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INSTITUTE OF DIPLOMACY AND INTERNATIONAL STUDIES

ROLE AND IMPACT OF CHINA IN AFRICA'S SOCIO-ECONOMIC

DEVELOPMENT: A CASE STUDY OF KENYA

BY

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REQUIREMENT FOR THE AWARD OF THE DEGREE OF MASTER OF ARTS
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DECLARATION

The project herein is my original work that has not been presented for the award of a diploma, degree or Masters in the University of Nairobi or any other institution.

Sign..... Date.....

MWANGI CAROLINE WAMBUI

R50/8299/2017

Declaration by the Supervisor

This research project has been submitted for examination with my approval as a supervisor at the University of Nairobi

Signature: Date:

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University of Nairobi

DEDICATION

To my family and friends, without whose support and encouragement, I would not have made it. To my father, Peter Mwangi – the man who cheered me on because he himself has never stopped learning. To my mother, Agnes Mwangi, who held my hand and encouraged me when I felt overwhelmed. And to my siblings Vince, Robert, Koi and Betty and their children. I am, because you are.

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LIST OF ABBREVIATIONS & ACRONYMS

AU – African Union

AIB - Asia Infrastructure Investment Bank

BRI – Belt and Road Initiative

CADFUND - China Africa Development Fund

CCECC - China Civil Engineering Construction Corporation

CCTV – China Central Television

CGTN - China Global Television Network

CRI - China Radio International

CPC - Communist Party of China

EXIM - China Export-Import Bank

FDI - Foreign Direct Investment

GACC - General Administration of Customs of China

GDP - Gross Domestic Product

IBRD - International Bank for Reconstruction and Development

IMF - International Monetary Fund

IR – International Relations

KANU – Kenya African National Union

LDCs - Least Developed Countries

MES - Medical Equipment Service

OAU – Organization of African Unity

PPP - Public-Private Partnerships

PRC – People’s Republic of China

RMB – Renminbi (China’s currency)

ROC – Republic of China

SOEs - State-Owned Enterprises

UN - United Nations

UNCTAD – United Nations Conference on Trade and Development

UNDP - United Nations Development Program

UNSC - United Nations Security Council

WTO - World Trade Organization

ABSTRACT

The main objective of this project was to critically assess the role and impacts of China on Africa's socio-economic development, with a specific focus on Kenya. The specific objectives of the study were as follows: One, to examine the nature and historical development of China-Africa relations. Two, to examine the key areas of Chinese investment in African countries, particularly in Kenya and three, to critically assess the role and impacts of China on Kenya's socio-economic development. This study employed a mixed-method research design, that is, both qualitative and quantitative data was collected and analyzed in this study. The first chapter offers an introduction and background to the study, while the second chapter delves deep into the nature and historical development of China-Africa relations in line with the first objective of the study. In the third chapter, this study outlines and examines the key sectors of investment by China in African countries, and particularly in Kenya in line with the second objective of this study. The fourth chapter of this study critically assesses the role and impact that China has had on Kenya's socio-economic development. The fifth chapter presents the data collected and the findings of the study. The findings were that i) China's biggest role and impact in Africa has been witnessed in the area of infrastructure with citizens having experienced mixed fortunes as a result. ii) Chinese economic dealings in Kenya and in Africa are hurting small businesses and the manufacturing sectors of most countries which are still in their infancy. iii) Kenyan and African governments and officials are not doing enough to ensure that they are reaping maximum benefits from deals entered into with China. The study also affirmed the premium treatment of African countries by China largely due to the natural and mineral resources which the East Asian nation needs to power its ever-growing economy. This is evidenced by how China invests funds, with mineral and resource-rich nations taking up the lion's share of funds. This research also found what while China has made some strides in developing Africa socially, the investment in this sector is far outweighed by the economic investment. It is this study's recommendation that Kenyan and African governments employ specific measures and policies so as to reap maximum benefits from their relations with China, as well as ensuring that the continent is self-sustaining instead of pinning national interests on external factors. It is also the recommendation of this study that Kenyan and African governments and their leaders fight corruption as it remains the biggest impediment to her socio-economic development, as well as putting in place relevant policies and measures in order to harness these relations with China. This research also calls for better and more sound policies that protect citizens from over-borrowing and exploitation in deals, especially small business and the manufacturing sector which remains at its infancy on the African continent. In the field of academia, this study recommends that further study be undertaken with the aim of building a stronger, more robust and current body of knowledge and theory that can inform policy and actions undertaken by Kenya and other African countries in order to better harness Sino-Africa relations; as well as inclusion of scholars in policy-making processes to ensure that policies that guide Sino-Kenya and Sino-Africa relations are made from a point of knowledge and expertise.

CHAPTER ONE

INTRODUCTION TO THE STUDY

1.1 Background to the study

China – formally known as People’s Republic of China - is a country that is located in East Asia and is divided into 23 administrative provinces, 5 autonomous regions and four municipalities. It borders 14 nations in total – among them Russia, India, Vietnam, Laos and Pakistan - and its capital is Beijing. It is the world’s most populous nation with a total of 1.4 billion citizens and boasts of a 5,000-year history marked by dynasties, feudal systems and later the one-party state that it is today. The country has been governed by the Communist Party of China since 1949.¹

On its part, Africa is a continent – the second largest in the world – and is comprised of 54 nations, with a population of 1.28 billion people. It is estimated that there are between 1,500 and 2,000 languages spoken on the continent and archeologists have found artifacts that prove that Africa is the cradle of humankind. Like China, Africa also has a past of kingdoms and empires with each country having its own unique past.

For many years, China was like any other developing nation – poor and geopolitically weak. Plagued by a large population that was uneducated, malnourished and enduring political instability; the East Asian nation existed on the periphery of the international political system. National social and economic campaigns such as The Great Leap Forward² and The Cultural Revolution³ of 1966 to 1976 under the Mao Zedong-led Communist Party of China left millions

¹ Nee, P., *Key Facts on China: Essential Information on China*. (Boston: The Internationalist Publishing Company, 1999)

² A campaign aimed at rapidly transforming China economically through rapid industrialization and collective ownership of land. Unfortunately, this led to a decline in the agriculture sector and in turn, The Great Chinese Famine between 1959 and 1961 “*Catastrophe and Contention in Rural China: Mao’s Great Leap Forward Famine and the Righteous Resistance in Du Fo Village*” pp 25-43

³ A movement led by Mao Zedong which rejected all elitist ways, mostly portrayed through the arts, music and drama from other imported forms of expression at the height of China’s war with Japan. It was aimed at winning

of people dead in widespread violence as well as the aftermath of unsound agricultural and economic practices.

However, spurred on by its massive size, a large population and vast natural resources as well as reforms introduced by the country's leadership in the 1970s as the Cold War raged on, the country was able to shed off its impoverished past and enter a new era of prosperity and become the economic powerhouse that it is today. The reforms, introduced under the 'Reform and Opening Up' Initiative of 1978, saw China shift its focus from political movements to economic development. The initiative was marked by a transition of the economy from a centrally-planned one to a liberalized one, as well as a change from collective ownership of land to a Household Responsibility System(HRS) in which individual families could now privately own land.⁴

Today, China is the second largest economy in the world by nominal GDP (after US), largest exporter of goods, largest manufacturing economy, has the fastest-growing consumer market and is the second-largest importer of goods in the world, according to IMF. By 2018, 800 million people had been lifted out of poverty, its growth accounted for a third of the world's growth and middle-income status had been achieved. The IMF has actually gone ahead to predict that China could unseat the US as the global economic leader by 2030.⁵ It also has a permanent seat on the UN Security Council and growing influence within WTO and IMF, as well as its own regional bank – The Asia Infrastructure Investment Bank - Zwhose current membership stands at 86.

Sustaining a population of 1.3 billion people and an economy that has grown at an average 6% for the past 30 years, however, requires vast amounts of natural resources and raw materials which are available and remain largely untapped and unexploited in Africa. It is for this reason

over Chinese peasants' trust and support during the Japanese invasion. "*The Cultural Revolution: A Very Short Introduction.*" pp 4-7

⁴ Garnaut, R., Song, L., and Fang, C., *China's 40 Years of Reform and Development.* (Acton: Australian National University Press, 2018) pp 5 - 13

⁵The International Monetary Fund Website. Available at:

www.imf.org/en/News/Articles/2018/07/25/na072618-chinas-economic-outlook-in-six-charts

that China has heightened its engagements with the continent and continually gained influence by applying soft power and most importantly, the principle of non-interference in African nations' affairs. By providing cheap and friendly loans and other lines of credit as well as infrastructural development and technology transfer; China has put itself in a position of playing a key role in Africa's socio-economic development as well as directly and indirectly impacting on the lives of African citizens.

Africa also provides a ready market for the goods and services that China produces in vast amounts – a ready market with an ever-growing middle class. China has also been in the pursuit of political supremacy and sees Africa as a key pawn in consolidating this power. This had led to increased and deepened ties between China and Africa, especially in matters trade as evidenced by the formation of the Forum for China- Africa Cooperation – FOCAC – in the year 2000. During the third FOCAC Summit held in Beijing in 2017, China pledged 60 billion US Dollars in financial support to the continent.⁶ Such initiatives have seen China play a very influential role in African countries' politics as well as socio-economic development.

The subject of study for this project, therefore, is critically evaluate the role that China has played – either directly or indirectly – in Africa's socio-economic development and the subsequent impacts with a special focus on Kenya which remains one of China's strategic trade partners on the continent.

1.2 Statement of the Problem

Since the turn of the 21st Century, China's activities and investment in Kenya and the rest of the continent have been on a remarkable rise as evidenced by increased cooperation, investment, loans, trade and aid. However, African countries including Kenya remain unable to effectively harness and maximize the benefits of Sino-African and Sino-Kenya relations – while China continues to prosper and flourish using resources acquired on the continent. Challenges such as poverty, disease, poor governance and corruption still abound in spite of deep influence from the 2nd most powerful and 2nd most wealthy nation in the world.

