



Dr. Stefan Gehrold is head of the Europe office of the Konrad-Adenauer-Stiftung in Brussels. Prior to that, he was Resident Representative of the foundation in Dakar.



Lena Tietze is a fellow of the Konrad-Adenauer-Stiftung and a graduate of the foundation's College for International Politics and Economics. She studied Chinese in Kanton and International and Cultural Business Studies in Passau.

## FAR FROM ALTRUISTIC: CHINA'S PRESENCE IN SENEGAL

*Stefan Gehrold / Lena Tietze*

"Growth in Africa will be fuelled by China."<sup>1</sup> This was the prediction made by Mamadou Diallo, Senegalese economist and former presidential candidate, in August 2010.<sup>2</sup> Previously, in January 2008, the Senegalese President Abdoulaye Wade had published an article in the English *Financial Times* entitled "Time for the west to practice what it preaches". In this article, he suggested that these days, economic relations had to be based on mutual needs and benefits. In fact the European Union and the USA were struggling to compete with China in economic terms.<sup>3</sup>

China<sup>4</sup> is on everyone's lips these days, in every corner of the world. This is because of the country's steady economic growth over the last thirty years and its quick recovery from the economic financial crisis. Despite being heavily criticised for its activities in Africa, Beijing has shown that China is not afraid to invest in countries with authoritarian regimes such as Zimbabwe, countries that the West think should be boycotted. China is not supporting these

- 1 | Quoted from: *Le Soleil*, "Perspectives Économique en Afrique: Optimisme et incertitude, selon le rapport McKinsey", August 8, 2010.
- 2 | Diallo was speaking on the occasion of the presentation of the "McKinsey Report" on economic development in Africa at the Konrad-Adenauer-Stiftung office in Dakar. He reiterated these ideas at the end of October 2010 at the foundation's conference "20 years since reunification – 20 years of the German internal market".
- 3 | Cf. Abdoulaye Wade, "Time for the west to practice what it preaches", *Financial Times*, January 23, 2008.
- 4 | The term "China" is used in this article to designate the People's Republic of China. The Republic of China in Taiwan is referred to as "Taiwan".

countries in order to put pressure on them to introduce more democratic forms of government; on the contrary, Beijing is simply trying to ensure that it has all the resources that it needs.

Is this also the motivation behind its activities in Senegal? Not really. The West African country, led by President Wade, has very few natural resources, but it has indeed a good reputation for being a reliable partner in the area of development cooperation. In Senegal, democratic structures already work relatively well. Since resuming diplomatic relations in autumn 2005, China has been acting as a donor country, and in this short period of time it has become clear that China has developed a growing interest in small African countries which have few natural resources, but which are Western-oriented. Beijing is using a broad range of foreign-policy tools in pursuit of its political and economic interests in Senegal. These policies are affecting Senegal in a number of different ways, and it is proving difficult for the Senegalese government to properly assess or control these effects.

## PROFILE OF SENEGAL

Around eleven million people live in Senegal in an area about half the size of Germany. The country is one of the world's least developed countries (LDCs) and ranks 144<sup>th</sup> out of 169 countries on the *UN Human Development Index*. Senegal is a constitutional presidential republic with a political structure similar to France, its former colonial power. President Wade won the presidential and parliamentary elections in 2000 and was re-elected in 2007. His government is pursuing a new direction in foreign policy and is distancing itself from traditional partners in Europe. To strengthen its independence, the Wade government is seeking out new, geopolitically diverse cooperation partners. Key amongst these are the USA. In 2005, the Wade government resumed diplomatic relations with China, which is seen as a potential export country and a source of investment. Diplomatic relations had been broken off in 1996 because Senegal had recognised the Republic of China (Taiwan). Taiwanese "cheque book diplomacy" had promised large-scale financial support,

**To strengthen its independence, the Wade government is seeking out new, geopolitically diverse cooperation partners like the USA. In 2005, it resumed diplomatic relations with China.**

while the People's Republic of China, with an average of 2.9 million Euros per year of development aid between 1971 and 1996, had only been considered to be a relatively small donor country. Despite receiving substantial funding from

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Taipei, Senegal could no longer ignore the omnipresence of the much stronger People's Republic after the turn of the century as it searched for cooperation partners in Africa, and so it withdrew its recognition of Taiwan. This was a prerequisite for resuming relations with China. Senegal's desire to obtain a temporary seat on the UN Security Council made it even more important to develop good diplomatic relations with one of the veto countries.<sup>5</sup> Senegal was also hoping to reap sustainable development benefits, especially through an increase in foreign trade, technology imports and knowledge transfers. However, in economical and political terms, Senegal's relations with the newly-industrialised nation of China are somewhat unbalanced.

### **SENEGAL'S FOREIGN TRADE WITH CHINA**

The annual volume of trade between the two countries grew between 1994 and 2009 from 23 million U.S. dollars to 441 million U.S. dollars, so it increased almost twentyfold in 15 years. Even the lack of diplomatic relations between 1996 and 2005 did not slow down the growth. Between 2005 and 2009, the growth in annual foreign trade was even more marked than in the previous five years, going from a total of 300 million to around 750 million U.S. dollars. Even so, in absolute terms, this level of trading volume is still quite modest.

The relationship between exports and imports is also out of kilter. Senegal's exports to China are significantly lower than its imports. So a large proportion of the growth in trading volumes is down to an increase in Chinese exports. In 1994 Senegal's balance of trade deficit stood

5 | Cf. Eric Hazard et al., "The Development Impact of the Asian Drivers on Senegal", *The World Economy*, Vol. 32, No. 11, 2009, 1563-1585, 1578 et sqq.

at 21 million Euros, in 2009 it was 251.6 million Euros.<sup>6</sup> According to Senegalese sources, in 2009 around nine per cent of the country's imports came from China, making the People's Republic its third-largest importer after France and Nigeria. But in return, Senegal sold only 1.25 per cent of its (still somewhat modest) exports to the People's Republic.<sup>7</sup> This trend continued in 2010. Senegal imports building materials, machinery and glass from China, along with textiles, shoes, tea and tomato paste. Senegal exports primarily fishery products. This product group represented 99 per cent of total exports to China in the year 2000, and 63 per cent in 2005.<sup>8</sup>

The importance of the People's Republic as a destination for Senegalese products remains minimal. From a Chinese perspective, Senegal is not a particularly important trading partner. What the African republic considers to be a high level of imports is negligible as far as the Chinese economic powerhouse is concerned, despite their significant growth. Goods exported to Senegal to a value of 259.1 million Euros in 2009 need to be seen in the context of total export volumes in 2009 of 848,604 billion Euros.<sup>9</sup> This kind of balance of trade is typical of China's dealings with African states and is another indicator of the People's Republic's growing economic might in a global world, as well as of the overall importance of the African continent to China's foreign trade policy.

6 | Cf. IMF, *Direction of Trade Statistics Yearbook* (Washington D.C.: 1998); IMF, *Direction of Trade Statistics Yearbook* (Washington D.C.: 2004); IMF, *Direction of Trade Statistics Yearbook* (Washington D.C.: 2007); IMF, *Direction of Trade Statistics* (Washington D.C.: March 2010); IMF, *Direction of Trade Statistics* (Washington D.C.: September 2010); *China Commerce Yearbook 2004* (Beijing: 2004); *China Commerce Yearbook 2006* (Beijing: 2006); *China Commerce Yearbook 2008* (Beijing: 2008); *China Commerce Yearbook 2009* (Beijing: 2009); amounts in Euros based on exchange rate as at March 21, 2011.

