DRC." Ma, *China and Congo's Coltan*, 6.

272. Business for Social Responsibility (BSR), *Conflict Minerals and the Democratic Republic of Congo: Responsible Action in Supply Chains, Government Engagement and Capacity Building*, May 2010, p. 5. <http://bit.ly/2brRDvz>. Accessed on December 11, 2015.

273. "Over 50% of the mines in the eastern DRC are controlled by armed groups, who demand taxes, bribes or other payments for the minerals extracted from the mines." Ibid.

considers that “more than 60 of Katanga's 75 processing plants are owned by Chinese companies and ... 90 percent of the region's minerals go to China.”<sup>274</sup>

While there is not a lot of documentation which directly links Chinese extractive enterprises in the Democratic Republic of Congo to regional militias; Tiffany Ma, states Chinese mining companies and local groups involved in conflict and regional destabilization do indeed work together. Ma notes “China’s purchase of minerals from sources linked to armed groups further entrenches the opaque nature of the conflict mineral trade and ultimately finances the rebel groups that create insecurity within the DRC.”<sup>275</sup>

### **Mining Summary**

As has been demonstrated throughout this dissertation, China’s presence has mixed effects on local populations, regional stability and conflict. Chinese extractive industry operations in such remote and under-developed areas generate their own particular set of dynamics. Labor pools drawn from indigenous workers contribute to a communal sense of self-determination while simultaneously injecting rural economies with cash. Yet, while mining operations

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274. Clark, Smith and Wild, *African Kids*.

275. Ma, *China and Congo's Coltan*, 1. “Widespread and ongoing human rights abuses documented in the DRC since 1998 include the extensive use of child soldiers and labor, indentured labor, gender-based violence and mutilation against women and children as well as indiscriminant and unlawful killings. These atrocities have been attributed to almost all the armed groups in the conflict, some of which ... are still active in eastern DRC today.” Ma, *China and Congo's Coltan*, 1-2.

have provided locals with a means to generate a greater income than what they customarily have made, the collateral effects of PRC-based industries in rural regions have also created negative ramifications for the populace.

A 2011 Institute for Applied Ecology analysis entitled *Social Impacts of Artisanal Cobalt Mining in Katanga, Democratic Republic of Congo* also states that foreign-owned extractive operations in remote African regions create issues if mining operations are not ‘well-managed.’

Interactions with mining communities are often reported to lead to negative social impacts within ... [local] indigenous group[s], such as increase of polygamy and prostitution, excessive consumption of drugs and alcohol, and deterioration of familial and social cohesion .... Despite these negative impacts, it is also reported that well-managed artisanal mining can convey a sense of ownership and participation to populations who felt deprived from control over their ‘own’ resources by foreign industrial companies.<sup>276</sup>

The Institute for Applied Ecology report indicates that in cases in which mining operations *are* well-managed, that the local populations do see benefits, however in many, if not most cases, PRC-owned mining operations in the DRC are notoriously mismanaged and abusive towards their employees, which exacerbates the negative impacts of the operation on local communities. “Many Chinese companies do not ... care about the well-being of their Congolese workers. They retain them through the ever-present threat of dismissal .... Any work is better than nothing and companies exploit the fact that there are plenty of people willing to fill vacancies.”<sup>277</sup>

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276. PACT (2007 and 2010). Tsurukawa, Prakash, and Manhart, *Social Impacts*, 42.

277. Rights and Accountability in Development (RAID), *Chinese Mining Operations*, 12.

As previously mentioned in this section, when there are issues between indigenous workers and Chinese-run mining operations, there are no avenues for redress by the Congolese. Politicians and law enforcement personnel who are not involved in graft are hesitant to upset the status quo, and the Chinese take advantage of these dynamics. “Africa's weak law enforcement makes ... [local populations and indigenous workers] vulnerable to Chinese companies with lax practices.”<sup>278</sup>

If PRC-owned mining operations were well-managed, they could greatly benefit the indigenous populations in their regions of operation. However, at this point in time, the activities of Chinese extractive industries in the Democratic Republic of Congo, which has no operative oversight mechanisms for industrial activity, are facilitating regional destabilization and conflict through health and safety issues, human rights abuses, child labor, prostitution, environmental damage and the funding of local militias via the sale of conflict minerals.

[While] the main ... [cause of conflict] in the DRC is the weakness of governance and the inability of the state to fulfill its basic functions, violent conflict in the DRC .... has [always] been closely linked to the predatory exploitation of natural resources. These resources have played a lethal role in the lives of the Congolese people. Minerals and forest products, instead of being engines of growth, development, and well-being, have largely been to blame for most of the past and current misfortunes visited on the Congolese people .... Without the development of stable institutions, legitimate governance structures, and enforcement of regulations aimed at controlling natural resources ... the DRC will be doomed to repeat ... [its] tragic cycle.<sup>279</sup>

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278. Clark, Smith and Wild, *African Kids*.

279. John Katunga Murhula, *Minerals, Forests, and Violent Conflict in the Democratic Republic of the Congo*, Woodrow Wilson Center, Environmental Change and Security Program, July 7, 2011, p. 18. <http://bit.ly/2afttAc>. Accessed on December 11, 2015. “Ending the violence requires a long-term and comprehensive approach that combines military, political, and economic

If regional destabilization and conflicts have historically been facilitated by the sale and transport of conflict minerals from local mining operations, the long-term prognosis looks bleak at best. Indigenous communities engaged in subsistence farming, fishing, hunting, and herding before the arrival of extractive industries. As in South Sudan, tens of thousands of acres in the Democratic Republic of Congo are now polluted and not suitable for agriculture, fishing or cattle grazing. Many areas are barren and subject to erosion, landslides and flooding during the rainy season due to deforestation.

The incidence of HIV and disease are higher in these regions; decent health care is not available, and the local communities are managing, or remain reasonably content, only because their local economies have been injected with cash from the wages of indigenous workers. However, issues like a global economic downturn, regional conflicts or local mineral supply depletion could see PRC-owned mining companies abandon their DRC-based operations in the future. This in turn most likely would create dynamics which would serve to perpetuate destabilization and conflict for decades to come.

With Chinese investment offering significant promises for developing African nations, cooperation with China is proving to be a significant stepping stone on the road to development. However, with the negative long term social and environmental impact that this cooperation potentially threatens - regarding ... mining, or any other venture - it would wise of African governments to tread cautiously before committing to a course of action which might have entirely the opposite effect to that intended.

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efforts, with a particular emphasis on building capable and legitimate institutions, restoring the state's monopoly on violence, and promoting economic development that is not based on illegal activities." Usanov *et al.*, *Coltan, Congo & Conflict*, 10.



China's rise on the African continent might indeed provide an opportunity not to be missed, but denied the proper checks and balances it could prove less a win-win relationship.<sup>280</sup>

In the eastern Democratic Republic of Congo, local populations have unknowingly traded their environment, their health and social values for an opportunity to reap the financial benefits of hosting Chinese mining operations within their region. Yet if for any reason those operations halt, those communities may find themselves destitute and battling other ethnic groups for quickly diminishing resources in environmentally damaged areas which once housed profitable extractive industries for the People's Republic of China.

Furthermore, as the resources diminish, and mining-related incomes dry up for local populations, inter-ethnic tensions for agricultural, fishing, hunting and grazing rights will increase as locals return to their old means of subsistence living. Simultaneously, the demand for strategic minerals would increase proportionately to the diminishing supply, which in turn increases the funding to local militias, which control mineral-rich areas.<sup>281</sup>

Thus 'resource-conflict' loops would inevitably be initiated, which would result in an increase of regional destabilization and conflict. "Given the defensive and industrial advantages afforded by strategic minerals ... drastic inequality of

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280. Okoye, *Long Term Dangers*.

281. To this day, "the revenues collected by these armed groups through the production and sale of 3TG minerals from mining areas under their control reportedly continues to perpetuate civil unrest in the Democratic Republic of the Congo." United Nations Security Council (2014). Omayra Bermúdez-Lugo, *Conflict Minerals from the Democratic Republic of the Congo: Global Tungsten Processing Plants, a Critical Part of the Tungsten Supply Chain*, United States Geological Service, August 1, 2014, p. 1. <http://on.doi.gov/2aAvXOh>. Accessed on December 11, 2015.

these resources has caused much economic and political tension, a conflict that will surely escalate [in the Democratic Republic of Congo] as these materials become scarcer.”<sup>282</sup>

### **Logging Operations**

As China’s economy has grown, its demand for timber has also increased monumentally. Along with petroleum and minerals, one of China’s biggest imports from Africa is timber. According to a 2015 International Institute for Environment and Development (IIED) report, “China is the largest importer of tropical timber in the world - possibly accounting, in recent years, for half of all tropical trees logged and exported, and over 75 percent of Africa’s timber exports.”<sup>283</sup> Additionally, China has also become the world’s largest purchaser of smuggled timber over the past decade.<sup>284</sup>

The damage that results from deforestation at the hands of logging companies operating illegally, may have graver and longer-term environmental impacts than either mining or petroleum extraction operations.<sup>285</sup> Least developed countries are especially at risk since corruption and lack of oversight

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282. Massachusetts Institute of Technology, *Strategic Minerals*.

283. International Institute for Environment and Development (IIED), *The Dragon and the Giraffe: China in African Forests*, June 2015, p. 1. <http://pubs.iied.org/17302IIED>. Accessed on December 15, 2015.

284. “Over the past decade [2001 - 2010] China has emerged as the world’s leading trader in illegally logged timber.” Environmental Investigation Agency (EIA), *Appetite for Destruction: China’s Trade in Illegal Timber*, November 2012, p. 1. <http://bit.ly/2ahE0tw>.

285. “Illegal logging and the trade in stolen timber are among the most destructive environmental crimes occurring today and directly threaten the world’s vital forest and peatland ecosystems.” *Ibid*, 2.

accelerates the sale and export of illegally harvested timber, which undermines development and in turn can create dynamics, which facilitate regional destabilization.

Illegal logging thrives in areas with poor forest governance, where transparency and law enforcement are weak, and fosters corruption. With such problems common in developing countries with natural resource-focused economies, these states experience the worst impacts of illegal logging, further undermining development.”<sup>286</sup>

The negative impacts of Chinese-run timber operations throughout Africa parallel those in other extractive industries. In many cases Chinese SMEs, and state-owned enterprises such as the Senlian Corporation and China Meheco, take advantage of corruption and lack of oversight mechanisms.<sup>287</sup> While the focus of this dissertation centers around state-owned and controlled industrial and military entities and activities, it is important to note that Chinese-owned SMEs also contribute to dynamics which affect regional conflict and stability, especially since SMEs are harder to monitor and regulate than SOEs.

Chinese “Investment [in Africa is also] ... coming from harder-to-regulate small and medium enterprises. While large, state-owned enterprises (SOEs) are traditionally the main players in China’s overseas investment [such as in the mining and petroleum sectors], privately owned small and medium enterprises ...

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286. Ibid.

287. The “Senlian Corporation ... [is] a subsidiary of the Chinese state-owned firm Shanghai Senlian Timber Industrial Development Co. Ltd .... and China Meheco Import & Export Corporation .... [is] a subsidiary of the state-owned holdings company [SOE] China Meheco Corporation ... listed on the Shanghai Stock Exchange. Environmental Investigation Agency (EIA), *First Class Connections: Log Smuggling, Illegal Logging, and Corruption in Mozambique*, February 2013, pp. 8-10. <https://eia-international.org/first-class-connections>. Accessed on June 18, 2016.

[play a large] role in the African forest sector.”<sup>288</sup> The collateral damage of logging operations, from both Chinese-owned SMEs and SOEs can be seen in Ghana, the Democratic Republic of Congo, and Mozambique.

“China needs raw timber to facilitate the continued growth of its wood-processing industries, underpinned by exports and domestic consumption of timber products. With a logging ban covering most of China’s production forests since 1998, China’s timber deficit is increasingly being met by imports from emerging economies such as Mozambique.”<sup>289</sup>

While Chinese-owned logging companies may enter into legal contractual arrangements to harvest and export timber, in many instances the SOEs involved also access and export illegally harvested wood. “Where governance is weak, [Chinese] companies ... may resort to bribery [and exploit political connections in order to facilitate the illegal exportation of prohibited timber]. They may lack management plans, under-report their export volume, smuggle raw logs, and harvest and transport undesignated species.”<sup>290</sup> Mozambique is one of the

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288. “More than 80% of the Chinese companies that have invested in the African forest sector since 2007 have less than \$10 million in registered capital. Several of these SMEs have reported that they do not receive any government funding or even loans from Chinese commercial banks, unlike larger companies, which typically obtain 80% to 90% of their funding from Chinese commercial and policy banks. Due to their limited financial ties with the Chinese government and banks, SMEs are less likely to comply with the country’s voluntary guidelines for social and environmental safeguards for overseas investment.” Bo Li and Yaxin Yan, *Logging On: Five Ways China’s Overseas Investments are Impacting African Forests*, Quartz Africa, February 10, 2016. <http://bit.ly/1nZbX9a>. Accessed on June 18, 2016.

289. Environmental Investigation Agency (EIA), *First Class Connections*, 2.

290. International Institute for Environment and Development (IIED), *Dragon and Giraffe*, 2. “In Zambia, for example, the Forestry Department has accused Chinese traders of hiding unprocessed logs underneath sawn timber on trucks at checkpoints and in shipping containers for export.” *German et al.* (2011). International Institute for Environment and Development, *Dragon and Giraffe*, 2.

biggest cases in point for Chinese-facilitated deforestation in Africa today, and PRC-owned SOEs play an active role in these operations.<sup>291</sup>

China's state-owned companies play a strategic role in securing supplies of forest resources from overseas. EIA's [Environmental Investigation Agency's] analysis of China's trade data for 2007 reveals that state-owned companies imported 4.7 million cubic meters of tropical logs, equivalent to 46 per cent of the total volume. Overall, state [-owned] enterprises imported 12 per cent of all logs entering China in 2007, including significant flows from countries with weak forest governance.<sup>292</sup>

### **Logging Operations in Mozambique**

While the most prominent Sino-African template for analyzing the impact of Chinese-owned mining companies on regional stability and conflict is the Democratic Republic of Congo, Mozambique has figured most prominently in the PRC's African-based logging operations.<sup>293</sup> Ninety percent of Mozambique's

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291. "[The] Senlian Corporation .... has 60,000 hectares of forest concessions in Cabo Delgado and Niassa [Mozambique], and exports around 800 containers of timber to China each year. Senlian also enjoys influential political patronage" with Mozambican elites. "Prior to ... [a] seizure [of illegal timber in 2012] the company's annual turnover in Mozambique was around \$15 million, mainly derived from the export of up to 800 containers of 1st class Wenge, Pau Ferro and Mondzo logs to China every year, all directly contravening Mozambican timber export laws .... [In 2011] 40 containers of ... [prohibited Mozambican timber were] shipped ... to China Meheco Import & Export Corporation." Environmental Investigation Agency (EIA), *First Class Connections*, 8-10.

292. Environmental Investigation Agency (EIA), *Appetite for Destruction. China's*, 8. "44 percent ... [of all logs] from Mozambique ... where such exports are banned ... were shipped to ... [SOEs]. Many of the [Chinese] companies are owned by provincial governments, often established to drive economic growth within their jurisdictions. The biggest state-owned importer of tropical logs in 2007 was SIIC Shanghai International Trade Group, which alone imported a massive 847,000 cubic metres of tropical logs – eight per cent of China's total and more than double the biggest private sector importer." Environmental Investigation Agency (EIA), *Appetite for Destruction*, 8.

293. "Mozambique ... [was] China's biggest supplier of African logs in 2013. Some 90 per cent of Mozambique's timber exports, over 500,000 m<sup>3</sup> a year ... [was exported to] China. Yet almost half of Mozambique's timber is illegal, depriving the government and local communities of critical revenue .... Nor is this sustainable; it estimated that extraction rates of the five main commercial timber species exceed the sustainable cutting cycle by between two and four times." Global Trade Atlas (2013-2014). International Institute for Environment and Development, *Dragon and Giraffe*, 2.

timber exports are shipped to China, are undeclared, and have cost the country more than half a billion dollars in losses between 2003 and 2013.<sup>294</sup>

“Mozambique provides a stark illustration of the chronic failure of forest management which ensues when China’s insatiable demand for logs converges with weak law enforcement and corruption.”<sup>295</sup> While LDCs often do not have regulations and oversight mechanisms in place to monitor exports, graft and environmental impact, Chinese companies have opportunistically exploited these loopholes to their advantage. Chinese SOEs operating in Mozambique also under-report the true export volume of timber while exceeding the official quantity limit, bypass established licensing protocols in order to maximize profits, and engage in the exportation of banned species.<sup>296</sup>

“China’s increased role in the Timber industry [in Mozambique], has been criticized for ... excessive exportation of illegal logs ... exceeding the quantities officially allowed on other woods. Through investigations made by Interpol and Environmental Impact Agency from Britain, Chinese-owned companies have

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294. “In the decade between 2003 and 2013 Mozambique lost over 540 million US dollars through the illegal [and undeclared] export of wood to China, according to a study by researchers at Maputo's Eduardo Mondlane University.” All Africa, *Mozambique: Half a Billion U.S Dollars Lost in Illegal Wood Exports*, July 24, 2015. <http://allafrica.com/stories/201507250021.html>. Accessed on June 2, 2016.

295. Environmental Investigation Agency (EIA), *Appetite for Destruction*, 18.

296. “In 2013 ... Mozambican statistics show that 54,000 cubic metres of logs were exported to China. The Chinese statistics show that 346,000 cubic metres of logs were imported from Mozambique - a difference of 292,000 cubic metres.” All Africa, *Mozambique: Half a Billion*. “Export of unprocessed logs is banned for ‘first class’ species, five of which make up 90% of commercial trade: *Azelia quanzensis* (Chanfuta), *Pterocarpus angolensis* (Umbila), *Millettia stuhlmannii* (Jambirre or Panga-panga), *Combretum imberbe* (Mondzo), and *Swartzia madagascariensis* (Pau-ferro).” Maria Muianga and Duncan Macqueen, *Exploring Options to Improve Practice for Africa’s Largest Exporter of Timber to China*, International Institute for Environment and Development, July 2015, p. 1. <http://bit.ly/1ZZIKcB>. Accessed on June 16, 2016.

been fined for containers that were confiscated after inspections revealed that they had been exporting timber from areas beyond the limits allowed.”<sup>297</sup>

Chinese logging companies follow a protocol in which local loggers are beguiled into informal labor contracts from which there is no escape. “Often, in the beginning ... [Chinese companies] lend them the money to buy equipment such as a chainsaw, locking them into dependency and forcing them to continue cutting to be able to pay off their debts. By buying from individual Mozambicans, the Chinese [also] avoid the high costs of obtaining a logging ... [license] and the obligation to replant trees.”<sup>298</sup> This in turn leads to a much higher profit margin for the PRC-owned companies.<sup>299</sup>

There are various negative impacts on the regions in which Chinese SOE’s harvest timber. Many of the effects of these operations will have long-term implications for African LDCs such as Mozambique, and China’s state-run logging operations across the globe have a poor track record.

### **Deforestation and Environmental Impacts**

“Illegal deforestation [resulting from the operations of Chinese-owned logging companies has also occurred] ... in countries such as Congo-Brazzaville, the Democratic Republic of Congo, Guinea-Bissau, Cameroon, Gambia,

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297. Niels Sadja Mansali Topsøe-Jensen, *Timber Logging in Northern Mozambique. Interview with Regina dos Santos at Centro Terra Viva, Mozambique*, 2012. p. 18. <http://bit.ly/264y4zz>. Accessed on June 16, 2016.

298. Andrea Dijkstra, *Mozambique will be Stripped of its Forests in Just a Few Years*, Mail and Guardian, March 20, 2015. <http://bit.ly/1CRRBTS>. Accessed on June 10, 2016.

299. “If Chinese companies ... [adhered to the local laws] they would only make about 10% profit .... Bribing officials instead of paying taxes leads to a 50% increase in profits.” Dijkstra, *Mozambique Stripped of Forests*.

Madagascar, Russia, Indonesia, Myanmar, Laos and Vietnam.”<sup>300</sup> The impact of deforestation and the collateral environmental damage function as triggers or enabling mechanisms for additional problems.

“Most of the population in Mozambique remains dependent on agriculture for survival and as a source of income. This has often been one of the environmental challenges in the country, with land desertification and soil degradation being one of the results of poor farming practices and deforestation.”<sup>301</sup> Deforestation also causes increases in temperature and a decrease in rainfall, which in turn negatively impacts local subsistence agriculture, as well as rainfall levels in other areas of the continent.<sup>302</sup>

Another issue with ... [deforestation] is that there is no accountability for all the activity that takes place outside the allowed areas, which means that there is no attempt to either regulate the rate at which this takes place or reforestation programs taking place. Deforestation is accompanied by devastating impacts such as the loss of wildlife and ecosystems in the area. The loss of ecosystems ... is a matter of concern, because the ecosystems do not have the capability, or resources necessary to re-establish ... [themselves] again.<sup>303</sup>

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300. Ibid.

301. World Wide Fund For Nature Website (2012). Topsøe-Jensen, *Timber Logging*, 16.

302. For example ““deforestation in [both] the Amazon and Central Africa was directly causing reduced rainfall in the United States Midwest during the growing season .... and complete deforestation of the African Congo Basin is predicted to intensify the West African monsoon, while increasing temperatures of between 2° C and 4° C and reducing rainfall by up to 50% in the entire region.” Dijkstra, *Mozambique Stripped of Forests*.

303. Topsøe-Jensen, *Timber Logging*, 19. “The deforestation and the loss of wildlife has been felt by the communities who live in these areas and have been dependent on the forest as a source of survival through hunting, wood for charcoal, and other resources that the forest has to offer. Therefore the unsustainable extraction from this forest is of concern on the local [and regional] level.” Topsøe-Jensen, *Timber Logging*, 19.



Rural African communities, with the knowledge and involvement of corrupt local politicians, forfeited their generations-old practices of hunting, fishing, grazing, and agriculture for the opportunity to earn a higher income as employees of Chinese logging companies. However, in many cases it will take decades for reforestation to occur, the populations will be unable to hunt since the forest-dependent food chain has been disrupted, and the yield(s) of subsistence farming operations will lessen due to deforestation-related environmental changes.

All of these dynamics in turn, have the capacity to generate or facilitate conflict and regional instability as a result of competition for hunting, grazing, agricultural and fishing rights. It should be noted that without corrupt local partners, the Chinese companies would have greater difficulties making inroads in resource-rich countries such as Mozambique.

### **Corruption**

“The British Environmental Investigation Agency [EIA] also blames corrupt Mozambican politicians for the illegal logging .... EIA research ... [reveals Chinese] state-owned firms have imported logs from countries where such exports are banned, such as Mozambique and are [often] directly involved in logging operations in countries where illegal logging is rife.”<sup>304</sup>

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304. “In a recently published report, the ... [British Environmental Investigation Agency recorded] Chinese timber traders explaining to undercover researchers how to get assistance from Mozambican MPs and the country’s current minister of agriculture .... The agency calculated that 93% of all logging in Mozambique has been illegal in recent years, making use of Mozambican export and Chinese import numbers. Most of the hardwood was shipped to China .... [while] China itself banned commercial logging in 1998.” Dijkstra, *Mozambique Stripped of Forests*.

Regardless of what type of mineral extraction operations Chinese state-owned enterprises are involved in, they are either ignoring or not considering the long-term implications for the local populations. While Chinese-owned logging companies have the option of extracting timber in a manner which would allow for sustainable, longer-term operations, they have employed what amounts to a scorched-earth methodology in Mozambique and other LDCs, frequently with the assistance of local politicians.<sup>305</sup>

Corruption being prevalent amongst the Chinese companies is of major concern on a local and global level, since they have a monopoly of the industry. Having most of the shares in this market, Chinese companies should lead the example on sustainable exploration of the forest and not be the destructive hand in the business stretching its allies throughout the country to assure the maximum exploitation of the resources.<sup>306</sup>

However, other environmental impact experts maintain, “the combination of short term illegality leading to longer term forest sector collapse is less a consequence of Chinese investment in the Mozambican sector - but instead is a consequence of the weak forest governance of the Mozambique government and a lack of investment by Chinese forestry companies and timber traders in sustainable forest management.”<sup>307</sup> In reality, it is a combination of dynamics to which both Chinese companies and Mozambican contribute.

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305. “Mozambican politicians and officials are quickly becoming rich thanks to the Chinese bribes, while the inhabitants of the forest remain desperately poor.” Dijkstra, *Mozambique Stripped of Forests*, 2015.

306. Topsøe-Jensen, *Timber Logging*, 20. “Various investigations have pointed at Chinese companies being involved in the illegal trade of timber and have revealed linkages between Chinese companies and [Mozambican] political allies.” Environmental Investigation Agency (2012). Topsøe-Jensen, *Timber Logging*, 20.

307. Muianga and Macqueen, *Exploring Options*, 1.

## Logging Summary

In one respect, the indigenous populations in Mozambique do benefit from logging operations in the short term. Many of them engaged in subsistence farming prior to the arrival of the logging companies and are now making considerably more money than they were previously. Local women make additional money for their household by preparing food for the laborers, but many of the negative aspects, which plague mining operations in the Democratic Republic of Congo, are also in evidence in Mozambique. Prostitution is prevalent, transmission of sexually communicable diseases has increased, and locals have abandoned their traditional jobs for short-term employment, at the expense of the ecosystems, which supported their villages for centuries.

The “current forms of forest management are chaotic, corrupt, and unsustainable, and the major beneficiary of the timber trade is not Mozambique but China.”<sup>308</sup> These activities have taken a major toll on countries like Mozambique, and their ability to recover from such extensive exploitation of their forests is questionable.<sup>309</sup> One community leader in Mozambique maintains that the Chinese have looted the local forests without adhering to their promises of

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308. “The Chinese sell ... rare exotic hardwood trees such as chanate, ebony, monzo (leadwood), panga panga, pau preto and wenge for a hundred times as much [in China] ....” Dijkstra, *All Africa, Mozambique: Half a Billion U.S Dollars Lost in Illegal Wood Exports*, July 24, 2015. <http://allafrica.com/stories/201507250021.html>. Accessed on June 2, 2016.

309. “Since 2013, Mozambique has been China’s biggest wood supplier on the African continent. Because of illegal timber exports, the country has lost ... money that could have financed Mozambique’s national forest programme for 30 years.” Dijkstra, *Mozambique Stripped of Forests*.

compensation to the local populations, and have engaged in bait-and-switch tactics.

There is no more timber. The Chinese ... have taken everything. They come to our forest without our consent and they cut everything. They don't even respect the sacred sites. They promise schools, hospitals and roads and [then] they dock 25% off our salary to contribute to these 'constructions'. But in the end they don't honour their promises. We don't want to see more ... [Chinese] coming to cut [timber] in our community.<sup>310</sup>

Even before Chinese state-owned logging operations were mounted in Mozambique, the country suffered from tribalism, corruption and violent conflict. However, in the past, local populations had the ability to hunt, fish, graze their livestock and engage in subsistence farming, but these activities are in part dependent on the forest sector. Yet now "impoverished rural communities are bearing the burden of Mozambique's ongoing illegal logging crisis, a crisis that will not end without immediate and credible action by all concerned parties."<sup>311</sup>

Despite the on-the-ground, real-time evidence that Chinese, state-owned logging companies are causing irreparable damage to Mozambique's economy, the environment, and the livelihood of local populations, some academics maintain that the Chinese government has made headway in addressing some of the issues.

According to a 2014 Chatham House Assessment by Laura Wellesley entitled *Trade in Illegal Timber: The Response in China*, "the Chinese

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310. Muianga and Macqueen, *Exploring Options*, 1.

311. Environmental Investigation Agency (EIA), *China's Illegal Timber Imports Ransack Mozambique's Forests*, July 23, 2014. <https://eia-international.org/chinas-illegal-timber-imports-ransack-mozambiques-forests>. Accessed on June 15, 2016.

government has made notable progress in its efforts to tackle illegal logging and the associated trade. This has included the development of a draft national timber legality verification system (TLVS) and its [the Chinese government's] active engagement with a number of consumer countries .... Reflecting the growing awareness of the impact of Chinese companies overseas, the government has also been developing further guidance to promote sustainable forest products trade and investment.”<sup>312</sup>

Despite the drafting of the TLVS, the situation in Mozambique in great likelihood will worsen, and based on recent import figures and investigations, the illegal harvesting of Mozambican timber at the expense of its economy and population has not subsided.

This veritable epidemic of crime and environmental mismanagement has deprived [one of] the world's ... least developed ... [countries] of ... tax revenues ... and without major reforms, Mozambique's forests and forest economy are staring down the barrel of very a bleak future .... The pattern and scale of crime by Chinese companies is unfortunately consistent with the findings of EIA's February 2013 report [entitled] *First Class Connections*, with Chinese-owned timber companies ... continuing to smuggle illegal Mozambican timber to China.<sup>313</sup>

China's exploitation of Mozambique's timber sector is creating tension, which will inevitably result in an increased capacity for conflict and regional destabilization. As with revenue generated from the sale of other scarce resources, the funds from illegal timber extraction operations also have the capacity to fuel conflicts. “The huge financial flows generated by illegal logging

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312. Laura Wellesley, *Trade in Illegal Timber: The Response in China*, A Chatham House Assessment, December 2014, p. 2. <http://bit.ly/1UV9jwZ>. Accessed on June 15, 2016.

313. Environmental Investigation Agency (EIA), *China's Illegal Timber Imports*.

have also exacerbated armed conflicts in numerous countries .... Violence and murder are often associated with the illegal timber trade, with loggers, journalists and local activists being targeted.”<sup>314</sup>

The rural communities in Mozambique are already feeling the impact of Chinese exploitation and the likelihood of conflict and destabilization are likely to increase in the future as competition for scarce resources increases. “The tax revenue lost to this trade harms Mozambique’s capacity to fund improved forest management and law enforcement, as well as community poverty alleviation schemes .... The fact that these problems continue to blight the proper management of the forest sector is a travesty for Mozambique’s forests and for those poor communities who rely on them for their survival.”<sup>315</sup>

In the case of Mozambique, Chinese have damaged the ecosystem to such an extent that recovery will take decades, while simultaneously depriving rural communities of a means to survive during the interim period. “With the exports of illegal timber increasing over the years, Mozambique can be seen as a victim of exploitation, as China’s illegal activities, seek the benefits of the Chinese companies with higher extraction of timber than the limits allowed, helping to maximize the companies’ revenue, whilst causing negative environmental impact at local level.”<sup>316</sup>

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314. Global Witness (2012). Environmental Investigation Agency (EIA), *Appetite for Destruction*, 2.

315. Environmental Investigation Agency (EIA), *First Class Connections*, 12.

316. Topsøe-Jensen, *Timber Logging*, 22.

## Chapter 2 - Summary

Before discussing the overall impact of Chinese SOEs in Africa, it needs to be noted that regardless of any predispositions or tendencies of Chinese companies to contribute to destabilization or regional conflict, whether intentionally or inadvertently, the resource-rich locations in which Chinese SOEs operate in African LDCs are confronted with issues which cannot be blamed on external actors.

States with an abundance of natural resources are prone to corruption, conflict, and destabilization irrespective of whom their leaders allow to access their petroleum, minerals, or timber.<sup>317</sup> “Recent studies of contemporary civil war have found a strong and positive relationship between lootable wealth and conflict. To explain this finding, these studies argue that lucrative, easy-to-procure resources, such as gems [and] precious hardwoods ... ‘breed’ civil war by supplying the means and motive for armed conflict.”<sup>318</sup>

Natural resource wealth is ... strongly associated with undemocratic and illegitimate governance. Roughly 70 percent of the world’s resource-rich states are categorized as autocracies. This pattern is not a coincidence. The steady flow of natural resource revenues funds the patronage and security structures these governments rely on to remain in power without popular support. Nearly without exception, Africa’s resource-rich states also exhibit high levels of public sector corruption. States heavily reliant on

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317. Richard Snyder and Ravi Bhavnani, *Diamonds, Blood, and Taxes: A Revenue-Centered Framework for Explaining Political Order*, *The Journal of Conflict Resolution*, Vol. 49, No. 4, August 2005, pp. 563-564. <http://www.jstor.org/stable/30045131>. Accessed on February 10, 2015.

318. Ibid.

the export of oil and minerals, moreover, face a greater risk of civil conflict than their resource-poor counterparts.<sup>319</sup>

Conversely speaking though, as this research has revealed, there is a strong argument that Chinese state-owned enterprises operating in Africa are not shouldering corporate responsibility to the extent that they should be and are more focused on extracting the product and generating profits than the potentially negative collateral effects of their activities. “The Chinese don’t tie African aid and investment to requirements that governments respect human rights and labour standards ....”<sup>320</sup> This stance on the part of the Chinese government and its proxy SOEs in turn exacerbates preexisting socio-economic conditions, which results in increased levels of conflict and regional destabilization.

In peaceful societies, conflict is channelled into nonviolent means and institutions for both its expression and resolution. Economic and human development cannot occur without a large measure of social stability, which in turn requires the nurturing of institutions for nonviolent conflict resolution. Conflict in low-income countries makes the objective of poverty reduction all the more difficult, since not only is growth retarded, public money is taken for military spending from basic social services, and the poor are themselves disproportionately the victims of conflict. Economists are increasingly concerned with how badly designed economic policy raises the vulnerability of low-income developing countries to conflict, and how economic policy reinforces, or weakens, the social contract that

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319. J.R. Mailey, *The Anatomy of the Resource Curse: Predatory Investment in Africa’s Extractive Industries*, Africa Center for Strategic Studies, May 2015, p. 1. <http://africacenter.org>. Accessed on November 1, 2015.

320. Ana Maria Gomes (2008). Clark, Smith and Wild, *African Kids*, 2008. “Good governance can be questioned, as China has previously been criticized for its willingness to enter fragile states such as the case of the Sudan, with only business intentions and no intervention in the country’s political situation. In the case of Mozambique, China has played a major role in the trade of illegal timber, with all of the confiscations of containers with illegal timber, being directly linked to Chinese-owned companies operating in Mozambique.” Topsøe-Jensen, *Timber Logging in Northern*, 23.



underpins peace. Fundamentally, violent internal conflict is a symptom of the absence or breakdown of the implicit or explicit social contract that sustains peace.<sup>321</sup>

Mozambique, the Democratic Republic of Congo, South Sudan and other African LDCs are all susceptible to the aforementioned dynamics which are more often than not aggravated by external actors (states) that wish to exploit the target-countries resources. In its haste to acquire raw materials for its rapidly growing economy, it is apparent that in many cases, if not most - that local populations suffer the consequences of China's activities across the continent.