⁶ Forum on China-Africa Cooperation Website. Available at:
www.focac.org/eng/

China's role in Africa has also raised concerns such as African nations finding themselves more indebted than ever, mostly to China. China's concessional loans and lines of credit have caused African countries to borrow more than ever and embark on mega projects whose viability and profitability remains low, causing them to remain indebted to China; in some cases, for decades. This has led numerous scholars and opinion leaders to accuse China of perpetuating 'debt-trap' diplomacy on the continent. Debt-trap diplomacy being using debt to advance bilateral relations between China and individual African countries.

While it can be argued that Kenya and African countries are also gaining much-needed infrastructure, funding and technology from engagements with China, this comes at a much greater cost such as the sheer magnitude of imbalances in trade and economic growth. China's investments on the continent are also telling – it invests more in countries from which it stands to gain more, mostly those that are mineral and resource-rich.

Study in this subject is crucial due to the fact that Sino-African relations touch on all three of the key pillars of international relations – development, human rights and peace and security. Equally, like any other phenomenon in international relations, the relationship between China and Africa and bilaterally between China and Kenya is dynamic and acquires new facets, challenges and complexities every single day. It therefore becomes necessary to keep conducting research and scholarly work such as this in order to gain fresh insights and understanding and in turn better understand their impact with the aim of building on existing knowledge on this issue as well as providing new knowledge that could be useful both in academia and policy-formulation.

1.3 Research questions

- i. What has been the nature and historical development of Sino-Africa relations from years 2000 to 2018?
- ii. What have been the key sectors of Chinese investment in Africa and, in particular, Kenya?
- iii. What has been the role and impacts of China on Kenya's socio-economic development?

1.4 Research objectives

The main aim of this project is to examine and critically evaluate the role and impacts of China on Africa's socio-economic development, zeroing in on the Kenyan scenario.

1.4.1 Specific Objectives

- i. To examine the nature and historical development of China–Africa relations between years 2000 and 2018
- ii. To critically assess the key sectors of Chinese investment in Africa and, in particular, Kenya
- iii. To critically analyse the role and impacts of China on Kenya's socio-economic development

1.5 Literature Review

This section will provide in-depth analysis of the material that has already been written and researched regarding the role and impact of China on Africa's socio-economic development from previous studies, reports and authors with the aim of establishing the knowledge gaps therein in order to embark on further research.

1.5.1 Nature and historical development of Sino-African relations

Trade, economic, socio-cultural and political ties between China and Africa, as this research will show in latter sections, are not a new phenomenon and much has been studied about them. However, of great interest to researchers in the present day, is the unprecedented growth of these ties, their acceleration and prominence in the 21st Century, all of which present new benefits, challenges and therefore a fertile ground for further probe and study.

While all ties are of value to both China and Africa, the most important of these revolve around trade and economics. These ties are actually the bedrock of relations between China and Africa and around which all other ties coalesce.

The role and impact of China on Africa's socio-economic development is a key area of research in the today's world owing to China's remarkable ability to rise from the periphery to the very center of global politics and economics. These roles and impacts have been the center of numerous reports in the media owing to the various interests that come in to play on the continent, but there still isn't enough factual, scholarly work that has been done in order to proceed from a point of information in most cases.

The relationship between China and Africa has its roots from as early as the Ming Dynasty Era (1368-1644). Historical accounts have it that Admiral Zheng He, between the years 1418-1433 embarked on a voyage that saw him land on the continent.⁷ In order to, perhaps, draw parallels

⁷ Shinn, D., and Eisenmen, J., *China and Africa: A Century of Engagement*. (Philadelphia: University of Pennsylvania Press, 2012) pp 1 – 10

between China and Africa's western colonizers, the accounts state that unlike the imperialists who took land and other resources, Admiral He and his crew only went back home with a giraffe for their emperor to admire.⁸ In fact, in 2002, Chinese officials traveled to Lamu where they confirmed that a young lady by the name Mwanamaka Sharifu Lali was indeed a descendant of 15th Century sailors who allegedly swam to Lamu after a shipwreck and ended up settling in the area and adjacent towns such as Malindi and inter-marrying with locals. Mwanamaka was even offered a voyage to her 'Motherland' and a scholarship to study in China.⁹

Trade between China and Africa also has its roots within the Silk Road trade which was a network of roads that traders used to sell their wares between China, through the Arabian Desert and Peninsula, Persia (Present-day Rome), to India and to Africa before proceeding to Rome and Greece on the Mediterranean Sea. The route was so named due to the prominence of the silk sold by the Chinese, but other commodities such as salt, spices, food and fruits were also sold. While the Silk Road trade thrived, Somali businessmen made a living from the sale of incense and wild animals (Giraffes and Zebras)¹⁰ It is based on this history that China has renewed these economic ties through the Silk Road Economic Belt under the larger Belt and Road initiative where the East Asian nation is investing in infrastructure projects in 152 projects in Europe, Latin America, Africa, Middle East and Asian countries along the old Silk Road route, Kenya being among them.¹¹

Contemporarily, economic ties between China and Africa were preceded by political ties, where China played a role in liberation efforts, key among them being support for South Africa's anti-

⁸ Brautigam, D., *The Dragon's Gift: The Real Story of China in Africa*. (New York: Oxford University Press Inc., 2009) p 3

⁹ Brautigam, D., *The Dragon's Gift: The Real Story of China in Africa*. (New York: Oxford University Press Inc., 2009) pp i - xiii

¹⁰ Goucher, C., LeGuin, C., and Walton, L., *In The Balance: Themes in Global History. "Origins of World Trade Before 1000 CE*. (Boston: McGraw-Hill, 1998)

¹¹ Mayer, M., *Rethinking the Silk Road: China's Belt and Road Initiative and Emerging Eurasian Relations*. (Singapore: Palgrave Macmillan, 2018) pp 1-4

apartheid movement. In the same period, China and Africa were also bound by their efforts in the non-Aligned movement through the Bandung Conference of 1957. Apart from the political ties forged, the member states also resolved to boost economic and cultural ties between themselves – a good platform for China Africa engagement. During this same period, China outlined its Foreign Policy Framework of Four Principles that differentiated its aid engagements with Africa from those of Western nations. These principles were non-interference, economic development-oriented relations, China acting as a developing country that was in itself receiving donor aid and positioning itself even in its engagements with Africa, to boost its own development.¹² This would be the beginning of China’s active role and impacts on the continent, albeit in a very minimal way.

Between the 1970s and 1980s, economic interactions between China and Africa were small-scale in nature and were mostly centered around the agricultural sector. During this same period, China had embarked on aid programs and initiatives in more African countries than those of the US.¹³ The strategy for dealing with Africa also changed from aid-based to trade-based in the wake of the ‘Reform and Opening Up’ initiative of 1978 where China’s economy became more market-based. During this period, China sought to play a more active role on the continent, but driven more by the search for natural resources for its economy which was on the path to accelerated expansion.

The 1990’s were marked by high-level visits to African countries by high-ranking Chinese officials, scholarships, exchange programs and very modest aid – all part of what the Chinese Government called the ‘Package Strategy’. However, as China rose in influence and its need for raw materials and foreign markets for their manufactured goods grew, the country had to change tact to trade and FDI which led to an increase in the number of Chinese state-run organizations operating on African soil and eventually, China becoming Africa’s largest trading partner.¹⁴

¹² Brautigam, D., *Chinese Aid and African Development: Exporting Green Revolution*. (New York: St. Martin’s Press- Macmillan Publishers, 1998)

¹³ Ibid

¹⁴ Shinn, D., and Eisenmen, J., *China and Africa: A Century of Engagement*. (Philadelphia: University of Pennsylvania Press, 2012)

In 1996, the then Chinese President Jiang Zemin presented the ‘Five Points’ proposal for China’s relationship with Africa based on Sovereign equality, mutually-beneficial development, non-intervention, international cooperation and reliable friendship.¹⁵ These approaches by China on the continent were well-received by African countries and their leaders who welcomed increased Chinese investment, aid and influence which enabled China to shape its socio-economic development.

China-Africa relations would in 2000 go a notch higher with the formation of the Forum on China-Africa Cooperation, FOCAC. The body is the center for coordination of all China-Africa engagements with regular ministerial conferences and summits. Through FOCAC, China has continued to woo African nations with its low-interest loans that are also repayable over long periods of time. Debt-cancellation has also won over African leaders and allowed China to spread its influence on the continent, while at the same time feeding its giant economy with African natural resources and growing its economy by setting up businesses and projects in African countries.

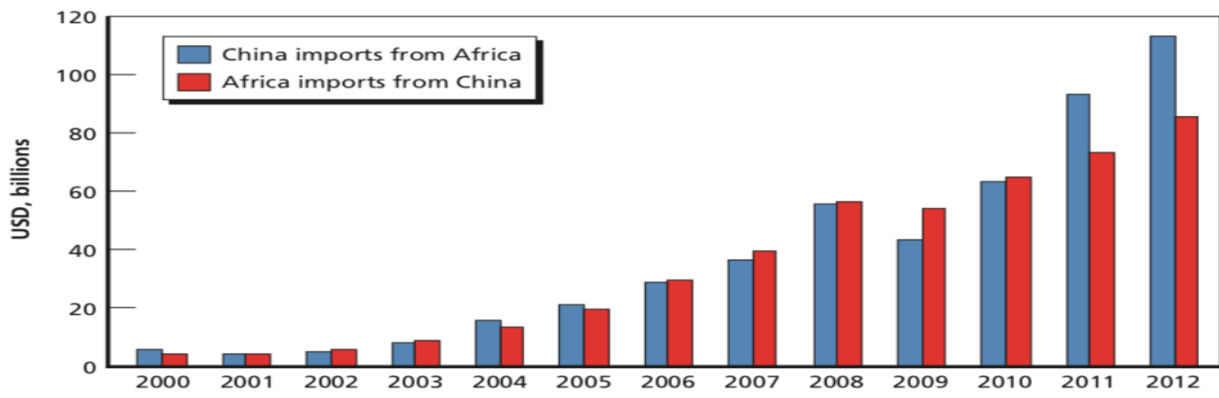
China is currently Africa’s biggest trade partner, with trade volumes standing at a whopping 170 billion dollars in 2018. FDI grew by 400% between 2000 and 2005 alone. (Fig. 1.1 and 1.2 respectively). There has also been increased development in natural resource sectors of petroleum and extractive minerals which China is in dire need of, as well as increased development in infrastructure, especially in transport and energy sectors in the form of railways, ports, bridges, airports and roads.