7 | Own calculation based on: *Ministère de l'Economie et des Finances, Statistiques du Commerce Extérieur – Bulletin Trimestriel – Quatrième trimestre 2009*, Dakar, 2010.

8 | Cf. Hazard et al., n. 5, 1565.

9 | Cf. *CIA – The World Factbook*, <https://www.cia.gov/library/publications/the-world-factbook> (accessed May 4, 2011). Amounts in Euros based on exchange rate as at March 21, 2011.

## INVESTMENTS

China's foreign direct investments (FDIs) in the African continent are also growing. According to Chinese figures, FDIs for Africa grew between 2003 and 2008 from 2.62 per cent to 9.82 per cent of China's total direct investments abroad.<sup>10</sup> The proportion of cumulative FDIs in Africa grew from 0.15 per cent to 5.94 per cent.<sup>11</sup> UNCTAD figures show that cumulative FDIs in the African continent in 2008 were 5,498.1 million Euros. So Chinese FDIs in Africa were much higher than those of other emerging nations, especially India and Brazil.<sup>12</sup>

The World Investment Report 2009 showed that FDIs grew between 2000 and 2008 for Africa's least developed countries. The main sources of these funds are the western industrialised nations, particularly France, Great Britain and the USA – and now increasingly China.<sup>13</sup> The growth in investment is almost exclusively concentrated in those African countries that are rich in natural resources.

**Senegal is insignificant as a recipient of foreign direct investment from China because of the short period of time since the resumption of diplomatic relations and due to the country's few natural resources.**

Despite an overall increase in Chinese FDIs in Africa, Senegal itself is insignificant in absolute and relative terms as a recipient of foreign direct investment from China.<sup>14</sup> This can be put down to the short period of time

since the resumption of diplomatic relations, as well as the fact that the country has so few natural resources. Despite this, one of China's state-owned enterprises, the China National Fisheries Association (CNFC), has invested in two Senegalese subsidiaries, Senegal Pêche and Sénégal Armement.<sup>15</sup> And just recently, joint ventures in the transport sector and in telecommunications were set up.

10 | Cf. *China Commerce Yearbook 2009*, 174 et seq.

11 | Cf. *ibid.*, 180 et seq.

12 | Cf. UNCTAD, *Economic Development in Africa Report 2010 – South-South Cooperation: Africa and the New Forms of Development Partnership*, 2010, 86.

13 | Cf. UNCTAD, *World Investment Report 2009 – Transnational Corporations, Agricultural Production and Development*, 2009, 45.

14 | Cf. UN (UNDP/UNCTAD), *Asian Foreign Direct Investment in Africa. Towards a New Era of Cooperation among Developing Countries*, New York / Geneva, 2007, 19; *China Commerce Yearbook 2009*, Beijing, 2009, 176 and 182.

15 | Cf. Hazard et al., n. 5, 1568.

It remains to be seen whether the current trend that we are seeing right across the African continent of increased Chinese FDIs in the LDCs will also benefit Senegal in the long run.

### **THE KEY INSTRUMENTS OF CHINA'S "DEVELOPMENT COOPERATION"**

China's activities are diverse and involve a wide range of players. It is often difficult to tell the difference between development cooperation and economic cooperation. The dividing lines between them are somewhat blurred, due to both the confidentiality surrounding certain contracts and the complex nature of dealings with Chinese institutions responsible for development cooperation. In contrast to western donor nations, China is not a member of the OECD and is therefore not obliged to publish its development aid budget. The Chinese definition of development aid is also somewhat different to that of the OECD.

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The various forms of Chinese economic cooperation can be classified as follows:

#### **Grant aid**

Non-repayable aid, known as grant aid, is used in the health, culture, sport and agriculture sectors. In the years 2007, 2008 and 2010, the Chinese government supplied drugs to combat malaria. Deliveries in 2007 and 2008 amounted to 0.22 million Euros in total.<sup>16</sup> In 2010, they donated enough drugs for 180,000 treatments. Around the same time the USA provided enough drugs for 400,000 treatments.<sup>17</sup> In 2006 the Chinese ran training programmes on combating malaria in Senegal. They organised an exchange of experts and regularly invited senior officials from the Senegalese

16 | Cf. *Xinhua*, "Sénégal/Chine en faits et chiffres", February 13, 2009, [http://french.china.org.cn/foreign/hjtvisite2009/2009-02/13/content\\_17270832.htm](http://french.china.org.cn/foreign/hjtvisite2009/2009-02/13/content_17270832.htm) (accessed September 6, 2011). *Xinhua* is the official Chinese state news agency. Amounts in Euros based on exchange rate pertaining as at March 21, 2011.

17 | Eugène Kaly, "Prise en Charge du Paludisme: Les districts recevront leur lot de médicaments bientôt", *Le Soleil*, June 18, 2010.

health ministry to China. Between 2007 and 2009, a group of Chinese doctors also worked in a hospital in Pikine, not far from the capital, Dakar. At the China-Africa summit in 2006, the Chinese government promised to build a new hospital in Senegal, but work has yet to be started.

On the culture front, the Chinese government agreed to build a new national theatre in Dakar. Work on building the theatre started in 2008 and it is estimated that the costs, once it is finished, will have reached around 26 million Euros, a sum which will be borne exclusively by the Chinese. Why they are building a new theatre is unclear. Dakar already has a national theatre which is in need of renovation and is hardly ever used.

Beijing has also promised to build a "Musée des Civilisations Noires" in Dakar.<sup>18</sup> In the sporting arena the People's Republic are funding the refurbishment of eleven football stadiums around the country.<sup>19</sup>

**In Sangalkam, Chinese agricultural advisors run an agricultural training centre. Chinese also donate materials for projects.**

The People's Republic is also supporting the Senegalese government with grant aid for agriculture. Since November 2006, China has been funding a group of agricultural scientists who are advising on rice cultivation, predominantly in Podor in northern Senegal. In Sangalkam, around 30 kilometres from Dakar, Chinese agricultural advisors run an agricultural training centre. Since 2007 they have been offering various training programmes to promote subsistence farming and to increase the yields of small farms. In addition to these training programmes the Chinese also donate materials for projects such as "Grande Offensive Agricole pour la Nourriture et l'Abondance (GOANA)". This programme was set up by the Senegalese President Abdoulaye Wade in 2008. One of its aims is to promote the cultivation of Chinese sesame in Senegal. Up to the beginning of 2009, the People's Republic had donated agricultural equipment to a value of 1.1 million Euros.<sup>20</sup> In 2010, Senegal began operating multi-purpose food preparation equipment donated by China. Following a

18 | Cf. *Xinhua*, "Sénégal/Chine en faits et chiffres", n. 16.