"Many critiques have described China as an exploiter of the African resources, and by looking only at the revenues generated from this precious product, it is to be observed that the possible profits at local level are not being maximized."<sup>322</sup> This hearkens back to the concept that "... badly designed economic policy raises the vulnerability of low-income developing countries to conflict."<sup>323</sup>

Poorly designed economic policies, Sino-African corruption, an increase in internally displaced persons, deforestation, the spread of infectious diseases and a decrease in the capacity for localized subsistence agricultural projects are in evidence, while the majority of the population in areas of Chinese operation see no tangible benefits from the presence of Chinese SEOs.

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321. S. Mansoob Murshed, *Conflict, Civil War and Underdevelopment: An Introduction*, *Journal of Peace Research*, Vol. 39, No. 4, July 2002, pp. 387-388. <http://www.jstor.org/stable/1555273>. Accessed on November 18, 2015.

322. Topsøe-Jensen, *Timber Logging*, 22.

323. Murshed, *Conflict and Civil War*, 387-388.

China has disappointed many Africans. As Okoye writes, “China is Africa’s largest trading partner by far .... However, despite pledges by Beijing to invest .... in strengthening infrastructure and development projects, there are those who have been swift to point out that China’s resource hungry nature is something less to be welcomed than to be wary of. In its greed to exploit the continent’s resources, some are asking, what might the social and environmental consequences of its policies be?”<sup>324</sup> A reasonable answer to that question might be: The likelihood of future destabilization and conflicts in African countries is increased by the operations of Chinese state-owned extractive enterprises.

These precursors of destabilization and conflict are evident throughout Africa and are taking their toll on local communities across the continent: the destruction of water supplies and agricultural land from chemicals and toxins, the displacement of entire populations due to the ‘scorched-earth’ style mineral extraction operations of Chinese SOEs, and the deforestation of millions of acres of ancestral land. In some cases, the Chinese themselves become victims of conditions of the operational environment, which they have aggravated. Chapter 2 focuses on the impacts of Chinese state-owned enterprise activities in South Sudan, the Democratic Republic of Congo, and Mozambique, however other African states are also experiencing what can be considered negative effects from PRC owned companies.

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324. Okoye, *Long Term Dangers*.

African on Chinese violence is growing more prevalent, and in some cases politicians have abandoned their diplomatic posturing and are now voicing concern over the unbridled and unchecked behavior of Chinese SOEs and their personnel. In some instances, such as Zambia, Chinese SOEs and their employees have suffered repercussions from poor working conditions and abusive behavior towards African employees. Human rights violations and abusive treatment of locals by Chinese appears to be a Pan-African phenomenon. Zambian workers have experienced instances of physical abuse at the hands of Chinese managers, and in some cases, it has resulted in violence, injury and death of Chinese nationals. According to a Strategic Studies Institute report, "In July of [2004] ... violent protests erupted at the Chinese-owned Chambisi copper mine in Zambia, resulting in five deaths and severe material damage."<sup>325</sup>

Seven years later Deborah Bräutigam revealed that Sino-Zambian tensions had not abated. In 2011 she published a small op-ed on her website which detailed the injury and possible death of a Chinese manager at a Zambian

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325. Jonathan Holsag, *China's New Security Strategy for Africa*, United States Army War College, 2009, p. 24. <http://bit.ly/2e9vC3K>. Accessed March 15, 2016. In October of 2006, "Chinese shopkeepers barricaded their properties against gangs of looters in Zambia's capital, Lusaka ... as a presidential election sparked a backlash against Beijing's growing influence in Africa. Michael Sata, an opposition candidate ... [accused] China of 'exploitation' and turning Zambia into a 'dumping ground .... for their human beings .... Their labour relations are very bad. They are not adding any value to what they claim is investment. Instead of creating jobs for the local workforce, they bring in Chinese workers to cut wood and carry water.'" David Blair, *Rioters attack Chinese after Zambian Poll*, The Telegraph, October 3, 2006. <http://bit.ly/2eqoTV3>. Accessed on December 9, 2015.

mine in 2010, triggered by attacks on local workers at the hands of Chinese personnel.<sup>326</sup> A Zambian with knowledge of the incident stated:

During a strike, less than one year earlier, more than 300 miners opened the doors and entered the Chinese premises to fight the Chinese. The manager said about 10 people were injured and alleged that the aim of the workers was to kill the Chinese managers .... Last year both a Chinese and a Zambian miner died in an underground mine blast, with a time difference of less than one week. And this ... [occurred] at a time that the [Chinese-operated] mine was ... "closed" for failing to comply with the safety regulations .... [The] working conditions approach ... exploitation.<sup>327</sup>

In many instances, local officials will refrain from speaking their mind about Chinese activities so as not to fall out of favor with their leadership. However, after the aforementioned strike, Zambian officials were unusually outspoken about China's activities in the country, and did not adhere to the oft-maintained diplomatic script. They expressed concern over poor working conditions, the treatment of African employees, and the fact that Chinese companies seemingly had carte blanche to circumvent acquiring work permits for Chinese personnel.<sup>328</sup>

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326. Laura Bräutigam, *Murder of Chinese Manager at Zambian Mine*, January 13, 2011. <http://www.chinaafricarealstory.com/2011/01/murder-of-chinese-manager-at-zambian.html>. Accessed on December 9, 2015.

327. Ibid.

328. Zambia, with a population of 15 million, granted "over 13,000 Chinese nationals ... employment permits by February [2015]," - This number does not take into account the Chinese laborers brought in over the past decade, primarily for coal mining operations, and references only the first two months of 2015. One Zambian parliament member noted, "Our people working under the Chinese are made to work like donkeys." A second parliamentarian "wondered why [Chinese] investors are allowed to bring [Chinese] workers without permits." Jimmy Chibuye and Steven Mvula, *Zambia has 13,000 Chinese*, The Daily Mail. March 21, 2015. <https://www.daily-mail.co.zm/?p=23914>. Accessed on December 9, 2015.

As was revealed in Chapter 2, the effects of Chinese SOEs in their respective areas of operation have been devastating to the environment and the local populations that depend on the land for their survival. I previously noted the Chinese government's statements that efforts were underway to diminish the adverse environmental and socio-economic impacts of its SOE operations in Africa, such as through the timber legality verification system that has supposedly been facilitating the regulation of Sino-Mozambican logging operations. However, in reality these moves are not going to be sufficient to stop the snowballing collateral damage its overseas operations have inflicted on the continent and its populace.

“As China's domestic experience demonstrates, economic growth should ... not come at the cost of environmental destruction. As a responsible global actor and a long-term partner in Africa's development, China has a self-interest in strengthening the rules on the social and environmental impacts of its overseas projects.”<sup>329</sup>

China's ability to establish regulations and operational norms in order to mitigate damage and diminish the capacity for destabilization and conflict on the continent may prove to be very difficult to realize. One of the issues affecting the regulation and impact of Chinese industrial activities in Africa is the large number

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329. Bosshard, *China in Africa Policy*, 8. Bosshard notes, while “China has begun the process of establishing guidelines for overseas investments .... Given the speed of its global expansion, these guidelines will need to become more comprehensive (in terms of the sectors and types of companies they cover) and deepened through binding regulations. China Exim Bank is an important actor in China's expansion in Africa and a key instrument for influencing the investment decisions of Chinese companies more generally. Strengthening China Exim Bank's ... policies will help mitigate the ... impacts of Chinese investments in Africa.” Ibid.

of various, government run enterprises on the continent. Effective damage mitigation will be impossible to establish due to the wide range of 'state' actors exploiting natural resources in Africa. In addition to preventing the implementation of any coordinated resource security strategy, the conflicting agendas of different Chinese SOEs, whether run by the central or provincial governments, contribute to haphazard policies which result in socio-economic and environmental issues, which in turn contribute to regional destabilization and conflict.

### Chapter 3 - Chinese Military and Defense Industrial Enterprises

This chapter addresses the activities of Chinese defense-industrial enterprises (CDIEs), which are responsible for the production and supply of conventional weapons, military vessels, aircraft and military equipment to Africa. Chinese defense industrial enterprises owned and run by the state, play a pivotal role in China's resource acquisition strategy. For purposes of clarification, defense industrial activities should not be confused with military-industrial enterprises, although they may work in conjunction with each other.<sup>330</sup> The best description and differentiation of military-industrial and defense industrial enterprises to date is a Rand analysis by James Mulvenon, entitled *Chinese Military Commerce and U.S. National Security*.

Defense-industrial enterprises are state-owned enterprises, which operate within the defense-industrial sector. "Analytically, the military and defense-industrial institutional hierarchies should be categorized as two distinct systems containing elements of both cooperation and competition. The military side contains those institutions, which can be considered 'purely military' .... including the three General Departments (Staff, Political, Logistical) ... and the active-duty and reserve forces of the Army, Navy, [and] Air Force .... Each of these organs, within carefully defined parameters, has authority over a variety of economic enterprises. These enterprises, known as *jundui qiye* or "military enterprises," are formally affiliated with the PLA and engage in increasingly diversified and civilian-oriented commerce, both in China and abroad. On the other side is the defense-industrial system, which is made up of civilian industrial ministries related to ordnance, aviation, space, shipbuilding, nuclear weapons, and electronics production."<sup>331</sup>

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330. James C. Mulvenon, *Chinese Military Commerce and U.S. National Security*, The Rand Center for Asia-Pacific Policy, July 1997, pp. 5-6. *Emphasis added*. Appendix 3 details the differences and structures of defense industrial enterprises versus military-industrial enterprises.

331. *Ibid.* *Emphasis added*.

Throughout the 1980's and mid-1990's, the People's Liberation Army was engaged in a multitude of business enterprises (more than 20,000), the profits of which were supposedly used for reinvestment and to offset military expenditures.<sup>332</sup> Bromley et al. maintain the PLA was no longer involved in any commercial activity as a result of party-mandated restructuring of the PLAs commercial endeavors subsequent to 1998.

Since the late 1990's, the responsibility for weapons transfers to foreign countries has fallen within the realm of defense-industrial enterprises, not military-industrial enterprises. "While the PLA ... historically played a central role in Chinese [heavy weapons, military equipment, and Small Arms and Light Weapons] exports, the creation of SASTIND [State Administration for Science, Technology and Industry for National Defense], the rise of powerful SOEs and 1998 reforms prohibiting the military from conducting economic activities have diminished [or nearly alleviated] its role ... in arms exports."<sup>333</sup> But that assumption has been called into question by several sources. It is possible in a few circumstances the 'divestment' may have been a mechanism to shield some of the PLA's more questionable activity abroad. Poly Technologies, China's largest arms exporter, is the most likely case in point.<sup>334</sup>

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332. Canadian Security Intelligence Service, *Weapons Proliferation and the Military-Industrial Complex of the PRC*, Summer 2003. <http://fas.org/nuke/guide/china/com84.html>. Accessed April 18, 2015.

333. "Mark Bromley, Mathieu Duchâtel, and Paul Holtom, *China's Export of Small Arms and Light Weapons*, SIPRI Policy Paper 38, October 2013, p. 27. <http://bit.ly/2ayAY8F>. Accessed on April 8, 2014.

334. Poly Technologies is a subsidiary of [China] 'Poly Group,' a massive state-owned conglomerate. "Poly Group started in 1983 as a subsidiary of China International Trust and



The two major arms-export companies are Poly Technologies and Norinco. Preceding their autonomy, Poly Technologies and NORINCO were the PLA's two primary corporate commercial weapons arms, which specialized in the manufacture and export of SALWs, conventional arms and military equipment. Presently, the connections between the PLA, NORINCO, and China Poly Group (and its weapons-exporting subsidiary Poly Technologies) are opaque, however most analysts classify both companies as CDIEs versus CMIEs.<sup>335</sup>

According to interviews and analyses conducted by Bromley et al., as of 2013, "11 authorized companies are allowed to conduct exports on behalf of [Chinese] arms producing firms."<sup>336</sup> Appendix 4 is comprised of the Bromley et al. list, on which both Norinco and Poly Tech are included. Before examining the effect of the arms flow into Africa, which these two Chinese SOEs facilitate, a brief review of the history and activities of both Norinco and Poly Technologies, and an exploration of the possibility that Poly technologies and the PLA still maintain commercial connections are in order.

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Investment Corporation (CITIC), a state-owned investment company .... [It was] set up at the behest of Deng Xiaoping in 1979." Cain Nunns, *China's Poly Group: The Most Important Company You've Never Heard of*, The Minnesota Post, February 26, 2013. <http://bit.ly/2bAyu7n>, Accessed on August 12, 2016.

335. It is difficult to definitively categorize Poly Technologies. It could be either a hybridized military-defense industrial enterprise, or a PLA front-company for a 'pure' Chinese defense industrial enterprise.

336. "In some cases, the arms-producing company belongs to the same conglomerate as the authorized company. In other cases, the arms producing company is part of another industrial group." A list of the eleven, state-licensed Chinese arms exporters (CDIEs) based on *Bromley et al.* is provided in Appendix 4.

## Norinco

China's largest arms exporter Norinco, had its genesis as a front company for the Chinese military in the late 1970s, with the dedicated purpose of "import[ing] advanced machinery."<sup>337</sup> Norinco - known formally as China North Industries Group Corporation (CNGC) was [re]established in 1999 [as a CDIE] and consists of at least 46 member units, which [in turn] have several subordinate companies, joint ventures and associate companies."<sup>338</sup> At the present time, Norinco maintains "operations in more than 100 countries."<sup>339</sup>

CNGC's main purpose is to research, develop, and manufacture weapons and military equipment for the Chinese armed forces. To accomplish this primary task CNGC combines military research objectives with civil development and production enterprises and often the two are difficult to separate. CNGC is also involved in other industries such as mining and petroleum (often overseas) as well as the associated processing industries – which provide raw materials for CNGC and other Chinese companies as well as giving China and CNGC access to international markets.<sup>340</sup>

The product base of China's most well-known arms dealer has grown rapidly over the past decade and a half and the world's defense industrial giants, which once dominated the market, are slowly getting edged out by Norinco's

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337. Kong (1994). James Martin Center for Nonproliferation Studies, *China North Industries (NORINCO)*, September 1, 2009. <http://www.nti.org/learn/facilities/49>. Accessed on August 5, 2016.

338. "[NORINCO] is the main import-export company for China's largest arms manufacturer, China North Industries Group Corporation (CNGC) ... as well as China South Industries Group Corporation (CSG) ... both own 50 percent of the NORINCO's shares. [www.norinco.com](http://www.norinco.com) (2009). James Martin Center for Nonproliferation Studies, *China North Industries (NORINCO)*.

339. Ibid.

340. Omega Research Foundation and the International Peace Information Service, *Working Paper on China North Industries Group Corporation (CNGC)*, October 2014, p. 5. <http://bit.ly/2aHxEXe>. Accessed on January 28, 2015. Appendix 5 details Norinco Group and Subsidiary Member Activities.

favorably priced offerings, even as the quality of its weapon systems is improving. “NORINCO’s defense products include precision strike systems, amphibious assault weapons and equipment, anti-aircraft & anti-missile systems, information and night vision products, anti-terrorism & anti-riot equipment, as well as small arms.”<sup>341</sup>

Norinco has a long history of flouting laws, sanctions and embargos in the Americas, in Asia and in Africa. Like Poly Technologies, Norinco has a tendency to infuse conflict zones with their inexpensive SALWs. They have also run afoul of Western Countries for selling (or attempting to sell) larger conventional weapons, dual use technology, and vital arms components to countries such as Iraq, Iran, and Libya.

Norinco ... [has come] under U.S. scrutiny for sales of missile components to sanctioned states. In ... 2000, Iraq sought 200 gyroscopes which were suitable for Russian and Chinese cruise missiles.<sup>342</sup> [In] 2003 the U.S. State Department announced that the U.S. government had imposed sanctions against NORINCO for supplying materials to Iran’s missile program<sup>343</sup>.... [Between] 2002 to 2007 the U.S. government sanctioned NORINCO seven times<sup>344</sup> .... Reports in September 2011 indicate that NORINCO [subsidiaries] ... may have attempted to sell arms, including surface-to-air missiles (SAM), to Colonel Muammar el-Qaddafi’s former regime in Libya in violation of UNSCR 1970.<sup>345</sup>

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341. www.norinco.com (2009). James Martin Center for Nonproliferation Studies, *China North Industries (NORINCO)*.

342. Central Intelligence Agency (2004). James Martin Center for Nonproliferation Studies, *China North Industries (NORINCO)*.

343. Saunders and Lieggie (2003). James Martin Center for Nonproliferation Studies, *China North Industries (NORINCO)*.

344. U.S.-China Economic and Security Review Commission (2008). James Martin Center for Nonproliferation Studies, *China North Industries (NORINCO)*.

345. Wines (2011). James Martin Center for Nonproliferation Studies, *China North Industries (NORINCO)*.

As will be discussed below, both Norinco and Poly Tech have also supplied the Mugabe regime in Zimbabwe with arms, munitions, vehicles, and aircraft. On three different occasions, SALWs and ammunition sales from these two companies have been made in advance of Zimbabwe's national elections - with dire results. To the detriment of Chinese NOCs operating in South Sudan, both companies have been accused of funneling conventional weapons and ammunition into South Sudan, to support the embattled GoSS in its fight against the South Sudanese opposition.

### **Poly Technologies**

A declassified, Canadian Security Intelligence Service (CSIS) report in 2003 maintained there were still substantial ties between the PLA and Poly Group. If still true, this would mean that Poly Group's subsidiary, Poly Technologies could be operating as a military industrial enterprise in the guise of its 'civilian' cousin, a defense industrial enterprise. According to CSIS:

There are two distinct components to the production and sale of arms in China: *military and former military enterprises* such as Poly Group, and civilian defence enterprises, both state-owned .... In 1998 ... the leadership ordered the PLA to divest itself of its profit-oriented businesses ... and shortly thereafter declared the divestiture a success. But the PLA has not completely withdrawn from the economy, nor have divested firms completely severed their ties with the PLA.<sup>346</sup>

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346. Canadian Security Intelligence Service, *Weapons Proliferation*. While CSIS has access to classified materials, its distinction between CMIEs and CDIEs lacked specificity, since "former military enterprises" were technically re-categorized as CDIEs subsequent to the PLA's 1998 divestiture process. This is an indication of how difficult it is to discern between CMIE and CDIE operations. "Poly Technologies was known to be closely tied through family relations to various senior members of the Chinese government. These ties to high-level government officials and its direct military links made it difficult for the ... [Ministry of Foreign Affairs] to control Poly's arms export activities. Yet, the extent to which this situation persists is unclear." Evan S. Medeiros and Bates Gill, *Chinese Arms Exports: Policy, Players and Process*, Strategic Studies Institute, August 2000, p. 43. <http://fas.org/nuke/guide/china/doctrine/chinarms.pdf>. Accessed on December 2014.

While there is scant information regarding Poly Technology's non-defense related business in Africa, its parent company - Poly Group, has been involved with building roads in the Darfur region, and setting up resource extraction operations in Darfur and in Ogaden region, near the Somali border in Ethiopia.<sup>347</sup> If Poly Group still acts as a proxy company for the PLA, this would imply that the PLA has in part returned to its pre-1998 commercial agenda. With this information on the two largest Chinese arms exporters to Africa, we can now turn to CMIE-CDIE mining activity in one of the world's largest alluvial diamond fields located in Zimbabwe.

### **The Zimbabwe-mode: The PLA, Arms and Blood Diamonds**

Of all the African countries analyzed for this research, Chinese defense- and military-industrial dynamics in Zimbabwe are the most enigmatic and convoluted, albeit revealing. Over the past several years Zimbabwe President Mugabe's regime has engaged in mining operations with several Chinese firms, at least one of which appears to be a front company for the People's Liberation Army.

This activity has coincided with Zimbabweans reporting PLAN 'boots-on-the-ground,' on several occasions. Even as the Mugabe regime was waiting for

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347. "In January 2013, four Chinese nationals were .... abducted ... near the North Darfur capital El-Fasher. They were all working for China's Poly Group Corporation." Sudan Tribune, *Sudan Frees Chinese Oil Worker Abducted in West Kordofan*, October 24, 2014. <http://www.sudantribune.com/spip.php?article52833>. Accessed on April 24, 2015. "Poly-GCL Petroleum is a joint venture of state-owned China Poly Group Corporation ... and Hong Kong-based Golden Concord Group .... [Their Ethiopian] project involves developing ... [Liquid Natural Gas] fields, building a pipeline from landlocked Ethiopia to the coast of neighbor Djibouti, where it will build an LNG plant and export terminal." Aaron Maasho, *Ethiopia Says China's Poly-GCL to Start Gas Drilling by July*, April 16, 2015. <http://bit.ly/2b2v1iW>. Accessed on April 25, 2015.

Poly Technologies' pre-election weapons shipment to arrive in 2008, armed Chinese soldiers were observed patrolling the streets of Zimbabwe's third largest city (Mutare), along with Zimbabwean military personnel.<sup>348</sup> This sent ripples of alarm through the local population. According to an article in the U.K's *Independent*, "Chinese soldiers armed with pistols, checked in ... [to the] city's Holiday Inn along, with 70 Zimbabwean troops" and were subsequently "seen on the streets ... in full regalia ... patrolling with Zimbabwean soldiers before and during ... [the] strike called by the opposition movement."<sup>349</sup>

Subsequent to the 2008 Mutare incident, several journalists reported the PLA had set up a 'secret' base in Zimbabwe. These reports occurred while the Chinese military was actively involved in mining for diamonds. According to a September 2010 article in the *Daily Mail*, Andrew Malone stated PLA personnel were working in conjunction with high-level Zimbabwean officials in an arms-for-diamonds mining operation in the Marange diamond fields.<sup>350</sup>

When the government discovered the extent of the deposits in Marange, locals were driven from their homes and fields. "Mugabe's military ... [responded by] shooting hundreds of people, setting ... dogs on others, and raping women and children. The carnage had the desired effect: the ... [locals] were driven from

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348. Ian Evans, *Chinese Troops are on the Streets of Zimbabwean City*, *The Independent*. April 19, 2008. <http://bit.ly/2aQMxa7>. Accessed on February 27, 2015.

349. Ibid.

350. Andrew Malone, *Mugabe's Darkest Secret: An £800bn Blood Diamond Mine He's Running with China's Red Army*, *UK Daily Mail*, September 17, 2010. <http://bit.ly/2coTPEf>. Accessed March 2, 2015.

... [their] fields, leaving the way clear for Zimbabwe's military chiefs to move in."<sup>351</sup> Artisanal miners were also dealt with harshly to clear the way for state-run mining operations. "Originally there were at least 30,000 diamond prospectors ... [working] the fields, but [they] were ... evicted from their mining activities by the army using two helicopter gunships ... [which shot and killed] at least 140 prospectors."<sup>352</sup>

After the Zimbabwean military gained control of the area, conditions rapidly deteriorated. Interviews with locals reveal they were warded off the perimeter of the operation at gunpoint and were attacked by the Zimbabwean military personnel, who provided security for the PLA operation. Malone personally recorded testimony of villagers who maintained neighbors had been brutally killed by dogs and dumped in conspicuous locations as a warning to trespassers. According to Malone, "soldiers set their dogs on one girl, who was mauled and killed in front of her parents .... [and] a local man, showed me the wounds on his back where he was attacked by dogs after the military caught him by the fields."<sup>353</sup>

The journalist maintains he met with at least one of Mugabe's security personnel, and the individual relayed to him the diamonds were being paid for

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351. Ibid.

352. New Zimbabwe Vision, *Mujuru Demands Investigations into US \$15 Billion Chiadzwa Diamond Looting Revealed by Corrupt Mugabe*, March 28, 2016. <http://bit.ly/2aqrqNJ>. Accessed on August 6, 2016.

353. Ibid.

with Chinese-fabricated arms, and that those weapons in turn helped Mugabe to keep his grip on power.<sup>354</sup> In Angola, resources were purchased via the Angola-mode, with cash or credit being utilized as the designated tender. I believe that the heretofore-undesigned arms-for-resources, or arms-for-blood-minerals deals, could suitably be referenced to as the 'Zimbabwe-mode.'<sup>355</sup> In addition to engaging in a Zimbabwe-mode payment mechanism, the Chinese also remunerated Mugabe's regime with a percentage of the diamonds they had mined and sold. This is an important point, because it indicates that the PLA generated profit from a downstream purchaser before remitting any funds to the government of Zimbabwe. So in essence the PLA also acted as the exporter and middleman for the rough product.

One of Mugabe's most senior intelligence chiefs .... [stated] "There is a memorandum of understanding between China and Zimbabwe - Beijing supplies weapons to us, and we allow them to mine diamonds." As well as paying a share of the diamond profits to Mugabe's regime, he confirmed that China has agreed to supply military hardware to Zimbabwe. "It is a government-to-government deal .... It has been signed at the highest level."<sup>356</sup>

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354. "During ... [the interview] the intelligence source ... also admitted that, without the Chinese pact, the ruling junta would have been driven from power. 'But now we have all the guns we need.'" Malone, *Mugabe's Darkest Secret*.

355. While other countries such as Sudan and South Sudan have used oil revenue to purchase arms and equipment, the Marange Field 'blood-diamonds-for-weapons' is the most overt of all such transactions and represents a 'precedent case' for 'Zimbabwe-mode' financing.

356. "The arms-for-diamonds deal between Zimbabwe and China was set up by General Constantine Chiwenga ... one of the ... military chiefs who run the country for Mugabe." Malone, *Mugabe's Darkest Secret*.



It was reported that Zimbabwean soldiers forced locals, including children, to mine for them.<sup>357</sup> Witnesses maintain the Marange fields became a secured military zone, with armed military personnel guarding the operation. Due to the sensitive nature of the activities, the Chinese military and the government of Zimbabwe attempted to maintain a veil of secrecy over the operations.

The reason for the secrecy became apparent during an undercover investigation at the fields ... [the investigative reporter discovered] conclusive evidence of collusion between China and Mugabe. In an official - but highly confidential - agreement between the two countries, the ... [PLA] and Mugabe's military chiefs are plundering this diamond find, believed to be the biggest in the history of the world and worth an estimated £800 billion.<sup>358</sup>

The journalist states that in addition to statements from Zimbabwean officials, the *Daily Mail* obtained documents verifying a silent partnership between the People's Liberation Army and Mugabe's government.<sup>359</sup> "High-ranking officials of ... [the] People's Liberation Army ... have been striving to escape detection for their role in this blood-thirsty- but hugely lucrative trade."<sup>360</sup>

From 2012 to 2015, there were numerous reports from locals that the Chinese were 'setting up a military base in Marange, some of which was being

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357. Global Witness, *Return of the Blood Diamond*, July 14, 2010, p. 6. <http://bit.ly/2aXyrow>. Accessed on August 6, 2016.

358. "So vast are the riches that diamond experts believe the gems from Marange ... could account for more than a quarter of all diamonds mined around the globe, and could ... trigger a massive slump in diamond prices if the stones come on the market [at once]." The author of the article, Andrew Malone states that he conducted interviews in the vicinity of the Marange fields and recorded first-hand accounts of PLAN-participation in the operations. Malone, *Mugabe's Darkest Secret*.

359. "Secret documents obtained by the *Mail* reveal that the company given the rights to the diamond fields ... is fronted by Mugabe's trusted former personal helicopter pilot, with Chinese military officials as silent partners." Ibid.

360. Ibid.

constructed underground.<sup>361</sup> In fact, the airstrip cleared in the Marange fields was used by the PLA to ship weapons in to the Mugabe regime and to fly out the diamonds. “In the bush, in [the] middle of nowhere, at Marange diamond fields, the largest airport in Zimbabwe was constructed to facilitate the import of weapons that Mugabe’s regime uses against the ... people and at the same time take out diamonds and minerals without accountability to the state.”<sup>362</sup>

Carved out of the African bush, is a runway ... for huge cargo planes .... sophisticated radar equipment, a fully-operational control tower and ... barracks for the Chinese officials overseeing the ... operation. Twice a week ... [Chinese planes ferry in] men and equipment .... Chinese military officials ... work overseeing members of the Zimbabwean military, as well as local ... [laborers who] work at gunpoint in slave [-like] conditions .... Departing flights leave with rough, uncut diamonds worth millions .... no flight plans are filed and there are no records of these trips.<sup>363</sup>

One of the most remarkable and unfortunate aspects of the mining activity in Zimbabwe is that the Kimberly Process was circumvented.<sup>364</sup> The PRC has been a Kimberly Process member since 2003. By circumventing the Process, Mugabe’s regime was able to sell blood diamonds, and those funds were used to purchase arms, ammunition and military equipment, giving his regime the ability to maintain its grip on power. Locals were driven from their homes and fields,

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361. Itai Mushekwe and Mary-Kate Kahari, *China Begins Secret Underground Airbase Construction in Zimbabwe*, December 16, 2014. <http://bit.ly/2aV5g48>. Accessed March 15, 2015.

362. New Zimbabwe Vision, *Mujuru Demands Investigations*.

363. Ibid.

364. The Kimberly Process “is an import-export certification scheme which requires participating governments to certify the origin of rough diamonds, and put in place effective controls to prevent conflict stones from entering the supply chain .... [It] aims to exclude conflict diamonds from international markets and prevent diamond-fuelled wars.” Global Witness, *Return of the Blood*, 5.

villagers were raped or killed, and others were forced to work artisanal mining operation at gunpoint.

The Kimberley Process rough diamond certification scheme (KP) is credited by some with ending the scourge of blood diamonds. However, the extreme violence that has characterised life in Zimbabwe's Marange diamond fields ... has shattered this myth.<sup>365</sup> Over the past ... [few] years, the Marange diamond fields in eastern Zimbabwe have witnessed a series of violent assaults by government security forces against diamond diggers and local communities. Hundreds of people have been killed, and many more have been beaten, raped, and forced to mine for the army and police.<sup>366</sup>

Malone also notes that Zimbabwean military and intelligence personnel involved in the operations killed whistle-blowers who reported the deaths and human rights abuses in the Marange area to Kimberley Process officials. When one of Malone's high-level interviewees was asked whether the Marange diamonds were blood diamonds, he responded, "this is a military operation, not a civilian operation... [Yes] they are [blood diamonds]." <sup>367</sup>

Thus the Sino-Zimbabwean mining operation "make[s] a mockery of the ... Kimberley Process."<sup>368</sup> What happened in the Marange fields? In defiance of the Kimberley Process, the PLA traded arms for blood diamonds, which enabled Mugabe's regime to shore up its capacity to oppress the population, while the respective members of the Sino-Zimbabwean military-industrial complex wreaked havoc in Marange.

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365. Ibid, 2.

366. Ibid.

367. Malone, *Mugabe's Darkest Secret*.

368. Ibid.

While the PLA has historically hidden its commercial activities, its partnership with the Zimbabwean government, while opaque, did not disguise its role in the Marange mining operation. Sources allege that Chinese ownership of the concession(s) ranges from 40 to 60%. It “is a ... joint venture between [a] Chinese [MNC] ... Anhui Foreign Economic Construction [Company] (AFECC) and the ... [Zimbabwean] military.”<sup>369</sup> AFECC is “a large construction company which sources say is connected to the military-industrial complex in China”<sup>370</sup>

Anhui is a provincially-owned<sup>371</sup> Chinese SOE with billions of dollars of assets and revenues<sup>372</sup> and numerous local sources in Zimbabwe state that Anjin, like its parent-company AFECC, has PLA links.<sup>373</sup> The Zimbabwean side of the joint venture is partially comprised of highly placed military and intelligence personnel.<sup>374</sup> There are details, which suggest the PLA may have used the

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369. Barnabas Thondlana and Bernard Mpofu, *Chinese Salt Away U.S. \$200 Million Diamonds*, The Independent (Harare), All Africa, May 13, 2016. <http://allafrica.com/stories/201605161163.html>. Accessed on August 6, 2016

370. Herbert Moyo, *Army gets US\$40m in Diamond Revenues*, The Zimbabwe Independent, April 25, 2014. <http://bit.ly/2beEs0h>. Accessed on August 12, 2016.

371. Bob Wekesa, *On the trail of China's Dragon Head companies in East Africa*. *China-Africa Reporting Project*, University of the Witwatersrand, Johannesburg, October 23, 2014. <http://china-africa-reporting.co.za>. Accessed on August 13, 2016.

372. Juan Pablo Cardenal and Heriberto Araújo, *China's Silent Army*, 2013. Page number not designated, reference taken from *Notes* section. <http://bit.ly/2jQdxNn>. Accessed on October 26, 2016.

373. See footnotes 383 and 384.

374. “Half of ... [Anjin] is ... part-owned and part-controlled by the Zimbabwean Ministry of Defence, military and [secret] police. Global Witness, *Financing a Parallel Government*, June 2012, p. 4. <http://bit.ly/2b9aJYc>. Accessed on August 8, 2016.

guanxi connections of Beijing's secretive front man Sam Pa, to facilitate the acquisition of the mining concessions for the Marange Field in Zimbabwe.<sup>375</sup>

In addition to villagers being uprooted from their homes to make way for wide-scale operations, a multitude of more complex issues plague the area, and much of the resulting anger is directed towards the Chinese. In an interview with a local paper, one resident claimed “[the Chinese] have forgotten about us and are only interested in mining diamonds. [Our] government should open its eyes and see that the Chinese are exploiting us. They are failing to fulfill what they promised .... At times we go for days without access to water.”<sup>376</sup>

The relocation exercise has been described as haphazard and disruptive .... Local communities have been relocated to an unsustainable new environment - unable to get even the most menial jobs ... [at] the mine. Their drinking water is polluted, harming people and killing livestock .... [villagers] accuse the company of failing to give them food, provide clean water, education and health facilities as initially promised.