According to IBRD, at least 35 African countries have infrastructure contracts with China, with Ethiopia, Nigeria, Angola and Sudan taking a lion’s share of the funding given from the EXIM Bank. However, by its own admission, even the IBRD says that relatively little information is provided regarding Chinese investments in Africa, exposing the need for further research

¹⁵ Foster, V., et al, *Building Bridges: China’s Growing Role as Infrastructure Financier for Sub-Saharan Africa*. (Washington: International Bank for Reconstruction and Development/ The World Bank, 2009) pp i - 18

through projects such as this.¹⁶ On the converse, Angola supplies one-third of China’s oil, Kenya is China’s biggest supplier of coffee, Namibia provides the Chinese with fish, Cote d’Ivoire with Cocoa and Benin, Mali and Burkina Faso all meet 20% of China’s cotton needs.¹⁷

In the case of Kenya, engagements with China have morphed over time since the days of the possible settlement in Lamu after a shipwreck in the 15th Century. China is Kenya’s biggest trade partner, as well as biggest foreign direct investor having surpassed Britain and US in 2015. In 2017, FDI inflows from China to Kenya stood at 410.1 million US Dollars, up from 8.9 million US Dollars 10 years before.



SOURCE: International Monetary Fund Direction of Trade Statistics; China-Africa Economic and Trade Cooperation (2013).

Figure 1.1: China-Africa Imports 2002-2012

¹⁶ Ibid

¹⁷ Morris, L., and Hanauer, L., *Chinese Engagement in Africa: Drivers, Reactions and Implications for U.S. Policy*. (Washington: Rand Corporation, 2014) pp 5-6

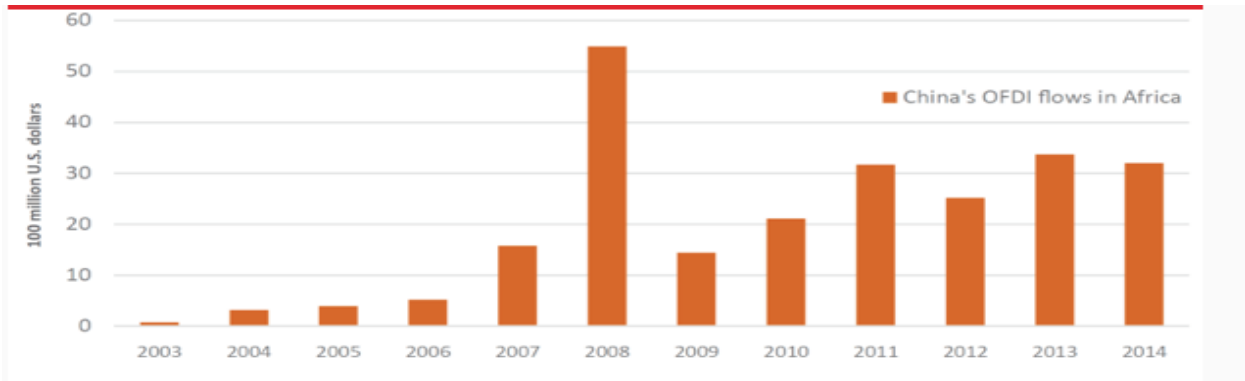


Figure 1.2: China's FDI into Africa 2003-2008 (Source: UN Habitat)

There still remains a significant knowledge gap in this regard - apart from a myriad of media reports and studies - especially information that goes beyond PR and rosy pictures painted by both Chinese and African governments about the role and impact that China has had on the continent. It is for this reason that this study is being conducted, to provide more objective, accurate and thought-provoking insights into this phenomenon.

1.5.2 Key sectors of Chinese investment in African countries, particularly in Kenya

In this section, this research seeks to review literature that has already been written regarding the subject of Chinese investment in Kenya's socio-economic development sectors as well as sectors within different African countries with the hope of establishing any gaps which can be explored for purposes of academic advancements and theory-building as well as enhancement of policies that will harness Sino-Kenya relations and Sino-African relations.

1.5.2.1 Key sectors of Chinese investment in African countries

The Economist in an article titled "New Scramble for Africa" indicated that in a precedent-setting move, a total of 320 new embassies had been opened by various countries all over Africa between the years of 2010 and 2016 alone.¹⁸ The last two decades have also been marked by a

¹⁸ *The Economist, The New Scramble for Africa: This Time, The Winners could be Africans themselves.* ((2019)

Available at:

www.economist.com/leaders/2019/03/07/the-new-scramble-for-africa

foray of high-level visits by the leaders of the super and great powers; From Barrack Obama of the US, to Germany's Angela Merkel to France's Emmanuel Macron and a host of other powerful political leaders, underscoring the importance of Africa as a continent as well as it being proof that Africa has become the new frontier in the pursuit for geopolitical influence along with economic fortunes.

The Impact of this premium placed on Africa by the world and most importantly by China is a very fertile ground for study because by their very nature, these relationships are very dynamic. It also becomes an important area of study because there are no two countries are alike when it comes to these impacts. While focus tends to be on the negative side of these trade relations, there are plenty of positive roles played and impacts that China has had on Africa and its socio-economic development.

China has played quite a significant role in raising the living standards of the peoples of Africa. The heavy investment in roads, bridges, hospitals, schools, water projects and many others has changed the people's lives for the better. These ensure that children stay in school, their physical and mental well-being is sound, as well as opening up new income-generation schemes. Roads built with Chinese funds or aid have opened entire towns and regions up for business, for the betterment of citizens' lives.

China has also made it easier for governments to borrow funds for development by providing loans at a lower interest rate and over a much longer repayment period. This has provided African governments with much-needed funding for development without walking around with begging bowls. China's model of providing financial assistance directed towards development projects has also gone a long way in bringing development and prosperity on the continent.

Since 2000, more and more African commodities have found their way into China, thanks to bilateral preferential trade agreements and other economic programs under the Umbrella of FOCAC. However, the trade imbalances remain a constant cause for concern for African countries. In the same breadth, as is the case in any trade deal, consumers all over Africa now have access to a wide variety of goods and services that would have otherwise not been the case.

Goods, especially those from China, tend to be much cheaper and therefore more affordable to African citizens who are mostly poor. But this research is not blind to the numerous complaints, concerns and allegations of dumping of substandard commodities by China on the continent. This does not also change the fact that these goods, low-quality though they may be, have consumers in Africa because they are extremely affordable.

In the international economic scene, China and African countries, along with other developing nations have forged a common front where they jointly champion their interests in bodies such as the IMF and WTO. They have jointly registered their opposition to a fresh round of negotiations in WTO, accusing the first world of not liberalizing their markets while they have insisted that developing nations liberalize theirs, further accusing them of protectionism. Accession of China to WTO has also strengthened South-South cooperation and ties.¹⁹ This has helped both China and African countries to champion their trade interests in a bid to bolster their economies which ultimately leads to increased standards of living for citizens.

In countries such as Botswana, China has brought about a much bigger market for the country's diamonds thanks to its big high class and middle-class population, at a time when demand had fallen in Western Countries due to economic turmoil. This has also come along with mega infrastructure projects such as the Botswana Airlines office building in Gaborone Airport, universities and other infrastructure which has gone a long way in bettering citizens lives and the economy overall.²⁰ It is also thanks to these close ties enjoyed between China and Africa that the AU was gifted with the new AU Conference Center and Office Complex which cost a staggering 200 million US Dollars to construct. During its opening in 2012, Chinese officials termed the complex as 'a towering complex that speaks volumes about China's strong resolve to support Africa's development.'²¹ The same narrative of development, especially in terms of infrastructure, is replicated throughout the continent.

¹⁹ Baden, B., China Business Review: "China's Role in the WTO" Available at: www.chinabusinessreview.com/chinas-role-in-the-wto/

²⁰ Taylor, I., *China and Africa: Engagement and Compromise*. (New York: Routledge, 2006) p 188

²¹ Xing, L., and Farah, A., (Eds.) *China-Africa Relations in an Era of Great Transformations*. (New York: Routledge, 2016) p 113

Trade ties, in spite of the premium placed on them, do not happen in isolation. There are also other trends that emerge as a result. For example, the cultural impact that has come with China's influence on the continent cannot be ignored; the most obvious and visible being the proliferation of Confucius Institutes on the continent. Today, according to the Confucius Institutes Headquarters in Beijing, there are fully-fledged institutes in 41 of the 54 African countries and 30 Confucius Classrooms dotted all over the continent, all of which cater to 1.4 million students. In 2017 alone, the Confucius Institutes Headquarters indicates that approximately 2,500 cultural and academic events took place on the continent with more than 840,000 Chinese and African citizens taking part.²²

However, negative impacts stemming from China's engagements are being felt across the continent. First, the rise in the number of Chinese state-run and private companies has been to the disadvantage and death of African industries, some of which are still in their infancy. This along with the cheap Chinese goods that have flooded the continent has dealt a major blow to African business – in part due to less advanced technology as well as Chinese companies being able to reap the benefits of economic of scale. This has in many instances caused protests in various cities in Africa.²³

As at 2018, an estimated one million Chinese citizens lived in African countries and are classified into three categories: Professionals – embassy staffers and those who hold white-collar jobs in the various Chinese companies in Africa; Contract Chinese laborers and lastly, small-scale traders and business persons.²⁴ As expected, this cannot be without its fair share of

²² Confucius Institute Headquarters website(Hanban) website. Available at:

www.english.hanban.org/article/2018-05/22/content_733205.htm

²³ Lee, M., *Africa's World Trade: Informal Economies and Globalization from Below*. (London: Zed Books, 2014) p 35

²⁴ Shinn, D., and Eisenmen, J., *China and Africa: A Century of Engagement*. (Philadelphia: University of Pennsylvania Press, 2012) p 8

challenges. In Equatorial Guinea, for example, there were bitter protests by citizens owing to employment of Chinese workers while they remained unemployed, causing the Chinese Government to withdraw 400 workers as a result.²⁵ Similar incidents have also been replicated throughout the continent.