19 | Cf. *ibid.*

20 | Cf. *ibid.*; amounts in Euros based on exchange rate as at March 21, 2011.

pilot phase in the Kaolack region, several dozens of these pieces of equipment are to be used in various rural communities to mill corn, cassava and other similar agricultural products.<sup>21</sup>

In January 2010, the Chinese news agency *Xinhua* reported that donations in the form of grant aid for culture, sport, agriculture, and healthcare as part of the "Senegal-China Programme" amounted to around 150 million Euros.<sup>22</sup> The Chinese government also donated technical equipment for Senegal's foreign ministry. In May 2010 computers, copiers and servers to the value of almost 120,000 Euros were supplied.<sup>23</sup>

### **Interest-free Loans**

In addition to grant aid, another key element of China's development cooperation is the granting of interest-free loans and "preferential" or "concessionary" loans. The latter are handled by the Export-Import Bank of China (EXIM) and are offered at a preferential rate of interest. In Senegal, these types of loans are mostly used for infrastructure projects.

Between January 2009 and January 2011, the Senegalese Energy company Senelec expanded the electricity supply network in Dakar and its suburbs with the help of a 55 million Euro loan from the EXIM Bank. The problems of Dakar's electricity supply are so serious that even the city's imams were calling for protests against the lack of capacity and constant power failures.<sup>24</sup>

21 | Cf. Oumar Ngatty Bâ, "Transformations des Produits Agricoles: 'Chaque Communauté aura une presse à huile', selon Me Ousmane Ngom", *Le Soleil*, June 20, 2010, [http://xibar.net/TRANSFORMATION-DES-PRODUITS-AGRICOLES-Chaque-communaute-aura-une-presse-a-huile--selon-Me-Ousmane-Ngom\\_a24993.html](http://xibar.net/TRANSFORMATION-DES-PRODUITS-AGRICOLES-Chaque-communaute-aura-une-presse-a-huile--selon-Me-Ousmane-Ngom_a24993.html) (accessed September 6, 2011).

22 | Cf. *Xinhua*, "Sénégal/Chine en faits et chiffres", n. 16.

23 | Cf. Ndyèlè Khady Lo, "Dons de Matériel Informatiques: La Chine équipe le ministère des Affaires étrangères", *Le Soleil*, May 26, 2010.

24 | Cf. Mamadou Alpha Sane, "Doutes sur la Revision des Prix de l'Electricité Demande par le FMI: Les mises en garde des imams et oulémas de la banlieue", *L'Observateur*, April 28, 2010; *Xinhua*, "Sénégal/Chine en faits et chiffres", n. 16; Aly Diouf, "Autosuffisance Énergétique: Le deadline ramené à février 2011", *Le Soleil*, August 9, 2010.



In January 2009, the Chinese company King Long Automotive Industry Co. Ltd. and the Senegalese company Senebus Industrie SA set up a joint venture with the aim of modernising the local public transport system. This business tie-up should result in the delivery of 406 buses, of which 402 will be built in Senegal. The Chinese for their part promised to provide new jobs and develop human resources in Senegal, along with a full technology transfer. But even this is not an example of true private sector cooperation. The Senegalese capital share is apparently 100 per cent, and the joint venture is actually being financed in part by a preferential loan from the EXIM Bank amounting to around 18 million Euros. Signatories to the new venture's articles of association included the Chinese ambassador to Senegal and the Senegalese Minister of Economy and Finance.<sup>25</sup>

**The Chinese are financing the majority of an infrastructure project in Kaolack, but they are also responsible for carrying out the work.**

In June 2010, it was announced that Chinese and Senegalese government representatives had come to an agreement on building ports in Kaolack and Foundiougne. Chinese companies will carry out the work with Chinese money. Once the work is completed, the port in Kaolack will be the second-largest port in Senegal. The infrastructure project includes the expansion of shipping lanes, new and improved transport networks around both ports and the building of a dry dock and unloading facilities for oil tankers. The Chinese are not only financing the majority of the project, but, according to the Kaolack Chamber of Commerce, they are also responsible for carrying out the work with China Communications Construction Company Ltd. (CCCC) as the lead company in the project and its subsidiary China Harbour Engineering Company Ltd. (CHEC). This group is one of the top performers in terms of turnover of all China's state-owned companies.<sup>26</sup> The same group is currently building the world's largest freight port near Shanghai.

25 | Cf. *Xinhua*, "Sénégal/Chine en faits et chiffres", n. 16; Fara Sambe, "Une question plus que d'actualité", *Le Soleil*, August 24, 2010.

26 | Interview with a member of the Kaolack Chamber of Commerce, September 15, 2010; cf. Mamadou Cisse, "Partenariat Chine-Sénégal: Un port à Foundiougne et réhabilitation de celui de Kaolack", *Le Soleil*, June 4, 2010; Mamadou Cisse, "Visite des Chantiers de Kaolack: Souleymane Ndéné Ndiaye salue les efforts de Karim Wade", *Le Soleil*, June 7, 2010.

Kaolack was an important inland port during colonial times, but these days, the port is silted up and the equipment has been dismantled and is no longer usable. Kaolack lies on the important Dakar-Bamako axis. All freight goes via Kaolack to the port in Dakar. However, the route to the Dakar peninsula is chronically congested. This costs a lot of money, is a disaster for the economy and puts additional pressure on the transport network. Moving freight off the roads and onto the water at Kaolack en route to Dakar is a central plank of Senegal's infrastructure planning.

### **CHINESE COMPANIES COMMISSIONED BY THE SENEGALESE GOVERNMENT**

Apart from this development cooperation work, the Senegalese government also continues to award self-financed projects to Chinese companies, such as the modernisation of the city of Touba, home to the very influential Muslim brotherhood, the Mouride. China Henan International Cooperation Group (CHICO) has been working on expanding and modernising the inner city infrastructure since 2007. The project includes canal building, the building and reconstruction of roads and the expansion and modernisation of electricity and water supply systems.<sup>27</sup> China Henan has been in Senegal since the 1980s, following a bilateral agreement on the building of two football stadiums.<sup>28</sup>

**China Henan has been working on expanding and modernising the inner city infrastructure of Touba since 2007 and has been in Senegal since the 1980s.**

According to the Chinese Ministry of Commerce, a large number of other major Chinese companies are currently working in Senegal.<sup>29</sup> This includes the telecommunications

27 | Cf. Abdoulaye Fam, "Chantiers de Touba: Les Chinois suspendent les travaux", *L'Observateur*, June 11, 2010; Abdoulaye Fam, "Interrogations Autour des Travaux des Chantiers de Touba: Henan Chine-a-t-il reculé devant les pressions de l'Etat", *L'Observateur*, June 16, 2010.

28 | Cf. Romain Dittgen, "From Isolation to Integration? A Study of Chinese Retailers in Dakar", *SAIIA Occasional Paper* No. 57, 2010, 6, [http://saiia.org.za/images/stories/pubs/occasional\\_papers/saia\\_sop\\_57\\_dittgen\\_20100326.pdf](http://saiia.org.za/images/stories/pubs/occasional_papers/saia_sop_57_dittgen_20100326.pdf) (accessed November 3, 2010).