They ... have been living hand-to-mouth ... having been driven from their fields .... [Their] houses are not suited to their polygamous family units, resulting in conflict, overcrowding, and deteriorating standards of living.<sup>377</sup>

Anjin was subject to legal action and fines for polluting local rivers with toxic chemicals, heavy metals and raw sewage which resulted in the deaths of

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375. Sam Pa entered a joint venture in conjunction with the Zimbabwean government called Sino Zimbabwe Development, which also mined for alluvial diamonds in the Marange fields - alongside Anjin. Pa was arrested in October 2015 by the Chinese government on allegations of corruption.

376. Marcus Tawona, *Blood Diamonds? Locals Accuse Chinese*, November 21, 2013. <http://bit.ly/2b5MV4d>. Accessed on August 7, 2016.

377. “The majority of relocated [Marange] villagers are members of the Apostolic Church, which allows polygamy. They said neither the government nor the Chinese had considered the issue of tradition and land tenure in the relocation programme .... [Their] inheritance system has been disturbed because ... [they] now only have small portions of land, which are difficult to divide among siblings.” Tawona, *Blood Diamonds?*

livestock, all aquatic life in the waterways and the ecosystem surrounding the riverine areas. Furthermore, the villages downstream from Anjin's discharge points were also adversely affected. Women in the area also saw a rise in the percentage of stillbirths. In response to these grievances, the Zimbabwe Environmental Law Association (ZELA) ran tests on three rivers in the area with the assistance of a local university. The results verified the extent of ecosystem damage.

[The] Odzi, Singwizi and Save Rivers .... showed high concentrations of iron, chromium and nickel in the water, elements which are the major constituents of ... [ferrosilicon], a chemical compound used in diamond extraction .... Chromium and nickel are potentially carcinogenic agents ... [and] pose an immediate health risk to people and livestock .... There is also a high level of bacterial contamination in the rivers, 'posing an immediate risk of outbreaks of waterborne diseases such as diarrhea, cholera and typhoid.'"<sup>378</sup>

Villagers also complained that once they were pushed out of their homes and villages, for the most part the Chinese refused to hire them. They complained Anjin brought in its own laborers and refused to hire any indigenous personnel, even for the most trivial tasks.<sup>379</sup> Furthermore, all project-related materials were brought in from China. No resources or supplies were purchased in Zimbabwe. "Local companies ... [failed] to get contracts from the Chinese diamond mining ... [company] because ... [it was] importing everything from spare parts to toilet paper .... The Chinese-Zimbabwe partnership in Marange ...

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378. Caiphaz Chimhete, *Villagers Sue Diamond Firms for Pollution*, The Standard, September 9, 2012. <http://bit.ly/2b7ehp0>. Accessed on August 13, 2016. In 2016, news of the legal actions against Anjin were no longer circulated, even as its mining operations were suspended.

379. Chimhete, *Villagers Sue Diamond Firms*.

[is] a 'one-sided affair,' where millions of dollars were being made, with no visible development on the ground."<sup>380</sup>

There is sufficient evidence that indicates the PLA has indeed begun to engage in commercial operations. Rarely are PLA interactions with industrial or commercial entities made public, especially since the 1998 divestment edict issued to the PLA by Beijing's power-brokers. However, there is additional proof the PLA partnered with the government of Zimbabwe. An investigation "by the Daily Mail in London found ... comfortable barracks had been built for Chinese military officers working at the mines."<sup>381</sup> Based on what has been observed of the living conditions of Chinese laborers in Africa, it is very unusual for "comfortable barracks" to have been constructed by a Chinese company for its employees, especially in the case of mining operations.

Additionally, a photograph contained in Appendix 7 shows five individuals, including President Robert Mugabe, the Zimbabwean Minister of Defence, and three *Anjin executives*. Two of the *Anjin executives* are dressed in business suits while the third is identifiable as senior colonel of the People's Liberation Army, via the four stars on his green epaulettes.<sup>382</sup> The partnership has also been confirmed by several local news sources, one of which notes "Anjin is ... jointly

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380. A November 2013 comment left by a Zimbabwean on the Tawona article states "The British did so much evil and .... now the Chinese are resident in Zimbabwe and they are doing worse than the British." Tawona, *Blood Diamonds?*

381. Leslie Wayne, *The Chinese Solution*, 100 Reporters, October 31, 2011. <http://bit.ly/2b7cy2Y>. Accessed on August 13, 2016.

382. I identified the PLA epaulette with the aid of the military uniform and insignia identification section of GlobalSecurity.org. <http://bit.ly/2beGtJX>. Accessed on August 13, 2016.

owned by the brutal Zimbabwe National Army (ZNA) and the Chinese Army.”<sup>383</sup> According to a 2012 publication, “Zimbabwe’s Deputy Mines Minister Gift Chimaniro .... told parliament ... that Anjin ... is a [Chinese] defence industry company.”<sup>384</sup>

This statement and Malone’s assertion that “members of the Chinese military are overseeing the blood diamond mine and Beijing’s investment within it” contradict the claim that the PLA is no longer involved in commercial enterprises.<sup>385</sup> Indeed, it is unlikely that Beijing would be unaware of the large-scale operations in the Marange fields that could generate billions of dollars and affect the global diamond market. This indicates that it is possible the ruling elite in China have decided to once again allow the PLA to offset military expenditures through commercial operations.

In addition to paying the Mugabe regime with cash, weapons and military equipment, Anjin’s parent company, Anhui Foreign Economic Construction Company, built the Zimbabwe National Defence College in Harare. A June 2011 article notes “controversy [arose] over a US\$98 million Chinese loan to Zimbabwe to build a defense college, funded by Harare's share of revenues from

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383. New Zimbabwe Vision, *Mujuru Demands Investigations*. Another source referred to Anjin’s parent company as the “Red Army firm.” Zim Now Media, *Anger as Mugabe Drives Army Generals Out of Marange Diamond Mines*, March 31, 2016. <http://bit.ly/2aZKZgi>. Accessed on August 6, 2016.

384. Cecilia Jamasmie, *Zimbabwe Confirms Army Ownership of Diamond Mine*, June 12, 2012. <http://www.mining.com/author/cecilia>. Accessed on January 20, 2017.

385. Malone, *Mugabe's Darkest Secret*.



a diamond mining deal with a Chinese firm [Anjin].<sup>386</sup> However there was a caveat to the loan: An agreement was made that the construction would be done by a Chinese company - AFECC in this case.

The Zimbabwe Public Works Ministry cited several issues with the AFECC construction project. Since the construction of the defense college was done through a “government-to-government” agreement, it allowed AFECC to circumvent work permits.<sup>387</sup> Furthermore, inspectors from the ministry indicated that the buildings were constructed with low-quality material in an obviously hurried fashion, and were already displaying signs of “structural defects” as a result of “poor workmanship.”<sup>388</sup> Sources within the Zimbabwean bureaucracy indicated that the Chinese involved in the AFECC project had such extensive connections that the ministry was powerless to enforce any labor laws or building codes. The “Chinese ‘are too powerful to control as they seem to have a network of ... political connections.’”<sup>389</sup>

### **Arms and Blood Diamonds: The PLA in Zimbabwe - Summary**

In February 2016, several mining companies with opaque lines of ownership and control were ousted by the Zimbabwean government and are presently under ‘investigation.’ The primary target of the investigation is called

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386. Voice of America Zimbabwe, *Diamond-Financed Defense College Deal Exposes Zimbabwe's China Ties*, June 16, 2011. <http://bit.ly/2b7xkzG>. Accessed on August 13, 2016.

387. Inyasha Chivara, *Construction of Chinese-built Zim Defence College Under Scrutiny*, Mail and Guardian Online, February 8, 2013. <http://bit.ly/2b7zbEh>. Accessed on August 14, 2016.

388. Ibid.

389. Ibid.

Anjin. A 2016 investigation revealed, that over several years, “Anjin Investments ... smuggled 3.7 million carats of diamonds from ... Marange worth ... US \$200 million to ... Shanghai .... [The Zimbabwean] government is frantically scrambling to recover the diamonds ... but the Chinese are not co-operating.”<sup>390</sup> However other sources are stating that the losses are much greater than \$200 million. Estimates have been made which state up to \$15 Billion dollars’ worth of diamonds have been ‘looted’ by the Chinese.<sup>391</sup> “The [Zimbabwean] Minister Of Finance .... warned that Zimbabwe ... [had lost] billions worth of diamond revenue in clandestine business activities at [the Marange Fields within a few years].”<sup>392</sup>

In the case of the exploitation of the Marange Fields, it appears as though the PLA through Anjin assisted and financed one of the most corrupt and brutal governments in Africa. Mugabe and high-ranking military and intelligence personnel circumvented their own system and worked with Anjin to launder hundreds of millions of dollars of profits generated through the sale of blood diamonds. The land surrounding the mines is poisoned; the rivers are devoid of aquatic life and the levels of toxins, pollutants, and pathogens threaten the health of humans, livestock, and the surrounding ecosystem.

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390. Thondlana and Mpofu, *Chinese Salt Away*. The loss, reported by the government of Zimbabwe, is probably grossly under-reported. If one figures that the rough stones (weighing in at 3.7 million carats) lost half of their weight during cutting and polishing, they would total 1.85 million carats - at \$1000 per carat that would place the value at approximately \$1.8 billion dollars.

391. Tawona, *Blood Diamonds?*

392. New Zimbabwe Vision, *Mujuru Demands Investigations*.

The exploitation of the Marange Fields provided the government with currency, weapons, and military equipment, while displacing tens of thousands of people and completely devastating the environment. Through Anjin, Beijing reaped profits while simultaneously destabilizing an entire region. Their front-man, Sam Pa, through Sino Zimbabwe Development, provided Zimbabwe's Central Intelligence Organization (CIO) with two hundred Nissan pickup trucks and \$100 million between 2009 and 2010.<sup>393</sup>

“The likely part-ownership and part control of Anjin by the Ministry of Defence, military and police and the apparent part-ownership and part-control of Sino Zimbabwe Development, by the CIO, create vehicles for off budget financing [through the sale of blood diamonds] of the security sector and by its very nature this undermines Zimbabwean democracy.”<sup>394</sup>

This section of Chapter 3 is one of the most significant parts of this analysis. It demonstrates the elaborate nature of Chinese activities on the continent, especially those of CMIEs, while allowing for a rare glimpse of the role of cut-outs such as Sam Pa, and the pivotal role which guanxi dynamics play in Sino-African relations. Even though some may harbor the opinion that Sam Pa is not an agent of the People's Republic of China, it appears as though Anjin followed his lead and utilized his connections to establish boots on the ground in Zimbabwe. If that is the case, then in essence Pa acted as a 'shadow diplomat' for Beijing's Marange operation. And so this would be one of many cases in

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393. Global Witness, *Financing a Parallel Government*, 2.

394. Ibid, 21.

which the 'guanxi aspects' of Sino-African transactions are more important and pivotal to winning concessions and closing deals than what the general public assumes.

### **Resources, Power Projection and Conventional Weapons Transfers**

In China's quest for resources and power projection in Africa, its defense industrial enterprises often offer the initial 'bait' or incentive for resource and extraction deals. China acquires resources in a series of steps, which give it a greater regional presence at each stage of its acquisition process. CDIEs "... identify [African] states with significant natural resource reserves and work closely with Chinese diplomats to design an engagement program with apropos economic and diplomatic benefits."<sup>395</sup>

Once needed resources have been identified, China initiates the second stage of the process. "China ... packages its diplomatic, defense, and development aid into synchronized and synergistic offerings,"<sup>396</sup> in exchange for mineral exploration rights, extraction rights and concessions.<sup>397</sup>

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395. Kent Hughes Butts and Brent Bankus, *China's Pursuit of Africa's Natural Resources*, United States Army War College, Center for Strategic Leadership, Volume 1-09, June 2009, p. 5. <http://bit.ly/2aINi8P>. Accessed on April 18, 2015.

396. Butts and Bankus, *China's Pursuit*, 6.

397. Amnesty International reported "Arms sales and arms factory construction throughout Africa are often used to secure mineral and natural resource concessions. Chinese arms deals often involve an exchange of weapons for raw materials, and the increase in the number of these barter deals can be linked to China's ... increasing need to secure raw materials." Amnesty International USA, *People's Republic of China: Sustaining Conflict and Human Rights Abuses*, June 10, 2006, p. 7. <http://www.amnestyusa.org/document.php?id=ENGASA170302006&lang=e>. "Norinco's [China North Industries Corporation] arms sales help the government protect China's oil interests in ... [South Sudan] where China National Petroleum is one of three companies with oil-pumping operations. That leaves Norinco [and other Defense Industrial Enterprises] free to explore civilian projects." Bloomberg, *Top China Arms Maker Goes Global With Cheaper Tanks*, September 9, 2014. <http://bloom.bg/1OqTXv>. Accessed on March 14, 2015.

“For instance, ‘Zambia has used its copper resources to pay China in a number of military deals ... Kenya has ... [negotiated] with China to trade fishing rights for arms’<sup>398</sup> .... [and] in August 2005, Beijing supplied 220 [military] trucks [to Khartoum], with payment in oil.”<sup>399</sup> Frequently, defense offerings provide China the opportunity to either sell or trade arms to the host country in which the PRC’s resource extraction operations are established. Thus, Chinese Defense Industrial Enterprises play a unique role in China’s African investment protocol.

CDIEs have a long history of involvement on the continent, which includes activities in the Great Lakes Region (GLR), Sudan, and South Sudan. According to Bräutigam, “Beijing [through CDIEs] helped Sudan build its own arms factories, supplied the bulk of Sudan’s small arms imports, [and] sold military aircraft to Sudan ....”<sup>400</sup> Human Rights Watch made similar observations about the Great Lakes Region. “[In the 1990’s] weapons, including landmines and ammunition, produced in the Nakasongola arms factory<sup>401</sup> ... [were simultaneously] provided to the [warring] Burundian government and Tutsi

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398. APIAsia (2009). L.C. Russell Hsiao, *In a Fortnight*, The China Brief, Volume IX, Issue 11, May 27, 2009. <http://bit.ly/2aAJsOZ>. Accessed on June 17, 2015.

399. The Eurasia Group, *China’s Overseas Investments*, 23.

400. Bräutigam, *The Dragon’s Gift*, 282.

401. Nakasongola is a “Chinese-built arms production facility in the Gulu area of northern Uganda. Human Rights Watch Arms Project, *Stoking the Fires: Military Assistance and Arms Trafficking in Burundi*, December 1997, p. 98. <http://www.hrw.org/reports/1995/05/01/rearming-impunity>. Accessed March 2014.

militias.”<sup>402</sup> This activity facilitated SALW and munitions access prior to, and during regional conflicts – including the Rwandan Genocide.

Chinese defense industrial enterprises may opt to use Chinese businessmen as cut-outs, to clandestinely initiate arms-for-resources projects throughout Africa, if they do not have their own representatives negotiate the deal, or to maintain a certain level of plausible deniability. “As globalization replaced ideology as the dominant force in geopolitics, the mission of [China’s intelligence operatives] ... in Africa .... is ... [to access] natural resources .... Oil, diamonds, and weapons go together.”<sup>403</sup> Some Chinese businessmen have close connections with China’s intelligence apparatus and act as middlemen for defense industrial enterprises such as Norinco.

If CDIEs have difficulty entering African resource markets through their own connections, they resort to utilizing tightly-knit *guanxi* networks. In *The Looting Machine*, Tom Burgis states that subsequent to Deng Xiaoping’s economic reform in the late 1970’s, the PLA’s two major arms companies NORINCO and ... [Poly Technologies] worked in conjunction with private businesses in order to facilitate surreptitious transactions with authoritarian regimes and militias.

In order to detail the full scope of Chinese defense industrial enterprises in Africa, this chapter will examine the proliferation of SALWs, heavy weapons, munitions, military vehicles, aircraft, vessels and equipment in several different

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402. Ibid.

403. Burgis, *The Looting Machine*, 85.

areas, including countries within the Great Lakes Region, Sudan, South Sudan and Zimbabwe.<sup>404</sup> Generally speaking, there is a slight difference in the research focus between the GLR, Sudan and South Sudan across the board with academics, which may be related to the type of data available.

In the case of Chinese arms sales to GLR states, a lot of emphasis has been on detailing upstream transit routes and the regional effects of the weapons and equipment infusion in the Rwandan Genocide and Burundian Civil War. In Sudan and South Sudan, there is a lot of information with regard to weapons-types, munitions, and regional effects such as intra-ethnic conflict, civil war and IDP's, however when compared to the GLR, there has not been a substantial focus on the weapons pipeline. This could in part be due to the fact that the Great Lakes Region is landlocked, while Sudan has been afforded an ingress of arms and military equipment through Port Sudan.

### **Great Lakes Region**

Amnesty International noted “[China’s] routine export of conventional weapons ... has been contributing to human rights violations including in brutal armed conflicts.”<sup>405</sup> Other NGOs have made similar claims, and state that Chinese weapons and military equipment have contributed to destabilization and conflict in areas such as the Great Lakes Region (GLR).<sup>406</sup> Great Lakes Region

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404. The Great Lakes Region nations examined within this analysis are Rwanda, Burundi, Democratic Republic of Congo, and Uganda.

405. Amnesty International, *People’s Republic of China*, 1.

406. *Ibid*, 125.

states have a history of conflict and tribal tensions, which were initially exacerbated by colonialism, and then in modern times, through an infusion of weapons supplied by external actors.<sup>407</sup> “The worst outbreaks of violence in Black Africa in the 1990s occurred ...between the Hutu and the Tutsi.”<sup>408</sup>

While weapons sales and transfers are usually opaque by nature, their supply to the Great Lakes Region states and ethnic groups has been especially mired in obscurity. The clandestine nature of arms shipments to militaries and factions within the GLR have been facilitated by agents in other countries operating at the points of arrival, or by neighboring states acting as a depository or transit point for the recipient states.<sup>409</sup>

Human Rights Watch maintains China “[was] a major source of arms to Burundian government forces and Tutsi militias .... [The PRC] ... supplied weapons to both sides .... In the case of Rwanda ... China supplied arms to both the forces of the government ousted in 1994 - and subsequently based in eastern

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407. In Africa - like the Middle East - tribal ties and tribal politics are not constrained by borders created through colonial Balkanization. Great Lakes Region tribal conflicts are a regional issue, not confined by borders. The inter-ethnic dynamics between the Hutu and Tutsi ethnic groups that facilitated the Burundian Civil War were the same dynamics, which led to the Rwandan Genocide.

408. Ali A. Mazrui, *The Causes and Costs of War in Africa: From Liberation Struggles to the War on Terror*, April 2002, p. 38. <http://bit.ly/2aouA0T>. Accessed on July 30, 2016. While the usage of “Black Africa” is somewhat dated, I opted to keep the original quote, made by Mazrui, a black Muslim norn in Mombassa, Kenya.

409. By comparison, weapons shipments to Sudan and the Southern Sudan over the past two decades have been more thoroughly documented than weapons transfers to GLR states.



Zaire - and the RPF-led government .... In violation of the international arms embargo on Rwanda.”<sup>410</sup>

The Burundian Civil War, which began in October of 1993, was a precursor to the Rwandan Genocide, which began less than a year later.<sup>411</sup> The conflict served to fan the regional flames of inter-ethnic tensions, and subsequently the Hutu-Tutsi struggle spilled over into Rwanda and the Democratic Republic of Congo. The arming of the warring factions in Burundi was one of the first stepping-stones to regional destabilization, apart from colonialization and Balkanization, which can be attributed to external actors.<sup>412</sup>

Although several countries chose to sell Burundi SALWs, heavy weapons, and military equipment prior to the commencement of its civil war, China played a central role in the “arms [flow] ... to all Burundian belligerent parties.”<sup>413</sup>

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410. Human Rights Watch Arms Project, *Stoking the Fires*, 125. It should be noted that China was not alone in arming the Rwandans. “Arms in the hands of the Rwandan génocidaires were [also] supplied by France, apartheid-era South Africa [and] Egypt” and other external actors. Human Rights Watch, *State Responsibility in the Arms Trade and the Protection of Human Rights*, February 17, 1999. <http://bit.ly/2aco7Fd>. Accessed on July 15, 2016.

411. The Burundi Civil War ran began on October 21, 1993 and continued until August 2005. “In October 1993, officers of the predominantly Tutsi army seized ... Melchior Ndadaye, the country’s first Hutu president .... [then] murdered ... [him] and much of his cabinet .... The coup ... triggered violence across the country in which Hutu attacked Tutsi and in turn faced revenge attacks from the military; tens of thousands of civilians were slaughtered in the weeks following [the] President[s] murder and hundreds of thousands fled to neighboring countries.” Human Rights Watch Arms Project, *Stoking the Fires*, 2.

412. “Burundi is not unique. It is just one of the examples from across the globe of the devastating impact that armed violence - fuelled by the availability of arms - can have on a country and its ongoing development.” Oxfam, *Shooting Down the MDGs: How Irresponsible Arms Transfers Undermine Development Goals*, Oxfam Briefing Paper 120, October 2008, p. 8. <http://bit.ly/2aEXoqp>. Accessed on July 30, 2016.

413. Human Rights Watch Arms Project, *Stoking the Fires*, 42.

“Many of the arms transported to the Burundian government forces or [Burundian] Tutsi militias via Tanzania arrived from China at the port of Dar es Salaam. While at least some of these shipments carried discreet markings to indicate their final destination as Burundi, the end-destination of other shipments was concealed by listing instead neighboring states, including Rwanda and Uganda, as the recipients.”<sup>414</sup> While a 2006 Council on Foreign Relations report indicates that some of the intercepted arms shipments to Burundi were designated for the Burundian army, other sources were convinced that they were slated to be delivered to militias, as will subsequently be discussed.<sup>415</sup>

In the case of GLR-based conflicts, there is a near linear connection between the arrival of the weapons and the regional expansion of conflict. In the mid-1990’s, COSCO vessels laden with Chinese arms arrived in Dar es Salaam or in Mombasa, Kenya. They were subsequently escorted by the recipient-country’s military to its border with Uganda, at which time the Ugandan military secured the shipments (often misleadingly labeled), stockpiled them, and then facilitated their transfer to parties in Burundi.<sup>416</sup>

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414. Ibid, 101.

415. Esther Pan, *China, Africa, and Oil*, Council on Foreign Relations Report, The New York Times, January 18, 2006. <http://nyti.ms/2aaxwx8>. Accessed on July 25, 2016.

416. During the Burundian Civil War “China ... delivered at least thirteen covert shipments of weapons labeled as agricultural equipment to Dar-es-Salaam.” Pan, *China, Africa, and Oil*. Oxfam points out that in many cases, the final end-users of SALWs in Burundi were not the military, but civilians. “In 1990 and in 1994-99, as part of a civilian defence policy, the armed forces distributed arms to local councils, and through them to the general population.” Oxfam, *Shooting Down MDGs*, 7.

“China Ocean Shipping Company (COSCO) is the [state-owned] enterprise responsible for maintaining the Chinese merchant marine fleet; it ultimately reports to the State Council.”<sup>417</sup> COSCO vessels are frequently used by CDIEs to transport weapons and military equipment.

One case of Chinese arms arriving in Tanzania for Burundi in the spring of 1995 received international attention. In part this was because the weapons destined for Burundi were on board a [COSCO-consigned] ship, the Shun Yi, which also contained a partial charter consignment of food supplies for the U.N. World Food Programme .... The food supplies had been earmarked for refugees fleeing from conflict in the Great Lakes Region.

After the Shun Yi arrived in Dar es Salaam ... Tanzanian authorities refused to permit its cargo of 152 tons of Chinese-made arms and ammunition to be off-loaded .... The Tanzanians were particularly concerned about the mass of refugees pouring into their country .... [and] also wanted to avoid getting enmeshed in the controversy that enveloped arms transfers to Burundi when it became unclear whether the actual recipients were the Burundian military or Tutsi militia forces.<sup>418</sup>

China’s weapons consignments to the GLR did not consist of only SALWs and ammunition. In 1995, at least one of the shipments destined for Burundi contained tanks and military vehicles. “On October 16, 1995 [a Chinese] ... ship ... arrived in the port of Dar es Salaam and ... delivered a cargo of arms that included tanks and Chinese-manufactured dual-use vehicles for Burundi. [While] other records ... indicated that the cargo contained just three cases of ammunition.”<sup>419</sup>

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417. Human Rights Watch Arms Project, *Stoking the Fires*, 140.

418. *Ibid.*, 139-141.

419. *Ibid.*, 134-137.

In September of 1996, a European diplomat working in Uganda reported to Human Rights Watch that “weapons, including landmines and ammunition, produced in the Nakasongola arms factory, a Chinese-built arms production facility in the Gulu area of northern Uganda ... [were] provided to the Burundian government and Tutsi militias.”<sup>420</sup> It was also alleged that some of the inbound weapons shipments from China, which were channeled through Dar es Salaam, Tanzania and then Uganda before being rerouted to Burundi, were secured in Dar es Salaam (versus at the Ugandan border) by Ugandan military personnel. In response to these allegations, the Ugandan government denied routing any arms to Burundi, from the Chinese-built factory in Nakasongola, or from inbound weapons arriving in Dar es Salaam.<sup>421</sup>

While most data sources do not indicate who owns the Nakasongola arms factory, a 2010 report from Africa Europe Faith and Justice Network indicates the “Nakasongola Arms Factory, is held by Chinese (government and private sector) interests.”<sup>422</sup> It appears that, at minimum, Chinese defense industrial enterprises contracted the Ugandan government to be middlemen for GLR weapons production and rerouting. Uganda acted as the proxy in the China-Tanzania-

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420. “According to press reports in May 1997 ... Chinese and North Korean technicians ... [had been replaced by] South African experts.” Ibid, 98.

421. “[Colonel] Mateeka, the military attaché at the Ugandan Embassy in Washington, D.C., responded by denying any involvement of his government in the transport of weapons from Tanzania. He also maintained that the Nakasongola factory was exclusively engaged in production for the domestic market.” Ibid, 98-99.

422. Africa Europe Faith and Justice Network (2010). GunPolicy.org. <http://www.gunpolicy.org/firearms/citation/quotes/5107>. Accessed on July 25, 2016.

Burundi pipeline, as well as allowing the Chinese to produce SALWs and landmines for redistribution to other GLR and Central African states.

The activity of CDIEs served to saturate the Great Lakes Region with small arms, ammunition, and military equipment, enabled the inter-ethnic conflict to spill over the borders from Burundi into Rwanda, while simultaneously triggering a refugee crisis in both Burundi and Rwanda. In Burundi alone, “more than 300,000 people died”<sup>423</sup> as a result of the civil war, and “at least ... [one] million [were] displaced.”<sup>424</sup> “Chinese [SOEs] ... falsified information on arms shipments to Burundi in an effort to hide both the destination and the content of arms cargoes [and] .... similarly ... sought to conceal weapons deliveries to the Rwandan government in 1994 and 1995 at a time when an international arms embargo remained in place against Rwanda.”<sup>425</sup>

In a situation which had parallels to what had occurred in Burundi, “the Rwandan genocide ... resulted in the extermination of 800,000 principally Tutsi civilians in just 100 days [and] was the culmination of a long-running conflict raging between [the] two ethnic groups.”<sup>426</sup> In her 2004 book entitled *Conspiracy to Murder: The Rwandan Genocide*, Melvern stated that “After combing through bank archives and government documents [she discovered] ... that in 1993 [prior

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423. BBC, *Heavy Shelling in Burundi Capital*, April 18, 2008. <http://bbc.in/2aSqMW9>. Accessed on July 29, 2016.

424. Nkurunziza and Muura (2005). Oxfam, *Shooting Down MDGs*, 7.

425. Human Rights Watch Arms Project, *Stoking the Fires*, 130.

426. Damien Fruchart, *United Nations Arms Embargoes: Their Impact on Arms Flows and Target Behaviour. Case study: Rwanda, 1994-present*, Stockholm International Peace Research Institute, 2007, p. 2. <http://bit.ly/2aGVp1q>. Accessed on July 30, 2016.

to the genocide], the government of Rwanda imported, from China, three quarters of a million dollars-worth of machetes. This was enough for one new machete for every third male” in Rwanda.<sup>427</sup>

Additionally, she noted in the years leading up to the genocide, China exported one million dollars’ worth of “mortars, machine-guns, multiple rocket launchers and grenades.”<sup>428</sup> Chinese hand grenades were so common in Rwanda, that they could be purchased in local vegetable markets for as little as three American dollars.<sup>429</sup>

There are some interesting anomalies in the data. According to the World Military Expenditures and Arms Transfers (WMEAT) analysis of 1990 - published by the U.S. Arms Control and Disarmament Agency - the People's Republic of China cumulatively exported more than twenty million dollars of arms, munitions and military equipment to Rwanda alone, between 1985 and 1989. Subsequent WMEAT analyses indicate that between 1990-1992, Rwanda either did not import any arms or munitions, or failed to report what had been imported over that three year period.<sup>430</sup>

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427. Mark Doyle, *Ex-Rwandan PM Reveals Genocide Planning*, BBC News, March 26, 2004. <http://news.bbc.co.uk/2/hi/africa/3572887.stm>. Accessed March 2014.

428. Melvern (2000). Fruchart, *United Nations Arms Embargoes*, 9.

429. Ibid.

430. U.S. Arms Control and Disarmament Agency, *World Military Expenditures and Arms Transfers: 1990*, November 1991, p. 131. <http://bit.ly/2ciFj22>. Accessed on June 2, 2015. According to the 1995 WMEAT analysis, Rwanda didn't indicate any arms purchases from 1990-1992. In 1993 & 1994, WMEAT indicates the Rwandese government spent \$10 million and \$80 million dollars per year, respectively. The analysis also reveals that from 1992-1994, cumulatively the United States and France supplied Rwanda with \$100 million of arms, with the remaining \$5 million of purchases (\$105 million total) coming from 'undesigned countries.' U.S. Arms Control

In conclusion, despite U.N. and regional (East African states) arms embargos on both Burundi and Rwanda, China provided large consignments of SALWs, conventional weapons, ammunition, tanks and military vehicles to the GLR through well-established transit lines. Companies like Norinco leveraged the opaque nature of the local bureaucracy to facilitate the trans-shipments of arms and equipment to conflict zones, after refugee crises and regional ethnic conflicts, which resulted in the death of more than a million people.

### **Great Lakes Region Summary**

In many instances the transfer of weapons systems from the PRC to the Great Lakes Region took place without transparency – or with falsified documentation. Sino-Tanzanian shipping policies exemplify these dynamics and highlight how CDIE operations in Africa can also facilitate corruption as well as conflict and destabilization.

[Throughout the 1990's] it was standard practice for at least one shipping agent, Sinotaship, based jointly in Tanzania and China, to label arms shipments as 'cases of ammunition.' This was done to conceal the nature of military hardware such as tanks and heavy vehicles .... Human Rights Watch learned that certain military shipments from China were deemed so sensitive by the Chinese government that no proper documentation accompanied the goods. In these instances, Chinese officials would fly from China to deal directly with the consignee, and the transaction was concluded at the Chinese embassy [in the recipient country].<sup>431</sup>

The evidence in the preceding paragraph thus excludes any claim the Chinese government may have had to lack of involvement at that time. In fact, it

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and Disarmament Agency, *World Military Expenditures and Arms Transfers*: 1995, April 1996, pp. 141-153. <http://bit.ly/2bIDQlc>. Accessed on June 2, 2015.

431. Human Rights Watch Arms Project, *Stoking the Fires*, 133.

demonstrates that that powerful CDIEs acted intentionally, despite the negative impact of their regional weapons infusion program. Furthermore, the Chinese government displayed a pattern of indifference over an extended period, as its arms shipments to a region engulfed in violence and genocide were not isolated incidents.<sup>432</sup>

After the Rwandan Genocide, the PRC continued to supply the Hutu rebels who had perpetrated the genocide and subsequently fled to eastern Zaire. In 1995, Human Rights Watch reported that a Kigali-based Chinese embassy official said that China “would not discourage the provision of arms to the Rwandan extremists if that was what the Zaire government was planning, and that there was no international arms embargo against Zaire .... China practices the politics of allowing people to solve their own problems.”<sup>433</sup>

In April of 1994, tens of thousands of refugees had already fled the violence in Burundi and thousands had perished. 600,000 machetes had been funneled into Rwanda the preceding year, and 152 tons of arms destined for the GLR were blocked from being off-loaded in Tanzania three days before the genocide began in April of 1994. Yet after more than 800,000 Rwandans lost their lives - many at the hands of machete-wielding Hutus, the Chinese

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432. Appendix 9 contains a detailed list of weapons shipments, from China to the Great Lakes Region (Burundi and other countries) between 1994 and 1996).

433. Hubbard (1995). Human Rights Watch, Arms Project. *Rwanda/Zaire: Rearming with Impunity: International Support for the Perpetrators of the Rwandan Genocide*, Volume 7, Number 4, May 1995. <http://www.hrw.org/reports/1995/05/01/rearming-impunity>. “China ... was suspected of honouring a US\$5 million contract with the ex-FAR [Forces Armées Rwandaises] made ... [in] 1994 for Kalashnikovs, grenades and rocket-propelled grenades - a Chinese official justified the sale by stating that there was no embargo in place against Zaire.” Human Rights Watch (1995). Fruchart, *United Nations Arms Embargoes*, 15-16.



government continued to supply the aggressors who had relocated to Zaire - with weapons.

Once a region has been infused with SALWs, incidents of violence and aggression are easy to reignite. A 2007 report published by the Small Arms Survey referencing Burundi states, “one of the consequences of [Burundi’s civil] war has been the proliferation of small arms and light weapons among the civilian population on ... [an] unprecedented scale. The government, civil society, and Burundi’s partners are aware of this problem and believe that lasting peace will not be restored while these arms remain in the hands of civilians.”<sup>434</sup> This is an important point. The downstream use of SALWs does not necessarily cease with a cessation of conflict or hostilities since most SALWs do not have a ‘shelf life.’

While Chinese diplomats frequently back-peddled or voiced denials in defense of Beijing’s policies, the ethnic violence, civil wars, IDPs and humanitarian crises occurred as Chinese defense industrial enterprises infused the GLR with conventional weapons, military equipment tanks and vehicles, often in defiance of international and regional embargos. “In August 1996 ... a coalition of seven states from Central and Eastern Africa, the DRC, Eritrea, Ethiopia, Kenya, Rwanda, Tanzania, Uganda and Zambia, agreed to place sanctions and an arms embargo on Burundi,”<sup>435</sup> and “In May [of] 1994 Security Council

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434. Stéphanie Pézard and Nicolas Florquin, *Small Arms in Burundi: Disarming the Civilian Population in Peacetime*, Small Arms Survey and Ligue Iteka, August 2007, p. 1. <http://bit.ly/2aEDkkH>. Accessed on July 28, 2016.