There has also been compromised political sovereignty, governance and human rights records of many countries, with China constantly being faulted for its principle of non-interference which enables it to establish ties with nations with poor human rights, political or governance records such as Sudan. Countries such as Burkina Faso²⁶ and Gambia have also been forced to sever diplomatic ties with Taiwan - which is seeking self-determination from China – in order to enjoy the economic benefits of China’s investments as well as aid. Actually, the only country in Africa that has not banished Taiwan to date remains Swaziland.

China has also been repeatedly accused of playing a role in civil strife in Africa as well as political interference in Africa. For example, it has been accused of unethical dealings with armed groups in countries such as Sudan where millions continue to be killed as China – based on its principle of non-interference – keeps selling guns and making profits at the expense of human lives. In 2000, China once again found itself in the eye of a storm, after it was accused of selling heavy military equipment and training to the then Equatorial Guinea regime in exchange for oil. In DRC, China was on record as having supplied weapons to the government of the late Laurent Kabila during his country’s war with Rwanda and Ethiopia.²⁷

The most controversial aspect of China’s investment in Africa, however, remains the sheer magnitude of debt that has been accumulated by African countries. Today, China is Africa’s biggest creditor no matter which country one should decide to look at. Currently, Africa’s

²⁵ Djik, M., (Ed.) *The New Presence of China in Africa*. (Amsterdam: Amsterdam University Press, 2009) p 13

²⁶ Jin, Z., ‘China, Burkina Faso resume diplomatic ties’ *China Daily Newspaper*. Available at:
www.chinadaily.com.cn/a/201805/26/WS5b092f3ba31001b82571c77a.html

²⁷ Mutanda, P., *Africa Has a Future*. (Georgia: Lionheart Publishing House, 2013) pp 11-14

external debt stands at 417 billion US Dollars, with 20% of this said to be owed to China. This makes China Africa's biggest single creditor with both state and commercial loans offered to African countries standing at 132 billion dollars between 2006 and 2016. A matter which has caused The World Bank to warn that Africa is entering into a deep debt-crisis with more than 18 countries having debt that surpasses 50% of their GDP.²⁸ Of these 18 nations, the most heavily-indebted to China are Djibouti (68% of GDP), Zambia (30% of GDP) and Cameroon (29%).²⁹

This research seeks to delve deeper into this issue to not only critically examine the current position, but also in the long run offer recommendations that can hopefully be used by academics and policy-makers for the continent to rise out of its socio-economic development challenges.

1.5.2.2 Key sectors of Chinese investment in Kenya

China has been investing in Kenya in different scales and volumes since formal diplomatic ties were established in 1963. Since then, these investments have taken different forms, from aid to trade to FDI. In 1978, after 11 years of cold diplomatic relations between China and Kenya, diplomatic ties resumed, but still investment by China in the country remained minimal, even as China made efforts to revolutionize its economy under the 'Reform and Opening Up' initiative. During this period, China and Kenya's relationship was marked by state visits and other diplomatic efforts, but little else was going on in the socio-economic development front.

In 1980, Kenya and China negotiated and signed deals that spurred trade, technology transfer and cooperation between the two nations. It is these agreements that yielded China's first major investment and infrastructure project in Kenya – The Moi (Now Safaricom) International Sports Center, Kasarani. It was constructed using a 930-million-shiiling interest-free loan from the East Asian nation. Infrastructure such as the Moi Teaching and Referral Hospital as well as Gambogi-

²⁸ BBC Reality Check Team, "Reality Check: Is China burdening Africa with Debt?" Available at:

www.bbc.com/news/world-africa-45916060

²⁹ Ibid

Serem Highway in Rift Valley followed under these deals.³⁰ Since then, Kenya's doors have been open to China for investment.

Infrastructure remains China's most strategic and economically-viable sectors. China's involvement in Kenya's infrastructure development as in other African countries has been part of its 'trade-not-aid' approach to its international relations on the continent. China has always propagated this philosophy, seeing encouraging free trade in Kenya as more beneficial to her economy as opposed to giving financial donations which from past experience on the continent did not spur any tangible socio-economic growth and development. It is also in line with China's principle of non-interference in Kenya's affairs and avoiding allegations of neo-colonialism.

China, even with its trade-not-aid policy still gives aid to Kenya. This aid is mostly directed towards specific social development projects. China's aid to Kenya began during the liberation struggle, with most funding being given to Kenya and other African countries to bolster efforts to get rid of colonialism. In times of hunger in different parts of the country the Chinese Government has been at hand to donate foodstuff, water and other supplies to hungry Kenyans. China also provides aid in the form of construction of crucial infrastructure, training, technology, skills and technology transfer to Kenya in the key socio-economic development sectors. The country has built hospitals, power-generation plants, schools, hospitals, research centers and provided specialized training to Kenya's medical and agricultural practitioners.³¹

China has also invested billions of Dollars in loans and other lines of credit that it offers Kenya. China offers concessional loans and longer repayment periods which attract Kenya to borrow, in turn, reaping for itself millions of Dollars payable to them over time and resulting in the debt crisis being witnessed on the continent. China was Kenya's biggest creditor in 2018, accounting for 66% of her debt.³² Previous research has highlighted this issue numerously, but little regard

³⁰ Chege, M., *Economic Relations Between Kenya and China, 1963 – 2007* (Washington: Center for Strategic and International Studies, 2008) pp 21 - 23

³¹ Warui M., *The Effect of China-Kenya Economic Ties on Socio-Economic Development in Kenya*, Master Thesis, University of Nairobi, 2010. p 15

³² Siringi, E., 'Kenya China Trade Relations.' *Journal of Economics and Finance*. Vol. 6. (2018) pp. 1-10

has been paid to how Kenya can harness and maximize the benefits it reaps from its relations with China.³³

China gained a foothold in Kenya's manufacturing sector in 2007 when Chinese giant Jinchuan Group became the first mining company to set base in Kenya, after buying a 20% stake in Canadian Titanium Mining Company, Tiomin Kenya.³⁴ Since then, there has been increased investment by China in Kenya's manufacturing sector which has had adverse effects on Kenya's manufacturing industries which are largely still in their infancy. Chinese investors have since then invested in different manufacturing companies in the country spanning different sectors such as technology and IT, textiles, construction material, mining and food processing. These manufacturing industries along with those in the service sector make up for 62% of Chinese firms in Kenya.³⁵

Trade is yet another key area of investment for China, be it in large scale or small-scale, private or government to government. The year 2017 saw the highest volume of imports from China, standing at a staggering 390 billion shillings but the figures declined in 2018 and 2019 standing at 202 billion shillings and 169 billion shillings respectively. This compared to exports from Kenya to China which stood at a paltry 9 billion shillings in 2017 and 7 billion shillings in 2018 – a tremendous imbalance.³⁶ Since the beginning of the 21st Century, Chinese goods have been flowing into Kenya at a remarkable rate, spurred by Chinese involvement in Kenya's construction and infrastructure sectors. However, some scholars argue that with Kenya's discovery of oil and China being the world's biggest importer of oil, the trade imbalances

³³ Ibid p 6

³⁴ Reuters, *Tiomin Unveils \$25M Kenya Titanium Project with China*. (2008) Available at:

www.reuters.com/article/metals-kenya-titanium/tiomin-unveils-25m-kenya-titanium-project-with-china-idUSL905195820080729

³⁵ Business Daily: Otieno, B. (2019) *Chinese companies say employing 50,000 in Kenya*. 28/08/19

³⁶ Business Daily Data Hub: Guguyu, O. (2019) *Focus shifts to Kenya, China trade terms as imbalance persists*. 14/10/19

between Kenya and China are likely to start reducing and the scales finally tipping in Kenya's favour.³⁷

Chinese trade investments have also increased in the country as a result of an increased influx of small scale consumer goods such as utensils, phones, vehicle tyres, clothes, shoes, toys and diapers among others. These goods have gained ground in the country mainly due to their low prices and in spite of the poor quality. These goods are not only sold by Chinese traders, Kenyan traders and retailers stock them as well because they move much faster owing to their relatively lower cost.³⁸ However, this has had an adverse effect on local manufacturers and traders who are greatly disadvantaged because their goods are relatively more expensive and of a higher quality standard.

The missing link in studies perused by the researcher remains how Kenya can make its goods attractive and accessible to the enormous Chinese market of 1.4 billion people. What measures can Kenya employ in marketing her goods to China and how can Kenya exploit its deep ties with China to ensure that it is selling its goods and services to China and in turn boosting the economy? Kenya has had little success in bridging the gaps and reducing the trade imbalances between herself and China amid an increasing local Chinese population, growing number of Chinese-owned businesses that have now ventured into businesses that are the backbone of the Kenyan economy such as tourism. In 2015, it was reported that there were more than 100 tour companies in the country, with the number having grown since.³⁹

³⁷ Oxford Business Group (2016) The Report: Kenya 2016. Oxford Business Group, Nairobi. p 24

³⁸ Xinhua Newspaper Website. Accessed on 17/10/19 from:
www.xinhuanet.com/english/africa/2019-07/16/c_138232092.htm

³⁹ Capital FM Website. Accessed on 17/10/19 from:
www.capitalfm.co.ke/business/2015/02/100-chinese-tour-operators-to-visit-kenya/

1.5.3 Role and Impact of China on Kenya's socio-economic development

Kenya and China have enjoyed bilateral trade and political relations since 14th December 1963, only two days after Kenya gained her independence.⁴⁰ Since then, the relationship between the two countries has evolved from aid-centered in the 1960s to one of robust trade and investments.