29 | Cf. Ministry of Commerce of the People's Republic of China (中塞经贸关系), 2009, <http://senegal.mofcom.gov.cn/aarticle/zxhz/hzjj/200902/20090206022811.html?2360760218=3582436225> (accessed November 28, 2010).

companies Huawei and ZTE, which work for the Senegalese administration with the support of the Chinese government, but which also work independently of the government. In total, at least three of the eight state-owned Chinese companies which have the biggest turnover and operate internationally are represented in Senegal.<sup>30</sup>

### **ECONOMIC MIGRATION: SMALL CHINESE RETAIL BUSINESSES IN DAKAR**

Since the 1990s, the area around the Boulevard Général de Gaulle, one of the main thoroughfares in Dakar, has seen a lot of small Chinese retail businesses opening up.<sup>31</sup> They were started up for economic reasons, with the majority of the owners wanting to save money and then return to China after a few years.

At least initially, the activities of China Henan were a key factor in the migration of Chinese nationals to Senegal. During the 1990s, Chinese workers from China Henan

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noticed that Senegalese traders in Dakar's streets and markets were selling products made in China. They realised that they could import and sell these products for less. Despite the fact that diplomatic relations had been broken off, China Henan continued to work in Senegal and was presumably able to obtain work and residency permits for a growing number of Chinese migrants.<sup>32</sup> The Chinese were able to rent rows of shops along the Boulevard Général de Gaulle at reasonable prices.<sup>33</sup> Then, as now, these Chinese retailers tended to

30 | Cf. Ministry of Commerce of the People's Republic of China, 2009, *China Commerce Yearbook 2009*, 2009.

31 | Cf. Antoine Kernén and Benoît Vulliet, "Les petits commerçants et entrepreneurs chinois au Mali et au Sénégal", *Sociétés politiques comparées* No. 5, 2008, 8 et seq., [http://fasopo.org/reasopo/n5/societespolitiquescomparees5\\_article.pdf](http://fasopo.org/reasopo/n5/societespolitiquescomparees5_article.pdf) (accessed November 3, 2010).

32 | Cf. Dittgen, n. 28, 6. Dittgen describes China Henan as a "Trojan Horse" in Senegal throughout the time that diplomatic relations between China and Senegal were suspended. Kernén and Vulliet also suggest there was a link between China Henan and the issue of travel permits for Chinese retailers to work in Senegal, despite the fact that Senegal maintained diplomatic relations with Taiwan from 1995 to 2005. Cf. Kernén and Vulliet, 2008, n. 31, 13 et seq.

33 | Cf. Dittgen, n. 28, 7.

sell clothing, shoes and household goods at the lower end of the price range.

After diplomatic relations were resumed, the Chinese embassy did not initially want to publicly represent the concerns of these retailers in Dakar as it felt their “cheap” image was not representative. However this changed over time as the Chinese retailers started to organise themselves.<sup>34</sup>

Today there are so many Chinese migrants with their shops along Boulevard Général de Gaulle and the surrounding quarter of Le Centenaire that the whole area is known locally as Chinatown. The Chinese retailers changed the whole urban landscape of the former residential quarter of Le Centenaire as well as local business structures. There are now an estimated 200 Chinese-run businesses and shops in the area.<sup>35</sup> Generally speaking, however, Chinese workers and employees at large companies normally only stay in Senegal for the duration of the project they are working on.<sup>36</sup>

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## CHINA ON SENEGALESE RADIO

Today the Chinese can even be heard on Senegalese radio. *Radio China International* has been broadcasting in Senegal since August 2010. *Radio China International* broadcasts in French and Chinese on four frequencies twenty-four hours

34 | Cf. *ibid.*, 9.

35 | Cf. *ibid.*, 13.

36 | The number of Chinese nationals thought to be living in Senegal is estimated to be around 2000. Cf. Yoon Jung Park, “Chinese Migration in Africa”, *SAIIA Occasional Paper* No. 24, 2009, 4. [http://www.saiia.org.za/images/stories/pubs/occasional\\_papers/saia\\_sop\\_24\\_park\\_20090218\\_en.pdf](http://www.saiia.org.za/images/stories/pubs/occasional_papers/saia_sop_24_park_20090218_en.pdf) (accessed November 15, 2010). Estimates vary greatly. The Chinese Embassy itself suggested a figure of 1,000 Chinese national living in Senegal in 2008. This only represented legal residency permits requested by private individuals. However it is believed that a number of Chinese migrants do not have official residency permits. The figure also does not include residency permits obtained by companies for its employees, irrespective of the length of their stay. Cf. Kernén and Vulliet, n. 31, 4.

a day.<sup>37</sup> Officially the purpose is “to promote mutual understanding and friendship between China and Senegal”.<sup>38</sup>

In 2010 *Radio Télévision Sénégalaise (RTS)*, the official Senegalese state broadcaster, and the Chinese company *Startimes* entered into a joint venture to facilitate the switch from analogue to digital broadcasting technology by 2015. *Startimes* apparently invested around 92 million Euros in the venture.<sup>39</sup> Together with the “development aid” projects mentioned above, the various forms of economic cooperation and the migration of Chinese retailers to Dakar, Chinese involvement in radio and television only serves to underline the wide range of activities being undertaken by the People’s Republic in Senegal.

**The Chinese company Startimes apparently invested around 92 million Euros in the venture with Radio Télévision Sénégalaise.**

### **CHINA IN AFRICA: HISTORICAL BACKGROUND AND NEW TRENDS**

China’s involvement in Africa since the turn of the century is increasingly attracting the attention of not just Senegal, but also the West. Chinese interest in Sub-Saharan countries is of course not a new phenomenon, but increased cooperation, especially on the economic front, has added a new level of intensity and geopolitical significance to this interest. What has motivated the People’s Republic to intensify their interest in African partners such as Senegal?

The first official contact between the People’s Republic of China, founded in 1949, and six African nations happened at the Asia-Africa Conference in Bandung, Indonesia, in 1955. The People’s Republic outlined the following principles for foreign relations: equality, mutual benefit and non-interference in internal affairs.<sup>40</sup> The idea of south-south solidarity between countries that had shared

37 | Cf. Cheikh Bamba Diagne, “Radio chine internationale envahit les ondes sénégalaises”, *Le Quotidien*, August 5, 2010, 8.

38 | Cf. El Hadji Massiga Faye, “Radio Chine Internationale sur la bande FM”, *Le Soleil*, August 5, 2010, 13. Own translation.

39 | Cf. “Coopération Chine Sénégal: La Rts va passer en diffusion numérique d’ici à 2015”, *Le Soleil*, August 24, 2010.

