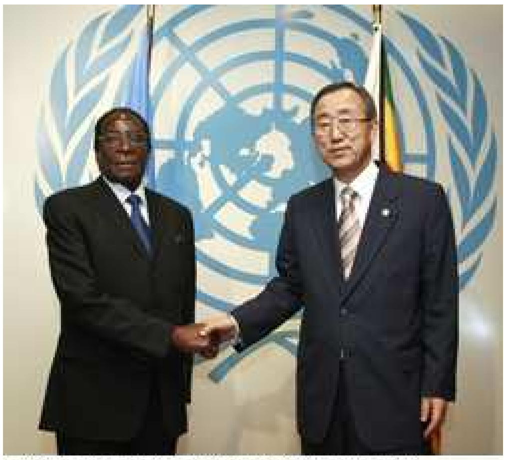
CHINA AND ZIMBABWE: IS THERE A FUTURE?

by Obert Matahwa



UN Secretary General Ban Ki-Moon meets President Mugabe in September 2007: 'shunned by former friends', the UN Headquarters is one of the few places Mugabe can go in the West.
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Zimbabwe and China have relations dating back to the southern African country's 1970s liberation struggle when Beijing provided arms and training to the black nationalist movement fighting the white minority government of Ian Smith. The friendship was rekindled when President Robert Mugabe, shunned by former friends in the West over the political crisis in his country, adopted a "Look East" policy forging stronger ties with countries like China, Malaysia, Indonesia and India.

Battling international isolation by the West and a creaking economy, Zimbabwe, like other countries in Africa, has warmed up to China as a possible way out of its present economic crisis. A number of African countries including Zimbabwe have gone through structural economic reforms which have left them with large debts to the International Monetary Fund and the World Bank. When Mugabe announced his "Look East" policy in 2003, it was followed by a flurry of loans, memorandums of understanding and weapons deals. It was supposed to herald a new alliance: China would gain access to Zimbabwe's mineral riches - chrome, gold and platinum - while providing Harare with financial backing that Mugabe hoped would leave the IMF with egg on its face.

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In November 2006, about 50 African heads of state and ministers, including President Mugabe, were guests of the Chinese in Beijing. More than 2 000 deals were under discussion at the summit. Mugabe has welcomed the fact that China pledged to double its aid to Africa by providing US$5 billion. China has said that unlike its Western counterparts, it has no political agenda.

This encouraged President Mugabe in his policy of gradually disengaging from countries in the North, like Britain and the United States, whom he accuses of harbouring a political agenda against his government. Every time Mugabe has an opportunity of addressing the nation, he accuses these two countries in particular of being interested in recolonising Zimbabwe and installing a government they can manipulate to reverse the land reform programme that accelerated the economic crisis in this southern African nation.

China's impact on other Southern African countries

But can Zimbabwe realistically expect anything different from China? Examples and warnings from other countries in the region would appear to indicate that it should heed South African

President Thabo Mbeki's recent warning that Africa risks becoming an economic colony of China.

Other countries in the region have seen the negative side. When President Hu Jintao was in Zambia during his 12-day tour of Africa in February 2007, he was greeted with public disdain, and forced to cancel one meeting, even as he showered more than $800 million in gifts and investments on the nation, one of the world's poorest. In Namibia, a decades-old ally of China, human rights activists and The Namibian newspaper attacked China's foreign policy as selfish and lacking morality. In South Africa, a major Johannesburg newspaper devoted a full page to a scalding critique of China's record on human rights and labour rights.

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In Zambia and elsewhere in southern Africa, local businessmen and workers are hurting. South African textile workers lost tens of thousands of jobs after the 2005 expiration of a global trade agreement allowed cheaper Chinese goods - including knockoffs of traditional African prints - to flood the country. Angry trade unions called for retaliatory boycotts of shops selling Chinese goods. Anti-Chinese sentiment has mushroomed in Zambia since 2005, when an explosion at a Chinese-owned copper mine killed at least 46 workers and spawned complaints of unsafe working conditions and poor environmental practices. In last year's presidential election, the populist challenger to President Levy Mwanawasa based part of his campaign on a pledge to curb Chinese influence in the country. Recently, Mr. Hu cancelled a visit to Zambia's Copperbelt Province, in the nation's north, apparently because of the threat of protests.

This undercurrent of disquiet accompanied Mr. Hu's throughout his latest visit. It came not from heads of state, but from the people they rule, some of whom resent China's growing influence in Africa. "It's important to note the obstacles the Chinese are running into in Africa," according to Bates Gill, a leading China scholar at the Center for Strategic and International Studies in Washington. "It has a lot to do with their unfamiliarity with working in countries that have a vibrant private sector and civil society. These guys in the Chinese Embassy, they don't understand that."