Kenya remains one of the key recipients of China's FDI on the continent today only after Nigeria, Angola and Ethiopia. (Fig. 1.3) The impacts of these relations have evolved through the years, just as the relations themselves have. These impacts have mostly been documented by the media in the radio, TV, print and online reports. Unfortunately, in the scholarly world there's still much that requires to be done, examined, analyzed and understood when it comes to matters China-Kenya relations.

Economically, China-Kenya trade relations have heralded a new era in infrastructure development with investment in mega projects such as the Thika Superhighway, the SGR project, dams, stadiums, hospitals, ports and many more. These have improved Kenyan citizens' livelihoods through employment creation, access to better services and creating a favourable environment for doing business and overall economic growth.

In matters trade, China became Kenya's chief source of goods, with imports from the East Asian nation making up for 22.6% of all imports into Kenya in 2016. This was attributed to the low prices of Chinese goods as well as the ramped-up marketing campaigns both in China and here in Kenya.⁴¹ This can also be attributed to the high number of Chinese businesses and businesspersons who live and work in Kenya.

⁴⁰ Embassy of the People's Republic of China in Kenya website. Available at:

www.ke.china-embassy.org/eng/sbgx/t169682.htm

⁴¹ Trade Mark East Africa Website: "*Unfavorable China-Kenya Trade Leaves Sh. 380 Billion Gap*" Retrieved from:

www.trademarka.com/news/unfavourable-china-kenya-trade-leaves-sh380-billion-gap/

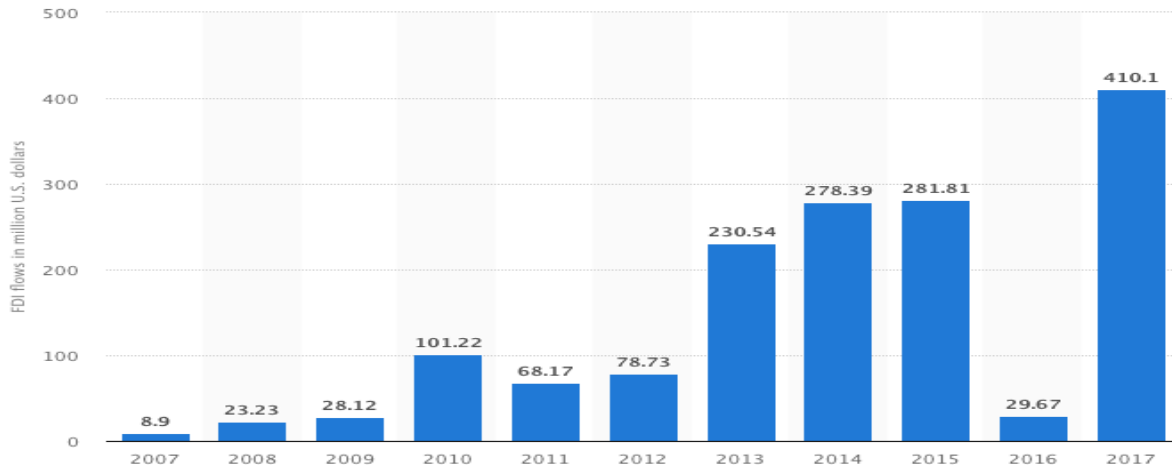


Figure 1.3: China FDI influx to Kenya 2007 – 2017

This has however had adverse effects on Kenyan traders who have been unable to compete with cheap, sub-standard Chinese goods. These goods are across every sector, none has been left uninvaded. Since 2017, there has been numerous reports of fish imports from China, which are hurting Kenya’s fishing industry. This was further exacerbated by claims that the fish contained toxic elements such as Mercury, Arsenic, Lead and Copper – all very harmful to the health of millions of Kenyans.⁴²

The World Bank in a 2016 policy working research paper, cautions Kenya and Kenyan researchers against laying blame on China over the current trade imbalances and urges instead for Kenya’s Government to evaluate and fix its overall trade balance challenges instead by improving the competitiveness of her exports as well as curbing corruption and ensuring transparency in its projects. The World Bank report also asserts that while the focus has been on the negative impacts of Chinese goods flooding Kenya, it would be prudent to look at the effects

⁴² Olingo, A., ‘Could Kenyans still, unknowingly, be eating tainted fish from China?’ *Daily Nation*, (Nairobi) 29 December, 2018.

on the consumers, who now have a wider range of goods to choose from at a much more affordable price.⁴³

Increased Chinese investments in Kenya's extractive and mining sector remains a key concern, with allegations of exploitation and environmental degradation at a time when Kenya is seeking to develop its oil industry and discovery of natural gas in the Indian Ocean. In this regard, China has been accused of luring the Kenyan government into allowing it to prospect for key minerals in exchange for continued investment in the country. The Kenyan Government has also been offering Chinese companies incentives such as land at cheap rates and tax breaks to encourage them to invest in the country.⁴⁴ Coal mining is yet another environmental concern. In 2014, China and Kenya signed a deal in Nairobi that would allow a China-Kenya consortium of China Power Group and Amu power, to mine and produce coal in Lamu County, prompting protests from residents who resisted it due to pollution and climate change concerns at a time when China itself was scaling down its coal operations and adopting greener means of energy.⁴⁵

Diplomatically, Sino-Kenyan trade ties have deepened cooperation between the two countries. This has been through conferences and events such as the China-Kenya Industrial Expo, membership in FOCAC and participation in the annual Canton Fair held in China where Kenya traders exhibit and sell their wares. In 2018, Kenya and China marked the 55th Anniversary of their diplomatic ties and vowed to deepen bilateral ties between themselves. There have also been several high-level visits in recent years by Chinese officials as well as visits by top officials including President Kenyatta who has toured the East Asian nation four times – the highest to any single nation in his presidency at the time.⁴⁶

⁴³ Sanghi, A., and Johnson, D., *Deal or No Deal: Strictly Business for China in Kenya?* (Washington: World Bank Group Macroeconomics and Fiscal Management Global Practice Group, 2016) pp 1-5

⁴⁴ Waweru, W., *Trends and Impacts of China's FDI in Kenya.* (Hamburg: Anchor Academic Publishing, 2016) pp 11 - 12

⁴⁵ Kamau, J., 'Power, politics and economy of the coal-fired plant in Lamu.' *Daily Nation*, (Nairobi) 10 April, 2018

⁴⁶ Wafula, P., 'Jitters over Uhuru, Raila 'silent' travels to China' *The Standard* (Nairobi) 11 November, 2018

In the political realm, Sino-Kenyan relations have also resulted in political exchanges. In 2018, China's ruling party CPC established an exchange program between members of Kenya's ruling party, Jubilee and Chinese officials at China's School of Government under the umbrella of FOCAC.⁴⁷ But such exchanges are widely criticized owing to the nature of the Chinese administration and its autocratic nature that stifles democracy.⁴⁸

Another key role that China has played in Kenya has been the enhanced socio-cultural relationships between the peoples of the two nations. Every year, hundreds of students travel to China to study on scholarships granted directly from the Chinese government as well as from private institutions based both here in Kenya and in China. But perhaps the most important marker of Kenya-China cultural cooperation is the Confucius Institute based in the University of Nairobi. The institution is one of the top 20 Confucius Institutes in Africa and every year Kenyan students join hundreds of other foreign students who take part in the Chinese Bridge language contests. This has fostered much deeper understanding of both cultures. The University of Nairobi Confucius Institute has, since 2006, sent more than 200 students to study in China on both long-term and short-term scholarships.⁴⁹

Socio-cultural ties between the two nations are also expressed through media relations and exchanges. The most prominent examples in this regard are China Radio International, CRI and China Global Television Network, CGTN. China Radio International holds a crucial place in the history of Sino-Kenyan ties, in that it was the first-ever Chinese radio station from China to be launched overseas.⁵⁰ The station, which opened its doors in 2006, broadcasts in English,

⁴⁷ FOCAC Website: 'China, Kenya Intensify Political Capacity-Building Programs' Available at:

https://www.focac.org/eng/zfgx_4/zzjw/t1538238.htm

⁴⁸ Dukalskis, A., *The Authoritarian Public Sphere: Legitimation and Autocratic Power in North Korea, Burma and China* (Oxford: Routledge, 2017)

⁴⁹ University of Nairobi Confucius Institute Website. Available at:

www.confucius.uonbi.ac.ke/node/3

⁵⁰ The State Council of The People's Republic of China website. Available at:

Kiswahili and Chinese and broadcasts from both Beijing, China and Nairobi. This has been very instrumental in telling the Kenyan story to the Chinese and vice-versa. CGTN, formerly CCTV, actually chose Nairobi to host its multi-million-dollar African headquarters. From Nairobi, both the Chinese and Kenyan stories have been told to millions of both Kenyan and Chinese audiences since 2012.

The two organizations and dozens of others on print, digital and electronic platforms have also provided employment opportunities for hundreds of Kenyans along with other Africans who work for the overseas service. There have, however, been numerous concerns about lack of balance in the content of these media, with more information flowing from China to Kenya and less content flowing from Kenya and the rest of Africa to the homes of the more than 1.4 billion citizens of China. This would, perhaps, explain why allegations of racism against the Chinese are still rife in part due to ignorance and lack of knowledge about Africa and Africans.

Recent incidents and allegations of racism and racial discrimination of Kenyans by Chinese in their own motherland have also been rife. In September 2018, a Chinese man, Liu Jiaqi was arrested, had his work permit cancelled and deported by the Immigration Department after he was caught on video calling Kenyans and President Kenyatta monkeys.⁵¹ The incident caused uproar among Kenyans, especially on social media prompting government action.