40 | Cf. Helmut Asche and Margot Schüller, *Chinas Engagement in Afrika – Chancen und Risiken für die Entwicklung*, GTZ, 2008, 14, [http://giga-hamburg.de/dl/download.php?d=/content/ias/pdf/studie\\_chinas\\_engagement\\_in\\_afrika.pdf](http://giga-hamburg.de/dl/download.php?d=/content/ias/pdf/studie_chinas_engagement_in_afrika.pdf) (accessed September 6, 2011).

a common fate during colonialism and imperialism still remains a key aspect of Chinese rhetoric when talking about Africa today.<sup>41</sup>

In 1971 the People's Republic became China's official representative at the United Nations (before that it was Taiwan) and was given a permanent seat on the Security Council. A majority of 76 countries voted in favour of the People's Republic, of which 26 were African. Even today, China and Taiwan still compete for diplomatic recognition in Africa.<sup>42</sup>

After the death of Mao Zedong in 1976, reform-oriented officials associated with Deng Xiaoping started to introduce policies aimed at ushering in more openness and a more liberal market economy and in so doing laid the foundations for China's economic growth. Any hopes of similar liberalisation on the political front were dashed by the massacre in Tiananmen Square in 1989. In the years that followed, western industrial nations made sure that China remained isolated. However, many autocratic Sub-Saharan governments in Africa showed their solidarity with Beijing in the face of the severe criticism it was getting from the West. This convinced China that they should give a higher priority to Africa in their foreign policy and at the same time substantially increase their "development aid".<sup>43</sup>

**Many autocratic Sub-Saharan governments in Africa showed their solidarity with Beijing in the face of the severe criticism it was getting from the West.**

The Asian crisis at the end of the 1990s resulted in a re-evaluation of economic cooperation between Africa and China. The Chinese government was well aware of the risks associated with their export-dependent economy, and since that time Beijing has been seeking to diversify its foreign trade and sees cooperation with African countries as a way of breaking into new markets.<sup>44</sup> By increasing its focus on economic interests, China's involvement became

41 | Cf. Denis M. Tull, "Die Afrikapolitik der Volksrepublik China", *SWP Studie*, 2008, 9 and 20.

42 | Cf. Yiagadeesen Samy, "China's Aid Policies in Africa: Opportunities and Challenges", *The Round Table*, Vol. 99, No. 406, 2010, 75-90, 79.

43 | Cf. Asche and Schüller, n. 40, 16; cf. Samy, n. 42, 79 et seq.

44 | Cf. Dirk Schmidt and Sebastian Heilmann, *Außenpolitik und Außenwirtschaft der Volksrepublik China (2008/2009)*, (Trier: Forschungsgruppe Politik und Wirtschaft Chinas 2009), 36.

more pragmatic and increasingly less driven by political or ideological motives.

In 2000, the Forum on China–Africa Cooperation (FOCAC) was set up. This platform for exchange and discussion between the political and business elites of China and Africa was designed to help strengthen political dialogue, improve trade relations and promote economic cooperation. Heads of state and government come together every three years. The 2006 summit saw representatives from all the 48 African nations with which China had diplomatic relations at the time travelling to Beijing.<sup>45</sup> During the meeting, the People’s Republic one again announced a large number of aid programmes which were not just focused on the economic sector. Alongside the kind of project-based cooperation seen in the 1990s there was more focus on debt cancellation, technical cooperation, humanitarian aid and the training of specialists.<sup>46</sup>

**The policy document “China’s Africa Policy” from 2006 said that China sees itself as a developing nation and will treat Africa as an equal and support it whenever possible.**

These days, the Chinese government attaches great importance to its cooperation with African nations. In 2006, it published the policy document “China’s Africa Policy”.

In essence it said that China also sees itself as a developing nation and will therefore treat Africa as an equal and support it whenever possible.<sup>47</sup> The only other time the Chinese Ministry of Foreign Affairs had published such a document before was in connection with its cooperation with the European Union.

### **CHINA IN AFRICA: INTERESTS AND OBJECTIVES**

China’s interest in Africa is inextricably bound up with its foreign policy objectives. Three decades of policies aimed at

45 | Cf. Katharina Hoffmann et al., “Contrasting Perceptions. Chinese, African, and European Perspectives on the China-Africa Summit”, *Internationale Politik und Gesellschaft*, 2/2007, 75-90. In 2008 Malawi broke off diplomatic relations with Taiwan and established diplomatic relations with the People’s Republic of China. Currently in Africa only Swaziland, Gambia, Burkina Faso, Sao Tome and Principe have diplomatic relations with Taiwan and not China.

46 | Cf. Samy, n. 42, 80.

47 | Cf. Ministry of Foreign Affairs of the People’s Republic of China, *China’s African Policy*, 2006, <http://www.fmprc.gov.cn/eng/zxxx/t230615.htm> (accessed May 4, 2011).

more openness, global economic integration and economic growth have changed the very nature of the country. The political leadership walks a fine line between economic liberalisation and the Communist Party's grip on power. As a result, it now rules over a society that is much more diverse and where increasing prosperity has not affected all Chinese citizens equally. Therefore the main aims of Chinese foreign policy are to maintain internal stability and promote development at home.

Beijing therefore sees Africa as a source of imports of raw materials and a potential export market for Chinese consumer goods. In order to maintain its economic growth, China needs a reliable supply not only of oil and minerals, but also of agricultural resources. In order to prevent Chinese foreign trade from becoming dependent on Western industrialised nations, Beijing is looking to use its involvement in Africa as a way of liberalising its foreign trade and opening up new markets.<sup>48</sup>

The Chinese government is constantly looking to expand its international trading options. It is looking for solidarity with African nations in order to realise its vision of a multipolar world.<sup>49</sup> The African nations are a numerically-significant group of countries within the United Nations and the World Trade Organisation (WTO) and their influence can be a decisive factor during negotiations and votes.<sup>50</sup> China's desire to be seen as representing the interests of African nations and as a leading developing nation in its own right should be seen in this context. The People's Republic can

48 | Cf. Asche and Schüller, n. 40, 18.

49 | The concepts of "multilateralism" and "multipolarity" are often used interchangeably in Chinese rhetoric. In "Zielsetzung, den Einfluss der USA global und regional einzugrenzen" Schmidt and Heilmann link these two concepts. Cf. Schmidt and Heilmann, n. 44, 35.

50 | Cf. Anshan Li, "China and Africa. Policy and Challenges", *China Security*, Vol. 3, No. 3, 2007, 69-93, 78, [http://wsichina.org/%5Ccs7\\_4.pdf](http://wsichina.org/%5Ccs7_4.pdf) en (accessed May 4, 2011). Li is a professor at the School of International Studies at Beijing University. He stresses the mutual benefits of China-Africa relations: "In the last number of years, China has supported African candidates for the position of U.N. Secretary-General as well as reform of the Security Council in favor of greater representation of African nations; while the African countries have supported China on the issues of human rights and Taiwan."



use the support of African nations to strengthen its negotiating power in multilateral organisations, especially in face of the USA.<sup>51</sup>

**China sees territorial integrity as an important prerequisite for internal stability. The Republic of China in Taiwan sees itself as an alternative system of government.**

Another important goal of China's involvement in Africa is to pursue its "one China" policy in which only the People's Republic of China is recognised and Taiwan becomes isolated. The Taiwan issue has its roots in the Chinese civil war and the Cold War. Beijing considers Taiwan to be a part of its sovereign territory. China sees territorial integrity as an important prerequisite for internal stability. The Republic of China in Taiwan sees itself as an alternative system of government. This conflict is played out on the international stage in the form of a "highly symbolic battle for diplomatic recognition".<sup>52</sup> Because of the USA's recognition of Taiwan, the People's Republic has so far refrained from using military intervention. It is generally accepted that the People's Republic would otherwise have occupied the island a long time ago. The Taiwan issue continues to be a source of potential conflict.

China is trying to use foreign policy as a means of securing its internal stability. This can be seen in the complex nature of the objectives and measures used in its dealings with African nations. Combining elements of foreign and economic policy, along with development cooperation, is clearly a central plank of Chinese policy.