435. Stockholm International Peace Research Institute, *Multilateral arms embargo on*

resolution 918 imposed an arms embargo on the sale or supply of arms to the territory of Rwanda.”<sup>436</sup>

As the Rwandan government was battling the Hutus involved in the genocide in Zaire, China off-loaded more than a dozen vessels packed with weapons, ammunition, and military equipment. Chinese defense industrial enterprises utilized neighboring states as forwarding agents for the consignments, effectively bypassing the embargo placed on Rwanda, which functioned to exacerbate the ethnic conflict and humanitarian crisis in the region.

### **Sudan and South Sudan**

Comparatively speaking, the role of the People’s Republic of China in supplying weapons to conflict zones has garnered the most media attention in Sudan and South Sudan. As in the Great Lakes Region, ethnic differences between the Arab North and South Sudan led to decades of fighting, which was exacerbated by weapons brought into the region by external actors such as China, and other countries hungry for revenue from arms sales.<sup>437</sup>

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*Burundi*, August 1996. <http://bit.ly/2akSMG7>. Accessed on July 30, 2016.

436. “In June 1995 Security Council resolution 997 extended the embargo to non-governmental forces in the states neighbouring Rwanda intending to use the arms and matériel within Rwanda. In August 1995 Security Council resolution 1011 lifted the embargo on the Rwandan government, but reaffirmed it on non-state actors within Rwanda or in neighbouring states .... It also determined that States should notify all exports of arms or related matériel to Rwanda and that the Government of Rwanda ... [should] notify the UN about all its imports of arms and related materiel .... In April 1996 Security Council resolution 1053 reaffirmed the embargo and urged states to prevent military training on their territory by militia groups or former Rwandan government forces.” Stockholm International Peace Research Institute, *UN arms embargo on Rwanda (Non-Governmental Forces)*, May 1994. <http://bit.ly/2aq7Uwu>. Accessed on July 30, 2016.

437. The majority of North Sudan is Arabic-speaking and Muslim, while South Sudan is comprised of Christians and those adhering to indigenous belief systems who speak in local dialects.

Initially, the PRC helped arm Sudan during the Second Sudanese Civil War, against the southern region of the country and Darfurian rebels, even during embargos.<sup>438</sup> According to the United States Committee for Refugees, by 1998 more than two million people had died in the Second Sudanese Civil War, which began in 1983.<sup>439</sup> Conflict and border skirmishes presently continue between Sudan and South Sudan, even as the recently established nation contends with the possibility of civil war.<sup>440</sup> As of 2015 it was estimated that there are more than 3 million IDPs in both Sudan and South Sudan,<sup>441</sup> while according to the U.N. more than 50,000 people have perished in South Sudan's civil war, which began in December 2013.<sup>442</sup>

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438. "In July 2004 Security Council resolution 1556 ... imposed an open-ended arms embargo on all non-governmental entities and individuals, including the Janjaweed, operating in the states of North Darfur, South Darfur and West Darfur. This was in reaction to the ongoing human rights abuses and deteriorating humanitarian situation in the region .... In March 2005 Security Council Resolution 1591 ... expanded the arms embargo to include ... Sudanese government forces active in the region, [militias] and any other belligerents in North Darfur, South Darfur, and West Darfur, Sudan .... In 2010 the embargo was strengthened to ensure states provide the necessary end-user documentation to prevent breaches of the prior resolutions when exporting arms to the Sudanese Government." Stockholm International Peace Research Institute, *UN Arms Embargo on Sudan (Darfur region)*, October 25, 2012. <http://bit.ly/2aBdAs2>. Accessed on July 24, 2016.

439. BBC, *Millions Dead in Sudan Civil War*, December 11, 1998. <http://bbc.in/2amEzpr>. Accessed on July 22, 2016.

440. Specifically, subsequent to South Sudan's liberation South Kordofan and Blue Nile have seen elevated levels of conflict.

441. According to the Internal Displacement Monitoring Center [IDMC], "As of ... [January 2015] IDMC ... [estimated] there were up to 3,100,000 IDPs in Sudan [and South Sudan]. This included figures in the region of Darfur and the states of South Kordofan and Blue Nile." Internal Displacement Monitoring Center, *Sudan IDP Figures Analysis*, January 2015. <http://bit.ly/2aAKAA7>. Accessed on July 18, 2016.

442. As of March 2016, "as many as 50,000 ... [had] died in the two-year conflict, one [U.N.] official [stated] ... with violence continuing despite peace deal." Fleur Launspach, *UN: Tens of Thousands Killed in South Sudan War*, Al Jazeera, March 3, 2016. <http://bit.ly/1od0bYC>. Accessed on July 18, 2016.

Since South Sudan broke away from the North, China has walked a tightrope, and maintained its links with the North, while simultaneously supplying weapons to South Sudan's military, the Sudan People's Liberation Army (SPLA). Following its liberation, South Sudan began to use oil revenue to vigorously arm itself against Khartoum. However, growing tension between two South Sudanese factions comprised of the Dinka and Nuer ethnic groups has the capacity to metastasize. Thus, weapons which were originally imported to help South Sudan defend itself against its northern neighbor, could potentially facilitate an intranational conflict, or at the minimum augment the casualty level in South Sudan should civil war break out.<sup>443</sup> Since South Sudan did not win independence until 2011, and the conflict(s) span the two countries irrespective of their borders, I will be examining PRC-weapons movement in both countries in this section.

### **Domestic Arms Production**

China's technology transfers and arms factory construction in Khartoum were addressed in a 2007 Human Security Baseline Assessment which notes "In addition to helping finance Khartoum's acquisition of weapons on the international arms market through oil revenues, China has also acted as a major arms seller to Sudan and assisted in the development of domestic arms production with technology transfers and technical assistance."<sup>444</sup>

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443. The power struggle in South Sudan has pitted President Salva Kiir's ethnic group (Dinka), against the Nuer, the ethnic group to which ex-Vice President Riek Machar belongs. The Dinka population is approximately 4.5 million, while the Nuer number approximately 1.8 million.

444. Small Arms Survey, *Arms, Oil and Darfur*, 9.

Former U.S. ambassador to Burkina Faso and Ethiopia, David Shinn, claimed that the weapons and technology transfer played an implicit role in conflicts in both Darfur and Chad. The link provided by Shinn demonstrates that Chinese arms, weapons and munitions manufactured and supplied by CDIEs, in addition to the technology transfers from the PRC to Sudan have facilitated conflict and destabilization in the region.

According to Shinn, “China ... helped build three weapons factories outside Khartoum .... Chinese small arms [many of which were manufactured in Khartoum] became [more] widely used in Darfur and found their way to the conflict in neighboring Chad. Most ammunition used by all parties in Darfur ... [was] manufactured in Sudan or in China.”<sup>445</sup> Additionally, it was discovered that the Beijing-based defense industrial enterprise responsible for assisting with the North Sudanese arms plant construction, also arranged for Chinese experts to oversee operations. “One account of the Giad industrial complex near Khartoum indicated that Chinese engineers were [even] supervising the facility’s work.”<sup>446</sup>

Arms experts from the Small Arms Survey documented machine guns domestically-manufactured by Sudan’s state-owned Military Industrial Corporation (MIC). “Sudan’s MIC claims to produce general-purpose and heavy

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445. David Shinn, China Brief, *Chinese Involvement in African Conflict Zones*, The Jamestown Foundation. Volume IX, Issue 7, April 2, 2009, p. 8. <http://www.bit.ly/2bZR1tS>. Accessed on February 12, 2015. David Shinn, was ambassador to Burkina Faso (1987-1990) and Ethiopia (1996-1999), and is presently an adjunct professor of international affairs at The George Washington University.

446. Christian Aid, *The Scorched Earth: Oil and War in Sudan*, 2001. <http://bit.ly/2aggjhb>. Accessed on April 4, 2015.

machine guns, which appear to be identical to those manufactured by China ... these are copies of the Chinese Type 80 and Type 85 machine guns, respectively.”<sup>447</sup> Since the Chinese Type 80 and Type 85 machine guns that MIC purports to produce are identical in construction to those manufactured in the PRC, it is possible to conclude that either MIC-run factories are using technology transferred from China to domestically produce some of their SALWs, or that Chinese defense-industrial enterprises have continued to infuse the region with arms. As of 2016 South Sudan has no domestic SALW-production capacity and relies on external actors for arms.

### **PRC-manufactured SALW's and Munitions**

U.N. arms experts discovered post-embargo, Chinese-manufactured munitions in Darfur, leading them to conclude that the CDIE responsible for the manufacturing and export of the munitions was knowingly ignoring the sanctions against Sudan.

In May 2011, a team of U.N. arms experts collected several high-explosive incendiary cartridges in the Darfur town of Tukumare, where Sudanese armed forces had recently battled rebels, according to a confidential report that was produced by three U.N. arms experts and first publicly disclosed by the London-based newsletter *Africa Confidential* .... China [subsequently] rebuffed requests by a U.N. panel to attempt to trace the cartridges back to their manufacturer.<sup>448</sup>

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447. “It is not clear whether Sudan manufactures these weapons under licence from China or whether it assembles them in Khartoum.” Chinese Type 80 and Type 85 machine guns, “whose markings had been fully removed, which made it difficult to identify them as Sudanese or Chinese” were documented in South Sudan by Small Arms Survey researchers. Leff and Lebrun, *Following the Thread: Arms and Ammunition Tracing in Sudan and South Sudan*, 71-72.

448. “The cartridges - which were manufactured in China in 2010, more than five years after the arms embargo first went into effect - were compatible with weapons systems used in Sudan’s Russian-made Mi-24 attack helicopters and Su-25 ground attack aircraft .... [As] it is in the case of Darfur, where Chinese ammunition has become a feature of annual U.N. reports, China has moved most aggressively to clamp down on ... [the] findings. In 2011, China blocked the release

In addition to the Darfur-based conflict, the North-South Sudanese Civil War was also affected by the influx of Chinese weaponry. In a 2014 Small Arms Survey, Leff and Lebrun noted “Field inspections in ... South Sudan have revealed a large variety of Chinese equipment, including assault rifles, general-purpose and heavy machine guns, RPG-7-pattern launchers, automatic grenade launchers, antitank missiles, various types of rockets, and small-calibre ammunition....”<sup>449</sup> Furthermore, some arms which have been exported from China to Khartoum have been transferred to conflict regions in neighboring states, such as the Central African Republic. “These findings ... shed new light on regional mechanisms of the diversion and retransfer of weapons [to conflict zones] .... Chinese-manufactured ammunition [and artillery] supplied to Sudan appears to have been repackaged in Sudan and re-exported in potential violation of Sudan’s end-user agreements with the Government of China.”<sup>450</sup>

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of the Darfur panel’s report, then singled out the arms expert ... who had uncovered boxes of Chinese cartridges, and dismissed his work as unprofessional .... In January 2011, China placed a hold on the U.N. decision to renew ... [the arms expert’s] contract, effectively shutting him out of the [U.N.] Security Council panels.” Colum Lynch, *China’s Arms Exports Flooding Sub-Saharan Africa*, The Washington Post, August 25, 2012. <http://bit.ly/2aOhdHH>. Accessed on April 6, 2014.

449. Leff and Lebrun, *Following the Thread*, 40. “Amnesty International has also gathered evidence of the use of Chinese manufactured weapons and large calibre ammunition elsewhere in Sudan during 2011. In particular, QLZ87 35mm grenade launchers and grenades, supplied to Sudan by a Chinese company under a contract dated 2008 (according to packaging markings), were captured from SAF forces in Southern Kordofan in June 2011.” Amnesty International Publications, *Sudan: No End to Violence in Darfur*, February 2012, p 16. <http://bit.ly/2ais3Hp>. Accessed on April 5, 2015.

450. Conflict Armament Research, *Non-State Armed Groups in the Central African Republic: Types and Sources of Documented Ammunition*, p. 25, January 2015. <http://bit.ly/2aBdLDO>. Accessed February 12, 2015. “Sudan and China produced the majority of the recently manufactured (post-2000) weapons and ammunition documented in CAR on all sides. Chinese ... manufactured small arms ammunition and larger munitions have been re-transferred from Sudan to CAR.” Conflict Armament Research. p. 6.

## Heavy Weapons

In addition to SALWs, the PRC has provided more sophisticated and lethal weapons systems to the Sudanese. According to a February 2008 *Sudan Tribune Article*, “Chinese weapons currently in service in the Sudanese forces include Type 54 122-mm howitzers, Type 59-I 130-mm cannons, Type 81 122-mm rocket guns, Type 59 57-mm air-defense guns, [and] mortars of different calibers.”<sup>451</sup> Information subsequently released through different sources indicates that this trend has continued, especially since South Sudan declared independence. Chinese companies have armed both Northern and Southern Sudanese militaries, despite years of embargos, in place as a result of human rights issues. These weapon systems have been encountered along the border between Sudan and South Sudan, from Ethiopia in the east to Chad in the west.

In December 2012, *Small Arms Survey* analysts encountered Chinese-manufactured, Red Arrow-8 anti-tank guided missiles in Kadugli, South Kordofan.<sup>452</sup> According to the May 2014 *Small Arms Survey*, “although small-calibre weapons and ammunition comprise the bulk of Chinese manufactured military equipment in circulation in Sudan and South Sudan ... more advanced weapons ... [have been deployed] particularly in South Kordofan and Blue Nile

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451. The Sudan Tribune, *China sells arms to Sudan*, February 15, 2008. <http://www.sudantribune.com/spip.php?article25992>. Accessed on July 26, 2016.

452. Leff and Lebrun, *Following the Thread*, 55. “The timing of ... [the arrival of the] consignments, totaling 450 [Red Arrow-8 anti-tank guided] missiles combined, may suggest that Sudan purchased the missiles from China for potential use against the South Sudanese military and its newly procured fleet of tanks that arrived around the same time as the order, rather than for an internal counterinsurgency against [Sudanese] rebel groups.” Ibid, 57.



.... [examples are] ... long-range 302 mm Weishi [WS-1] rockets,” and anti-tank guided missiles.<sup>453</sup>

In 2013 and 2014 as the inter-ethnic tensions in South Sudan increased, China continued to move weapons into the world’s newest country. According to a September 2016 publication by “The Sentry,” in a fashion reminiscent of the Rwandan Genocide, NORINCO attempted to funnel weapons into the region prior to the outbreak of the South Sudanese Civil War, and was successful in delivering military hardware on at least two occasions subsequent to the outbreak of the civil war on December 15, 2013.<sup>454</sup>

The transfer process of the weapons from NORINCO to the SPLA was also questionable, as it appears that both NORINCO and the GoSS attempted to maintain a veil of secrecy during the transfers through the utilization of a South Sudanese front company. Within the correspondence between Zheng Yi, Vice President of NORINCO, and Lt. General Malek Reuben Riak Rengu (SPLA), the arms are designated as ‘farming equipment.’

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453. Leff and Lebrun, *Following the Thread*, 55. “Satellite images taken by the Satellite Sentinel Project (SSP) [in April 2014 [revealed] the Sudanese military deployed a Weishi-01 ... [Weishi-1] multiple rocket launcher [and] .... a [WS-1] resupply vehicle .... along with another type of artillery to ... South Kordofan .... [The WS-1] is a Chinese-made weapons system that launches rockets with a maximum range of 100 km or more. The rockets can be fitted with various types of warheads .... The size and range [of the Chinese-manufactured WS-1] clearly had ... [a] psychological effect on the civilian population and, to some extent, on SPLM-N fighters.” Radio Tamazuj, *Sudan Moves Rocket System to South Kordofan Front*, April 18, 2014. <https://radiotamazuj.org/en/article/sudan-moves-rocket-system-south-kordofan-front>. Accessed on March 12, 2015.

454. The Sentry (Enough Project), *War Crimes Shouldn’t Pay: Stopping the Looting and Destruction in South Sudan*, September 2016, p. 45. <http://bit.ly/2cA6C6q>. Accessed on September 9, 2016.

Records obtained by The Sentry show that, at least on paper, NORINCO did not appear to deliver weapons directly to South Sudan's military or government. The "notify party" listed on the bill of lading for the NORINCO shipment was not South Sudan's defense ministry but rather "Loid Investments," a company owned by two South Sudanese businessmen that was formed in October 2013, just a few months before the shipment arrived. Correspondence between NORINCO and the SPLA reveals that ... [a SPLA general] was the person signing off on ... [the] transactions.<sup>455</sup>.

In July 2014, *Jane's Defence Weekly* confirmed a delivery of heavier weapons systems. It reported that "South Sudan ... [had] taken delivery of a large shipment of Chinese infantry weapons that ... [included] anti-tank guided missiles .... carried by the COSCO (Chinese Ocean Shipping Company) cargo ship Feng Huang Song."<sup>456</sup>

*Jane's* was most likely referring to a massive arms shipment from Norinco, which made the international news, spurred a U.N. Security Council resolution, and caused the Chinese Government to halt further Norinco shipments to war-torn South Sudan as it fended off allegations of fueling civil war in the region. The consignment consisted of both small arms and heavy weaponry. Norinco sold missiles, rifles, machine guns, pistols, anti-tank rockets, grenade launchers and nearly 25 million rounds of ammunition to the SPLA, despite the fact the region was still destabilized from the civil war.<sup>457</sup> "South Sudanese officials ...

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455. The Sentry (Enough Project), *War Crimes Shouldn't Pay*, 45.

456. Jerry Binnie, *South Sudan takes delivery of Chinese ATGWs*, HIS *Jane's Defence Weekly*, July 9, 2014. <http://www.janes.com/article/40621/south-sudan-takes-delivery-of-chinese-atgws>. Accessed April 3, 2015.

457. "In July 2014, SPLA received a shipment of arms, ammunition and related materiel from Norinco ... The consignment indicated on the packing list included 100 HJ-73D anti-tank guided missile-launching and guidance systems, including batteries and spare parts, and 1,200 rounds of the missile; 9,574 type-56 automatic rifles, as well as 2,394 under-barrel 40mm grenade launchers and 20 million rounds of 7.62x39mm ammunition; 319 type-80 general-purpose

acknowledged the delivery of the materiel publicly and in private conversations with the .... [U.N. Security Council Panel of Experts].”<sup>458</sup>

As a communiqué from the Sudan People’s Liberation Army to NORINCO reveals, NORINCO was already engaged in negotiations with the SPLA to transfer 42 sets of VT Main Battle Tanks, and 3 sets of VT2 Command Tanks to the SPLA in November 2013.<sup>459</sup>

Subsequently a diplomatic representative who claimed to be speaking on behalf of the Chinese Government in Juba stated that Chinese SOEs - including Norinco, were prohibited from shipping any more arms to Sudan. In return, a “South Sudan army spokesman ... said in a ... [September 21, 2014] interview ... he was unaware that the Chinese had stopped arms sales.”<sup>460</sup> Jonah Leff, rejected the Chinese government’s statement and claimed “China’s decision to halt the weapons sale ... [came] “conveniently” after one shipment arrived in South Sudan.”<sup>461</sup> However, according to the 2016 Sentry publication, NORINCO was successful in delivering two shipments of arms to South Sudan, which were used during the ethnic conflict.

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machine guns and 2 million rounds of 7.62x54 ammunition; 660 NP-42 pistols delivered with 2 million rounds of 9x19mm ammunition; and 40,000 rounds of type-69 high-explosive anti-tank rockets.” United Nations Security Council, *Statement of U.N. Security Council Panel of Experts Established Pursuant to Security Council Resolution 2206*, August 21, 2015, p. 20. <https://www.un.org/sc/suborg/en/sanctions/2206>. Accessed on July 26, 2016.

458. Ibid.

459. See Appendix 6B.

460. Ilya Gridneff, *China Halts Arms Sales to South Sudan After Norinco Shipment*, Bloomberg, September 30, 2014. <http://www.bloomberg.com/news/articles/2014-09-29/china-halts-weapons-after-norinco-shipment>. Accessed on July 25, 2016.

461. Ibid.

The impact of the civil war on the South Sudanese population triggered a humanitarian crisis. “Human Rights Watch ... accused South Sudan’s army and rebel forces of crimes against humanity including massacres and rape during the fighting. Civilians had been purposefully targeted and killed, child soldiers recruited and towns pillaged .... The violence ... displaced 1.8 million people and left 4 million, almost a third of the population, in need of urgent humanitarian assistance, according to the UN.”<sup>462</sup>

### **Tanks and Vehicles**

In the early 2000’s there were reports that the PRC had begun to supply Sudan with tanks and infantry fighting vehicles (IFVs). “TV video footage of a military parade during the 52nd anniversary of Sudanese independence ... [in 2007 showed] that the country already had new-generation Chinese T96 and upgraded T59D main battle tanks [MBTs], and T92 wheeled infantry fighting vehicles fitted with Russian 2A72 30-mm’s .... The technological standard of this equipment is far superior to ground force equipment China has previously exported to Africa”<sup>463</sup> China has also supplied other African states with tanks,

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462. Ibid.

463. “China acquired the technology from Russia to produce 2A72 30-mm cannon guns, which is believed to have been used to upgrade the Chinese PLA ground forces’ T86 infantry fighting vehicles, or IFVs. Installing 2A72 guns on T92 wheeled IFVs for export to Sudan is a recent development. So far the T-92 wheeled IFVs have been known to be provided only to the Chinese No.38 Group Army. This appears to be the first time China has exported T92 wheeled IFVs and T96 MBTs [Main Battle Tanks] to an African nation.” The Sudan Tribune. *China sells arms to Sudan*. February 15, 2008. <http://www.sudantribune.com/spip.php?article25992>. Accessed on July 26, 2016. “The 50 ton, Type 96 [MBT] has three man crews and modern sensors and electronics.” James Dunnigan, *New Tanks in Sudan*, Strategy Page, March 5, 2008. <https://www.strategypage.com/dls/articles/200835223139.asp>. Accessed on July 26, 2016.

albeit not the more advanced Chinese T96's.<sup>464</sup> Another source states that until 2008, Sudan's tank force consisted of approximately 200 Chinese T59's.<sup>465</sup>

Chinese-manufactured military vehicles and IFVs have been used to transport troops, arms, munitions, and heavy artillery to conflict zones. The PRC shipped hundreds of vehicles to both Sudan and South Sudan, which were utilized during the civil war, and also in the ethnic cleansing that occurred in Darfur.

In ... August 2005 a UN panel ... investigating violations of the international arms embargo ... saw a shipment of green DongFeng military trucks in the Port of Sudan. New green trucks of a similar type were also seen on the Sudanese air force premises in Darfur in October .... A total of 222 vehicles ... were procured from DongFeng Automobile Import and Export Limited in China, makers of military equipment and vehicles. The consignee was the Ministry of Finance and National Economy of the Sudan. Further reports received indicated that the vehicles were consigned on behalf of the Ministry of Defence.<sup>466</sup>

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464. "At the International Defense Exhibition and Conference [in] 2007 China introduced the upgraded variant of the T59D tank. African countries that ... [use] T59 tanks include Zambia and Tanzania." The Sudan Tribune, *China sells arms to Sudan*, February 15, 2008. <http://www.sudantribune.com/spip.php?article25992>. Accessed on July 26, 2016. "The Type 96 entered service with Chinese army in 1997 .... Production of the original Type 96 ceased in 2005 .... [and to date] the only export customer of this MBT is Sudan." Military-Today.com, *Type 96 Main Battle Tank*. [http://www.military-today.com/tanks/type\\_96.htm](http://www.military-today.com/tanks/type_96.htm). Accessed on July 26, 2016.

465. "Sudan has, until recently, had a tank force consisting mostly of about 200 Chinese Type 59s, but some of these appear to have been upgraded by the Chinese .... Most of these have been upgraded from being ... clone[s] of the Russian T-54, to T-54 clones equipped with Western guns ... British L7 105mm's ... [capable of] firing depleted uranium shells ... [and are also outfitted with] ...modern electronics." Dunnigan, *New Tanks in Sudan*.

466. Amnesty International USA, *People's Republic of China*, 21. During pre-liberation north-south conflicts, SAF troops transported by Chinese-made military vehicles were involved in conflicts. As the *International Herald Tribune* in 2006 noted: "... [Chinese-manufactured] military trucks have been used to transport Sudanese soldiers to sites where civilians have been attacked." *International Herald Tribune*, *Murder Made in China*, July 4, 2006. <http://www.iht.com/articles/2006/07/04/opinion/edchina.php>. Accessed March 7, 2015.

Some of the military vehicles the People's Republic of China exported to Sudan were used to transport heavy artillery and long-range rockets - such as the Chinese-manufactured Weishi-01 on the South Kordofan Front.<sup>467</sup> Similar tactics were also observed in Darfur. After an extensive investigation by the BBC (British Broadcasting Corporation) it was discovered that anti-aircraft guns, -- some Chinese, mounted on Chinese-manufactured army vehicles, captured from the GoS by Darfur-based rebel groups, had been used in attacks on civilians in the region. The trucks that were tracked and investigated were manufactured by the Chinese SOE/defense-industrial enterprise, Dong Feng.

The BBC ... [interviewed] witnesses who said they saw ... [one of the vehicles] being used with its anti-aircraft gun in an attack in a town called Sirba, in West Darfur .... [The truck's] powerful anti-aircraft gun fired straight into civilian houses .... [It used] high calibre shells that explode on impact, spreading hot shards of metal and [capable of] causing terrible wounds .... The BBC established through independent eyewitness testimony that ... rebels had captured it from Sudanese government forces.

[Two] vehicles ... [were] carrying anti-aircraft guns, one ... [of which was a] Chinese gun. Markings showed that ... [the trucks] were from a batch of ... [Chinese-manufactured vehicles] that the UN had traced as having arrived in Sudan after the arms embargo was put in place. The ... [trucks] came straight from the factory in China to Sudan and were consigned to Sudan's defence ministry. The guns were mounted after ... [they arrived] from China.<sup>468</sup>

### **Aircraft**

While the deployment of Chinese aircraft in the region has so far been eclipsed by the use of PRC-manufactured SALWs, artillery and munitions, there

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467. See footnote 453. Radio Tamazuj, *Sudan Moves Rocket System*.

468. Andersson, *China is Fueling War*.

is evidence that Chinese-made aircraft have also played a critical role in Sudanese and South Sudanese conflicts. As early as the “1990s, China ... sold aircraft including helicopters to Sudan. In 1996, China was said to have supplied Z-6 helicopters, manufactured by Changhe Aircraft Industries and designed to carry troops.”<sup>469</sup> China has also shipped other types of aircraft to Sudan. One of the units most commonly exported by China, the K-8, is “... a multi-role aircraft that can serve as a trainer, fighter, or light ground attack bomber.”<sup>470</sup> While K-8 aircraft can be manufactured for training or patrol and surveillance, China has exported weaponized versions to Sudan.<sup>471</sup>

In addition to supplying combat and attack aircraft to Sudan, it has also been alleged that Chinese Military, specifically the People’s Liberation Army Air Force, has also trained Sudanese pilots who have subsequently used Chinese-manufactured aircraft to attack civilians. The BBC verified that in February of 2008, Chinese Fantan fighters (synonymous with Nanchang Q-5’s) belonging to the GoS “were flying on missions out of Nyala airport in south Darfur,” and engaged in attacks on civilians.<sup>472</sup> According to a 2015 report by Flightglobal, the

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469. Amnesty International USA, *People’s Republic of China*, 19.

470. GlobalSecurity, *K-8 Karakorum Program Developments*, January 7, 2015. <http://www.globalsecurity.org/military/world/china/k-8-dev.htm>. Accessed March 15, 2015.

471. “The K-8 trainers are like standard attack aircraft, and their tactical application in the Sudanese Air Force is for training but also for land attack operations. Although all trainer aircraft have some land-attack capability, the K-8 aircraft that China has sold to Sudan are different from those in service in China’s PLA Air Force in that they are fitted with 23-mm machine-gun pods.” GlobalSecurity.org. China has also exported weaponized versions of the K-8 to Zimbabwe. GlobalSecurity, *K-8 Karakorum Program Developments*.

472. These attacks, some of which took place in Beybey, Darfur resulted in fatalities and dismemberments from bombing runs over soft-targets. “The Chinese Fantan jets are believed to have been delivered to Sudan in 2003 before the ... UN arms embargo was imposed on Darfur

Sudanese Air Force is still outfitted with Chinese fighter and attack aircraft: twenty Nanchang Q-5's, twenty Chengdu J-7's, and eight Shenyang J-6's.<sup>473</sup>

### **Sudan and South Sudan Summary**

The fact that Chinese defense industrial enterprises will supply weapons, munitions, vehicles and military equipment to war torn regions, despite embargos and human rights violations, indicates that in cases such as Sudan and South Sudan, the influx of tools of war contributes to destabilization and exacerbates pre-existing conflicts. “This raises serious concerns about ... [China’s] willingness or capacity to implement responsible arms export mechanisms, and to undertake effective risk-assessments before licensing arms and ammunition transfers to [countries such as] Sudan and [South Sudan].”<sup>474</sup> This indicates that the activities of Chinese defense industrial enterprises, which export arms and munitions to these regions - such as Norinco, lessen stability and in some cases exacerbate pre-existing tensions and conflicts.

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.... The BBC ... [was] told by two confidential sources that China ... [was] training [Sudanese] Fantan fighter pilots [in K-8's which] are designed to train pilots of fighters like Fantans .... A former member of the UN panel on Darfur [stated] .... Clearly this is what they used to train for operations with the Fantans .... [And] this represents another Chinese violation of the UN arms embargo.” Andersson, *China is Fueling War*.

473. These models are basically Chinese versions of Russian MiGs with minor modifications. The Nanchang Q-5 and Shenyang J-6 are based on MiG-19 designs, while the Chengdu J-7 is a Chinese version of the MiG-2. FlightGlobal, *World Air Forces 2015*, p. 29. <http://bit.ly/29Yjd2O>. Accessed on July 26, 2016.

474. “The repeated appearance of this ammunition in Darfur [and also Southern Kordofan] so soon after its manufacture suggests that its ongoing supply to Sudan has been entirely unaffected by [embargos and] the presentation of strongly-documented evidence to the UN ... [Security Council] of its transfer into Darfur, in violation of the UN arms embargo, and its use by both government forces and armed opposition groups in Darfur.” Amnesty International Publications, *No End to Violence*, p 16.



In many of the conflicts in South Sudan, Darfur and Kordofan, Chinese-made military transports were used to move men, SALWs, and heavier weapons systems into unstable regions where hundreds of thousands of people were internally displaced due to fighting. It was during this period that Norinco infused the region with enough armaments and munitions to trigger a humanitarian crisis.<sup>475</sup>

Based on statements from Norinco, it is possible that it provided the SPLA in South Sudan the weapons consignment as a mechanism to further its goals through one of its subsidiaries in order to gain exploration, access, and extraction rights to some of South Sudan's oil. Norinco has a subsidiary company called Zhenhua Oil Company, and it has "cited the 'spillover effect' of military trade in its efforts to get contracts for its [subsidiaries].<sup>476</sup> Meanwhile ... [Norinco] is free to explore civilian projects in the country. Its Shenzhen-listed engineering and construction unit, Norinco International Cooperation Ltd., opened an office ... [in South Sudan] in March."<sup>477</sup> While not verified, it is possible that Norinco may have entered into a discrete partnership with either Sinopec or CNPC in South Sudan.<sup>478</sup>

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475. See footnote 457 for weapons and munitions inventory.

476. Pieter D. Wezeman, Siemon T. Wezeman, and Lucie Béraud-Sudreau, *Arms Flows to Sub-Saharan Africa*, Stockholm International Peace Research Institute, December 30, 2011, p. 14. <http://bit.ly/2ap56BW>. Accessed April 24, 2015.

477. Sina.com (2014). Shai Oster. *Top China Arms Maker Goes Global With Cheaper Tanks*. Bloomberg. September 9, 2014. <http://bloom.bg/1OqTXvv>. Accessed on March 14, 2015.

478. One of Norinco's recent corporate agreements reveals a high level of cooperation between Chinese NOCs and CDIEs. According to Norinco's website: "In [2013], China North Industries Group Corporation ... signed a strategic cooperation ... agreement with China National

However, given the huge quantity of weapons and ammunition, there is also reason to wonder what the real intent of Norinco was. Given the facts of the weapons transfer, such a large infusion of arms and munitions to a region prone to conflict is beyond the bounds of poor judgment or negligence to the point that one might state that the transaction defies logic. It also demonstrates that the agendas of non-related Chinese SOEs are often at odds with one another. Thus revenue for Norinco via arms sales in South Sudan may in turn negatively impact CNPC's and Sinopec's security and operations.

In places like Sudan and South Sudan, technology transfers and the infusion of Chinese-manufactured weapons, munitions, vehicles, tanks, transports and aircraft have been major factors in contributing to conflict and regional destabilization. "The ongoing supply of arms and ammunition to insurgents, rebels, tribal groups, and civilians [in Sudan and South Sudan] has demonstrably affected levels of violence, both organized and individual .... Since the end of the civil war, patterns of weapons transfers to Sudan and South Sudan, and lines of retransfer within and between the countries, have influenced both local fighting and state and national political dynamics."<sup>479</sup>

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Offshore Oil Corporation .... [CEO] Zhang [Guoqing] pointed out that Norinco ... spared no efforts to enhance the deep cooperation with SOEs ... to achieve the development of mutual benefits, which is an important approach to promote military and civilian integration." NORINCO Corporation Website, *NORINCO Group Signs a Strategic Cooperation Frame Agreement with CNOOC*, April 2013. [http://en.norincogroup.com.cn/html/2013/newsfng\\_0502/160.html](http://en.norincogroup.com.cn/html/2013/newsfng_0502/160.html). Accessed on March 3, 2015.

479. Leff and Lebrun, *Following the Thread*, 108.

In March 2015, Peter Mabior Riiny, a deputy head of one of the South Sudanese rebel groups, complained that China had continued to “supply the government of South Sudan with lethal weapons through Ethiopia” and that these actions were destroying any prospects of peace. He also noted that the arms and munitions were paid for with oil revenues.<sup>480</sup>

We in the SPLM-IO leadership confirm that ... [the COSCO] vessel Da Dan Xia has brought large quantity of armaments and ammunition to Salva Kiir’s tribal government via Djibouti Port and Ethiopian land .... Among those weapons, according to the opposition youth leader, are missile warheads, heavy artillery shells, casings, and million detonators.