This study seeks to bridge the knowledge gaps in matters regarding these ever-evolving Sino-Kenya relations, as well as update what is available for purposes of reference in policy-formulation as well as for future research and scholarly scrutiny. In light of increased amount of debt owed by Kenya to China, this study also seeks to critically evaluate Chinese investment in Kenya as well as the terms spelled out during investment and the loopholes that China has been exploiting to gain profit at the expense of the Kenyan economy and the Kenyan people.

www.gov.cn/misc/2006-02/28/content_212957.htm

⁵¹ Mwangi, M., 'Chinese's 'monkeys' slur angers Kenyans' *The Star*. (Nairobi) 06 September, 2018.

1.6 Justification of the Study

This section presents the academic, and policy justifications for the conduct of this study.

1.6.1 Academic Justification

China continues to play a more active role in Africa and having a greater impact on the continent and as a result, there is need for constant research and scholarly work on the matter. Secondly, like any other phenomenon in academia, China's roles and impacts are not static, they are very dynamic, calling for fresh perspectives and analysis. This project, therefore, seeks to contribute fresh knowledge on the subject as well as offering new insights for other researchers who will come in future by filling gaps in existing knowledge.

This project also aims to play a role in theory-building. It seeks to do by offering clear, concise and factual information that can support existing theories, lead to formulation of new theories or used for heuristic purposes – testing validity of theories through constant falsification. These efforts would be a boost for social sciences, specifically in the study of international relations.

Practitioners in the field of international relations such as ambassadors and other Ministry of Foreign Affairs officials in African countries can also use insights in this project to guide their everyday actions and decisions.

1.6.2 Policy Justification

Apart from the academic goals of this project, this study also aims at informing policy in China, Africa and in Kenya. Kenya's ministries of Treasury and Foreign Affairs through the relevant departments would also glean some key insights on how to steer Kenya's engagement with China, especially at a time when Kenya is reeling from the effects of the debts it owes to China. This research also seeks to hopefully contribute to guiding a change of tack in bilateral relations between Kenya and China in order to reduce the immense trade imbalances, debt crisis, adverse socio-cultural effects as well put Kenya in a position where it is reaping maximum advantage in these trade relations with China.

This research could also be used by lawmakers in parliament as they make relevant laws that touch on China-Kenya trade in order to reduce the current debt burden and ensure that the China-Kenya trade relations have less adverse impacts on Kenyan citizens.

1.7 Theoretical Framework

This section outlines the most crucial tool of analysis in the study – theory. Theories are key instruments for analyzing variables, concepts and elements in a particular field of study.

This study will specifically focus on theories from the realm of international relations in order to put into context China’s role in Africa’s socio-economic development and also assess their impacts. This will be achieved with the aid of two key theories – The dependency theory and the realist theory.

1.7.1 Dependency Theory

The Dependency Theory originated from Latin America and it was proposed by Raul Prebisch, a distinguished scholar, economist and statesman from Argentina. Rooted in Marxist thought, the theory postulates that nations which are underdeveloped exist on the periphery of the international political system and that they are underdeveloped as a result of exploitation by the richer and more advanced economies which are at ‘the core’.⁵² These periphery nations are from Latin America, Africa and Asia and are characterized by a low Gross National Product – GNP.⁵³

This theory posits that resources move from the poor countries –those in the periphery-, to the core causing the rich nations to become richer and the poor nations to become poorer. As a result, poorer nations provide cheap labour and most importantly, raw materials to the advanced economies who then add value to these resources and sell the finished products back to the very nations that sold them the raw materials, leaving them heavily disadvantaged economically as they prosper and grow their economies.

⁵² Economics Online Website. Accessed on 04/07/19 from:

www.economicsonline.co.uk/Global_economics/Dependency_theory.html

⁵³ Ferraro, V., *Dependency theory: An Introduction*. (London: Routledge, 2008) pp 58-60

The Dependency Theory suggests that the rich and powerful nations continually exploit the countries in the periphery to ensure that they grow richer and more powerful at the expense of the poorer nations. Prebisch and other scholars at the time, were concerned about the fact that poorer nations did not become more prosperous even after engaging with the rich ones and in fact, drew direct parallels between economic activities of rich countries and poverty in the poorer ones. Prebisch and his colleagues would go ahead to advice periphery nations to embark on practices such as import substitution - - to ensure that they imported less from developed nations as well as protecting their foreign exchange reserves.⁵⁴

This theory will be crucial in critically evaluating China's role and impact on the continent and its socio-economic development. What, really, are China's intentions of engaging in Africa? Is the East Asian nation exploiting the continent or helping it develop? Does China have the interests of Africa at heart or is it chasing after its own goals of satisfying its large population and gaining global dominance? This theory will be key in evaluating how resources flow from the peripheral African countries to the core, China. It will also be useful in examining just how China's economic activities have impacted on Africa's socio-economic development as well as how African countries can shed off their dependency on China.

1.7.2 Realist Theory

Realism is a theory of International Relations that is premised on politics as a result of the very nature of humanity and the absence of a world government. In this theory, human kind is termed as being inherently evil, egoistic and generally driven towards immorality as a result. It places emphasis on what Classical Realist Hans Morgenthau termed as "the tragic presence of evil in all political action," – a system where the rules of the jungle still apply as a result of the lack of a world government.⁵⁵ This becomes important in analyzing the impacts of China-Africa trade relations, by laying bare the interests of China in investing in Africa, as well as probing African nations' interests in engaging in trade relations with China.

⁵⁴ Ibid

⁵⁵ Donnelly, J., *Realism and International Relations*. (Cambridge: Cambridge University Press, 2000) pp 9-10

Morgenthau, in his book *Politics Among Nations*, terms national survival as being ‘of the highest moral significance’ and calls for a look at morality from a point of view of time and place, as opposed to generalizations of the same.⁵⁶ Realism explains, for example, how the First World War occurred as a result of the selfish interests of individual states and leaders, leading to the breakup of the Concert of Europe and led to the death and devastation of millions of people on the European continent.⁵⁷

Morgenthau also emphasized the concept of power as the dominant goal in IR and politics and placed premium on the state as the center of IR stating that states will do everything they can in order to keep power, demonstrate power or increase power.⁵⁸ This will be key in analyzing the place of power, state and national interests as the leading lights in the direction that China-Africa relations take and specifically, the role and impact that they play in shaping China’s role in Africa’s – and specifically Kenya’s – socio-economic development.

Thomas Hobbes, another prolific realist, explains that states pursue international relations from a point of view of national interests, be they economic, political, geopolitical, social, developmental or cultural – and that these national interests are defined in terms of power. Hobbes also postulates that no means, not even war, is out of question when it comes nations’ quest to consolidate their interests. Hobbes, like fellow realists, emphasizes the selfish and inherently evil nature of humans terming them and the lives they lead as ‘poor, solitary, nasty, brutish and short’⁵⁹ This will be crucial in this study, in looking at the roles played by individual leaders in both China and African countries, as well as how the decisions of those individuals affected China-Africa trade relations and the consequent impacts of these decisions.

⁵⁶ Petre, I., *Machiavelli and the Legitimization of Realism in International Relations*. (Romania: Editura Lumen, 2009)
p. 46

⁵⁷ Guzzini, S., *Realism in International Relations and International Political Economy: The Continuing Story of a Death Untold*. (London: Routledge, 1998) p 15

⁵⁸ Jütersonke, O., *Morgenthau, Law and Realism*. Cambridge University Press, Cambridge. p 12-17

⁵⁹ Petre, I., (2009) *Machiavelli and the Legitimization of Realism in International Relations*. Editura Lumen, Iasi, Romania. pp 44-46

Later on, in the 20th Century, IR was introduced to new thinking in realism, known as neorealism or neorealist approach by Kenneth Waltz. Waltz, in his book, *Man, the State and War*, presents three levels of analysis which he terms as ‘images’ in the international political system. These levels are: 1. Individuals and how their behaviours, natural traits and inclinations affect international relations. 2. States and how their policies, laws and composition affect international relations and lastly – 3. The international system and how its power structures affect IR.⁶⁰ Again, very crucial in this study in analyzing, assessing the roles of China as a state and those of individual African states in steering the course of engagement between the two parties and the resulting impacts. The third level of analysis is key in explaining the impact of China’s meteoric rise on IR as a whole and how its increased investment on the continent has led to increased competition on the continent, prompting the so-called ‘New Scramble for Africa.’

1.8 Hypotheses

- 1.8.1 H₁ - Sino-Africa relations have not been static, but have developed and changed through the years
- 1.8.2 H₁ - China’s chosen investments in Africa and particularly in Kenya are driven solely by its national interests
- 1.8.3 H₀ - China has neither played a role nor impacted on Kenya’s socio-economic development

1.9 Research Methodology

This section outlines the research methodology that this study will apply – from the research design, to the target population of the study, to the data collection and analysis methods, all of which are aimed at drawing conclusions and subsequently making the necessary recommendations.

⁶⁰ Waltz, K., (1959) *Man, the State and War: A Theoretical Analysis*. Columbia University Press, New York. pp 3-16

1.9.1 Research Design

A research design refers to a plan of action that a researcher puts in place to ensure that the research project gets done, but also that the evidence acquired from the project answers the research questions in the least ambiguous manner, therefore reducing the margin of error.⁶¹

This study employed a mixed-method approach – both qualitative and quantitative data and is descriptive in design because it seeks to answer the what's, how's and when's and where's of China's role and impact on Africa's socio-economic development, with a specific focus on Kenya. Primary and secondary data was also used for analysis in the long run and painting a crystal-clear picture of the role and impacts of China in Africa's and Kenya's socio-economic development. In this regard, quantitative data was collected in order to reinforce the qualitative data and ensure accuracy of the findings.

The use of a case study was necessary in this project as case studies allow for investigation of a phenomenon within its real-life context and also allows for use of multiple sources of evidence to improve accuracy of information gathered.⁶² Questionnaires and interview guides were also used to collect the quantitative data of this research and were given to the 100 persons sampled and drawn from the target population.