### **CHINA IN AFRICA: CHARACTERISTICS OF CHINESE DEVELOPMENT COOPERATION**

In contrast to Western donor countries, China does not set conditions for granting development aid based on principles of good governance in the partner country. The only prerequisite for cooperation is the agreement not to recognise Taiwan. As a result many African governments see China as an alternative to traditional Western donor countries. As a newly-industrialised country, China is seen as being very good at solving the problems of developing nations, having itself had great success in reducing poverty within just a few short decades.

51 | Cf. Asche and Schüller, n. 40, 16.

52 | Cf. Schmidt and Heilmann, n. 44, 73.

Clearly, Chinese development cooperation lacks transparency as regards the separation of different policy areas and institutional areas of competence. China is looking to develop a form of “all-round cooperation” by dovetailing foreign trade and foreign policy with elements of development cooperation projects. The policy document “China’s Africa Policy” mentions the word “aid” only once (“urgent humanitarian aid”). The concept of “development assistance”, which is the basis of the relationship between traditional Western donor countries and many African countries, is not mentioned at all. On the other hand, the word “assistance” can be found in such terms as “economic assistance” and “educational assistance”.<sup>53</sup>

It is not that Western governments have no interest in development cooperation. However, the sourcing and allocation of development cooperation funds by more “traditional” donor countries is much more transparent. China does not have an institution that is solely responsible for development assistance as it sees itself as a partner in a form of south-south cooperation and not as a donor country. As a result the allocation of Chinese development assistance involves a whole raft of higher state organs: the central government, with the State Council at its head, together with the trade, finance and foreign ministries. The National Development and Reform Commission (NDRC), which is a “macroeconomic management agency under the State Council”, draws up guidelines for the ministries to follow. The China EXIM Bank, which is run by the State Council, is responsible for concessionary loans. In the partner countries themselves, the Chinese embassies are also involved. The whole network of institutions involved in development policy is very complex and difficult for independent observers to clearly understand.<sup>54</sup>

**China does not have an institution that is solely responsible for development assistance. As a result the allocation of Chinese development assistance involves a whole raft of higher state organs.**

53 | Cf. Ministry of Foreign Affairs of the People’s Republic of China, n. 47.

54 | Cf. Asche and Schüller, n. 40, 32.

However Chinese development cooperation does exhibit certain characteristics. Asche and Schüller have identified five areas of activity<sup>55</sup>:

1. Public diplomacy initiatives aimed at improving China's image amongst the local population; these might include the construction of public buildings or measures to help fight infectious diseases. Xuewu Gu describes this strategy as the "cultivation of goodwill" amongst the African peoples.<sup>56</sup>
2. Creating economic incentives, such as lifting trade barriers, in order to increase and diversify African exports to China.
3. The construction of transport infrastructures, such as the building of roads or airports to support a country's national economy. Here the Chinese are adopting a "niche strategy", as Western donor countries stopped using cost-intensive infrastructure projects as a normal method of development cooperation back in the 1970s. The People's Republic is in a position to fill this vacuum. However some ongoing projects in Senegal are still being supported by Germany, (building passenger and cargo ferries) and the USA (repairing central transport links, such as "Route Nationale 2" in the south of the country).
4. Granting loans that are not linked to political conditions. This includes interest-free loans and loans at preferential rates of interest.
5. Multilateral organisations to promote Chinese interests.

### **CHINA'S INTEREST IN SENEGAL**

If we analyse the development cooperation instruments used by China in Senegal, we can see that China is using a wide range of initiatives that are characteristic of their activities in Africa. The People's Republic is clearly trying to develop a good relationship with the country. But to what extent are foreign policy interests the driving force behind China's involvement in Senegal?

55 | Cf. *ibid.*, 16 et seq.

56 | Cf. Xuewu Gu, "Chinas Engagement in Afrika: Trends und Perspektiven", *KAS-Auslandsinformationen* 10/2006, 57-77, 74.

It is clear that soft power and public diplomacy initiatives are key tools in China's approach. These initiatives are aimed at improving China's reputation amongst the local population and may include the construction of public buildings, measures to help fight infectious diseases, broadcasting Chinese international radio programmes, or improving some of the problem areas in Senegal's infrastructure, such as the inadequate electricity supply that caused protests in Dakar. The fact that the Chinese embassy is so reluctant to support Chinese retailers who are saddled with a "cheap" image is further evidence that China is concerned about improving its reputation. Xuewu Gu describes this strategy as the "cultivation of goodwill" amongst the African peoples.<sup>57</sup> This approach helps the People's Republic to pursue its political as well as its economic interests. The civil population is much less likely to object to cooperation between their government and China. At the same time, the Senegalese people accept Chinese goods and services much more readily and are much more likely to consider Chinese firms as potential employers.

From a political perspective, Senegal's shifting recognition of China (up to 1996 and since 2005) and Taiwan (1996-2005) is very interesting. We can assume that China took a bigger interest in Senegal for strategic reasons once the latter had decided to recognise Taiwan, although this cannot actually be proven. What we know, however, is that by only offering limited support up to 1996, China was not able to prevent Senegal from recognising Taiwan, even though Taiwan's "cheque book diplomacy" was a well-known phenomenon in Africa at that time. What we also know is that following the Asian crisis at the end to the 1990s, China was keen to diversify its foreign trade through closer ties to countries outside the Asian continent. This is further evidenced by the establishment of the Forum on China-Africa Cooperation (FOCAC) in 2000 and the publication of China's policy document China's Africa Policy in 2006, which promoted "all-round cooperation". China's growing interest in Senegal happened at a time when the African continent was becoming much more of a focus of Chinese foreign policy.

**We can assume that China took a bigger interest in Senegal for strategic reasons once the latter had decided to recognise Taiwan, although this cannot actually be proven.**

57 | Cf. *ibid.*, 74.

Another of China's motives for its interest in Senegal was its desire to expand its sphere of influence within international politics. So the fact that the West African nation enjoyed good relations with Western countries added to its attraction. Senegal plays a leading role within the region and often acts as an intermediary. Along with 14 other countries in the region, this republic, led by President Wade, is a member of the Economic Community of West African States (ECOWAS or CEDEAO). Senegal is also one of eight members of the West African Economic and Monetary Union (UEMOA), whose common currency is the CFA-Franx BCEAO. In terms of multilateral organisations, Senegal and China joined a coalition of states at the World Trade Organisation in 2006 ("Group of 33"). The goal of this group is to negotiate better terms and conditions for developing nations in agricultural affairs. This example of regional cooperation on Senegal's part serves to illustrate the point that it is not always possible to draw a clear distinction between the political and economic spheres. Senegal's political position within West Africa is a result of its membership of multilateral organisations which focus on economic cooperation.

**China's promise in 2010 to expand and modernise the ports of Kaolack and Foundiougne suggests that Senegal and the West African region as a whole are thought to have significant economic potential.**

From an economic perspective, China is interested in Senegal as a regional centre for trade and services. China's promise in 2010 to expand and modernise the ports of Kaolack and Foundiougne suggests that

Senegal and the West African region as a whole are thought to have significant economic potential. The fact that China's relatively small export volumes to Senegal are growing significantly in absolute terms serves to support this view. An improvement in the region's infrastructure will no doubt be beneficial to this ever-growing flood of Chinese goods.