On the other hand, Mr. Hu has met with his share of flag-waving supporters. The official parts of his recent trip (the meetings and agreement-signings with heads of state) were a diplomatic and commercial success. Most African heads of state are positive about China, which supported many of their liberation movements when liberation was not fashionable. And they like Mr. Hu because his views on sovereignty, human rights and development are frequently closer to theirs than are those of Western governments. Amid growing international isolation the Mugabe regime is foremost among the flag-waving supporters. Unsurprisingly, it is desperate in its efforts to maintain and maximize its relationship with China regardless of the consequences.

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Mortgaging the future?

For nearly three decades China has demonstrated considerable political, economic and military support for the Mugabe regime. Chinese radio-jamming equipment helped silence anti-government radio stations during the 2005 elections. The Zimbabwean military train in Chinese-made fighter jets and trucks and use Chinese weaponry. A palace for Mugabe that was completed in 2005 was designed by the Chinese and the roof, a gift from China, would not be out of place in the Forbidden City. Bilateral trade between the two countries totaled US$205million for the first half of 2007.

Mortgaging their future?
A feeding programme for children under six in Harare ... while somewhere nearby is a Chinese-designed 'palace' for Mugabe.
© WFP/Paul Cadenhead

Despite the seemingly endless stream of goodwill from China, the cost to Zimbabwe is rising as the economic crisis deepens and President Mugabe continues to mortgage the country's resources to China to escape international isolation. Economic analysts say that Zimbabwe will ultimately pay a high price for its government's appetite for cheap foreign "loans" from so-called "friendly" countries like China. Shunned by the rest of the world for its governance track record, the Zimbabwean government has unreservedly accepted assistance from China and other Asian countries, with disastrous consequences for the economy. The bulk of such deals usually take the form of barter trade, where cash-strapped Zimbabwe accepts the assistance in return for ceding control of certain minerals or agricultural crops to the Chinese. "Zimbabwe is ultimately the loser in this case because the country has to forgo future foreign currency earnings because of this barter system," says University of Zimbabwe political scientist Anthony Hawkins.

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Often trade agreements are subject to much fanfare and exultation. However, it is not entirely certain how much of the promised capital Zimbabwe actually receives. What is clear is that Zimbabwe is heavily indebted to China. Necessarily, for immediate assistance Zimbabwe has promised future proceeds from its natural wealth. This mortgaging off of natural resources will impact uranium, platinum, copper, gold and not least of all tobacco.

The golden leaf

Approximately 110,000 hectares in the areas surrounding Harare are committed to growing tobacco. Up until recently tobacco has been Zimbabwe's principal foreign export. Historically, it has ranked as one of the world's leading exporters of tobacco. Analysts say that Zimbabwe earned about US$400 million from tobacco exports at the peak of production in the late 1990s. Also in peak times the industry employed nearly three-quarters of a million people. However, 2007 was the first year Zimbabwe dropped out of the top six exporting nations, cotton replaced tobacco as Zimbabwe's principal export. Much of this downward trend in recent years can be attributed to commercial farms being negatively affected by the issues of land reform.   Additionally, the analysts believe Zimbabwe stands a better chance of pulling itself out of the economic abyss if it addresses its woes without mortgaging future production to the Chinese. "There is massive potential that the country can easily pull herself out of this mess and that is only if there is real commitment from the authorities to make conditions on the ground right," said an investment analyst with a Harare-based commercial bank who could not be named.

'Fire-sale approach of the government': Chinese tobacco buyers inspect the golden leaf on the Tobacco Auction Floors in Harare.

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The analysts spoke as the Zimbabwean government met with a Chinese delegation that arrived in the country recently. The delegation came with the news that China was giving Zimbabwe a US$58 million financing facility to be used to purchase farming equipment, implements and tools. The financing was related to three separate agreements on finance, agriculture and education. In return, Zimbabwe will deliver 110 000 tonnes of tobacco to China over two years. This flagrant undercutting of the tobacco industry by the Mugabe regime has two principal drawbacks. Firstly, the chaos triggered by Mugabe's land reform programme has slashed tobacco output from more than 200 000 tonnes in 2000 to below 60 000 tonnes. The Chinese deal means that Zimbabwe could be forced to close its auction floors in the coming two seasons if its output of the golden leaf does not rise to a level that would leave enough to trade locally after giving the Chinese their share. Secondly, it provides further evidence of the fire-sale approach of the government, in that Chinese tobacco merchants can generate up to ten times the profit on the Zimbabwean tobacco being bought.

China has had an overwhelming economic interest in Zimbabwe in the past few years. In addition to at least 35 Chinese companies now operating in Zimbabwe according to Industry and Trade Minister Obert Mpofu, the government has been issuing business permits to Chinese shopkeepers and street traders like confetti. The government doesn't seem to realise or they do not care that its new policies have pushed many locals into bankruptcy. Furthermore, Chinese investment tends to be focused on Chinese companies on the ground and does little for long-term development or assistance in Zimbabwe. Attempts to dilute Chinese influence have been dashed. More and more delegations have been flocking in with the same end-effect: the Chinese promise but they do not deliver; they invest less money and spend less. Even in tourism, where Zimbabwe has the status of an authorized destination, Chinese tourists travel in droves and always pay a group rate. In the meantime, ordinary Zimbabweans have been complaining about working conditions in Chinese companies, the low quality of cheap Chinese imports and the destruction of jobs in the small-scale manufacturing sector.