1.9.2 Research Site

In order to establish the role and impacts of China on Africa's socio-economic development and with Kenya as a case study, this study focused itself within the borders of Kenya, from where the target population made up of Ministry of Foreign Affairs officials, officials from the Chinese Embassy in Kenya, small scale traders, journalists and Manufacturers was drawn. The study was specifically based in Kenya's capital Nairobi where the target population and subsequent sample was drawn.

⁶¹ Vaus, D., (2001) *Research Design in Social Research*. Sage Publications, London. p 9

⁶² Remenyi, D., *Case Study Research: The Quick Guide Series*. (Reading: Academic Conferences and Publishing International Limited, 2012) p 2

1.9.3 Research target Population

This research targeted small scale Kenyan traders, manufacturers, Chinese Embassy officials, Kenyan Ministry of Foreign Affairs officials and journalists. These respondents were picked because they knowledge and information in their capacities in the various institutions, while the traders and manufacturers were selected due to the fact that their businesses are directly impacted on by China and its undertakings on Kenyan soil.

Table 1. 1 : Target Population of the Study

Category	Target Population
Small Scale Traders	80
Manufacturers	15
Chinese Embassy Officials	5
Kenyan Ministry of Foreign Affairs Officials	5
Journalists	15
Total	120

1.9.4 Sample Techniques and Sample Size

A sample is a unit selected from a population of interest in a research, that enables a researcher – by studying it- to be able to draw conclusions about the entire population.⁶³ On the other hand, a sampling technique refers to the process of selecting a sample – a sub-section of the population – for purposes of making observations and drawing conclusions about the population.

This study employed non-probability, convenience sampling⁶⁴ relying on the researcher's judgment to select a sample from which conclusions regarding the entire population could be drawn. The sample size in this regard, is drawn from the fact that it is close at hand and convenient.

⁶³ Arora A., and Donnelly, J., and Trochim, W., *Research Methods: The Essential Knowledge Base*. (Boston: Cengage Learning, 2016) p 80

⁶⁴ Ibid, p 87

To arrive at the sample size, this study employed the Tao Yamane formula which is stated as:

$$n = \frac{N}{1 + N(e)^2} \quad \text{Where } n = \text{Sample Size, } N = \text{Population Size, } e = \text{Desired level of precision (0.05\%)}$$

$$\text{Therefore: } n = \frac{120}{1 + 120(0.05)^2}$$

Sample Size = 92 rounded off to 100 respondents

1.9.5 Research Instruments

This study used both primary and secondary data in the form of questionnaires, library research and perusal of information available in electronic, print and digital media. Primary data was collected through the questionnaire. The questionnaire contains used in the study contained both open and closed-ended questions. Open-ended questions allowed the respondents to give their opinions and beliefs on the issues at hand in order to provide the much-needed qualitative data that supported the quantitative data provided by the closed-ended questions.

Secondary research was acquired from reading books, journals, online materials, TV reports and newspaper reports. This secondary data was useful in ensuring that the primary data can actually be generalized to the larger population, hence bolstering representativeness of data collected. To ensure the validity and accuracy of data collected, the questionnaire was approved by the Supervisor before it was handed out to the respondents.

1.9.6 Data Analysis

Data analysis refers to the process of systematically applying statistical and logical techniques to data collected in order to clean, organize, condense and evaluate it for purposes of answering the research questions in line with the objectives of the study.⁶⁵

The quantitative data collected in this research was analyzed through use of the SPSS software, with the closed-ended answers being analyzed in reference to the interview guide, after which

⁶⁵ Sridhar, J., "What is Data Analysis and Why is it so Important?" Makeuseof Website. Available at:

www.makeuseof.com/tag/what-is-data-analysis/

the researcher used data triangulation in relation to the responses and the time of the study to ensure validity.

1.9.7 Ethical Considerations

All data collected for the purposes of this study was done in line with the law and ethics. None of the respondents was coerced and all information given to the researcher was done out of their own free will.

All data collected was confidential and was used for purposes of this study only and there was no infringement of human rights in any shape of form during the conduct of this research.

1.10 Chapter Outline

Chapter one: Introduction – This chapter contains the background of the study, statement of the problem, research questions, research objectives, literature review, justification of the study, theoretical framework, hypotheses, research methodology, ethical considerations and the chapter outline.

Chapter Two: Nature and historical development of Sino-Africa relations – This chapter will look at how China-Africa ties and specifically China-Kenya relations have evolved over time to what they are today.

Chapter Three: Key sectors of Chinese investment in African countries, particularly in Kenya – This chapter will critically assess the various sectors of Chinese investment in Africa, and in particular, Kenya.

Chapter Four: Role and Impacts of China on Kenya's socio-economic development – This chapter will critically evaluate the roles and impacts that China has had on Kenya's socio-economic development, as well as the challenges and prospects for Sino-Kenya relations.

Chapter Five: Presentation of data, findings and analysis – In this chapter, data collected will be presented, organized and analyzed in a manner that findings and patterns can be drawn out of the raw data.

Chapter Six: Conclusions and Recommendations – In this chapter, the researcher will draw conclusions and subsequently make recommendations from the analyzed

CHAPTER TWO

NATURE AND HISTORICAL DEVELOPMENT OF SINO-AFRICA RELATIONS

2.1 Introduction

Relations between China and Africa date back thousands of years and as a result, China has continued to have a great role to play in Africa's socio-economic development – a role which has a myriad of impacts on African states and their people.

This section will take an in-depth look at the nature and patterns of relations between China and Africa through the years, with the first section looking at the pre-21st Century relations and relations from the turn of the 21st century to date.

2.2 Nature and development of China-Africa Relations (Pre-Year 2000)

The first interactions between Africa and China were based on matters trade, with early accounts indicating that Queen Cleopatra who reigned in Egypt between 51 and 32 BC wore silk clothes from Imperial China. Accounts also indicate that Chinese products crossed the Red and Mediterranean Seas and came as far as the Meroe Islands in present-day Northern Sudan. Chinese Emperors also received gifts from Africa during the Han Dynasty⁶⁶ from the Roman Emperor who reigned over Egypt at the time.⁶⁷

Archeologists have also discovered pieces of porcelain, silk fabric, copper, silver, cotton fabrics and coins from various periods and dynasties in China in Kenya, Egypt, Tanzania, Zanzibar, Sudan, Eritrea and Somalia. On the other hand, Africa's exports to China included elephant

⁶⁶ The Han Dynasty was the second imperial dynasty of China and ruled between from 220 BC and 220 AD. This period is known as the golden age of Chinese history (Hardy & Kinney, 2005)

⁶⁷ Eisenmen, J., and Shinn, D., *China and Africa: A Century of Engagement*. (Philadelphia: University of Pennsylvania, 2012) pp 17 – 55

tusks and rhino horns, rare wood species and animals such as giraffes, ostriches and zebras. African slaves are also reported to have been taken to and sold in China, though in a much smaller scale than those sold in Western countries.⁶⁸

The first formal and documented account of China-Africa interactions came in the form of the voyage of Chinese military commander Zheng He to the coast of East Africa in the 15th Century. He, appointed by Imperial China as the ambassador to barbarian lands that needed civilization, led seven voyages that straddled vast lands across the world, from the South China Sea and eventually ending up on the shores of the Indian Ocean and East African nations.⁶⁹ There would follow a long hiatus in the relationship between China and Africa after the ruling class halted maritime trade where the two parties met, terming it as expensive and unnecessary.

The 18th and 19th Centuries were marked by migration by Chinese laborers into African countries such as Mauritius where they grew their population into small Chinese villages and are reported to have constructed some of the earliest factories in the Western Indian Ocean nation. They later on spread into countries such as Seychelles and South Africa to either trade or work as coolies.⁷⁰

By the 20th Century, there were thousands of Chinese people living across the continent, most of them having being brought to the continent by Africa's colonial masters such as the Portuguese, Germans and the British for purposes of construction of infrastructure such as roads, bridges and railways. This period also brought with it changes that set relations between China and Africa on a different trajectory – in 1912, the East Asian nation was no longer an Imperial State, it had become a national, centralized government system that was now known as the Republic of China. Sino-Africa relations did not gather momentum until after 1949, after two World Wars and the defeat of the ROC on Mainland China and their subsequent exile to Taiwan and the takeover of

⁶⁸ Ibid

⁶⁹ Brezina, C., *Zheng He: China's Greatest Explorer, Mariner and Navigator*. (New York: Rosen Publishing, 2017)

⁷⁰ Coolies – a name given to unskilled labourers (Behal & Linden, 2006)

China by the CPC, turning the nation into what it is known as today – People’s Republic of China.⁷¹

During this era, relations between Africa and China tended to be controlled by China’s foreign policy, mostly due to the fact that China was a single country of its own on one side, while Africa was made up of many nations which could barely speak in a unified voice even under the umbrella of the OAU. This still remains largely the case even today, with countries which have more economic muscle and population, getting the lion’s share of the benefits of Sino-African relations.

During the onset of the Cold War which lasted from 1947 to 1991, engagements between African states and China continued taking shape, with the two parties joining hands in the struggle for liberation from Africa’s colonial masters. These liberation struggles were instrumental in helping China sell its communist ideology on the continent. During this period, the PRC won a diplomatic score after it formally replaced the ROC on the UN Security Council with the help of African countries – a significant marker of China’s influence on African countries.

History was also made between late 1963 and early 1964, when Zhou Enlai, the first Prime Minister of China visited 10 countries on the African continent. During this tour, Enlai outlined the ‘Five Principles’ of China’s relations with African and Arab countries, which played a part in enhancing engagements. These five principles were as follows: One, that China supported African countries’ quest for independence from their colonizers. Two, that China supported African and Arab countries’ principle of non-alignment and policy on peace. Three, that it shared the desire of African nations to achieve unity and solidarity. Four, that China supported the desire of African nations to settle their disputes in a peaceful manner and five, China held that the sovereignty of all African and Arabian countries was to be respected and that it would stand with these countries to resist any efforts to seize or encroach on their land.