What is interesting is that the Chinese companies currently working in Senegal are mostly owned by the Chinese central government or the various provinces. Involvement of Chinese companies in projects often appears to be a pre-condition for receiving Chinese loans. Once development cooperation projects have been completed, the state-owned companies tend to stay in Senegal to generate

more business by using their new contacts and their expertise. This can be seen quite clearly in the case of the company China Henan, which is owned by Henan province. Around 20 years ago, the company was involved in building the "Friendship Stadium", which was financed by Beijing, and then continued to do business in Senegal, even during the period when the two countries had severed diplomatic relations. Today the Senegalese government continues to award contracts to China Henan for large projects such as the modernising of the municipal infrastructure in Touba.

Huawei is another example of a state-owned company which was apparently helped by Beijing to enter the Senegalese market via subsidised loans. As part of the process of resuming diplomatic relations, the company was awarded the contract to supply the Senegalese administration with modern network technology, financed by a preferential loan from the EXIM bank. Since that time Huawei has continued to work in Senegal, also on a private basis.<sup>58</sup> A similar pattern can be seen in the joint ventures set up in the radio sector. It is clear that the Chinese government is keen to be involved in cooperation projects in Senegal with respect to its own state-owned businesses. Using the relatively stable Senegal as a launching pad, it is possible to imagine them also expanding into neighbouring states.

In analysing China's motives for working so closely with Senegal, it is clear that the People's Republic of China sees Senegal as the starting point for a long-term strategy of economic development within the West African region. Economic relationships and soft power obviously help to spread their political influence., and we should not discount the possibility that this is all part of a strategy aimed at strengthening China's political power. In light of the fact that ensuring internal stability and prosperity is a key plank of Chinese foreign policy, and that Beijing characteristically likes to combine

**China sees Senegal as the starting point for a long-term strategy of economic development within the West African region. Economic relationships and soft power obviously help to spread their political influence.**

58 | Cf. *Xinhua*, "La société chinoise Huawei, partenaire privilégié du Sénégal", February 1, 2008, [http://french.china.org.cn/business/txt/2008-02/01/content\\_9628557.htm](http://french.china.org.cn/business/txt/2008-02/01/content_9628557.htm) (accessed September 6, 2011); Huawei Africa, "Promoting Local IT-Progress", <http://www.huawei.com/africa/en/catalog.do?id=542> (accessed September 6, 2011).

foreign and economic policy, especially when dealing with developing countries, it can be assumed that the Chinese government's attempts to expand and develop its political influence abroad is designed to help the economic development of its own country, and that economic motives are therefore the driving force behind its involvement in Senegal.

### **"DEAD AID" – LET'S TRADE!**

**The basic premise of Dambisa Moyo's book "Dead aid" is that development aid is the problem and not the solution.**

The Zambian economist Dambisa Moyo caused a real stir with her book *Dead Aid*, published in 2009. The basic premise of the book is that development aid is the problem and not the solution. The reactions amongst proponents of classic development cooperation projects verged on the hysterical and were at times totally over the top.<sup>59</sup>

From page 98 onwards, she looks at Chinese involvement in Africa. She suggests that Africa does not need development aid, but that it rather needs investment (FDI), especially in infrastructure. Moyo believes that only a trade-based approach can really help Africa (Let's trade!) and that development cooperation is not capable of achieving the same results as trade and FDI.<sup>60</sup> In 2007, China's trade with Africa stood at 40 billion Euros, more than the total of all development aid given to the continent during the same period.

Moyo concedes that the Chinese do not impose any conditions on cooperation and that the majority of Africans see the Chinese in a very positive light. She applauds the Chinese strategy of cooperating with African states.<sup>61</sup>

59 | Totally unobjective e.g. Dembowski's criticism: Hans Debrowski, "Überzogene Thesen", *E+Z*, 2009/07, <http://inwent.org/ez/articles/154393> (accessed May 4, 2011).

60 | Cf. Dambisa Moyo, *Dead Aid*, (London: Allen Lane Publishers 2009), 110.

61 | Cf. *ibid.*, 103.

## **IMPLICATIONS FOR SENEGAL OF CHINA'S INVOLVEMENT**

"We can say that China has done more for Senegal in four years than Western countries have done in ten or twenty years",<sup>62</sup> claimed Chinese ambassador Lu Shaye in autumn 2009 in Dakar. This is quite a boast. Chinese involvement in Senegal is very diverse, but is it effective? Was Ambassador Lu right?

In terms of grant aid projects it is a mixed picture. In the area of health care, China has been involved in fighting infectious diseases, while in agriculture it has been promoting education and improved yields for Senegalese subsistence farmers. This type of development aid is similar to projects being run by Western donor countries in Senegal.

The construction of the national theatre in Dakar, which the Chinese government is funding through non-repayable grants, and which is being carried out by the state-owned company China Henan, is aimed mostly at promoting the goodwill of the social elite in Senegal. It is hard to see any sustainable development dimension to this project and the construction of this theatre remains controversial. The same can be said for a planned museum construction and the football stadiums that the Chinese are building and operating throughout the country. Here the target group of this public diplomacy initiative is not the elite sectors of society, but the people.

On the economic front, the Chinese are focusing on expanding and modernising the infrastructure. Beijing is tackling two urgent infrastructure bottlenecks in Dakar with projects to improve the electricity supply and local public transport.

In July 2010, the World Bank called for investment in infrastructure projects to be increased to 20 per cent of

62 | Shun Chen, "China does more for Senegal in 4 years than West in 20 years", *Xinhua*, September 23, 2009, [http://news.xinhuanet.com/english/2009-09/23/content\\_12102138.htm](http://news.xinhuanet.com/english/2009-09/23/content_12102138.htm) (accessed November 28, 2010). Own translation.



Senegal's GDP. This represented a doubling of expenditure.<sup>63</sup> China is therefore active in areas that even the World Bank admits to have significant importance for the country's economic development.

**Dakar's port is one of the most important ports in West Africa. It is much quicker to access Europe and the USA by ship from here than from China, India and many other parts of Africa.**

The expansion and modernisation of the ports in Kaolack and Foundiougne which was agreed in 2010 has the potential to strengthen Senegal's position as the "gateway to West Africa". Dakar's port is already one of the most important ports in West Africa. It is much quicker to access Europe and the USA by ship from here than from China, India and many other parts of Africa. Because Senegal itself has few natural resources and its potential as a market is limited by the fact that it only has eleven million mostly poor people, the port's potential can only be fully realised if supply and demand will significantly grow locally and in neighbouring countries in the longer term.

The funding of infrastructure projects through loans from the Chinese government at preferential rates is not without risks. Senegal was involved in the HIPC and HIPC II debt relief initiatives for heavily-indebted poor countries and qualified for the 2005 multilateral debt relief initiative (MDRI) adopted by the G8 countries. So far, Senegal has had debts cancelled by OECD countries to the value of 3.348 billion U.S. dollars (nominal).<sup>64</sup> Against this background, accepting new loans from other creditors would seem to defeat the object of the exercise. On the other hand, the acceptance of these loans seems ideal suited to empowering the Senegalese government in that they offer an incentive to take responsible action with limited funds. However, in September 2010, the International Monetary Fund called for caution in accepting new

63 | Cf. Drew Hinshaw, "Senegal Should Double Investment in Infrastructure, World Bank Report Says", *Bloomberg*, July 23, 2010, <http://bloomberg.com/news/2010-07-23/senegal-should-double-investment-in-infrastructure-world-bank-report-says.html> (accessed May 4, 2011).