These weapons, he said, are brought to further destabilize South Sudan. Riiny further claimed that Juba ... [pays transit] fees to Ethiopia ... [through] Chinese oil companies ... in exchange for crude oil so that ... [the GoSS] they can access the weapons to ... [perpetuate] the war. We are calling on [the] United Nations Security Council ... [and other international organizations] to detain these weapons and convince China to abstain from supplying ... [arms] to the failed government that massacre[s] its own people.<sup>481</sup>

While the PRC and its CDIEs are still playing catch up with western arms manufacturers, their exports to Africa have been gradually increasing over the last fifteen years, often with dire consequences.<sup>482</sup> Amnesty International

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480. Sudan Tribune, *Claims China Shipping Lethal Weapons to Juba via Ethiopia*, March 30, 2015. <http://bit.ly/2b0uNfb>. Accessed on August 26, 2016.

481. Ibid. Riiny’s comment referencing the COSCO ship raises the point that certain COSCO vessels and crews may be specifically tasked with the shipment of arms, munitions and military equipment. In late February 2015, “the Da Dan Xia ... was headed for Cuba when it ... [was detained at] Cartagena [Colombia] after .... 100 tonnes of powder, 2.6 million detonators, 99 projectiles and around 3,000 cannon shells were [discovered] .... Cargo documentation ... did not match the load the ship was ... carrying.” Reuters, *Colombia Detains China Cosco Shipping Vessel over Illegal Arms*, March 4, 2015. <http://reut.rs/2cpvTRb>. Accessed on August 5, 2016.

482. According to Shinn, “from 2000-2003, China delivered by value about 13 percent of all arms to Sub-Saharan Africa .... During 2004-2007, Chinese deliveries [to Africa] included 240 artillery pieces, 370 APCs and armored cars, 29 minor surface combatants, 10 supersonic combat aircraft and 40 other aircraft.” Shinn, *Chinese Involvement African Conflict*, 8.

maintains “the [full] extent of [China’s] exports of ... battle tanks, armoured combat vehicles, missiles and combat aircraft ... [has been] difficult to determine .... [Nonetheless, the PRC] has regularly supplied military equipment ... to ... [states] where persistent violations of human rights and international humanitarian law have occurred for many years.”<sup>483</sup>

There is a relationship between the sales of arms, munitions, military materiel and spikes in regional conflicts, human rights violations, internally displaced persons, and casualties. Recent evaluations, such as the eleven-year UN Comtrade analysis (2001-2012) reveal that “The majority [58 percent] of the Sudanese government’s total self-reported imports of small arms and light weapons ... [its] ammunition, and ‘conventional weapons’ over the [eleven year period] period ... originated in China.”<sup>484</sup> The Human Rights First Project asserts the PRC’s arms sales to Sudan were even higher. “China supplied 89.95% of Sudan’s small arms in 2004; 94.16% in 2005; and 87.66% in 2006.”<sup>485</sup>

Information on arms sales to South Sudan, like pre-Genocide Rwanda, has been ephemeral until this point. Therefore, correlations and trends between weapon sales, destabilization, and conflicts are easier to identify in Sudan than in South Sudan, in part due to South Sudan’s short history as a state. However, if a general arms-sales-to-conflict ratio in the region can be gauged from pre-2001

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483. Amnesty International USA, *People’s Republic of China*, 18.

484. Comtrade (2013). Leff and Lebrun, *Following the Thread*, 24.

485. Human Rights First, *China’s Arms Sales to Sudan*, April 28, 2008, p. 3. <http://www.bit.ly/2biP7Ss>. Accessed on March 3, 2015.

Sudanese arms import data, South Sudan will face increasing levels of conflict in the future.

It is often hard to draw a direct line between cause and effect. However, in the previous chapter, I illustrated how the operation of Chinese SOEs in the mining and logging sectors were creating conditions which hindered the development of states such as Mozambique and the Democratic Republic of Congo. In the case of arms sales to both Sudan and especially South Sudan, once again Chinese SOEs are reaping benefits from populations that were already struggling with issues such as ethnic-based tensions and competition for scarce resources, in order to generate revenue.

### **Zimbabwe: Arms and Military Equipment**

Both Poly Technologies and Norinco have found Mugabe an eager customer. According to Human Rights First, in 2000 “Norinco reportedly sold U.S. \$65.9 million worth of arms to the government of Zimbabwe. The shipment included small arms ... rocket anti-personnel shells, grenades for assault rifles, and hand grenades. It may also have included tanks and tank ammunition.”<sup>486</sup> The same year, it was alleged that Zimbabwe paid for one million dollars of AK-47s with elephant ivory.<sup>487</sup> Chinese-manufactured arms and munitions shipments

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486. Norinco (2008). Human Rights First, *China's Arms Sales to Zimbabwe*, April 28, 2008, p. 1. <http://bit.ly/2b61Evi>. Accessed on May 15, 2015. While “both Zimbabwe and China submit import and export figures to Comtrade ... their reported figures are inconsistent and too low to be credible.” Human Rights First, *China's Arms Sales*, 1.

487. Manthorpe (2004). Human Rights First, *China's Arms Sales*, 1.

to Zimbabwe have been especially contentious due to the brutality of the Mugabe regime, and because they have been utilized in the oppression of the population.

“The March 2002 presidential election in Zimbabwe was preceded by months of brutal repression of opposition supporters, which resulted in 50 deaths.”<sup>488</sup> According to the South China Morning Post, in 2004 the PRC supplied Zimbabwe with armored personnel carriers, 100 military vehicles, twelve aircraft (fighters) and riot gear and water cannons.<sup>489</sup> In 2008, Poly Technologies gained international attention for attempting to ship arms and munitions into Zimbabwe despite President Mugabe’s history of oppression and human rights violations. Poly Tech and Zimbabwe entered into the multi-million-dollar contract months before the election and the shipment was supposed to arrive prior to the polling.

The Poly Technologies’ shipment was intercepted in South Africa. In April of 2008, *The New York Times* reported that the Chinese vessel An Yue Jiang was laden with 77 tons of arms, which included munitions, rockets, mortars, and mortar tubes. The shipment was valued in excess of 1.2 million dollars.<sup>490</sup> Poly Technologies, often working in conjunction with COSCO shipping lines, has a history of questionable arms and munitions transfers.<sup>491</sup>

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488. U.S. Department of State (2007). Human Rights First, *China’s Arms Sales*, 1.

489. South China Morning Post (2004). Human Rights First, *China’s Arms Sales*, 1.

490. Celia W. Dugger, *Zimbabwe Arms Shipped by China Spark an Uproar*, *The New York Times*, April 19, 2008. <http://bit.ly/2aYe0Gv>. Accessed on April 24, 2005.

491. According to the Cosren Shipping Agency website, the company represents itself as “agents for COSCO Container Lines Co. Ltd.” Cosren, December 2016. <http://www.cosren.co.za/home>. In 1996, Poly Technologies “conspired with [a] ... NORINCO representative ... to import 2,000 fully automatic AK-47s into the United States, selling them to Customs agents who posed as Miami drug smugglers .... according to the ... federal indictment

Appendix 9 contains what can best be called ‘smoking gun documentation,’ released by Wikileaks, which obtained them from the Cape Town-based investigative magazine *Noseweek*. The paperwork consists of “an arrival notification for the Ministry of Defence in Zimbabwe ... the commercial invoice from Poly Technologies ... the packing list for the shipment ... and a bill of lading.”<sup>492</sup>

This scenario in 2008 is reminiscent of the pre-Genocide sales of SALWs and machetes to Burundi and Rwanda, and the arms consignment to South Sudan in 2008. It is possible to make a case that Poly Technologies is still a front company for the People’s Liberation Army. Nonetheless, whether the company falls within the categorization of a CMIE, CDIE, or some type of military-civilian industrial combine is not integral to demonstrating that its activities have the propensity to facilitate conflict.

### **‘Stabilizing’ Aspects of Chinese Transfers to Africa**

It should be noted that there are a few instances in which PRC-supplied equipment, vehicles, vessels and aircraft has served to assist the recipient countries in providing security. In most, if not all cases of Off-shore Patrol Vessel (OPV) transfers, the vessels have been used for legitimate anti-terrorism, anti-

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... [the Poly Technologies and Norinco representatives] had to get permission from Chinese army headquarters in Beijing to obtain the 2,000 machine guns.” Richard Smith, *Smoking Gun: Made In China*, World News Daily, February 9, 2000. <http://www.wnd.com/2000/02/7087>. Accessed on November 6, 2015.

492. Wikileaks, *Zimbabwe Chinese Weapons Shipment Documentation*, April 24, 2008. <http://bit.ly/2aGu1Pr>. Accessed on July 25, 2016. Note: the name of the publication is indeed *Noseweek*, and not *Newsweek*.

piracy, and brown/whitewater patrol operations. In similar fashion, the end use of Chinese-produced Unmanned Aerial Vehicles in Africa also seems to fall within a legitimate framework.

The PRC agreed to provide two OPVs to the Nigerian Navy in 2014, one of which has already been delivered. According to Martin Ewence of Jane's Defence, such contributions will benefit security in the area. "The timing [of such contributions are] good [since] ... from a security perspective; the level of oil theft in and off the Niger Delta remains high, Gulf of Guinea piracy continues, and the risk of Boko Haram activity spreading south into maritime areas cannot be ignored .... In terms of equipment capabilities designed to deal with the offshore threats, the addition of the two new [Chinese] OPVs will enhance the [Nigerian] navy's capability."<sup>493</sup>

In 2014 the PRC provided a "new Type 62 Class gunboat .... [to] the Seychelles Coast Guard to help boost the operational capabilities of the Indian Ocean island nation's naval force .... [to] protect the country's Exclusive Economic Zones (EEZ) in the Indian Ocean and fight piracy, drug smuggling, human trafficking and other maritime crimes on the high seas."<sup>494</sup> In an effort to

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493. Martin Ewence, *Steady Course: Naval Capability Development in Sub-Saharan Africa*, Jane's Defence, Jane's Navy International, August 1, 2015. <http://bit.ly/2bJERnv>. Accessed on September 20, 2015. In 2014, "the China Shipbuilding and Offshore International Company ... launched the Nigerian Navy's first of two P-18N offshore patrol vessels." The Sun News On-line. *China Provides Warship to Nigerian Navy*, May 25, 2014. <http://sunnewsonline.com/new/?p=65076>. Accessed on February 27, 2015.

494. According to the Seychelles foreign affairs minister, "the ... vessel will be used to protect the country's Exclusive Economic Zones (EEZ) on the Indian Ocean and fight piracy, drug smuggling, human trafficking and other maritime crimes on the high seas. Oscar Nkala, *Seychelles Coast Guard Receives New Chinese Patrol Boat*, Maritime Security News, May 21, 2014. <http://bit.ly/2a15iWi>. Accessed on March 21, 2015.



exercise its soft power, while also securing SLOCs (Sea Lanes of Communication) on which its own ships often travel, China has either funded the purchase of vessels or donated them to several other African states.

Beijing donated a patrol boat to Sierra Leone, enabling the country to patrol its exclusive economic zone (EEZ). Prior to this donation, China provided four vessels to the Sierra Leone navy since establishing diplomatic relations in 1987.<sup>495</sup> Benin also received a Chinese grant of four million euros (\$4.8 million) for the purchase of a patrol boat in 2011.<sup>496</sup> Despite their small size, these donations have often been valuable contributions to local capacity building for countries such as Benin, whose navy only has five small patrol boats.<sup>497</sup>

Chinese-manufactured K-8 aircraft in service in Ghana, Zambia, and Seychelles have been utilized principally for surveillance and security measures, which in turn has served to further stabilization in their regions of operation. The same can be said for the China Aerospace and Technology Corporation's Caihong-3 (CH-3), armed, unmanned aerial vehicle (UAV), which was used successfully by the Nigerian military against Boko Haram in early 2015.<sup>498</sup> Thus

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495. Defence Web (2011). Zhou Hang and Katharina Seibel, *Maritime Insecurity in the Gulf of Guinea: A Greater Role for China?* China Brief, Volume XV, Issue 1, January 9, 2015, p. 16. <http://bit.ly/2aAE0yz>. Accessed on January 9, 2015.

496. Ibid.

497. IISS Military Balance Blog. (2014). Hang and Seibel, *Maritime Insecurity in the Gulf*, 16. Tanzania has also put six Chinese vessels into service. "Two ... Haiqing-class patrol vessels ... supplied by China's Poly Technologies .... Two Huchuan fast-attack torpedo boats ... [and] two Shanghai II-class patrol craft." Ewence, *Steady Course*.

498. The CH-3 used by the Nigerians crashed in early 2015 and two more CH-3s crashed while being tested by the Algerian military. No details were given as to the reason for the losses of the UAVs. Adam Rawsley, *Meet China's Killer Drones*, Foreign Policy, January 14, 2016. <http://atfp.co/1RIBAbb>. Accessed on July 30, 2016.

in limited situations, Chinese-manufactured aircraft and vessels have been used for promoting peace and stability, rather than being utilized in conflict.<sup>499</sup>

There is a caveat in utilizing the word 'stabilization,' since in some situations 'stabilization' can lead to conflict. Supplying authoritarian rulers such as Zimbabwe's Mugabe or Sudan's Omar al-Bashir with arms and military equipment has the capacity to help them maintain their grip on power, or to 'stabilize' their regime. In such cases though, the stabilization of malevolent actors or governments with a history of human rights violations, augments regional tensions, which in turn can lead to conflict or war - especially if the government or population, or both the government and population, as in the case of Burundi, have access to SALWs and munitions. So, in the case of Zimbabwe, a certain type of 'stabilization' has been made possible via the influx of Chinese-manufactured arms and military equipment, however that type of support provides for the continuation of human rights violation - or more simply, repression.

### **Chapter 3 - Summary**

The activities of Chinese defense industrial enterprises in Africa have mixed effects. In the cases of SALW, heavy weapons, military equipment, vehicle, and aircraft transfers, many of the end-uses are questionable at best. Shinn and other experts opine that PRC-manufactured small arms have become the weapons of choice in many African conflict zones.

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499. During the course of research, the author did not come across any information, which indicated that Chinese-made vessels had been used in any conflicts, acts of aggression or human rights violations.

China's most controversial military sales concern Sudan where there have been two major conflicts - the North-South civil war and the crisis in Darfur. China provided up to 90 percent of the ... [SALWs] delivered to Sudan between 2004 and 2006 .... There is a growing concern that China, because its small arms are so inexpensive, is becoming the provider of choice for the generic version of the AK-47 and related assault rifles. Although China sells the weapons to African governments, they are increasingly finding their way into conflict zones," and the hands of militias and civilians.<sup>500</sup>

In part, the research of Wezeman et al. parallel Shinn's perspective:

"supplies of SALW and major arms [do] play a role in armed conflict in sub-Saharan Africa; even supplies of relatively small quantities of older weapons can have a notable [negative] impact on conflicts .... [Yet] in several cases it could be argued that arms supplies have contributed to a government's ability to legitimately maintain or restore stability in its country, including with the use of force against rebel groups,"<sup>501</sup> or to increase the level of security against other threats, as has been the case with the sale of UAV's to Nigeria to combat Boko Haram, and the sale of vessels to both Nigeria and Seychelles.

In the 2011 SIPRI policy paper entitled *Arms Flow to Sub-Saharan Africa*, the authors note, "in many cases arms supplied to sub-Saharan Africa have had clearly undesirable effects."<sup>502</sup>

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500. Shinn, *Chinese Involvement African Conflict*, 8.

501. Wezeman, Wezeman, and Béraud-Sudreau, *Arms Flows*, vi-vii. While Shinn specifically states that Chinese weapons have a negative impact on stabilization and conflict in Africa, the 2011 analysis by Wezeman, Wezeman, and Béraud-Sudreau doesn't indicate to the extent that Shinn did, that (specifically) the PRC is responsible for facilitating regional destabilization and conflict.

502. Ibid.

1. The supply of arms can be argued to have been an incentive for the recipients to try to achieve their goals via violence instead of dialogue.
2. Arms have been used in human rights violations.
3. Arms recipients often do not have the capability to secure their stockpiles and weapons have been lost or stolen, including by rebel groups.
4. Arms recipients have deliberately diverted weapons to targets of UN arms embargoes or rebel groups in neighbouring countries.
5. Arms supplied to governments have been turned against those governments in military coups d'état.<sup>503</sup>

The conclusions of Wezeman et al, are echoed by other scholars such as Taylor and Nigerian scholar Chuka Euka, who like Shinn, have directly identified Chinese arms sales to African countries as a mechanism which facilitates conflict and destabilization. While in some cases, Chinese-manufactured arms, technology and equipment have been used to enhance a country's security and stability, in most instances the impact of sales and transfers has been detrimental to the host-countries and surrounding region(s).

In *China's New Role in Africa*, Taylor explicitly states Chinese weapons and equipment are exacerbating conflicts. "It is difficult to see how ... [weapons sales and transfers do] not undermine ... [regional] peace, security and stability .... The same goes for Chinese [SALW] trade ... [throughout] Africa."<sup>504</sup> Nigerian scholar Chuka Euka came to a similar conclusion and posited that China's drive

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503. Ibid.

504. Taylor, *China's New Role*, 125.

for resources led to relationships and weapons sales with governments that had a history of human rights violations.

Because of strategic interests, China is enmeshed in cutting deals with bad governments and providing them with arms. Arms sales and military relationships help China gain important African allies in the United Nations - including Sudan, Zimbabwe, and Nigeria .... To meet its oil and mineral needs, Beijing has consistently delivered arms to pariah states in Africa especially the conflict-torn zones .... China has been implicated in the proliferation of arms in Africa, which either provoke conflicts or exacerbate the existing ones.<sup>505</sup>

### **China's Real Agenda and Plausible Deniability**

In areas with long histories of conflicts, human rights violations, internecine clashes, and waves of IDPs which inevitably result from these violent regional engagements, China's agenda regarding weapons and military equipment transfers is, at a minimum, highly questionable. The arming of Great Lakes Region states throughout some of its most turbulent times, and the sale of SALWs and heavy weapons to South Sudan soon after its independence raises the issue that China is well aware of the potential ramifications of its actions.

If the consignment of 600,000 machetes to Rwanda helped to enable a genocide, then by comparison - what did SOE Norinco believe the potential impact of supplying SALWs, heavy weapons and 24 million rounds of ammunition to the SPLA of South Sudan (which has a population of just over 11

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505. Chuka Enuka, *China's Military Presence in Africa: Implications for Africa's Wobbling Peace*, Journal of Political Studies, Volume 18, Issue 1, 15-30, April 2011, pp. 2-3. [http://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=1833542](http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1833542). Accessed March 2014. Enuka is a lecturer at the Nnamdi Azikiwe University, Awka, Nigeria.

million people) would be?<sup>506</sup> A Joint Special Operations University analysis entitled *Africa: Irregular Warfare on the Dark Continent* notes, “most of the casualties [in Africa] - and the numbers are horrific - come from small arms ... [or] from spears and machetes.”<sup>507</sup>

China’s history of funneling arms to African countries or ethnic groups embroiled in conflict proves that, at a minimum, China is complicit in fanning the flames of conflict. The repetitive and destabilizing nature of these transactions, to use a legal term, demonstrates the ‘deliberate indifference’ of Chinese defense industrial enterprises towards the populations of African states that have historically been prone to conflict or subject to oppression by authoritarian regimes.<sup>508</sup>

NGOs have questioned the policies of the PRC for more than two decades. In 1997, Human Rights Watch suggested the Chinese government might be turning a ‘blind eye’ to arms sales in conflict-torn regions and authoritarian states and, given the more recent transactions of major defense industrial enterprises such as Norinco in countries like South Sudan, this appears to be a feasible and well-founded conclusion which still provides a timely insight into the current dynamics of Sino-African arms exports.

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506. “In the fifteen months prior to the genocide, China shipped double the usual number of machetes ... to Rwanda, nearly 600,000 in all.” Jacques Semelin (2009). Samuel Totten, *Impediments to the Prevention and Intervention of Genocide*, 2013, p. 202.

507. Colonel John B. Alexander (U.S. Army Retired), *Africa: Irregular Warfare on the Dark Continent*, Joint Special Operations University, JSOU Report 09-5, May 2009, p. 1. [jsou.socom.mil/PubsPages/2009JSOUPublications.aspx](http://jsou.socom.mil/PubsPages/2009JSOUPublications.aspx). Accessed on August 1, 2016.

508. Further proof of these activities is demonstrated by Poly Technologies shipping documentation for Zimbabwe-bound weapons shipments in Appendix 9.

China's main arms manufacturers and exporters, all state-owned companies, have become more aggressive in their export marketing, reflecting a change in Chinese policy to make ministries and government corporations responsible for raising their own revenues .... Some China experts suggest that the government may encourage such transactions, preferring not to give them its stamp of approval in order to conceal its own role. Such activities would afford a measure of "plausible deniability" in international affairs, especially in cases of shipments that violate the laws of other states.<sup>509</sup>

The 1997 Human Rights Watch (HRW) analysis entitled *Stoking the Fires: Military Assistance and Arms Trafficking in Burundi*, stated the organization had acquired classified, Chinese government documents that revealed a government-sanctioned, 'out-of-sight, out-of-mind' policy that allowed for black market weapons sales to foreign governments. Thus, regardless of what Chinese officials might publicly state to assuage their critics, they have maintained an internal, policy of selling arms to embargoed countries such as Sudan.<sup>510</sup> It is on record that China maintained this policy as far back as 1984, which demonstrates that its government has a history of state-sanctioned, illegal arms transfers.

Human Rights Watch has in its possession a set of internal (neibu) regulations of the Chinese government which refer to the use of "secret channels" in the transfer of embargoed goods. Point 6 of the regulations,

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509. According to an interview with U.S. Defense Officials in April 1997, in some cases, defense industrial enterprises "like other government-held agencies, have been rife with corruption. Arms and other military equipment are often diverted from military stockpiles and sold for personal profit, ostensibly without high-level government sanction. A number of cases have come to light in recent years in which companies or individuals are alleged to have been engaged in the illegal export of weapons and other military equipment and technology." However, in the cases of the machete shipment to pre-genocide Rwanda and Norinco's sale of arms and equipment to South Sudan in 2014, these do not seem to be 'unofficial diversions,' but rather intentional, contracted, and pre-arranged transfers. Human Rights Watch Arms Project, *Stoking the Fires*, 125-126.

510. As a side note, when Norinco entered into a contract with the GoSS in 2013, for the arms and equipment sale in 2014, South Sudan was not under an embargo, but given the prior debacle (genocide) in Rwanda, the sale and transfer still indicates deliberate indifference on the part of Norinco, and therefore the Chinese government.

issued by the Ministry of State Security (MSS) in 1984, [specifically] states: ‘Concerning embargoed equipment and materials that are imported via secret channels ... secrecy should be maintained.’”<sup>511</sup>

While the classified documents are more than thirty years old, they serve to establish a historic precedent and pattern of deliberate behavior. MSS documents subsequently obtained by HRW a decade later reveal a continuation of this policy.<sup>512</sup> Chinese defense industrial enterprises have earned a repeat offender status in Africa. As the author has previously mentioned, while the PRC’s defense firms are certainly not the sole perpetrators of the arming of unstable regions, they have progressively assumed larger and more pivotal roles in this activity.<sup>513</sup>

Since the mid-1990’s, the Chinese government has issued a series of white papers which “outline China’s arms control, arms exports and disarmament [policies]”<sup>514</sup>

[China’s white papers offer] a good standard against which to measure China’s arms export policies .... The sales of arms of which Human Rights Watch is aware - to both sides of the civil war in Rwanda, to Burundi ... Sudan [and South Sudan] - all have been sales to parties engaged in

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511. Human Rights Watch Arms Project, *Stoking the Fires*, 125-126.

512. HRW attained the 1984 Ministry of State Security Directive from another PRC-Government internal document entitled: *Temporary Regulations on Preserving Secrets in the Course of Employing Foreign Experts*, which was published in Beijing in August 1994. ‘Foreign experts’ appears to be an allusion to third parties or middlemen. Also, note that the MSS directive was published within six weeks of the end of the Rwandan Genocide, which meant it was most likely under formulation as CDIEs supplied the GLR with weapons-laden containers, and as the ethnic violence was being perpetrated in Rwanda with Chinese-fabricated machetes. Ibid, 126.

513. In the case of the Great Lakes Region, over the past three decades “a number of countries, including China, France, North Korea, the Russian Federation, Rwanda, Tanzania, Uganda, the United States, and Zaire have directly provided military support to abusive forces engaged in the fighting.” Ibid, 3.

514. Ibid, 126.



egregious abuses of human rights, including genocide in Rwanda. Even if human rights is not one of the principles named in ... [these] White Paper[s], as ... [they] should have been, it should be clear that [the aforementioned] arms sales ... are highly destabilizing and constitute a severe threat even to the prospect of peace. It is important to add that China has prided itself on its non-aligned credentials. [Yet China's] non-alignment appears to have translated into selling arms to all sides rather than contributing to a lessening of tensions in the most conflict-ridden areas of Africa.<sup>515</sup>

“Human Rights Watch ... found that Chinese ... networks that ship weapons to Burundi via Uganda or Tanzania also ... [used] the same routes to supply arms to the Rwandan government and to Sudanese rebels in Southern Sudan. Meanwhile, China has also helped to replenish the arsenal of the Sudanese government, which has been fighting insurgents in the south, and is reported to have delivered MiG fighter jets to the Mobutu regime in Zaire.”<sup>516</sup>

For many developing countries China is a desired patron because it sells arms competitively, often marketing cheaper models of weapons at lower prices<sup>517</sup> Moreover, according to one expert on Chinese weapons export policy, ‘With its comprehensive, dependable, and inexpensive line of hardware, the PRC is well positioned to secure more contracts from impoverished, isolated, and threatened clients . . . . Developing countries and states with narrowly based economies will be more inclined to purchase Chinese weaponry since the PRC, with its expanding resources, will be able to arrange favorable offset and countertrade agreements.’<sup>518</sup>

White papers issued by the PRC since the 1997 document were never modified in order to sufficiently address CDIE conventional weapon sales to conflict zones or to governments with a history of human rights violations. The

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515. Ibid, 129.

516. Ibid, 40.

517. Ibid, 127.

518. Ibid, 39.

wording within the documents is intentionally ambiguous. This lends further support to the argument that the PRC's internal policy of secret transfers continues to this day, even as it assures watchdog groups, NGOs and the U.N. that it takes sufficient measures to regulate such transfers. According to a September 2005 publication entitled *China's Endeavors for Arms Control, Disarmament and Non-Proliferation*:

In handling affairs related to ... arms control ... the Chinese government always bases its policy-making on the judgment [of] whether it serves to safeguard national sovereignty and security, whether it serves to maintain ... stability and ... promote security ... China is committed to ... addressing humanitarian issues in ... arms control .... [In addition] it holds that while humanitarian concerns are addressed, full consideration should be given to the legitimate military security needs of sovereign states .... Firmly combating illegal activities in the field of .... [SALW proliferation] is of great importance to maintaining regional peace [and] stability.<sup>519</sup>

The PRC is engaged in what could be referred to as a 'thimble-rigging display,' and attempts to detract attention away from questionable consignments bound for conflict zones by issuing white papers which reference its 'concern' for regulating conventional weapons proliferation, regional stability, and human rights.

In reality, Chinese weapons-manufacturing firms have a well-established pattern of supplying arms, vehicles, aircraft, and military equipment to any party,

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519. Government of the People's Republic of China, *China's Endeavors for Arms Control, Disarmament and Non-Proliferation*, September 2005. <http://bit.ly/2adW9J2>. Accessed on April 9, 2014. In 2010, the PRC issued another white paper entitled *China's National Defense in 2010: Arms Control and Disarmament*, which emphasized that "China ... [had] fulfilled its obligations under the Convention on Certain Conventional Weapons (CCW) and .... [had] actively participated in the international effort to combat the illicit trade in SALW[s]." Government of the People's Republic of China, *China's National Defense in 2010: Arms Control and Disarmament*. <http://on.china.cn/2aGWd9K>. Accessed on July 31, 2016.

which has the money, blood diamonds, or other resources to make purchases. They have also shown a propensity to supply arms and military equipment to parties on both sides of a conflict until the death toll or number of IDPs garners international attention.<sup>520</sup>

According to an October 2008 Oxfam Briefing Paper entitled *Shooting Down the MDGs* (Millennium Development Goals), “irresponsible arms transfers”<sup>521</sup> from countries such as China “[fuel] armed conflict and other forms of violence, which undermine states’ economies ... [reduce] government funds available for development, through inappropriate or corrupt arms purchases ... [marginalize and impoverish] communities when arms are misused to commit human rights abuses that violate economic, social, and cultural rights.”<sup>522</sup> This statement epitomizes the effects of PRC’s arms trafficking from Juba to Harare.

To understand the complexity of Chinese arms sales and transfers to Africa, one also needs to examine the proxies of the state, whether ‘official’ or not. In the case of Anjin’s activities in Zimbabwe, and the PLA’s presence in the Marange Fields, whether Anjin is a CMIE or CDIE does not alter the negative impact its activities have had on regional stabilization and rural populations.

Weapons do not have a ‘half life,’ and China engaged in a scorched earth

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520. According to a 2006 CFR report, China armed both Eritrea and Ethiopia during their 1998 to 2000 conflict. “China sold Ethiopia and its neighbor, Eritrea, an estimated \$1 billion worth of weapons before and during their border war from 1998 and 2000.” Pan, *China, Africa, and Oil*.

521. Oxfam, *Shooting Down MDGs*, 120.

522. Ibid. While “arms transfers alone do not cause armed conflict ... extensive research ... [demonstrates] how the availability of, and access to, conventional arms and ammunition can aggravate, intensify, and prolong armed violence.” SecDev Group and Small Arms Survey (2008). Oxfam, *Shooting Down MDGs*, 7.

resource extraction operation that displaced tens of thousands of people, much as they did in South Sudan.

Weapons shipments to Burundi from China, during the Burundian Civil War, to newly independent South Sudan, and to Sudan and authoritarian regimes like Zimbabwe, may also give substance to the perspective that the government of the People's Republic of China is well aware that its arms and shipments are facilitating conflict. And in the case of pre-genocide Rwanda or Zimbabwe today, it could even open up the possibility that CDIEs perceive a higher death toll, or a wider regional conflict to be a mechanism by which even more weapons and military equipment could be sold. "Atrocities all over Africa have been perpetrated with Chinese weapons," regardless of sanctions and embargos.<sup>523</sup> Indeed, if a country has been sanctioned and its normal weapons-purchasing channels eliminated, supply diminishes and the demand increases - meaning a higher profit margin for companies such as Poly Technologies or Norinco.

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523. "The Chinese have sold arms to both Sudan and Zimbabwe ... and [have] regularly flout[ed] international sanctions and embargos against these two countries." Serge Michel and Michel Beuret. *China Safari: On the Trail of Beijing's Expansion in Africa*, 2009, p. 135.

## Chapter 4 - Chinese Military Activities

Over the past five years, the activities and operations of the PLA and PLAN have expanded rapidly on the African continent. While China's involvement in United Nations peacekeeping activities and its anti-piracy operations in the Gulf of Aden have received the lion's share of the attention, it has also become involved in demining activities (as well as providing instruction to African military personnel for demining operations), as well as providing on-vessel medical care to African citizens.

While the demining operations and PLAN-provided medical care are certainly humanitarian activities, its anti-piracy operations, and peacekeeping participation may have more to do with protecting its industrial assets than assisting African host countries in endeavors related to increasing the level of regional security. The PLA has provided contingents to the United Nations through United Nations Peace Keeping Operations, with the provision that Chinese troops are first and foremost responsible for protecting Chinese assets and mineral extraction operations. The PLAN has actively participated in Anti-Piracy Operations, however nearly half of the ships they have escorted and protected have been their own.

Thus it is possible that, "China's military presence in Africa .... has the potential to provide solid support to China's African strategy, strengthening ties to the African Union while ensuring its access to strategically important minerals."<sup>524</sup>

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524. Butts and Bankus, *China's Pursuit*, 8.

Of equal or even greater importance to the People's Republic of China is its recent agreement with the government of Djibouti to install a military base, in very close proximity to The United States of America's Camp Lemonnier, which sits on one of the world's most economically vital chokepoints: the Bab-el-Mandeb Strait.

### **People's Liberation Army**

The People's Liberation Army is comprised of three basic cadres dedicated to terrestrial, maritime and air operations. While the terrestrial- and maritime-oriented forces have played prominent roles in Africa, to date the Chinese air force (PLAAF) has had minimal activity on the continent, limited mostly to training African military personnel.<sup>525</sup> Generally, the presence of the PLA in Africa is seen in a positive light, since China's army and navy have made significant contributions to anti-piracy operations and peacekeeping activities on the continent.<sup>526</sup>

Academics such as Robert G. Sutter reflect that "The more narrow national interests of China [have been] served in ... [African] deployments ...."<sup>527</sup> Bates Gill and Chin-Hao Huang of SIPRI "... identified three reasons [also alluded to by Sutter] for China's interest in peacekeeping."<sup>528</sup>

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525. The role of the PLAAF will likely increase with the installation of China's base in Djibouti.

526. In most cases, this statement holds true. However, due to the diamonds-for-weapons deals between the PLA/Anjin and Mugabe's government in Zimbabwe, the majority of the Zimbabwean population does not view the PLA in a positive light.

527. Robert G. Sutter, *Chinese Foreign Relations: Power and Policy since the Cold War*, 2012, p. 130.

528. Shinn, *Chinese Involvement African Conflict*, 8.

First, making a positive contribution to peace and security helps China to project a more benign and “harmonious” image and to balance ... Western influence.

Second, the PLA wants to expand its non-combat missions such as peacekeeping, anti-piracy, disaster response and humanitarian relief.

Third, the PLA and Chinese security forces can ... obtain practical experience that may improve their ... coordination of military emergency command systems and ability to conduct non-combat missions at home.<sup>529</sup>

The final chapter of the dissertation will examine peace-keeping operations, demining contributions, and China’s maritime presence vis-à-vis anti-piracy operations in the Gulf of Aden and Indian Ocean.