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It is apparent that China's interest in Zimbabwe, in particular, is driven by short-term interest in natural resources. "The Chinese may be a different breed of capitalists with the backing of their government," says exiled businessman Mutumwa Mawere, "and yet they are no different from any Western capitalists. Their advantage is that their former communist governments helped in financing the liberation project of Africa but the China of today may not have anything to do with the China that African leaders seem to want to embrace. If the China of today is more profit-driven than ideology-fixated, we find no evidence that Africa has any understanding of the complexity of China and the dangers of embracing a disguised monster." Indeed, Zimbabwe seems to lack a clear understanding that the "monster" is myopic in certain areas of their relationship.

China's unrelenting support?

One reason China has been welcomed into Africa, analysts say, is it can serve as a counterbalance to American influence now that the Soviet Union has vanished from the scene and Russia is far less active in the region. For some foreign powers in Africa, snubs are part of the territory: both the United States and Europe are regularly in the line of fire for agriculture policies that are unfair to African farmers. But while popular dissent is old hat to Westerners, it is less so to the Chinese, for whom foreign relations and domestic policies alike are shaped by governments - not activists, lobbies or public opinion.

"Zimbabwe might learn something from Sudan's situation because China might not always find it suitable to remain a non-interfering partner or at least to be the kind of partner Mugabe wants."

Having claimed a bigger role on the African and world stages, Mr. Hu is now reaping the first bitter fruits of pretension to leadership. One major test is Sudan, where he must reconcile China's doctrine of noninterference in other nations' affairs with the outcry over the killings of civilians in Darfur. Mr. Hu's stop in Sudan, where China has extensive oil interests, reignited criticism that Beijing has helped shield its ally and oil supplier from global outrage over attacks on civilians in Darfur. It appears that China is feeling the pressure. While in Khartoum, the Chinese President gave Sudan a $13 million interest-free loan to build a new presidential palace, but he also said it was "imperative" to halt the deaths in Darfur. Zimbabwe might learn something from Sudan's situation because China might not always find it suitable to remain a non-interfering partner or at least to be the kind of partner Mugabe wants.

Outcry over Darfur a major test for China: this family in Otash camp, Sudan, fled from armed men with only the clothes on their backs.
© WFP/Laura Melo

However, it is perhaps more the case that China is learning something from its relationship with Sudan and Zimbabwe. Indeed, the cost of China's relationship with Zimbabwe seems to be increasing both in terms of prestige and investments. China is very wary of its international reputation especially with the 2008 Beijing Olympics on the horizon. Visibly close connections with a regime past its sell-by date is seen as a growing liability for China that may be a hindrance to their other international goals. "The tragedy of all this is that the Chinese are never going to stand with Zimbabwe when it comes to international issues. If they were serious about helping Zimbabwe, the Chinese president would not have skirted the country on his eight-nation tour of Africa earlier this year," said another university lecturer Dr John Makumbe. Mr Hu Jintao avoided Zimbabwe in February when he visited Africa. The southern African leg of the tour took him to Mozambique, South Africa and Zambia.

Economically, as described above, China is happy to exploit the many natural resources Zimbabwe has to offer. However, reports have suggested that the Chinese have been reluctant with new investments because of the deepening economic crisis. During the early part of 2007 Mugabe went cap in hand to China for a $1 billion loan but was turned down. At the same time, Angola received investments from China into its oil industry valued at around $2 billion. Understandably, Zimbabwe has very little left to offer China from a business vantage point. Zimbabwe’s annual rate of inflation stands at more than 7 000 percent, making the costs of doing business in the troubled nation unfathomable for even the most steadfast "friend".

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'Unfathomable': Zimbabwe's Minister of Tourism and Environment, Francis Nhema, chairs the UN Commission on Sustainable Development in 2007. © UN Photo/Paulo Filgueiras

On August 31st, 2007 the Daily Telegraph published a story claiming that China would no longer back Zimbabwe other than with humanitarian aid. This story was quickly refuted by both Chinese and Zimbabwean sources and various statements and agreements were made to publicly demonstrate that the two countries were actually as thick as thieves. However, 2007 may mark a watershed in the relationship between the two countries. Whereas, Mugabe may continue to "Look East" to survive, China does not seem to be as willing to return its gaze directly. Rather, China is becoming increasingly concerned about how it appears to the West. What is lost on Mugabe and other African leaders is that even the Chinese would admit that they wouldn’t be an emerging giant without Western technology and markets. The transformation of China would have been incomplete. African leaders, especially Mugabe, should thus be wary about simply looking east. They should rather heed Kwame Nkrumah’s observation that Africa needs to face forward rather than east or west for its development.

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