64 | Cf. Bundesministerium für wirtschaftliche Zusammenarbeit und Entwicklung (BMZ), *Senegal. Situation und Zusammenarbeit*, [http://bmz.de/de/was\\_wir\\_machen/laender\\_regionen/subsahara/senegal/zusammenarbeit.html](http://bmz.de/de/was_wir_machen/laender_regionen/subsahara/senegal/zusammenarbeit.html) (accessed November 4, 2011).

loans for infrastructure projects as otherwise the macro-economic stability of the country might be at risk.<sup>65</sup>

The Chinese companies that are working in Senegal are predominantly owned by the Chinese central government of the various provinces. Their involvement in projects often appears to be a pre-condition for receiving Chinese loans. Once development cooperation projects have been completed, the state-owned companies tend to stay in Senegal to generate more business by using their new contacts and expertise.

Apart from China Henan, Huawei is another example of a state-owned company which was apparently helped by Beijing to enter the Senegalese market via subsidised loans. As part of the process of resuming diplomatic relations the company was awarded the contract to supply the Senegalese administration with modern network technology, financed by a preferential loan from the EXIM bank. Since that time Huawei has continued to work in Senegal, also on a private basis.<sup>66</sup>

Chinese companies are able to carry out transport and communication infrastructure projects reliably and at affordable prices. **Almost all building materials, technical equipment and workers are brought in from China, and they tend to stay with this practice once they have been integrated into the Senegalese market.** Almost all building materials, technical equipment and workers are brought in from China, and they tend to stay with this practice once they have been integrated into the Senegalese market. So while the Chinese certainly help by building and expanding the country's infrastructure, the spill-over effects for Senegal remain somewhat limited. Nevertheless, when a Chinese company is awarded a major contract, it often results in smaller contracts being given to Senegalese sub-contractors.

Huawei offers a good example of the type of involvement Chinese companies have in Senegal. The company, like most Chinese companies in Africa, is seen as an uncompromising, ruthless employer. These companies employ

65 | Cf. International Monetary Fund (IMF), "Statement by an IMF Mission to Senegal", Press Release No. 10/368, September 30, 2010.

66 | Cf. *Xinhua*, "La société chinoise Huawei", n. 58.

almost exclusively Chinese workers. They will only employ Africans if using Chinese workers no longer seems to be profitable. The conditions under which the Chinese employees work (for instance Huawei's engineers) are the same for everybody, irrespective of where they come from. Even managers live in cramped conditions in communal accommodation. Pay is significantly lower than at Western and even some African companies. Local regulations on such things as severance pay or notice periods are ignored. If there are any complaints, significant political pressure is put on the host country to suppress the dispute. The host countries are more inclined to bow to political pressure when China is involved than they are with European companies.

The Chinese state-owned companies are also given varying degrees of latitude. They are no longer just the "long arm of Beijing" but also "individual players" in their own right.<sup>67</sup> But they still benefit from extensive political patronage. Their work practices regularly fail to meet international standards. Greenpeace has heavily criticised the fishery company CNFC, which invests in Senegal and exports fishery products to China. Greenpeace has put CNFC on a blacklist of companies that over-exploit fish stocks and use illegal fishing methods.<sup>68</sup> The Senegalese people rely on affordable fish to cover their food needs, and many families in the coastal region are dependent on the income of small fishermen. As a result, over-fishing is a serious problem for Senegalese society.

**Greenpeace has put the fishery company CNFC on a blacklist of companies that over-exploit fish stocks and use illegal fishing methods.**

The retailers in the Centenaire quarter are a symbol of the growing influence of the Chinese, even if these migrants did not come to the country at the behest of the Chinese government. The resultant competition in the consumer sector has helped to push down prices and increase the buying power of the Senegalese people. They accept the generally poor quality of the imported consumer goods

67 | Cf. Schmidt and Heilmann, n. 44, 41.

68 | CNCF's entry on Greenpeace's blacklist can be seen under <http://blacklist.greenpeace.org/0/company/show/4-china-national-fisheries-corporation> (accessed November 17, 2010).

because they are cheap.<sup>69</sup> Here too, the consequences for the Senegalese market are unclear. Small Chinese retail businesses have driven out the Senegalese who used to sell Chinese products.<sup>70</sup> But at the same time, the Chinese are also creating jobs because they are taking on more and more Senegalese as sales staff.<sup>71</sup> In addition to retailing, the Chinese have also started to supply Senegalese street traders in other quarters of the city and other regions of the country. As a result, Chinese products, especially cheap products for everyday use, can now be found all over the country.

## CONCLUSION

The People's Republic is clearly the stronger partner in the Senegal-China relationship. Its interests do not have a single cause and are not unilaterally motivated, but they are rather structured and methodical. China's involvement is certainly not altruistic. It is always pragmatic and driven by thoughts of profit (not always financial).

In this way, its motivation is clearly different from that of Western countries and particularly from that of non-governmental organisations. In Senegal, China is looking to gain

**In Senegal, China is looking to gain a partner which will play a leading role in the region and which is recognised by the West.**

a partner which will play a leading role in the region and which is recognised by the West. And from an economic point of view, China sees Senegal as an opportunity. The People's Republic is following a long-term strategy: the development of the region's economic potential with Senegal at its heart.

It remains to be seen whether Senegal's cooperation with China will actually bring about the hoped-for growth impetus as a result of expanding foreign trade and direct investment. Transport and supply infrastructures are

69 | Cf. Dittgen, n. 28, 9; cf. also Kernen and Vulliet, n. 31, 33.

70 | Senegalese retailers called for protests against growing Chinese competition in 2004 with the support of the union UNACOIS (Union Nationale des Commerçants et Industriels du Sénégal). As a result the Chinese formed an association of Chinese citizens in Senegal. The Senegalese Consumer Association (l'Association des Consommateurs du Sénégal, ASCOSEM) spoke up in favour of the Chinese and organised a protest march against the criticisms by UNACOIS.

71 | Cf. Kernen and Vulliet, n. 31, 20.

increasingly the focus of attention. Due to the complexity of the issues, it is difficult to assess what implications China's involvement will have for Senegal. Chinese companies can certainly build cheap and reliable infrastructures, but the spill-over effects on the Senegalese economy are limited. The international institutions are not united in their recommendations in this respect. While some believe it is important to expand the infrastructure, others warn against large-scale credit financing. It is also difficult to forecast what will happen in other areas, as the diverse initiatives aimed at improving the economic situation and the people's living conditions are balanced by the many risks presented by China's presence in the country. But one thing is clear: China is obviously taking a much more defined and structured approach to the relationship than Senegal.

At times, China sets different priorities for its development partnerships compared to those of Senegal's partners in the West. Nevertheless, Beijing is in direct competition with the traditional donor nations. In general, this interest in small African countries with few natural resources has led to the Senegalese government having more room for manoeuvre. This has changed the conditions for Senegal, not just within the scope of this development partnership. It is now up to the Senegalese government to exploit this in a responsible way that will encourage long-term development.