### **United Nations Peace Keeping Operations**

One of China’s contributions to Africa has been the deployment of personnel to UNPKOs, which like most of China’s other activities on the continent, has led to vigorous debate. So far, the most notable deployment has been to oil-rich South Sudan. However, as will be subsequently discussed, China’s contributions to the UNPKO in the newly liberated country came with a price, and with new precedents.

China has engaged or supported UNPKO’s in Africa since the 1990s, beginning with peacekeeping operations in Somalia, and has subsequently supported or participated in the following UNPKOs:

MINURSO United Nations for the Referendum in Western Sahara

MINUSMA UN Multidimensional Integrated Stabilization Mission in Mali

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529. Ibid.

<u>MONUSCO</u>	United Nations Organization Stabilization Mission in the Democratic Republic of Congo
<u>UNAMID</u>	United Nations/African Union Mission in Darfur
<u>UNMIL</u>	United Nations Mission in Liberia
<u>UNMISS</u>	United Nations Mission in South Sudan
<u>UNOCI</u>	United Nations Mission in Côte d'Ivoire <sup>530</sup>

Garth Shelton claims that China's UNPKO participation is having a positive impact in Africa. He maintains "China is in a position to escalate UNPKO involvement in Africa and thereby make a decisive contribution to advancing stability on the continent."<sup>531</sup>

Ian Taylor's mirrors Shelton's perspective. He maintains China's UNPKO-participation has a beneficial impact on the regions in which the troops operate. "In recent years there has been a real sea of change in China's attitude to peace operations and Beijing has emerged as a significant contributor .... This is a major development in China's diplomacy and has positive implications for a continent such as Africa, which is often beset with conflict."<sup>532</sup>

According to Ambassador Shinn, "By the end of February 2009, China had 1,745 troops, police and observers assigned to six of the UN's seven peacekeeping operations in Africa. The largest units were in Liberia, Southern

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530. Chin-Hao Huang, *Peacekeeping Contributor Profile: The People's Republic of China, Providing for Peacekeeping*, September 2013. <http://bit.ly/2aDyOll>. Accessed on August 3, 2016.

531. Garth Shelton, *China: Africa's New Peacekeeper*, *The China Monitor*, Issue 33, September 2008, p. 4. <http://bit.ly/2aBR3MM>. Accessed on February 14, 2015. *Emphasis added.* Shelton is an associate professor and Africanist at the University of Witwatersand in South Africa.

532. Ian Taylor, *China's Role in Peacekeeping in Africa*, *The China Monitor*, Issue 33, September 2008, p. 6. <http://bit.ly/2aiBd6H>. Accessed on February 14, 2015.



Sudan, Darfur and the DRC.”<sup>533</sup> Shinn opines “Chinese peacekeeping, anti-piracy activity and de-mining engage China in a positive way in current or former African conflict zones. These efforts are generally appreciated by African leaders and the international community.”<sup>534</sup>

In 2010, the Liberian president and U.N. deputy envoy echoed American scholars by maintaining the PRC had played an active role in helping to stabilize Liberia and assist with infrastructure creation.

Liberian President Ellen Johnson Sirleaf ... commended Chinese Peacekeepers in Liberia for their ... contributions towards ... the security and peace of Liberia ... [and] also to the postwar reconstruction and development [of] ... public facilities such as bridges, roads ... and providing free medical treatments to local communities. A few days later ... UN Deputy Envoy Henrietta Mensa-Bonsu decorated ... Chinese Peacekeepers with UN medals for their contributions to peace in Liberia and ... for contributing to the development of Liberia’s infrastructure.<sup>535</sup>

According to Marc Lanteigne of the NFG Research Group, in 2013, the nature of China’s UNPKO contributions underwent a substantial change, one that contradicted its prior claims of non-involvement. “The Mali mission marked the

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533. United Nations (2009). Shinn, *Chinese Involvement African Conflict*, 7. According to the United Nations, in June of 2016 China had 2,645 personnel in service in UNPKOs. That includes police, U.N. military experts, and troops. Given the additional number of non-African UNPKOs since Shinn’s 2009 analysis, the number of PRC UNPKO personnel has not changed significantly in Africa. United Nations, *Troop and Police Contributions*, June 30, 2016. <http://bit.ly/2ajHVLr>. Assessed on August 3, 2016.

534. Shinn, *Chinese Involvement African Conflict*, 9.

535. According to “[the] vice director of the Peace-Keeping Affairs Office of China’s Ministry of National Defense [as of 2008] Chinese peacekeepers worldwide have built or repaired more than 200 bridges and 7,500 kilometers of roads, airports, and water supply infrastructures, and they have treated nearly 50,000 local patients. Moreover local populations benefit from many facilities [and rehabilitated] ... infrastructure.” Cooke (2008). Kossi Ayenagbo, Tommie Njobvu, James V. Sossou and Biossey K. Tozoun, *China’s Peacekeeping Operations in Africa: From unwilling Participation to Responsible Contribution*, African Journal of Political Science and International Relations, Volume 6(2), February 2012, pp. 28-30. <http://www.academicjournals.org/AJPSIR>. Accessed on August 3, 2016.

first time in its history that China agreed to send combat forces to a UN mission, as previously Beijing preferred to restrict its contributions of personnel to civilian police, normally drawn from civilian units and the People's Armed Police ... and combat engineers as well as other support staff."<sup>536</sup>

In some cases, it is apparent China is utilizing its UNPKO participation as a means to protect its resource operations, such as in South Sudan. However, Mali was an exception in that China did not have any significant resource interests in the country. Yet for the purposes of diplomacy and Sino-African *guanxi*, China's assistance to Mali "can be viewed within the larger idea of China's cross-regional diplomacy and positive identity-building with the whole of sub-Saharan Africa."<sup>537</sup> While the PRC did dispatch some combat troops, the majority of the Chinese UNPKO personnel would be dedicated to infrastructure repair and medical activities.<sup>538</sup>

Despite China's contributions to Liberia and Mali via UNPKOs, other experts question China's duplicitous approach. Pieter Wezemaan of SIPRI contends "questions can be raised ... [when] China supplied weapons to [regions

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536. "The one exception was a small detachment of combat forces sent to guard Chinese engineering and medical staff operating in South Sudan in 2012." Xinhua (2012). Marc Lanteigne, *China's Peacekeeping Policies in Mali: New Security Thinking or Balancing Europe?* NFG Research Group, NFG Working Paper Series, Number 11, August 2014, p. 10. <http://bit.ly/2aBrGW2>. Accessed on August 3, 2016.

537. Lanteigne, *China's Peacekeeping Policies*, 10.

538. "In November 2013, it was announced by the Chinese government that its contingent of about 395 peacekeeping personnel ... would be charged with the repair of critical infrastructure and facilities, as well as acting as security guards. Medical personnel would also form part of the contribution." Lanteigne notes "China has also used the Mali intervention to return to its earlier diplomatic stances which equate state instability with economic underdevelopment." Lanteigne, *China's Peacekeeping Policies*, 10.

such as] South Sudan, while at the same time tried to be a peace broker in the ongoing conflict” through the contribution of PLA soldiers to UNPKOs in that region.<sup>539</sup>

While Chinese participation in UNPKOs has facilitated regional stabilization in a few select countries, others to which PLA troops have been deployed are areas in which China has supplied arms and munitions, or areas in which Chinese SOEs have mounted resource extraction operations. Although China is working to reduce conflict, provide security, and increase stabilization through APOs and its UNPKO contingents, in most cases APOs and PLA personnel assigned to UNPKOs maintain a presence, first and foremost, to protect Chinese interests, facilities, personnel, resource founts, and mineral extraction and transport related infrastructure and routes.

With many Africans sceptical [sic] of China’s intentions and impact on their continent, Beijing can’t simply send its own troops to protect its investments and citizens when they’re in danger, as they currently are in South Sudan. After 20 years of attempting to cultivate Africa as a sphere of influence, China understands that a softer touch is needed - even in situations that might require the use of force .... So China is effectively using the UN as cover for a military deployment that serves Beijing’s specific interests.<sup>540</sup>

The Wall Street Journal notes Chinese UNPKO’s have been cleared by the U.N to use force to protect their (China’s) facilities and personnel. “While

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539. Pieter Wezemann (2015). Deutsche World, *China's Arms Trade With Africa At Times Questionable*, March 16, 2015. <http://bit.ly2c0GAsu>. Accessed on March 18, 2015.

540. Armin Rosen, *China Is Using The UN As Cover For Sending Troops To Protect Its Oil Investment In South Sudan*, The Business Insider, September 3, 2014. <http://www.businessinsider.com.au/china-is-using-the-un-for-cover-2014-9>. Accessed on February 27, 2015.

Beijing's troops ... operate under U.N. command, their posting to South Sudan marks a sharp escalation of China's efforts to ensure the safety of its workers and assets in Africa and guarantee a steady flow of energy for domestic consumption .... Under its mandate, U.N. [Chinese] peacekeepers are allowed to use 'all necessary means' to protect imperiled civilians at oil installations. If attacked ... the Chinese soldiers are 'combat-ready and can fight back.'<sup>541</sup>

### **Demining Operations**

The PRC has rendered some assistance to African countries in the way of demining. China has donated demining equipment, trained military personnel from more than ten African countries in demining procedures and protocol, and has also dispatched PLA demining units to Africa on at least one occasion. Michael P. Moore, the author of *Landmines in Africa* blog maintains that while China's demining activities still do not equal those of the U.S. in Africa, it has made substantial contributions in that arena.

According to the AidData Project .... from 2000 to 2011 ... China provided ... US \$2 million in demining equipment to Angola, Eritrea, Ethiopia, and Mozambique. On its own and through the United Nations Mine Action Service, China has provided demining training to over 100 deminers from Eritrea, Angola, Ethiopia, Mozambique, Rwanda, Chad, Burundi, Guinea-Bissau, Sudan and South Sudan. Not included in the AidData figures were donations of mine detectors and equipment to Egypt and a demining team from China that participated in the UN Peacekeeping mission in the Democratic Republic of Congo.<sup>542</sup>

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541. Nicholas Bariyo, *China Deploys Troops in South Sudan to Defend Oil Fields, Workers: Deployment Marks Sharp Escalation in Beijing's Efforts to Protect Interests in Africa*, The Wall Street Journal, Sept. 9, 2014. <http://www.on.wsj.com/2blbG7W>. Accessed on March 31, 2015.

542. Aid Data (2000-2011). Michael P. Moore, *Landmines in Africa*, May 2, 2013. <http://bit.ly/2aei5Uz>. Accessed on August 1, 2016. Blogger Michael P. Moore worked for Landmine Survivors Network (LSN) for five years assisting landmine victims from around the world and currently blogs about global demining efforts.

However, China's demining assistance in Africa is not without its critics. China has refused to sign the Ottawa Treaty, which is also known as the Convention on the Prohibition of the Use, Stockpiling, Production, and Transfer of Anti-Personnel mines and on their Destruction.<sup>543</sup> "Many major powers continue to retain the right to use APLs [anti-personnel landmines], including China .... [And] Chinese landmines, in particular, have reportedly been deployed ... [in] Africa."<sup>544</sup> While the author was unable to find any recent references to Chinese APL sales to African countries, one interviewee working for Rimfire International Ltd. noted that Chinese APLs were deployed in Angola and Mozambique, and a shipment of "Chinese landmines and cluster weapons .... destined for Sudan .... were discovered in Djibouti."<sup>545</sup>

According to Matthew Bolton, author of *Foreign Aid and Landmine Clearance*, while China's 2008 White Paper states that it has "continuously taken an active part in international humanitarian de-mining assistance .... Landmine Monitor ... notes] China's contribution to mine action in 2007 was only \$789,000, miniscule in comparison with the US demining budget of \$70 million or tiny Norway's \$50 million."<sup>546</sup>

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543. Russia and the United States are also not signatories to the convention.

544. Steven Groves, *The Ottawa Mine Ban Convention: Unacceptable on Substance and Process*, The Heritage Foundation, December 13, 2010. <http://herit.ag/2aUNvRm>. Accessed on August 1, 2016.

545. Brackenreed-Johnston (1993). Human Rights Watch, *The Arms Project*, October 1993, p. 87. <http://bit.ly/2bu151>. Accessed on July 16, 2016.

546. Government of China (2008). Matthew Bolton, *China's Landmines and Cluster Munitions Policy*, PoliticalMinefields.com, February 12, 2009. <http://bit.ly/2arokpG>. Accessed on July 16. Matthew Bolton is the author of *Foreign Aid and Landmine Clearance*.

In the case of demining assistance, China's donations of demining equipment and training of African military personnel in demining procedures can be viewed as a boon to regional stability and development in Africa. However, it appears as though, this may be a public relations ploy. China still produces landmines and cluster munitions, its APLs have been sold to African governments and deployed on African soil, and finally the amount of assistance that they have offered is trivial compared to other countries such as the U.S. and Norway.

### **People's Liberation Army Navy**

The biggest role the PLAN plays in Africa is its anti-piracy operations. Since December 26, 2008, the People's Liberation Army Navy has patrolled the Gulf of Aden and Indian Ocean, providing escorts to vessels transiting one of the world's most important and dangerous SLOCs in a unilateral anti-piracy operation. This heralds a new era for the Chinese navy while simultaneously calling attention to its growing maritime force projection capabilities. Nevertheless, China's activities in this region raise several questions: What lies behind this sudden flurry of maritime activity, thousands of miles from Beijing; do the operations contribute to regional stability; and what if any are the effects of its regional presence?

Subsequent to China launching its unilateral APOs in the Gulf of Aden, incidents of piracy in the region had decreased, as noted by naval strategists and the *New York Times*. In most respects, self-interest aside, in the maritime realm, China's positive contributions have thus far tipped the scales in the favor of

benefitting African countries suffering from maritime security issues. “In mid-2012 the New York Times reported that pirate attacks worldwide had “plummeted,” due largely to the efforts of many nations’ navies.<sup>547</sup> According to the International Maritime Bureau, there were no pirate attacks off Somalia for the entire month of July 2012.<sup>548</sup> The PLAN’s efforts to fight piracy since 2008 contributed significantly to this reduction and should be recognized for its positive contribution.”<sup>549</sup>

Dr. Alison Kaufman of the Center for Naval Analysis believes that APOs demonstrate China is beginning to shoulder some of its international security responsibilities, while simultaneously signaling that China’s maritime power projection capability is increasing. “Participating in anti-piracy missions, conversely, displays both the ability of the PLAN to carry out a mission far from home, and the willingness of China’s government to ‘active[ly] fulfill ... its international obligations’ to help control piracy in the region.”<sup>550</sup>

According to the 2015 assessment by the Office of Naval Intelligence entitled, *The PLA Navy: New Capabilities and Missions for the 21<sup>st</sup> Century*, China has several reasons for maintaining a presence in the Gulf of Aden and

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547. Thom Shanker (2012). Andrew Erickson and Austin Strange, *No Substitute for Experience. Chinese Antipiracy Operations in the Gulf of Aden*, 2013, p.150. <http://bit.ly/2dCaW55>. Accessed on February 27, 2015.

548. Telegraph (2012). Erickson and Strange, *No Substitute for Experience*, 150.

549. Erickson and Strange, *No Substitute for Experience*, 150.

550. Chinese Ministry of National Defense (2008). Alison A. Kaufman, *China’s Participation in Anti-Piracy Operations off the Horn of Africa: Drivers and Implications*, Center for Naval Analyses, China Studies Conference Report, July 2009, p. 7. <http://military.people.com.cn/GB/1076/52984/8565326.html>. Accessed on February 27, 2015.

Indian Ocean. “The ... [PLAN’s] sustained counter-piracy operations in the Gulf of Aden demonstrate Beijing’s intention to protect important SLOCs. China’s participation serves several purposes: first, it is in line with the ... [PLAN’s] mission requirements to protect the PRC’s strategic maritime interests; second, it provides the ... [PLAN] with the opportunity to develop and refine the operational capabilities it needs for “far seas” operations; and third, it enhances China’s image as a responsible member of the global community.”<sup>551</sup>

It is obvious that China’s participation in APO’s provides a multitude of benefits to Beijing and the PLAN, but overall have the PRC’s contributions benefitted HOA countries in any manner or promoted regional security? While China has established a presence in the region out of self-interest, since it mounted APOs in the Gulf of Aden, the incidence of piracy has been substantially reduced. Protection of SLOCs benefits all vessels that traverse the maritime corridors and boosts the economic security of Indian Ocean coastal countries. Erickson and Strange maintain the PLAN’s participation in anti-piracy operations has played an integral part in stabilizing and securing a dangerous region.

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551. U.S. Navy. Office of Naval Intelligence, *The PLA Navy: New Capabilities and Missions for the 21<sup>st</sup> Century*, April 2015, p. 11. <http://bit.ly/2aRGotZ>. Accessed on April 10, 2015. “The PLAN had no significant blue-water capability until the mid-1990s and was absent from the Indian Ocean region until 2008, when a squadron of three ships ... sailed through the Malacca Strait to participate in the international Somali counter-piracy campaign.” Ridzwan Rahmat, *PLAN to Deploy Range of Warships in Indian Ocean, says China's Defence Ministry*, IHS Jane’s Defence Weekly, January 29, 2015. <http://www.janes.com/article/48464/plan-to-deploy-range-of-warships-in-indian-ocean-says-china-s-defence-ministry>. Accessed on April 3, 2015.



The PLAN has deployed nearly ten thousand personnel on thirty-seven warships with twenty-eight helicopters in thirteen task forces.<sup>552</sup> Over the course of more than five hundred operations, these forces have protected more than five thousand commercial vessels - Chinese and foreign in nearly equal proportion, the latter flagged by more than fifty nations<sup>553</sup> .... [Chinese vessels] successfully met and escorted, rescued and salvaged over 60 ships.<sup>554</sup> The conclusion of the US Naval War College research indicates that “.... The PLAN’s escort of ... supplies through the Gulf of Aden... signals Chinese willingness to assume greater international responsibility for ... stability.”<sup>555</sup>

In another publication, US Naval War College academics stated that “Despite its status as an independent provider of SLOC security ... the PLAN’s coordination with Western antipiracy forces suggests that China can contribute in parallel with, rather than threaten to destabilize, existing ... governance mechanisms.”<sup>556</sup>

Even though anti-piracy operations do not usually necessitate submarines, China has also used Gulf of Aden APOs as an opportunity to deploy submarines and submarine tenders to the region. This has allowed for submarine crews to acquire much-needed training, provided opportunities for electronic intelligence (ELINT) and signals intelligence (SIGINT) collection, and generated some positive publicity on at least one occasion. “In an effort to combine submarine logistics with naval diplomacy, a submarine tender, *Changxingdao*, generated

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552. Peiling (2013). Erickson and Strange, *No Substitute for Experience*, 1.

553. *Chinese Naval Daily* (2011). Ibid.

554. Jinping and Xiaoliang (2012). Ibid.

555. *Ploch et al.* (2011). Ibid, 69.

556. Andrew Erickson and Austin Strange, *China and the International Antipiracy Effort*, *The Diplomat*, November 1, 2013. <http://bit.ly/2jTEX1E>. Accessed October 5, 2015.

fresh water to alleviate a shortage in the Maldives capital of Male in December 2014, an expensive but politically visible way to provide such aid.”<sup>557</sup>

As an aside, China’s maritime support has also been noteworthy in Seychelles and Nigeria. China’s assistance and vessel donations to both countries have assisted in securing their coastlines. As piracy tapered off in the Gulf of Aden, due in part to China’s APO participation, the incidence of similar activity began to increase in the Gulf of Guinea.

While China also has resource interests in Nigeria, its vessel donations and willingness to engage in joint training exercises with the West African country have benefitted security and stabilization - especially in the oil-rich Delta-region. During a meeting between Chinese and Nigerian naval officers, “The leader of the [Chinese] Task Group ... said ... the task group and the Nigerian Navy will jointly train on counter piracy, to enable the two navies [to] share knowledge on how to combat piracy .... further strengthen cooperation [and] ... promote regional peace and stability.”<sup>558</sup>

Despite the fact that the PLAN does not participate in many multi-national operations and prefers to only engage in unilateral APOs, as time has progressed, it has assumed larger responsibilities, which augment regional

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557. Chinese Ministry of Foreign Affairs (2014). Austin M. Strange and Andrew S. Erickson, *China’s Global Maritime Presence: Hard and Soft Dimensions of PLAN Antipiracy Operations*, The China Brief, Volume XV, Issue 9, May 1, 2015, p. 4. <http://bit.ly/2aRTt9E>. Accessed on July 31, 2016.

558. “Rear Admiral Ilesanmi Alade, who received the [Chinese] Task Group in his office said Chinese military cooperation with Nigeria has increased within the last two years, especially with the building of a war ship for Nigeria at the Chinese Ship building company.” The Sun News Online, *China Provides Warship to Nigerian Navy*, May 25, 2014. <http://sunnewsonline.com/new/?p=65076>. Accessed on February 27, 2015.

SLOC security. Erickson and Strange concluded “increasingly, the PLAN’s antipiracy mandate is oriented toward broader international security objectives .... Initially China’s navy was only allowed to escort Chinese-flagged ships through the Gulf of Aden, but now in some cases over 70 percent of ships in given Chinese escort flotillas have been foreign flagged.”<sup>559</sup>

China’s naval presence in the region is not without its critics though. Ridzwan Rahmat of IHS Jane's Defence Weekly views the increase of PLAN activities in the Indian Ocean from another perspective. “As well as seeking to protect critical sea lines of communication ... China may be seeking to expand its presence in the Indian Ocean to offset the political-military constraints it faces in the Pacific Ocean region given the increasing US focus on that region.”<sup>560</sup>

Others, such as Matthew G. Minot-Scheuermann, author of *Chinese Anti-Piracy and the Global Maritime Commons*, feel the PRC’s unwillingness to coordinate maritime operations with other naval powers in the region is detrimental to combatting Gulf of Aden piracy. “China’s naval presence and activities off the Horn of Africa are defined by three factors; independent command and control operation, unilateral action, and an unwillingness to meaningfully integrate into other anti-piracy coalitions operating in the area. This

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559. “China’s antipiracy operations over the past several years have made meaningful contributions to Gulf of Aden security .... International society largely perceives Chinese naval contributions to fighting piracy as positive developments, perceptions that stand in sharp contrast to China’s hard-power naval approaches in the East and South China Seas.” Andrew Erickson and Austin M. Strange, *Navies and Soft Power: Historical Case Studies of Naval Power and the Nonuse of Military Force*, Naval War College, Newport Paper 42, June 2015, pp. 163-175. <http://bit.ly/2axUmSD>. Accessed on August 1, 2016. bb

560. Rahmat, *PLAN to Deploy Warships*, 2015.

... [stance] hinders what should be the overarching and shared goal of stability and the elimination of piracy in the area.”<sup>561</sup>

Another potentially negative issue, which has not been addressed is the protection of Chinese boats illegally fishing in the territories of coastal African countries. The waters off the Horn of Africa teem with sharks, a popular delicacy in China. Illegal fishing is a “maritime crime ... that affects potential growth in unstable states such as Somalia” in which the PLAN often patrols.<sup>562</sup> Will the PLAN work to protect Somali resources from being plundered by fellow Chinese nationals?

While China’s “antipiracy operations have helped stabilize waters off Somalia [and the HOA, they also help to] ... secure some of China’s purported 1.2 million workers and \$500 billion in investments overseas.”<sup>563</sup> Furthermore, Chinese vessels were frequently targeted by pirates. “A sharp increase in piracy attacks off Somalia threatened to interfere with China’s foreign trade .... Over 1,200 Chinese merchant vessels transited the Gulf of Aden during the first eleven months of 2008, and of this number eighty-three were attacked by pirate groups. Direct threats to China’s economic interests and citizens abroad were thus

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561. “In the case of the CMF [Combined Maritime Forces], while being led by the U.S. and having its operations directed by U.S. Navy (USN) personnel, its list of participants includes a broad selection of ... nations .... [The] lack of [a] ... willingness for partnership on the part of the Chinese has .... led to a redundancy in terms of force deployments and overlapping areas of operations, hardly furthering the larger goal of an eliminating piracy off the Horn of Africa.” Matthew G. Minot-Scheuermann, *Chinese Anti-Piracy and the Global Maritime Commons*, The Diplomat, February 26, 2016. <http://bit.ly/1XONKyR>. Accessed on July 31, 2016.

562. Ewence, *Steady Course*.

563. Colonel Zhou Bo (December 2014). Strange and Erickson, *China’s Global Maritime Presence*, 3.

important drivers of the PLAN's first antipiracy deployment."<sup>564</sup> Thus, China's anti-piracy operations have some similarities to its South Sudanese peace-keeping operations

There may be other reasons for China's presence in the region. In addition to allowing the PLAN to protect China's resource supply in coastal East Africa, Gulf of Aden APOs could be a guise for a longer-term grand strategy, which entails an increase in power projection, and a synchronized 'widening' of the Maritime Silk Road, so to speak.

China is presently enhancing the security environment in the Gulf of Aden, at a cost - some known and others still not revealed. The establishment of a Chinese military base in Djibouti may be the next stage of an as yet unrevealed PRC agenda. While it is not within the scope of this dissertation to do a predictive analysis, China's regional presence in Djibouti has the capacity to either promote or diminish security and stability in the Horn of Africa.

#### **Chapter 4 - Summary**

China has many reasons to maintain and increase its military footprint in Africa. The two primary reasons are, first, to provide or augment protection of its resource founts and Chinese citizens working or supporting the work on them, and, second, to secure its trade routes. That footprint has had both positive and negative consequences. In both Liberia and Mali, for example, Chinese UNPKO personnel have assisted in rebuilding the countries respective infrastructures,

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564. Erickson and Strange, *Navies and Soft Power*, 163.

while providing medical treatment as part of a post-conflict protocol. In other cases, Chinese-sponsored demining programs have rendered once-dangerous areas habitable again. These are beneficial services, which benefit the host states and the region. There is no argument these activities definitively contribute to regional stability and development.

However, anti-piracy operations and demining are only two facets of China's complex interactions with Africa. Matthew Bolton, author of *Foreign Aid and Landmine Clearance* notes with regard to PRC demining operations: "it is likely that China's emergence as a mine action donor is linked to its growing role in the international arena, particularly in Africa, which has been driven by its need for oil and other natural resources .... This means that mine affected countries and mine action agencies should be cautious about celebrating too loudly China's demining assistance in places like Sudan, where it has been particularly criticized for fueling the conflict in Darfur."<sup>565</sup>

Similar concerns have been voiced about China's anti-piracy operations. What are the real reasons for China's presence in the Gulf of Aden and the Indian Ocean, and can China have vested interests in the region and still facilitate regional stability?

Have Chinese's [sic] efforts been positive? Have they helped reduce the burden of piracy off the Horn of Africa? In superficial terms, [the] answer is a resounding yes. Yet .... the end goal .... [is] it seems, is less driven by some newfound altruistic approach to the security of the global maritime commons and more driven by pure, unbridled national interest ....

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565. Government of China (2008). Bolton, *China's Landmines*.

When considering Chinese anti-piracy efforts off the Horn of Africa, one cannot help but note that nearly all of China's crude oil and petroleum imports pass through the Bab-el-Mandeb Strait, the Gulf of Aden and the surrounding waters of the Arabian Sea ....

Given this dependence, China has been committing a serious investment of effort, power and influence to not only establishing itself as a power player in the region, but also setting up the conditions for permanent residency for its naval forces off the Horn of Africa .... in essence and in practice a forward operating base for Chinese naval assets with the goal of further cementing China's presence in the region.<sup>566</sup>

Up until this point, China's investments in the region have not, at least in a limited sense, precluded it from contributing to regional stability through APOs or United Nations Peace Keeping Operations, or using its diplomatic clout to prevent conflicts. However, Beijing may be using its APOs as a springboard for increasing its regional presence under the guise of protecting one of the world's most important SLOCs.

Some scholars have noted "a strong correlation between where Chinese antipiracy warships have docked ashore and Chinese-funded port development projects in ... Africa .... Chinese firms are reportedly engaged in maritime port construction in many countries the PLAN has called on during antipiracy operations. Such developments could intensify as part of Chinese President Xi

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566. Minot-Scheuermann, *Chinese Anti-Piracy*. The assertions of this analysis are reinforced by a 2015 Department of Defense analysis, which noted "Since 2013, China has made unprecedented submarine deployments into the Indian Ocean and the Gulf of Aden. While such deployments are ostensibly for counter-piracy escorts ... 'the submarines were probably also conducting area familiarization [sic], and demonstrating an emerging capability both to protect China's sea lines of communication and increase its power projection into the Indian Ocean.'" Department of Defense (2013). Jane's Defence, *Sustained Support: the PLAN Evolves its Expeditionary Logistics Strategy*, Jane's Navy International, April 1, 2016. <http://bit.ly/2bKBr48>. Accessed on July 24, 2016.

Jinping's New Silk Road, or "One Belt, One Road" initiative."<sup>567</sup> The same scholars report, however, that there are those who view these operations and similar activities in the Seychelles as a low-key power projection.<sup>568</sup>

China's desire to increase and maintain a naval presence in the region is corroborated by Shinn's statement in a July 2016 issue of the China Brief: "While the threat of piracy in the Gulf of Aden is essentially over, China continues to expand its naval and military presence" in the region.<sup>569</sup>

However, these varying positions must be considered with one caveat. The emphasis of my analysis is on 'if' rather than 'why.' The primary focus of this chapter is to determine 'if' China is facilitating stabilization in the region, or does its presence augment factors which contribute to, or facilitate conflict; not, 'why' does China maintain a military presence in certain locations in Africa. With regard to the first question, demining, UNPKO and APO participation do indeed contribute to stability, albeit in limited scope.

Without question, the most beneficial of China's military contributions on the continent are its Gulf of Aden APOs. The PLAN's anti-piracy operations provide security for thousands of miles of coastline, and for every country which utilizes the Gulf of Aden as a transit lane. Demining operations do assist local communities in facilitating post-conflict land mine removal, and its UNPKO

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567. Strange and Erickson, *China's Global Maritime Presence*, 4.

568. Ibid.

569. Shinn, China Brief, *China's Laboratory*.



contributions, while relatively minimal compared to other countries, have helped to secure conflict zones and guarantee the safety of IDPs.

## Conclusion

During this work, it was important to avoid digressing into a discussion of 'Why China is in Africa,' because that is not the goal of this analysis. China obviously maintains 'boots on the ground' and 'fins in the water' in Africa due to the necessity of finding resources needed to maintain its economic growth. However, it was key to avoid the slippery slope of confounding the thesis statement with the motivations of Beijing. Simply because China is in Africa for reasons related to resources, resource infrastructure security, or SLOC security, does not necessarily prove China to be either a stabilizing or a destabilizing actor in the region.

The first citation of this dissertation included a reference to John J. Mearsheimer, who stated: "the attendant question that will concern every maker of foreign policy and student of international politics ... can China rise peacefully?"<sup>570</sup> At this juncture, it should be evident the impact of Chinese financing, enterprises, and industrial activities in Africa varies depending on location and project type.

Yet regardless of what proponents of China's increasing presence on the continent maintain, there have been negative and often subtle ramifications for the African people, their respective economies and the environment. These dynamics have generated a 'geopolitical climate,' which is conducive to destabilization and conflict, rather than stability.

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570 Mearsheimer, *Can China Rise Peacefully?*

China's economic stability is inherently dependent on an abundant and constant supply of natural resources. Given the present dynamics, the answer to Mearsheimer's question is no. China's rise will not be peaceful. Indeed, its accession to a global power will exact a cost from the regions in which it operates. The collateral effects of China's expansionism and power projection in African countries will inevitably facilitate conflict and instability.

The fact the Chinese SOEs maintain a presence in Africa to secure resources or generate revenue does not imply that they cannot contribute to regional security, or conversely, that their activities will not exacerbate regional tensions or conflicts. It is essential to keep in mind that Chinese strategic thinking applies to commercial and industrial planning as well as to military operations.

The dynamics are very complex and thus it is not easy to render a summary conclusion. China's operations are multi-layered, with *guanxi* dynamics and soft-power politics often taking precedence over contracts. Therefore, one must maintain a 'tip-of-the-iceberg' mentality in weighing and evaluating Sino-African dynamics and negotiations.

There is a sliding scale with regard to causal link provability. Demonstrating that a resource extraction operation or transfer of conventional weapons to a country triggers or facilitates regional destabilization and conflict is a relatively straightforward and transparent process. South Sudan is a case in point. However, it is more difficult to demonstrate causal links between activities not discernible by analysts or the general public, such as those perpetuated in boardrooms, and conflict and destabilization.

The negative impacts of Angola-mode packages, governmental corruption, and graft are ephemeral and difficult to identify. While graft and corruption are exacerbated through opaque financing mechanisms such as the Angola-mode, it is very hard to document specific issues of malfeasance, and thus difficult to determine to what extent such activities impact stability, and trigger or exacerbate conflicts. To a lesser extent, as revealed in Chapter 2, since weapons sales are secretive by nature, transactions of this type may also hinder the definitive establishment of causal links between nation-states, regional stability, and conflict.

The biggest exception(s) to this rule, in the case of this analysis, are Chinese-run extractive operations in Africa. It is possible to gather data, on the ground, in real time, regarding oil, mining and logging operations. Extractive operations often leave environmental scars, which take decades to heal, and the socio-economic impact on the populations in the areas of Chinese SOE activity may also be easily identified for analysis.

Without a doubt, the People's Republic of China has done more infrastructure work in Africa than any other country at this point. It has also made inroads to usurping the World Bank as the financier of choice in some countries. China's strategy of 'non-involvement,' its 'no-strings-attached policies,' and the ability of its state-backed lenders to forge complex arrangements with African heads of state at a much faster pace than its western counterparts have proven to be formidable tactics in China's foreign policy.

In many cases, the Angola-mode provides much-needed funding for undeveloped African states. It allows countries like Angola, Ethiopia, Sudan and South Sudan the opportunity to use their resources as collateral for the creation of roads, railways, telecommunications systems and ports.<sup>571</sup> The Angola-mode has provided countries such as Angola and Ethiopia with the mechanism to expand limited transportation systems within a relatively short period of time, to areas which, a few short years ago, were connected by barely navigable roads. In this respect, the People's Republic of China has surpassed the endeavors of Western-backed projects.

However, the Angola-mode is a financing mechanism that, like the roads it helps to build, often leads into shadowy and obscure realms. In underdeveloped countries or states with poor governance, the benefits of the infrastructure can be negated by collateral effects not visible to the casual observer. Thus 'no strings attached' and 'non-involvement' may also be a bane to the general population of the countries which hastened to enter agreements with the PRC.

It should be evident from Chapter 1 that China has more control over infrastructure projects than the African host countries themselves. It is also apparent that China profits in other ways from the Angola-mode: The credit lines the PRC extends to African countries are utilized by those countries to purchase Chinese-manufactured goods (or arms and military equipment); the repayment schedules often include interest structuring which is favorable to the Chinese

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571. As previously mentioned, Ethiopia is the exception to this arrangement since the PRC is utilizing the African Union host-state as a location for exposure rather than for resource extraction and export.

financial institution (and may even become less than favorable, over time, to the borrower); and repayment is made to China through exploration rights and natural resource concessions which often take a toll on the environment.

However, as was mentioned throughout the paper, local critics and scholars such as Corkin have offered additional criticisms. Construction materials are often sourced from China, not Africa; the Chinese SOEs responsible for the projects have opted to use sub-standard material to maximize profit; and the Chinese companies have a history of using Chinese nationals for menial labor rather than Africans. Additionally, incidents of non-payment to African employees, injury and unfair labor practices come into play when Africans are hired to work on infrastructure projects. Furthermore, as was previously discussed, in countries such as Angola and Uganda, there have been instances where roads, housing and hospitals, have exhibited signs of rapid deterioration due to poor workmanship and low-quality construction material.

Another issue, which African locals must deal with, is the displacement of locally-manufactured goods. Many SOEs are run from the province-level in China, not directly from Beijing. As these provincially-run enterprises set up shop in Africa, they are often trailed by Chinese entrepreneurs and business people who cater to the Chinese communities working in Africa. In some cases, Chinese will identify locally produced goods, which are in demand in African markets, and then begin to import cheaper substitutes for them, undercutting the prices of the locals.

This results in the collapse of small to medium African enterprises and deprives locals of employment and an income. Once the Chinese business people have displaced the local producers and marketers, they subsequently raise the price on the products, which are often of low quality. As a side note, if Chinese vendors are selling merchandise and staple foods in the local market, Chinese laborers working infrastructure projects will only purchase from other Chinese nationals, in effect creating a 'closed loop' system in which the beneficial economic spillover to the African community is negligible.

Despite all the initial, superficial benefits of Angola-mode financing, the opaque nature of these types of agreements is conducive to graft. Furthermore, many of the dealmakers for the Chinese SOEs use *guanxi* to push local, indigenous contractors out of the bidding processes, which usually are not transparent to begin with. Another issue is that the Chinese often bundle the construction equipment into the contracts, yet at the completion of the project(s) most of the machinery is in such poor condition, that it no longer has any value and cannot be used for future projects or infrastructure maintenance.

The short-term benefits of resource-for-infrastructure deals appear to be beneficial for the country and its population at the outset, yet in the end, since there is a plethora of issues endemic to such deals, very often China walks away the winner, with few socio-economic benefits trickling down to the general population. While infrastructure improvement does allow for more expedient access to and extraction of resources, who ultimately benefits? In most cases the beneficiaries are the respective governments rather than the general population.

It has to be recognized that the loss of resources and immediate negative impact on the local population and economy have long-term, negative implications, which are not immediately evident. Moreover, even the governments of the host countries suffer since Chinese autonomy precludes African state-owned enterprises from gaining autonomy. China does not provide many opportunities for the participation of indigenous, African companies. Thus in reality, such deals inhibit the host nation's socio-economic development.

With regard to regional stability and conflict, in some cases Angola-mode financing and infrastructure creation exacerbates pre-existing problems. In the Democratic Republic of Congo, Sudan and South Sudan, roadways allow for a more rapid deployment of troops, militias, arms and munitions. It is true that roadways and railways to rural resource sites allow for more efficient industrial operations. This in turn provides for a more rapid influx of revenue for the governments of the host countries, however as addressed in Chapter 2, in many instances the recipients are totalitarian governments or militias.

In developed countries, or countries that have a history of good governance, financing, and resource for infrastructure deals would help to facilitate regional stability, and act as a mechanism for development. However, in states with a history of instability, or those under control of an authoritarian regime, either the status quo is maintained or the situation on the ground worsens. Thus, while Angola-mode financing and resource for infrastructure deals usually do not trigger regional destabilization or conflict, they may contribute to the status quo and thus exacerbate pre-existing conditions.



Finally, as referenced in Chapter 3 (Sino-Ethiopian dam projects), Chinese financial institutions involved in subsidizing African infrastructure projects do not engage in feasibility studies as the World Bank does. Chinese-funded infrastructure projects do not take into account pre-existing tribal tensions in remote regions, property rights, the capacity for project-related IDPs, or environmental damage. In conclusion, while Angola-mode financing and infrastructure creation give the superficial appearance of benefitting the host country, the cost and collateral damage outweigh any benefits, especially in the long term.

The impact of mining, logging and petroleum extraction operations on stability and conflict are much easier to identify than the effect of financing mechanisms. The Chinese have built trails and tales of woe from landlocked mines and forests to the ports from which the resources are exported. In Sudan and South Sudan, hundreds of thousands of people have been displaced due to resource-related conflicts, poisoned water supplies, tribal disparities exacerbated by loss of habitable land, and an infusion of arms from the very country that is exploiting their resources, with no benefit to the general population. Chinese-run petroleum operations in Sudan and South Sudan rely in large part on Chinese workers, so very few opportunities are provided to the locals from such activities.

One might argue that in the Democratic Republic of Congo and Mozambique the locals are employed by the Chinese. But in most cases, at best, these operations represent a “one-step-forward, two-steps-back” opportunity for rural communities. The men often abandon their fields and herds for an

opportunity to make more money and for a short period of time, they may, but at great cost.

Working conditions are terrible, and as with Chinese road construction crews, the safety standards are sub-par, if existent at all. Protective equipment is rarely used, and if it is available, it is often in poor condition. Most Chinese SOEs flout the local laws, do not provide medical insurance for the African workers, and refuse to pay their medical expenses if they are injured on the job. Child labor is prevalent and the children, like the adults, are subject to abusive site managers. Prostitution is rampant, sexually transmitted disease is common, and the family units in areas of Chinese-run extractive operations have suffered greatly.

Furthermore, rural mining operations are often run in collusion with local militias. Thus, in addition to taking a toll on the environment and living standards of rural communities, the revenues for 'blood minerals' are often used to subsidize rebel groups, which widen their range as they augment their stockpiles of weapons and munitions. Another issue that is not spoken about frequently is the devastating effect these rural operations have on fauna. The Chinese pay locals to procure bushmeat to complement their basic rations of rice and other staples. This especially holds true in logging operations in which every day crews will cut deeper into the bush. In addition to physically devastating the environment, Chinese road crews utilize locals to harvest endangered species from once-pristine and unadulterated woodland sanctuaries.

In the case of Mozambique, forests which provided the locals with shade, fruit, and game have now been ravaged by indiscriminant logging practices. The

Chinese SOE owners, working in conjunction with ministers, local politicians and port agents have ignored prohibitions against cutting down certain species of trees and have depleted Mozambique's forests to the extent that it will take more than five decades for the ecosystem to recover. As referenced in Chapter 2, this in turn has an effect on precipitation levels, even in other parts of Africa.

As a result of this, the arability of certain areas of Mozambique - and other countries, has plummeted. Many villagers abandoned their subsistence farming operations, and now rely on illegal logging to generate an income. Mozambique is already suffering from some of the worst deforestation on the continent. When the trees are gone, the locals will no longer be able to rely on the Chinese logging companies for an income. Nor will they be able to return to their traditional, ecosystem-dependent, subsistence lifestyle, since their forests have been depleted to the point that they no longer have the capacity to sustain indigenous communities.

The ability of local populations to feed their families or generate a revenue through traditional means has diminished as Chinese SOEs continue to export protected fauna. Subsistence agriculture, fishing, hunting and raising cattle have been harmed by the deforestation in areas that have had a history of tribal conflict. The PRC's logging companies have left local communities with few means for survival even as their once-dense forests continue to dwindle as a result of China's demand for its hardwood.

In the case of infrastructure creation, an argument can be made that the Chinese have assisted post-war African states in their rebuilding efforts by

providing them with much-needed infrastructure, railways, roads, and hospitals. But in places like the Blue Nile State in South Sudan, or the interior of Mozambique, there are no obvious counter-points which can be presented to diminish the argument that Chinese activities in those areas have had a devastating impact on the environment, and the populations which have depended upon them for centuries.

The people of South Sudan, the D.R.C., and Mozambique have been left with less than what they had before Chinese SOEs and NOCs arrived. However, these dynamics cannot be blamed entirely on the Chinese SOEs. Without the assistance of politicians in the host-countries, the Chinese would not have been able to move so far, so fast, to the extent they have. In addition to leaving behind poisoned rivers and erosion-prone land, which was once graced by sixty meter hardwoods, the Chinese in Mozambique and the D.R.C. have facilitated unprecedented amounts of graft. Additionally, in the case of Mozambique, the revenue generated from the sale of the timber to the Chinese would have contributed greatly to the development of the country. Instead, a handful of Mozambique's elite benefitted.

In summary, the impact of Chinese-owned extractive operations in Africa has had devastating effects on entire regions and populations. The destruction of life-sustaining ecosystems in Mozambique, the migrations en masse of IDPs in South Sudan, and the arming of militias in the D.R.C., with revenue from blood minerals, has negatively impacted regional stabilization, has facilitated conflict, and will continue to do so for years to come.

The third chapter addressed the opaque world of Chinese defense- and military-industrial enterprises. In some cases, causal links between Chinese made weapons, conflict, and regional destabilization are evident. Rwanda, Sudan, and South Sudan have all borne the brunt an infusion of Chinese weapons and military equipment brought in by Chinese defense industrial enterprises such as Norinco and Poly Technologies.<sup>572</sup> Both these SOEs have a history of shipping weapons into conflict zones, or delivering arms consignments to countries under embargo.

The under-reported activity discussed in Chapter 3 regarding the PLA in Zimbabwe is a case in which causal links between Chinese military-industrial activity and negative regional impacts can be established. Zimbabwe is very interesting because the presence and activity of the PLA may be the first substantial proof that the PLA is once again engaging in military-industrial enterprises after Beijing's 1998 mandate to the military to divest. Thus Anjin Construction's operation in the Marange Fields is most likely a watershed indicator that the PLA is once again engaged in commercial activities.

As discussed in Chapter 3, 'Zimbabwe-mode' financing - or blood mineral extraction subsidization through arms transfers can be directly linked to graft, corruption, IDPs, human rights abuses, fatalities, environmental damage, and regional destabilization, in the immediate vicinity of the weapons/blood diamonds

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572. The author would like to reiterate a point made earlier in this analysis, while the focus of this paper is on Chinese activity in Africa, China is certainly not the only supplier of conventional weapons, to the regions, which were used as case studies within this work.

transshipment point; the Chinese-built, Marange Field runway.<sup>573</sup> In the cases of Sudan and South Sudan, while there is a high probability that oil revenues have helped fund arms purchases for both countries, the Marange Field diamonds-for-arms transfers are the most clear-cut of such activities to date.

CDIEs such as Norinco or Poly Technologies often act as exploratory commercial proxies for Chinese NOCs or SOEs involved in other extractive industries. Zambia and Kenya have also accepted militarily related consignments for resources. Yet evidence of the negative regional impacts is not always discernible, nor can causal links be proven as in Zimbabwe, Sudan, or the Great Lakes Region.

Aptly named ‘smoking gun’ proof can be provided for the Burundian Civil War and Rwandan Genocide. While ethnic conflicts between the Hutus and Tutsis can be traced back for more than a century, China actively engaged in funneling weapons to the GLR in the early 1990s. The arming of the Hutus and Tutsis in Burundi augmented the potential for high-intensity regional conflict and destabilization, which subsequently spread to Rwanda and then spilled over into Zaire.

Another interesting point is that both Uganda and Sudan had weapons and munitions factories set up by the Chinese, with Chinese equipment. Both Uganda and Sudan have acted as regional producers and trans-shipment

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573. The Chinese also created infrastructure in the area such as housing, electric and water systems, in addition to the largest airfield in Zimbabwe. In this case, the Chinese-built infrastructure contributed to stabilization, albeit the stabilization of Mugabe’s totalitarian regime, which in turn led to IDPs, fatalities and environmental damage.

proxies for Chinese arms and munitions. Chinese arms funneled through Uganda were subsequently used in Burundi, Rwanda and the Democratic Republic of Congo (Zaire). Locally produced Chinese arms and munitions, as well as arms shipped from the PRC to Khartoum have played a role in conflict, ethnic cleansing or internal displacement in Chad, Darfur, and South Sudan.

This substantiates the main claim of this dissertation, that while China's presence in Africa is often not the source of regional conflict or destabilization, some of its activities have greatly exacerbated regional destabilization and pre-existing conflicts. Thus, it can be concluded that there are three potential mechanisms through which externally-operating state-owned proxies such as SOEs, NOCs, CDIEs, or CMIEs can harm LDCs:

1. State-owned proxies can be the progenitors of conflict
2. State-owned proxies have the capacity to trigger conflict between polarized groups
3. State-owned proxies can exacerbate the intensity of pre-existing tension and conflicts.

In most cases, China's proxies in Africa fall into the second and third categories. In the case of Burundi, Rwanda and the DRC, an influx of weapons served to exacerbate pre-existing tensions between the Hutu and the Tutsi. While it could possibly be argued that the shipment of machetes to Rwanda served as a 'trigger' for the genocide, the machetes were an enabling mechanism through which the conflict intensity was exacerbated. The same conclusion may be drawn regarding weapons procured through the Zimbabwe

Mode in the Marange Fields. Tensions and conflict between Mugabe's regime and the population pre-dated PLA and CMIE presence in the country.

With regard to the Blue Nile State in South Sudan and the dam project in Southern Ethiopia, while there were pre-existing tensions, and in the case of Southern Ethiopia, smaller-scale skirmishes, Beijing's front-companies in those regions could possibly be considered 'conflict triggers,' or conflict progenitors, in association with the governments of the respective host countries. However, it is not necessary to neatly pigeonhole or categorize their exact role in order to prove that in conflict-prone regions, SOEs, NOCs, CDIEs, and CMIEs augment conflict-intensity, which in turn further destabilizes the regions in which they operate.<sup>574</sup>

The activities of Sinopec and CNPC, both national oil companies, in South Sudan and the Blue Nile State, may have also served as conflict 'triggers' rather than simply exacerbated pre-existing tensions. Additionally, as previously discussed, Norinco sent a huge quantity of weapons and millions of rounds of ammunition to the SPLA, which in turn aggravated the Dinka-Nuer civil conflict. Therefore, it may be concluded that the destabilization in both Sudan and South Sudan is the result of regional dynamics aggravated by at least two different

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574. In the future, Southern Ethiopia may be one of the few instances where it can be proven that a Chinese financial institution directly contributed to conflict and destabilization through IDPs, environmental damage, loss of ethnically designated pastoral lands and fishing areas. As referenced in Chapter 2, in order to avoid pre-project environmental impact studies in the S.S.N.P.R., the Ethiopian government utilized a Chinese financing mechanism instead of the World Bank in its quest to construct the Gibe III Dam. This project has the capacity to either create or trigger conflicts between S. Ethiopian ethnic groups, or between the governments of Kenya and Ethiopia, since the Gibe III project has the capacity to impede Lake Turkana's water supply.



kinds of Chinese state-owned proxies: oil companies and defense industrial enterprises.<sup>575</sup>

There is evidence which demonstrates that Chinese UNPKO's, demining operations, and the Gulf of Aden APOs have contributed to regional stability and functioned to prevent, or at least impede conflict. As stated at the beginning of this chapter, it is important to avoid confounding the thesis statement with the motivations of Beijing. It is obvious that China's presence in the Gulf of Aden and South Sudan is first and foremost based on maintaining a secure resource pipeline. However, the goal of this analysis is not to explore 'why' China has deployed forces to those areas, but the effect of their presence in those regions.

Generally, the UNPKOs and especially the Gulf of Aden APO's have benefitted their areas of operations. On a regional and international level, when compared to the PLA, the PLAN has had a greater impact than the troops deployed for UNPKO operations. In terms of commerce and security, the Gulf of Aden anti-piracy operations benefit the entire international community, not just African states. So, the PLAN's activities in the Gulf contribute to both regional security, and larger-scale geopolitical stability. The de-mining operations also provide for the growth of smaller-scale, community-based development and agricultural projects. This too facilitates stability through potential economic

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575. CNPC, Sinopec, and Norinco, respectively. In limited cases, such as China's contribution of military equipment and OPVs to the navies of Seychelles and Nigeria, there has been a positive impact on stability, since the augmentation of SLOC security is both regionally and geopolitically beneficial.

development and increases the amount of land, which can be used for agricultural and pastoral purposes.

The UNPKOs in South Sudan may help in alleviating some of the local tensions, however their primary focus, given Beijing's prerequisites for their deployment to South Sudan, was initially stated to be for providing security to China's petroleum operations.<sup>576</sup> However, according to "Abigaël Vasselier ... the Asia and China program coordinator at the European Council on Foreign Relations," despite Beijing's prerequisite that Chinese troops participating in South Sudanese UNPKOs be located near PRC-owned NOCs, "the 700 combat troops in UNMISS .... were assigned to protect the UN House and the Protection of Civilians Camp 1 ... in Juba."<sup>577</sup>

So, in summary, do Chinese SOEs, NOCs, CDIEs, CMIEs and the PLA contribute to regional stability, or do these state proxies trigger or exacerbate regional conflicts? This is not a question that can be answered easily. According to Michael P. Moore:

[While] there is a lot of hand-wringing in the international community about the Chinese involvement in Africa .... [since] China's investments often appear to be very self-serving, especially the oil and mineral extraction activities .... China has also learned the important lesson of soft power and has made investments that, unlike the oil wells, roads and gifts to leaders, don't have an immediate return.

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576. In July 2016, during fighting in Juba, the Chinese UNPKO personnel abandoned their posts instead of protecting civilians and aid workers. Two Chinese UNPKO soldiers perished in the conflict. The only other major PLA activity on the continent to date (previously addressed) is the PLAs activity in Zimbabwe. While recent news reports indicate the PLA is going to enhance the PRC's power projection in Africa through a new base in Djibouti, as of yet there have not been any notable effects on stabilization in the region, either positive or negative.

577. Abigaël Vasselier, *Chinese Foreign Policy in South Sudan: View From the Ground. China Brief*, Volume XVI, Issue 13, August 22, 2016, p. 18. <http://bit.ly/2c4VryZ>. Accessed on September 4, 2016.

China has paid for the building of many hospitals in Africa, sent its doctors to treat malaria patients across the continent and offered Chinese language instruction to Africans .... the Chinese have also built or refurbished a spectacular number of football stadiums and not just those used for international tournaments, along with opera houses and other cultural venues.<sup>578</sup>

These undertakings do contribute to development and are therefore conducive to stability (or at least neutral). However, Chinese arms and munitions, blood diamond revenue, and resource extraction-related environmental damage have served to destabilize entire populations, and exacerbated regional conflicts, or conversely - stabilized oppressive and corrupt governments.

One of the issues that the People's Republic of China has is that different state entities maintain different and often competitive agendas. For example, Norinco exported millions of dollars of arms and munitions to the SPLA in South Sudan in the latter part of 2014. As discussed in Chapter 3, CNPC has a sizable interest in South Sudan's petroleum resources, and the PLA has dispatched troops to the region as part of UNPKOs - which the PRC initially maintained would be utilized as a mechanism to protect its NOCs and the Chinese nationals working in those installations. In July 2016:

Two Chinese peacekeepers were killed and several others injured by a mortar shell earlier this month during fighting between followers of President Salva Kiir and Riek Machar, the former rebel leader who became vice president under a deal to end the civil war .... China's foreign minister Wang Yi [made a statement that] .... peace is a prerequisite for development, and he hoped both sides in South Sudan can put the public interest first, and protect the safety of lives and property, including Chinese lives and property .... China['s] ... energy strategy ... including major infrastructure investment ... has been

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578. Moore, *Landmines in Africa*.

bedeviled by civil conflict .... [As a result of the conflict] China National Petroleum Company ... evacuated the bulk of its workers from South Sudan but [maintained] its operations were unaffected.<sup>579</sup>

Vasselier posits that in an effort to “strengthen relations” with South Sudan’s government, Beijing directed Norinco to supply the GoSS with arms and munitions .... [yet] at the same time ... Beijing invited a delegation of rebels to China to meet Chinese officials ... [in an effort to build] trust.”<sup>580</sup> But at what cost to the Chinese government, and other SOEs operating in the region, such as the China National Oil Company? “China needs peace to proceed with oil production,”<sup>581</sup> yet Norinco’s arms sales contributed to ethnic violence in South Sudan, which in turn disrupted CNOC’s operations, production and export.<sup>582</sup>

“There are also rumors in Juba that China is still arming both parties. Several sources confirmed that an alleged arms deal with the rebels could be linked to the protection of oilfields controlled by the rebels. This shows that ‘China engages with the two parties on their own terms’ which turns [out] to be quite harmful for the peace agreement.”<sup>583</sup> Once again this illuminates the complexity of Sino-African dynamics, especially when several (Chinese) state actors are attempting to work in conjunction with competing African states and ethnic groups simultaneously.

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579. Pete Sweeney, *China asks South Sudan to Punish Those Responsible for Chinese Peacekeeper Deaths*, Reuters. July 30, 2016. <http://bit.ly/2at4m22>. Accessed on August 1, 2016.

580. Vasselier, *Chinese Foreign Policy*, 17.

581. *Ibid*, 18.

582. Lynch, *China's Arms Exports*.

583. Vasselier, *Chinese Foreign Policy*, 17.

As of August 2016, “diplomatically [in South Sudan] there are ... indications that Chinese forces and companies in the country are not entirely welcome .... by the beginning of 2016, even before the most recent outbreak of violence, concerns about China’s presence had already resulted in a downturn in relations.”<sup>584</sup>

As previously mentioned, in countries that lack good governance, external investment may serve to hinder development. While South Sudan has made efforts to create regulatory mechanisms by which NOCs and other foreign-owned SOEs can be more effectively monitored, Chinese NOCs, Huawei, and ZTE have actively circumvented the efforts of the GoSS.<sup>585</sup>

The Asia Directorate at the South Sudanese Ministry of Foreign Affairs (MoFA) confirms that Beijing needs to help South Sudan in the security, mining and agricultural sectors. However [MoFA] argues that Juba first needs to strengthen the institutions before further opening up South Sudan’s natural resources to Chinese development.

With these priorities in mind, the South Sudanese central government has set up mechanisms to limit China’s development of the country’s resources. With their profits at stake in the aftermath of independence, Beijing turned the federal structure of South Sudan into an advantage: Chinese companies [subsequently] bypassed the central government and took their requests directly to county administrations [effectively bypassing all centrally mandated regulatory mechanisms].<sup>586</sup>

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584. Vasselier, *Chinese Foreign Policy*, 15. As referenced in Chapter 2: “[Minister] David Deng Athorbei accused the Chinese government of stealing South Sudanese oil and resources without doing anything for the suffering South Sudanese people.” Nyamilepedia, *China-South Sudan Bilateral*.

585. See footnote 137. In 2012 Huawei and ZTE bypassed official GoSS channels and approached private telephone companies for contracts.

586. Vasselier, *Chinese Foreign Policy*, 16.

The disruption of CNOC operations epitomizes the activities of China's state-owned proxies and military in Africa. Until this point, most of the benefits derived from Chinese APOs and UNPKOs appeared to be self-serving and reactionary. While there may be a limited positive effect on regional stability, the negative effect(s) created by rather reckless extraction operations at the same time CDIEs are funneling weapons into these regions, has devastating regional effects.

Pumping conventional weapons into conflict-prone countries while vast swathes of its ecosystems are destroyed, or its people displaced, lays the groundwork for future conflicts. In actuality, the HRW-analysis in Chapter 2 entitled *Stoking the Fires: Military Assistance and Arms Trafficking in Burundi*, lends itself to the evaluation of the actions of CDIEs such as Poly Technologies and Norinco. While inter-ethnic conflicts often date back centuries, CDIEs 'stoke' regional fires by providing warring groups with even more tools of war and oppression.

When Chinese defense industrial enterprises supply weapons, munitions, and military equipment to countries such as Sudan, South Sudan and Zimbabwe, they function as 'conflict metastasization mechanisms.' In essence, CDIEs facilitate the spread of conflict. They act as mechanisms or vehicles by which the intensity, scope, and duration of conflicts inevitably increases. This in turn results in more casualties, larger numbers of internally displaced persons, and wide spread humanitarian crises which can engulf entire regions.

These dynamics open the door for further debate. Is there an overall logic to China's presence in Africa, a uniformity of interest, a grand strategy; or do the various goals of different Chinese commercial, industrial and military entities, whether nationally or provincially controlled, collectively stimulate or facilitate conflict, especially in areas that have historically seen inter-ethnic tensions and violence?

It is my belief that while Beijing and provincial governments may aspire to a grand strategy which combines commercial, industrial and military endeavors, in reality, the goals of national oil companies, mining and logging companies, construction companies, defense industrial enterprises, and military industrial enterprises are often at loggerheads, resulting in a general inability, up until this point, to implement a grand strategy, if that was ever Beijing's goal. China's presence in Africa will benefit China - and some African nations, in the short term. In the long term however, the environmental and socio-economic consequences for the African people may be dire.

In conclusion, the biggest determinant of Chinese military, defense, and industrial presence on conflict and stabilization in Africa is the pre-entry state of governance, stability, and ethnic divisions within the countries in which they are operating. If a region is already experiencing conflict, or the ruling regime is authoritarian and has a history of human rights abuses, the effects of Chinese presence in those regions only serve to contribute to or exacerbate destabilization and conflict.

## Appendix 1 - Cobalt Coltan Tantalum Tungsten

**Cobalt** is used for a variety of purposes including the production of high-strength alloys, as a coloring agent for different materials, and as a radioactive tracer for isotopic labeling.<sup>587</sup>

**Coltan** (the term for columbite-tantalite), from which tantalum is extracted, is utilized in many electronic devices, mobile phones, and for the production of temperature-resistant alloys.<sup>588</sup>

**Tantalum** is a corrosion resistant, refractory metal, which can be utilized as a platinum substitute in electronics, and is an important component of tantalum capacitors, which are found in many types of electronic devices and equipment.

“Its high capacitance property allows the storage and instantaneous release of electric charge with minor power loss. Tantalum is also in demand by the defense, aviation and medical technology industries for its resistance to extreme heat and chemical corrosion, hardness and ductility.”<sup>589</sup>

**Tungsten** is a high-density chemical element known for its high melting point. It is used in the production of X-ray tubes, super alloys, radiation shielding, and for military applications such as penetrating projectiles.<sup>590</sup>

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587. Massachusetts Institute of Technology. *Strategic Minerals*.

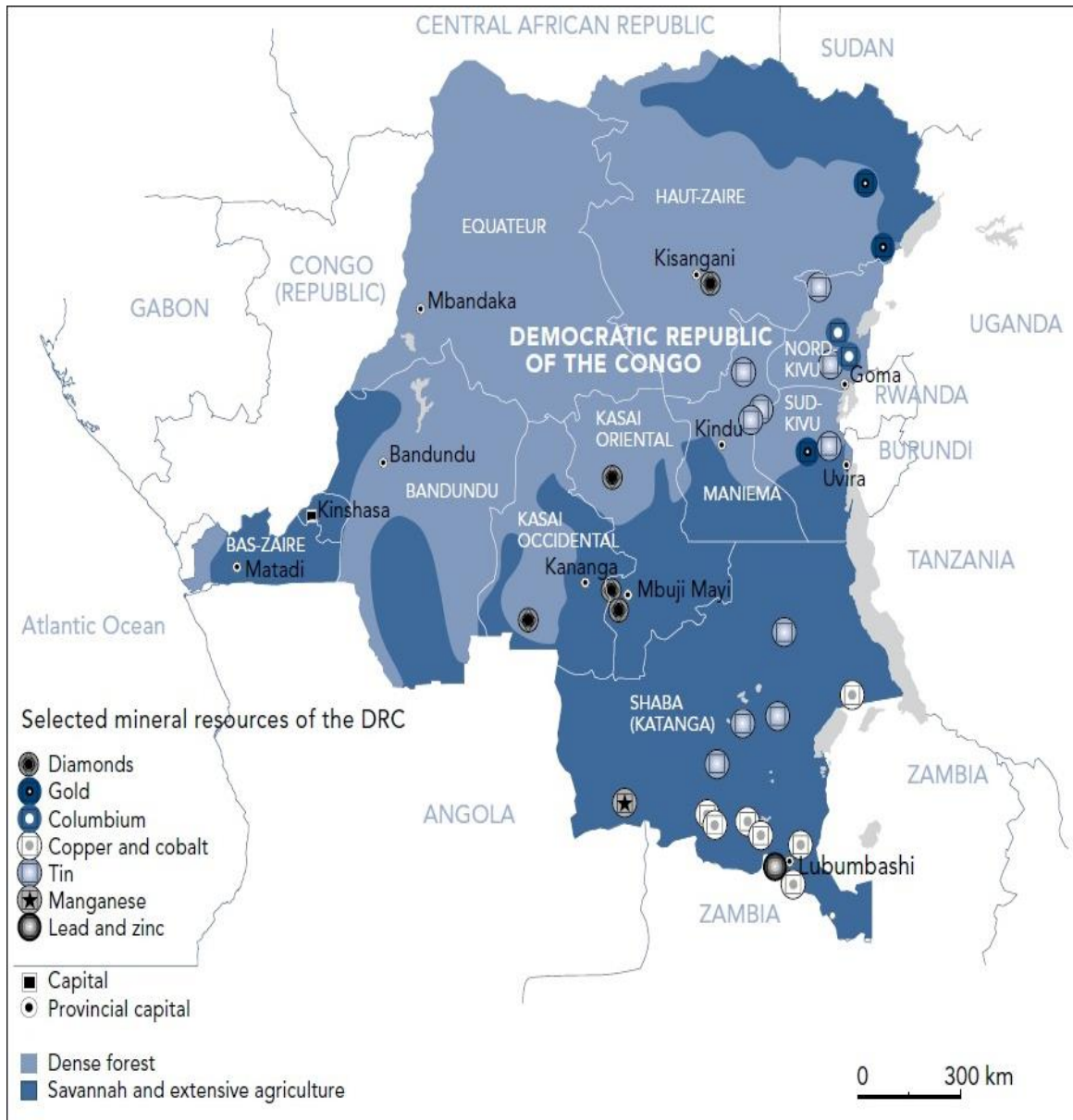
588. Ibid.

589. Ma, *China and Congo's Coltan*, 1.

590. Burmúdez-Lugo, *Conflict Minerals*, 1.



## Appendix 2 - Mineral and Timber Distribution Map - DRC



Map 5 - Selected mineral resources of the DRC<sup>591</sup>

591. Rekacewicz (2003). *Adapted by Katunga, Minerals Forests Violent Conflict*, 15.

### Appendix 3 - Defense-Industrial versus Military-Industrial Enterprises

According to James Mulvenon in a 1997 RAND analysis of Chinese corporations working in the defense field, “There are significant ... differences among military [-industrial and] defense-industrial ... companies .... [While] purely military [or military-industrial] companies do in some cases subsidize the PLA .... Defense-industrial companies *do not* directly subsidize the PLA, although the military receives indirect benefit from profits used to modernize China’s defense-industrial base.”<sup>592</sup> Mulvenon also emphasizes that:

*Analytically, the military and defense-industrial institutional hierarchies should be categorized as two distinct systems* containing elements of both cooperation and competition. The military side contains those institutions which can be considered ‘purely military’ .... including the three General Departments (Staff, Political, Logistical) ... and the active-duty and reserve forces of the Army, Navy, [and] Air Force ....

Each of these organs, within carefully defined parameters, has authority over a variety of economic enterprises. These enterprises, known as *jundui qiye* or “military enterprises,” are formally affiliated with the PLA and engage in increasingly diversified and civilian-oriented commerce, both in China and abroad.

On the other side is the *defense-industrial system*, which is made up of *civilian industrial ministries* related to ordnance, aviation, space, shipbuilding, nuclear weapons, and electronics production.

Each of these ministries has its own affiliated corporation, which concentrates on selling civilian and military-related output to both domestic and international markets. These corporations, whose constituent elements are known as *jungong* ... are officially civilian in nature and operate within a chain of command that proceeds vertically from the enterprises through the ministerial leadership to the government’s State Council, headed by the Premier.<sup>593</sup>

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592. Mulvenon, *Chinese Military Commerce*, xv.

593. *Ibid*, 5-6. *Emphasis added*.

While Mulvenon made the following statement about SOE operation(s) in the United States, the same conclusion may be drawn from SOE activities in Africa: “Non-military affiliated companies make up a make up the majority of the Chinese companies operating in the United States. Most of these enterprises are subsidiaries of the trading corporations of China's large ministries and state-owned enterprises .... While some of these organizations might have significant dealings with the PLA or the defense-industrial complex, they are [quite] distinct from [each other] ....”<sup>594</sup>

Another aspect which has the propensity to confound the understanding of Chinese military, industrial, and defense activities in Africa is the occasional hybridization of resource-extraction enterprises (such as mining or petroleum acquisition projects) with either military- or defense-industrial entities through the creation of subsidiary companies which engage in activities far removed from the primary focus of their parent entities.<sup>595</sup>

In the case of China, the companies which are defense-industrial, or which made the transition from military (or military-industrial) to defense-industrial are all SOEs, with chains of command that run through the Ministry of Industry and Information Technology, which in turn operates under the authority of the State Council. Military-owned companies and defense-industrial entities alike were

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594. Ibid, 10.

595. For example, both Zhenhua Oil Company Limited (<http://zhenhuaoil.com/English/1136.html>) and Wanbao Mining Company Limited (<http://www.norinco.com/GB/61/91/93/index.html>) are owned by NORINCO, which is a defense-industrial corporation (CDIE).

historically controlled by the Commission on Science Technology and Industry for National Defense (COSTIND) until 1998.<sup>596</sup>

As of 1998, defense industrial “.... firms ... [were] contracted by the People’s Liberation Army (PLA) to produce military items. China’s defense industrial firms are completely different entities from the PLA-owned companies and factories (known as *jundui qiye* or military enterprises) .... [It should be noted that] ... China defense industrial firms have diversified away from exclusive military production ....”<sup>597</sup> and began to provide goods and services to the civilian sector, as well as becoming involved in resource acquisition projects.<sup>598</sup>

While COSTIND was originally “a joint military-civilian body responsible both for running China’s defense industries and for overseeing the procurement of equipment by China’s military,”<sup>599</sup> it was subsequently placed under civilian authority, while weapon system research, development and procurement done

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596. Defense-industrial firms are also referred to as civilian-military enterprises. While they are a component of the ‘military-industrial’ complex, they are not specifically ‘military-industrial’ companies per se, as they neither are controlled by nor, work under the direction of any PLA branch. Previously COSTIND was managed through a branch of the PLA before its command chain was moved to the civilian authority of the State Council. Until 1998, “trading companies operated by Chinese military officers, such as Poly Technologies, actively participated in China’s arms trade.” Medeiros and Gill, *Chinese Arms Exports*, xii.

597. U.S.-China Economic and Security Review Commission (2004). Evan S. Medeiros, *Analyzing China’s Defense Industries and the Implications for Chinese Military Modernization*, RAND Corporation, February 2004, p. 3. <http://bit.ly/2ae1Po0>. Accessed on April 18, 2015.

598. Since the PLA was involved in arms production and sales until it was ordered to divest from commercial activities in 1998, some analysts do not take the time to discern between defense industrial enterprises and commercial endeavors by the PLA, which were classified as military-industrial enterprises rather than as ‘defense’ industrial enterprises. Parent companies of CDIEs, such as Poly Group diversified into conglomerates which are now involved in a wide range of commercial ventures, including but not limited to, resource extraction operations.

599. Roger Cliff, *The Rand Corporation, U.S.-China Economic and Security Review Commission Testimony*, p. 2, March 16, 2006. <http://bit.ly/2ae1Po0>. Accessed on April 18, 2015.

on behalf of the PLA were placed under the power of a newly formed military oversight organization referred to as the General Armaments Department (GAD).<sup>600</sup>

In 2008, COSTIND was replaced by a civilian regulatory organization referred to as the State Administration for Science, Technology and Industry for National Defense (SASTIND). “Their primary responsibilities include drafting guidelines, policies, laws and regulations related to science, technology and industry for national defense,”<sup>601</sup> and they presently operate under the authority of the MIIT. SASTIND is also responsible for overseeing the exports of weapon systems and other military- and defense-related items.<sup>602</sup> Figure 6 on page 276 outlines the export controls for both CDIEs and CMIEs.

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600. “The GAD is responsible for the entire lifecycle of weapons and equipment from before they enter the force until they are retired from service. The GAD runs a network of research and development institutes and weapons test centers .... Along with the service headquarters, the GAD assigns Military Representatives to the defense industries to perform liaison and quality control.” Dennis J. Blasko, *Chinese Military Logistics: The GAD System - Part II*, The China Brief, The Jamestown Foundation, Volume: 4, Issue: 20, October 14, 2004, p. 1. <http://bit.ly/2eRpBfl>. Accessed on April 25, 2015.

601. Ministry of Industry and Information Technology - Department of Civilian-Military Integration Promotion, *Nuclear Threat Initiative Facility Report*. July 13, 2012. <http://jmjhs.miit.gov.cn>. Accessed on April 25, 2015.

602. In addition to SASTIND Chinese arms exports may in some cases fall under the scrutiny of General Administration of Customs (GAC) which maintains a supervisory role in weapon systems exports. Both MIIT and GAC are regulated by the State Council.

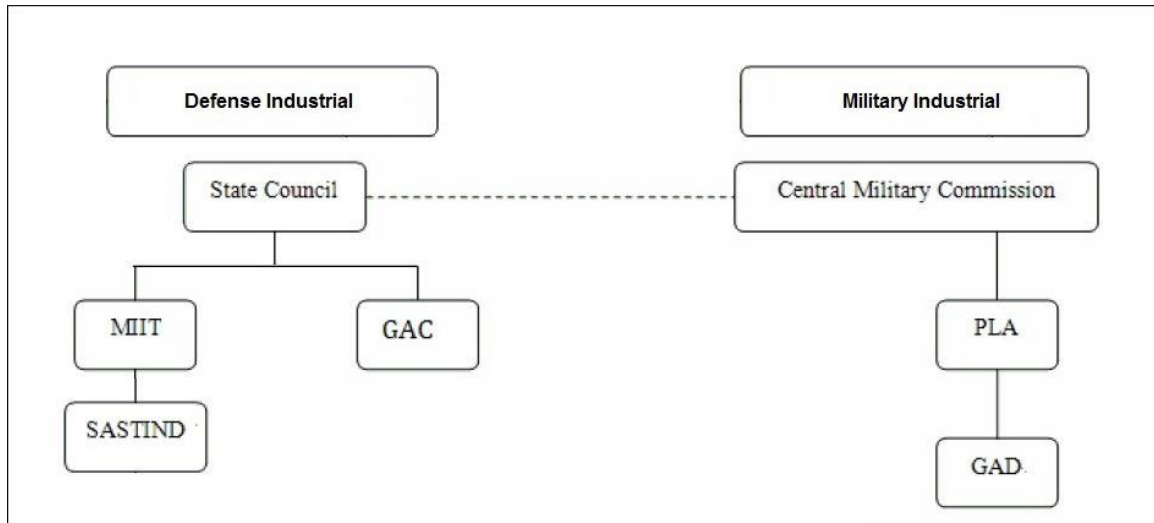


Figure 6 - Defense Industrial and Military Industrial Export Controls<sup>603</sup>

It is important to note, for nearly a decade, analysts have focused predominantly on Chinese Defense Industrial Operations rather than on military enterprises. In 2009, Mulvenon and co-author Tyroler-Cooper prepared an analysis for the US-China Economic and Security Review Commission, entitled *China's Defense Industry on the Path of Reform*.

While they addressed the slowly strengthening defense-industrial sector in China, they did not reference Chinese military-industrial operations once. More recent research from other academics also fails to examine military-industrial enterprises, nor even appear to discern between CDIEs and CMIEs, indicating there is presently an information deficit regarding PLA-run industrial enterprises and operations.

603. Original chart modified to reflect relevant participatory agencies for SALW, Conventional Weapons and Military Equipment Exports. China Arms Control & Disarmament Association (CACDA). Adopted from *The Chinese Nonproliferation Policy and Export Control Practice Publication*, p. 14, August 28, 2013. [http://csis.org/files/attachments/130828\\_LiHong.pdf](http://csis.org/files/attachments/130828_LiHong.pdf). Accessed on April 25, 2015.

**Appendix 4 - Chinese state-owned enterprises (CDIEs) authorized to export Weapons, Munitions, Military Equipment and Vehicles.**

1. China Electronics Import and Export Corporation (CEIEC)
2. China National Aero-Technology Import and Export Corporation (CATIC)
3. China North Industries Corporation (Norinco)
4. China Shipbuilding Trading Corporation (CSTC)
5. China Precision Machines Import and Export Corporation (CPMIEC)
6. Poly Technologies Inc. (a subsidiary of Poly Group)
7. China Xinxing Import and Export Corporation
8. China Jing'an Import and Export Corporation
9. China Electro-Sci-Tec International Trading Corporation (CETC International)
10. China Shipbuilding and Offshore International Corporation (CSOC)
11. Aerospace Long March International Trade Corporation (ALIT)<sup>604</sup>

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604. Chinese Export Control Official Interview (April 2012) and Poly Group website profile (2016). Mark Bromley, Mathieu Duchâtel, and Paul Holtom, *China's Export of Small Arms and Light Weapons*, SIPRI Policy Paper 38, October 2013, p. 28. <http://bit.ly/2ayAY8F>. Accessed on April 8, 2014.

## Appendix 5 - Norinco Group and Subsidiary Member Products and Activities

Military, Security and Police equipment (MSP), this includes, inter alia, following:

- Armoured vehicles: Main Battle tanks (Type 62; ZTZ99; MBT2000; MBT3000); WZ551 (ZSL-92) series 6X6 wheeled armoured vehicles ; ZBL-09 (VN1) 8 x 8 wheeled armoured vehicles; WMZ551; VN3; VN4; GSL131 mine clearing vehicle; ZBD-04 (WZ502) infantry fighting vehicle;
- Long-range suppression/artillery: howitzers (Type 83 152mm self-propelled; PLZ05 155mm self-propelled); artillery (PTL02 100 mm self-propelled; 105mm self-propelled; PTL-05 120 mm self-propelled mortars); 122mm multiple rocket launcher systems;
- Air defense and anti-missile: PGZ95 self-propelled anti-aircraft artillery; 25mm AA; 35mm AA
- Precision strike weapons: HJ-09 antitank missile systems; Red Arrow 8;
- Effective damage: extended range full bore ammunitions
- Anti-riot/law enforcement: tear gas; ZFB-05 4x4 wheeled armoured anti-riot vehicle; WZ901 armoured vehicle
- Resource extraction
- Construction
- Chemical engineering
- Heavy-duty Equipment: GJT-210 and GJT 211 armoured bulldozer;
- Logistics
- Import & Export
- Opto-electronic Information Technology<sup>605</sup>

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605. Omega Research Foundation and the International Peace Information Service, *Working Paper on China North Industries Group Corporation (CNGC)*, October 2014, p. 8. <http://bit.ly/2aHxEXe>. Accessed on January 28, 2015.



## Appendix 6 - Norinco-SPLA Arms Delivery Communications



Ref No. JPMC-N-131227-013  
Dec. 27, 2013

Lt. Gen. Malek Reuben Riak Rengu  
Deputy Chief of General Staff, SPLA  
Co-Chairman of Joint Project Management Committee (JPMC)  
The Republic of South Sudan

Dear Comrade,

**Subject: Delivery of First Batch of Engineering Equipment**  
**Contract No. MODVA/001/2013**

With reference to our letter with Ref No. JPMC-N-131108-009 dated Nov. 8, 2013, the first batch of engineering equipment, which were inspected by your SPLA delegation in Shanghai port in this early December, have been shipped and will reach Mombasa port around December 28, 2013. You are sincerely informed as follows:

1. The goods were previously estimated to enter South Sudan in January 2014, but due to current situation in your esteemed country, presently we cannot find available logistics company which is willing to provide the inland transportation service from Mombasa to Juba, so we have to temporarily put them into the storage house in Mombasa for a while, and related storage fee will be charged.
2. You are also kindly reminded that as per the regulation of Kenya Custom Service, if the goods are stored in Kenya more than 30 days and are not officially granted extending storage time, the related import custom will also be charged. Hence, if we cannot find available logistics company for inland transportation within 30 days after the goods are stored in Kenya, you will be kindly requested to contact related Kenya authorities to achieve extending storage house for free of custom charge, otherwise the high-value custom will be charged.
3. Considering the current situation in your esteemed country, we are still keeping look for logistics company for the inland transportation. But regarding the delivery of the goods to your side, we suggest the delivery point could be arranged at South Sudan territory near the border between South Sudan and Uganda, otherwise there is possibly no logistics company which is willing to carry out the inland transportation inside South Sudan.

Your prompt confirmation about the delivery point will be highly appreciated. Thank you for your usual support, and please accept the assurance of my highest consideration.

*Wish Safety to all of you!*

Yours faithfully,

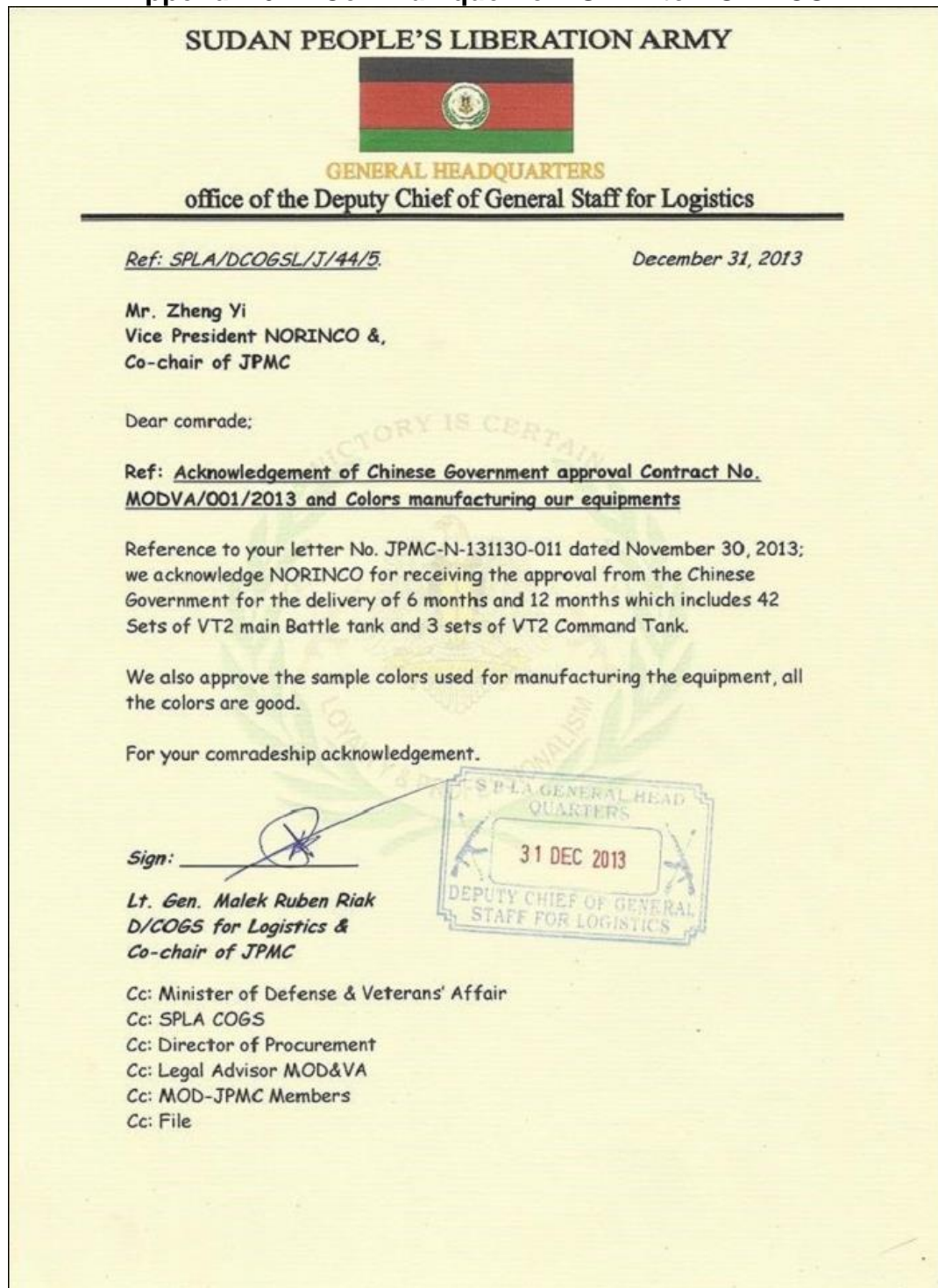
  
Zheng Yi  
Vice President  
Co-Chairman of Joint Project Management Committee (JPMC)  
NORINCO

中国北方工业公司 China North Industries Corp.  
中国北京广安门南街甲12号 中国北京2932邮政编码 邮政编码 100053  
12A Guang An Men Nan Jie, Beijing, China P. O. Box 2932 Beijing Post Code 100053  
电话Tel (8610) 6352 9988 传真Fax (8610) 6354 0398 www.norinco.com.cn

December 27, 2013 - Engineering Equipment Delivery<sup>606</sup>

<sup>606</sup> While the validity of this letter has not been verified, it was taken from a Facebook page belonging to Gatluke Chuol Reat, President of the Nuer Community of North America, and was posted in conjunction with the communiqué from the SPLA to NORINCO (Appendix 6B), published by the The Sentry (Enough Project) in Fall 2016. <http://bit.ly/2hKjLvL>.

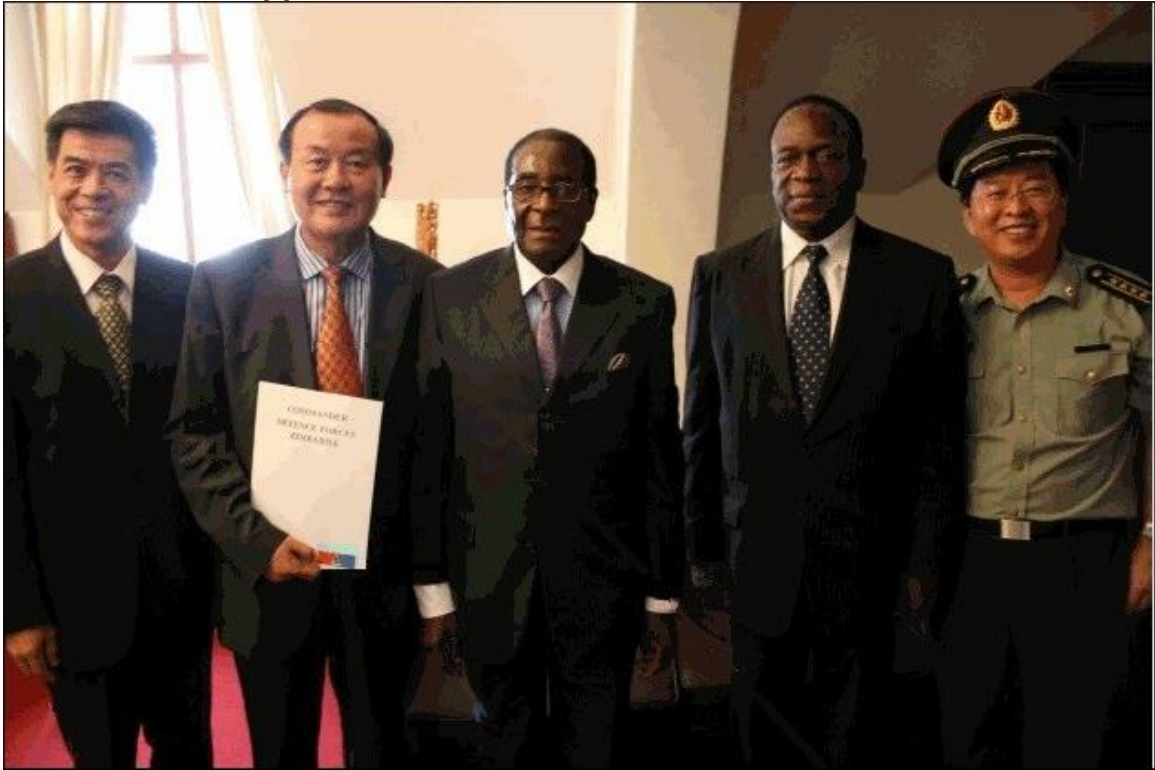
## Appendix 6B - Communiqué from SPLA to NORINCO



December 2013 Acknowledgement Letter from SPLA to NORINCO<sup>607</sup>

607. Originally accessed through The Sentry (Enough Project), *War Crimes Shouldn't Pay*, 45. A high-definition, color version of the document was accessed through a secondary source

## Appendix 7 - The 'Zimbabwe-mode' Contract



Anjin Executives meet President Mugabe<sup>608</sup>

From left to right: Unknown Anhui/Anjin Executive; Anhui Chairman Jiang Qingde; President of Zimbabwe, Robert Mugabe; the Zimbabwean Minister of Defence, Emmerson Mnangagwa; and a senior colonel of the People's Liberation Army. Note the four stars on his green epaulette near the right border of the

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(without scribbling and damage) and was substituted for the black-and-white document included in the Enough Project publication.

608. Global Witness, *Diamonds: A Good Deal for Zimbabwe?* February 2012, p. 9. <http://bit.ly/2aqtCF1>. Accessed on August 6, 2016.

image.<sup>609</sup> According to documents obtained by Global Witness, “The Chinese executive directors of Anjin are Mr. Jian Qingde, Mr. Jiang Diaru, Mr. Tian Shiyue, Mr. Jian Zhaoyao, and Mr. Li Renfu, and nonexecutive board members are Mr.Zhang Shibin and Ms. Lu Qingxia.”<sup>610</sup>

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609. As referenced in Chapter 3, Anhui is the parent company of Anjin.

610. Global Witness, *Diamonds: A Good Deal*, p. 6.

## **Appendix 8 - Chinese Arms Shipments to GLR - 1994 to 1996**

In the period August 1-10, 1994, the ship MV Ruvo off-loaded a weapons consignment from China in Dar es Salaam, with the final destination listed as both Rwanda and Burundi.<sup>216</sup> Ugandan soldiers took delivery of the cargo in Dar es Salaam, and transported the weapons to Uganda by rail. At the time, Rwanda was under an international arms embargo, and this particular shipment would therefore have constituted a violation of that embargo.

On September 27, 1994, the ship Ruaha delivered ammunition to the port of Dar es Salaam, with the final destination filled in as Uganda. The consignment also contained coded information which, according to persons involved with the shipment, listed Burundi as an additional destination.

On November 25, 1994, the ship Shunyi delivered a cargo of ammunition to the port of Dar es Salaam, with the destination listed as Burundi.<sup>218</sup> The cargo was transported by Uganda Railways to Tabora, for possible onward shipment to Uganda (and Burundi) via Mwanza on Lake Victoria, or to Burundi via Kigoma on Lake Tanganyika.

On February 24, 1995, the ship Ruaha delivered ammunition to the port of Dar es Salaam, with the final destination filled in as Uganda. The consignment also contained coded information which, according to persons involved with the shipment, listed Burundi as an additional destination.

On March 19, 1995, the ship Pingu delivered two separate consignments of military equipment, one a set of seventy boxes and the other a set of fifty-five boxes, as well as five aircraft engines, to Dar es Salaam, with both Rwanda and Burundi listed as the final destinations. At least some of the cargo was transported from Dar es Salaam to Tabora by Uganda Railways for apparent onward shipment to Uganda. At the time, Rwanda was under an international arms embargo, and this particular shipment would therefore have constituted a violation of that embargo.

On April 4, 1995, the ship Shunyi arrived in Dar es Salaam with 3,643 cases labeled "ammunition" for onward delivery to Burundi. The Tanzanian authorities' action to stop the off-loading of the shipment received intense press coverage and triggered a flurry of diplomatic activity.

On May 11, 1995, the ship Ruvu arrived in Dar es Salaam with two separate consignments, one of 12,514 cases and one of 368 cases, each labeled “ammunition,” with the final destination filled in as Uganda. Both of these consignments also contained coded information which, according to persons involved with the shipment, listed Burundi as an additional destination. The Ruvu carried at least some of the goods that had originally been on the Shunyi, delivery of which had been blocked a month earlier (see above). Some of the weapons cargo from the Ruvu was transported from Dar es Salaam to Kigoma on Lake Tanganyika by Tanzania Railways Corporation, for apparent onward shipment to Burundi, not Uganda.

On July 2, 1995, the ship Ruaha delivered ammunition to the port of Dar es Salaam, with the final destination filled in as Uganda. The consignment also contained coded information which, according to persons involved with the shipment, listed Burundi as an additional destination.

On October 16, 1995, the ship Shunyi arrived in the port of Dar es Salaam and, according to some records and sources, delivered a cargo of arms that included tanks and Chinese-manufactured dual-use vehicles for Burundi. Other records and sources indicated that the cargo contained just three cases of ammunition, also intended for Burundi. At least some of the cargo was transported to Mwanza on Lake Victoria by Uganda Railways.

On November 24, 1995, the ship Ruaha delivered 205 cases listed as containing “ammunition” to the port of Dar es Salaam. The final destination was not clear from available documentation, but shipping sources stated it was Burundi. The consigner was listed as China North Industries Corporation (Norinco) ... Beijing. Some of the cargo was then ferried to Kigoma by Tanzania Railway Corporation for apparent onward shipment to Burundi, or possibly Zaire.

On February 12, 1996, the ship Shunyi unloaded three cases at the port of Dar es Salaam, the contents of which were not specified in the documents but, according to the shipping agent, the cargo contained weapons. Burundi was listed as the destination, and the consigner was listed as China Wau Bao Engineering Corporation in Shanghai.<sup>611</sup>

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611. Human Rights Watch Arms Project, *Stoking the Fires*, 134-137.



## Appendix 9 - Zimbabwe Arms Shipment Documentation

<b>COSREN SHIPPING AGENCY (PTY) LTD</b>									
<b>Physical Address:</b> 29th FLOOR, OLD MUTUAL CENTRE, 303 WEST STREET, DURBAN, 4001 <b>Postal Address:</b> P.O. BOX 2557, DURBAN, 4000 <b>Telephone:</b> (031) 317 3092, <b>Fax:</b> (031) 301 8222 <b>WEB:</b> www.cosren.co.za <b>Company Registration No.</b> 1919/005819/07									
<b>Arrival Notification</b>					Date/Time : 10/04/2008 - 08:32				
PLEASE BE ADVISED THAT YOUR NEXT SHIPMENT ON ONE OF OUR VESSELS IS EXPECTED AS PER THE FOLLOWING DETAILS :-									
<b>To</b>	GENERAL SHIPPING SERVICES PTY LTD							<b>Attn</b>	VINOD
<b>Consignee</b>	MINISTRY OF DEFENCE PRIVATE BAG 7713, CAUSEWAY							<b>Notify</b>	
	HARARE, ZIMBABWE								
	TEL: 00263-4-700155								
<b>Shipper</b>	POLY TECHNOLOGIES (INC)								
<b>Vessel</b>	AN YUE JIANG			<b>Voyage</b>	134				
<b>Vessel Call Sign</b>	BOAS								
<b>Bill Number</b>	PCR/0002			<b>E.T.A</b>	10/04/2008				
<b>F.D.</b>	DURBAN			<b>S.O.B Date</b>	15/03/2008				
<b>P.O.D</b>	DURBAN			<b>Net Mass</b>	77.24000				
<b>P.O.L</b>	TIANJIN			<b>Gross Mass</b>	90.44000				
<b>Measure</b>	108.7200			<b>No. Cntrs</b>	6				
<b>Descriptions :</b>									
3080 CASES									
ARMS									
CONTAINER NO. SEAL NO.									
CRXU2169976 004301									
HJCU8716191 004302									
CRXU2818357 004303									
CRXU2891229 004304									
HNCU4512708 004305									
HPGU3801507 004306									
FREIGHT PREPAID									
<b>Container</b>	<b>Seal No.</b>	<b>Num Packs</b>	<b>Type of Packs</b>	<b>Weight Ton</b>	<b>Tare</b>	<b>ISO Group</b>	<b>IMCO Num</b>	<b>UN Num</b>	<b>Temp</b>
CRXU2169976	004301	567	CASES	14.81000	2.2000	20GP	0012	1.4S	
CRXU2818357	004303	600	CASES	15.00000	2.2000	20GP	0012	1.4S	
CRXU2891229	004304	567	CASES	14.81000	2.2000	20GP	0012	1.4S	
HNCU4512708	004305	426	CASES	9.72000	2.2000	20GP	0012	1.4S	
HJCU8716191	004302	600	CASES	14.60000	2.2000	20GP	0012	1.4S	
HPGU3801507	004306	320	CASES	8.30000	2.2000	20GP	0012	1.4S	
REMARKS:~-----DEMURRAGE AND STORAGE:~Demurrage and Storage will be levied on									

Arrival Notification for Ministry of Defense - Zimbabwe<sup>612</sup>

612. Noseweek (2008). Wikileaks, *Zimbabwe Chinese Weapons Shipment Documentation*, April 24, 2008. <http://bit.ly/2aGu1Pr>. Accessed on July 25, 2016.

POLY TECHNOLOGIES, INC. (P. T. I)

<b>FROM</b> POLY TECHNOLOGIES, INC. NO. 9 ZHUYE PLAZA 1 CHAOYANGMEN NORTH STREET, BEIJING CHINA PC. 100010 TEL: +86-010-64092280 FAX: +86-010-64092999	<p style="font-size: 1.2em; margin: 0;">商业发票</p> <p style="font-size: 1.1em; margin: 0;">COMMERCIAL INVOICE</p>																																								
<b>TO</b> MINISTRY OF DEFENCE OF ZIMBABWE, PRIVATE BAG 7713, CAUSEWAY, HARARE, ZIMBABWE TEL: 00263-1-700150	PG: P800026      Date: Jan. 21, 2000																																								
<b>Transport details</b> From: TIANJIN to: HARARE by: VESSEL	INC NO.: QTP12X0100-2XA      Lot No.  Terms of payment:  T/T																																								
<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 30%;">Items and quantity</th> <th style="width: 30%;">Number and kind of packages/description of goods</th> <th style="width: 10%;">Quantity</th> <th style="width: 10%;">Unit price</th> <th style="width: 10%;">Amount</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>7.6215mm Ball</td> <td>1,000,000 ROUNDS</td> <td>\$1500.15</td> <td>USD1500000.00</td> </tr> <tr> <td>2</td> <td>7.62139mm Ball</td> <td>2,000,000 ROUNDS</td> <td>\$1500.21</td> <td>USD3000000.00</td> </tr> <tr> <td>3</td> <td>RPG7, 40mm Rocket MC Type 69</td> <td>1,500 ROUNDS</td> <td>\$3089.00</td> <td>USD4633500.00</td> </tr> <tr> <td>4</td> <td>80mm Mortar Bombs Type PPRQ</td> <td>2,700 ROUNDS</td> <td>\$3075.00</td> <td>USD8202750.00</td> </tr> <tr> <td>5</td> <td>81mm Mortar Bombs Type NSI</td> <td>500 ROUNDS</td> <td>\$3150.00</td> <td>USD1575000.00</td> </tr> <tr> <td>6</td> <td>81mm Mortar Tubes Type W31</td> <td>30 TUBES</td> <td>\$5038.10</td> <td>USD1511430.00</td> </tr> <tr> <td colspan="2"><b>TOTAL</b></td> <td><b>3,001,755 ROUNDS</b></td> <td></td> <td><b>USD12,245,760.00</b></td> </tr> </tbody> </table>		Items and quantity	Number and kind of packages/description of goods	Quantity	Unit price	Amount	1	7.6215mm Ball	1,000,000 ROUNDS	\$1500.15	USD1500000.00	2	7.62139mm Ball	2,000,000 ROUNDS	\$1500.21	USD3000000.00	3	RPG7, 40mm Rocket MC Type 69	1,500 ROUNDS	\$3089.00	USD4633500.00	4	80mm Mortar Bombs Type PPRQ	2,700 ROUNDS	\$3075.00	USD8202750.00	5	81mm Mortar Bombs Type NSI	500 ROUNDS	\$3150.00	USD1575000.00	6	81mm Mortar Tubes Type W31	30 TUBES	\$5038.10	USD1511430.00	<b>TOTAL</b>		<b>3,001,755 ROUNDS</b>		<b>USD12,245,760.00</b>
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<b>TOTAL</b>		<b>3,001,755 ROUNDS</b>		<b>USD12,245,760.00</b>																																					
TOTAL: PACKED IN 3,000 CASES  LOADED IN 6 X 20' SPS																																									
<p style="color: red;">1) Ammunition</p> <p style="color: red;">2) Ammunition</p> <p style="color: red;">3) Rocket Propelled Grenades (RPGs)</p> <p style="color: red;">4) Mortar Bombs</p> <p style="color: red;">5) Mortar Bombs</p> <p style="color: red;">6) Mortar Tubes</p>																																									

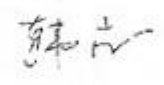
Poly Technologies Commercial Invoice<sup>613</sup>

613. Ibid. Bold red font inserted by dissertation author.



保利科技有限公司  
POLY TECHNOLOGIES, INC. (P. T. I)

<b>Issuer</b> POLY TECHNOLOGIES, INC. NEW POLY PLAZA 1 QIMUYANGMEN NORTH STREET, BEIJING CHINA PC. 100010 TEL.: +86-010-64082286 FAX: +86-010-64082988	<h2 style="margin: 0;">装箱单</h2> <h3 style="margin: 0;">PACKING LIST</h3>
<b>To</b> MINISTRY OF DEFENCE OF ZIMBABWE, PRIVATE BAG 7713, CAUSEWAY, HARARE, ZIMBABWE TEL. 00263-4-700155	Invoice No. <b>PW08026</b> Date <b>Jan. 21, 2008</b>

Marks and numbers	Numbers and kind of packages, description of goods			
7.62X54mm Ball	1,000CASES	20,300.00KGS	25,000.00KGS	24.00CBM3
7.62X39mm Ball	1,384CASES	37,362.00KGS	40,020.00KGS	34.172CBM3
R/C7, 40mm Rockets HE type DU	250CASES	6,500.00KGS	7,000.00KGS	18.00CBM3
60mm Motor Bombs Type P60	327CASES	5,952.00KGS	6,356.00KGS	10.90CBM3
81mm Motor Bombs Type W81	170CASES	4,576.00KGS	4,928.00KGS	8.62CBM3
81mm Motor Tubes Type W81	90CASES	3,100.00KGS	4,151.00KGS	13.95CBM3
<b>TOTAL</b>	<b>3,000CASES</b>	<b>63,130.00KGS</b>	<b>68,455.00KGS</b>	<b>168.742CBM3</b>
SAY: THREE THOUSAND EIGHTY CASES ONLY.  LOADED IN 6 X 20' SEC				
				

Poly Technologies Arms Shipment Packing List<sup>614</sup>

614. Ibid.



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Syndicates: Yakuza, Tongs and Triads
- PADI Certified Scuba Diver  
Advanced Diver, Search & Rescue Diver  
Advanced Open Water Diver  
Night Diver

Computer Skills: Web Design, E-commerce creation, FrontPage, Word Press, GIMP photo editor, Photoshop, Power Point and basic forensic IT skills

Basic Comprehension of most Romance languages (written and spoken)

French, Spanish, and Portuguese: Near working proficiency

Cyrillic: Basic reading and writing

Haitian Creole: Basic reading, writing, speaking, and comprehension

Hebrew: Basic speaking and comprehension

Italian: Basic reading, writing, speaking, and comprehension

Swahili: Basic reading, writing, speaking, and comprehension

Amharic: Basic speaking and comprehension

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