⁷¹ Morris, L., and Hanauer, L., *Chinese Engagement in Africa: Drivers, Reactions and Implications for U.S. Policy*. (Washington: The Rand Corporation, 2014) p 40

China's engagement with Africa took yet another turn for the better and escalated after it embarked on economic reforms in 1978 known as 'Reform and Opening Up' which are credited with transforming the economic, social and geopolitical fortunes of the East Asian state. The 'Reform and Opening Up' initiative was a plan rolled out by the then Paramount Leader of the CPC, Deng Xiaoping. These measures were aimed at transitioning from a centrally-planned economy to a more market-oriented economy. During this period, China opened its doors for trade and investment with other countries including African ones. During this period, China also became Africa's biggest provider of aid for the first time ever. It is however worth noting that trade with China only accounted for 1% of Africa's international trade.

The end of the Cold War heralded a new era of economic, political, social and paradigm shifts that provided fertile ground for growth and development in African countries and China. Africa was, at this point, no longer divided over East-West affiliations that had marred the continent for decades. China was also able to position itself to accelerate its influence in African countries, owing to reduced interest by Western nations who were no longer competing for spheres of influence on the continent.⁷² The first course of action for China was to embark on a charm offensive on the continent, with numerous top officials traversing the continent to sell the East Asian nation's agenda. Between 1990 and 1992, as many as 17 countries received delegations of top Chinese officials, with 16 heads of state and government from Africa visiting Beijing in the same period.

In 1992, the then Chinese President Yang Shangkun while on a tour of Africa outlined China's policy on Africa whose key elements included support for Africa's sovereignty, economic development and independence; belief in and respect for Africa as a key entity in the international system, respect for Africa's development agendas and priorities, support for Africa's efforts to unite under the umbrella of the OAU and opposition to foreign interference and interventions.

⁷² Eisenmen, J., and Shinn, D., *China and Africa: A Century of Engagement*. (Philadelphia: University of Pennsylvania, 2012) p 45

The anti-West rhetoric spread in this policy greatly endeared China to African leaders and their citizens. A year after that, in 1993, China for the very first time, became a net importer of petroleum, with trade growing exponentially thanks to China's insatiable need for energy and raw materials as it expanded its economy with ambitions for global dominance. Africa, with its growing population, also became a key importer of Chinese commodities as well as industrial products as each country sought to expand its industrial base. Iron, aluminum and timber were also exported to Africa countries in vast amounts

2.3 Nature and development of China-Africa Relations (Post year 2000)

In the year 2000, China and African countries came together to form the Forum on China-Africa Cooperation, FOCAC. This was born out of the need to formalize and harmonize the engagements between China and African countries and vice-versa. FOCAC was founded in October 2000 during the body's first ministers' conference held in Beijing. The goals of FOCAC were stated as 'to promote common development, strengthen friendly cooperation between China and Africa and combatting the challenges of economic globalization.'⁷³ In the same year, China cancelled bad debts worth 10 billion Renminbi(RMB) of African and other Least Developed Countries, LDCs.

At the heart of the formation of FOCAC, was also the need for joint mechanisms of implementation of decisions made at the various summits and conferences, as well as monitoring and evaluation of actions of member states. These mechanisms were laid out across three levels. One, the ministerial conferences between Chinese and African foreign or international economy ministers which are held once every three years. Two, follow-up and preparatory meetings of Senior Chinese and African officials – these being Director-Generals of relevant departments in line ministries - a while before the Ministerial conferences take place; and lastly, African diplomats in China confer with the Secretariat of the Chinese Follow-up Committee twice a year.

⁷³ Foreign Affairs Ministry of the People's Republic of China website: Available at:

www.fmprc.gov.cn/zflt/eng/gylt/ljj/t157569.htm

African and Chinese leaders also resolved that they would meet under the umbrella of FOCAC, on the sidelines of the annual UN General Assembly meetings at the UN Headquarters in New York. Various sub forums such as the China-Africa Young Leaders Forum, China-Africa People's Forum, Ministerial Forum for China-Africa Health Cooperation among others were also formed under FOCAC in order to tackle specific issues and sectors of China-Africa cooperation.⁷⁴

Since 2000, Ministerial Conferences and Summits have been held on Chinese and African soil every three years, with the last one having being held in Beijing in 2018. Between 2000 and 2018, China's State Leaders have made a total of 149 tours to African countries, while African countries have made 379 visits to China.⁷⁵

Under FOCAC, cooperation between African countries and China in all spheres whether economic, political, socio-cultural or development has reached unprecedented heights. In matters economy, trade and investment has grown exponentially. In 2003 during the 2nd Ministerial Conference of FOCAC held in Addis Ababa, Ethiopia, China announced preferential trade measures for African countries in the form of zero-tariff treatment for selected products exported to China from Africa. During this conference, financial assistance was also amped up, along with a decision to construct Special Economic Zones (SEZs) with the aim of streamlining customs procedures and boosting investment, agriculture and infrastructure.⁷⁶

Later, in 2006, to celebrate the 50th anniversary of Sino-African relations, China amplified its influence on the continent by amending its China-Africa policy, to ensure government support for both state-run and private entities that were investing in Africa in the form of preferential

⁷⁴ Forum on China-Africa Cooperation website. Available at:

www.focac.org/eng/ltjj_3/ltjz/

⁷⁵ FOCAC, *Achievements of the Forum on China-Africa Cooperation Over the Past 15 Years*. (Beijing: The Secretariat of the Chinese Follow-Up Committee of FOCAC, 2015)

⁷⁶ Nowak, W., *China-Africa and India-Africa trade in the years 2000 - 2014*. (Amsterdam: Elsevier, 2015) pp 142 - 143

loans and credit. This saw an influx of Chinese private and state-owned enterprises (SOEs) on the continent, a great source of FDI for African nations. At the same time, African countries were encouraged to invest in China as well, with each country being urged to negotiate its terms of invest with the East Asian nation bilaterally. To ensure trade and investment between both parties flourished, a China-Africa Joint Chamber of Commerce and Industry was also formed. During that same year, China announced that it would provide African nations with concessional loans worth 2 billion US Dollars, through the EXIM Bank. By the end of 2006, Chinese FDI in Africa stood at 35.5 billion US Dollars.⁷⁷

Since 2000, China has grown to become Africa's biggest trading partner having surpassed the US in 2009. Trade in commodities volumes between China and Africa expanded from 10.6 billion USD in 2000, to 107.1 billion USD in 2008, to 221.5 billion USD in 2014. The volumes of exports from African countries to China also grew from since 2000. In year 2000, Africa's goods accounted for only 2.5% of China's imports. This percentage grew to 5.9% in the year 2014.⁷⁸

Socially, the peoples of China and Africa have interacted more and public diplomacy increased between years 2000 and 2018. Through Confucius Institutes, cultural events and investment, China has spread its influence on the continent while more and more Chinese people are coming to live in Africa and vice-versa. Realism theory which places emphasis on state power effectively comes into play in this regard, as China – which is more powerful financially is able to push its agenda in a more aggressive way by spread its influences, culture and language among African states more than the African states are able to sell themselves to Chinese citizens. While there are various initiatives in place for cultural exchanges between the peoples of the two entities, China definitely has the upper hand, if the rapid spread of Chinese media in African countries and spread of Confucius Institutes is anything to go by.

⁷⁷ Dijk, M., (Ed.) *The New Presence of China in Africa*. (Amsterdam: Amsterdam University Press, 2009) pp 84 - 87

⁷⁸ Nowak, W., *China-Africa and India-Africa trade in the years 2000 – 2014* (Amsterdam: Elsevier, 2015) pp 144 - 145

Since year 2000, there has also been increased political engagement between China and Africa – both positive and negative. China’s principle of non-interference in local governance issues has endeared her to African countries and their leaders who have constantly accused The West of compromising their sovereignty. This has also presented its fair share of challenges with China being accused of looking the other way and working with African countries with poor governance and human rights records. There have also been frequent exchanges among members of African political parties and those of the ruling Communist Party of China where both entities have exchanged ideas of how to strengthen their political systems and encourage better governance in their countries. But this has not happened without the fair share of criticism and accusations of China putting undue influence over the governance of African states.

2.4 Nature and impacts of China-Kenya Relations (2000-2018)

China and Kenya have been in contact since the 15th Century –era of the voyages of Zheng He and subsequent shipwreck that caused surviving sailors to swim to Lamu, convert to Islam and marry locals. Since then, Kenya like most African countries dealt with China on a small-scale trade basis. In the case of Kenya, there were scarcely any formal diplomatic relations before 1963 when Kenya acquired her independence from the British. On 14th December 1963, two days after Kenya clinched her independence formal diplomatic ties were established, with China becoming only the fourth country to open an embassy in Kenya after West Germany (Present-day Germany), Russian Federation and Ethiopia. On 5th February 1964, China appointed its first ambassador to Kenya - Wang Yutien.

However, this newfound relationship would be haunted by ideological differences between members of the then ruling political party KANU. On the one hand was the radical left wing led by Jaramogi Oginga Odinga which supported Chinese socialist ideology; and on the other hand, the right-wing led by Jomo Kenyatta. This brought about clashes within the ruling party that saw China sidelined from Kenyan politics and diplomacy until the late 1960s, owing to the fact that it became extremely difficult for the Oginga-led faction to implement China’s revolutionary agenda in Kenya.⁷⁹ This led to 10 years of cold relations between Kenya and China and these

⁷⁹ Chege, M., *Economic Relations Between Kenya and China, 1963 – 2007* (Washington: Center for

only began to thaw upon Mao Zedong's exit as China's Supreme Leader in 1976 followed by the death of Kenya's first President Mzee Jomo Kenyatta in 1978.

Trade ties between China and Kenya preceded diplomatic ones, with Kenya as a British protectorate having begun sending its raw materials for processing in China due to the infancy and lack of industries. In turn, Kenya would import tea, base metals such as zinc and copper and other processed and semi-processed products. In 1963, the volume of trade between the two countries stood at 9.2 million shillings.⁸⁰ In 1964, Kenya and China negotiated a technical and economic agreement to boost cooperation and boost development between the two entities, but these would never see the light of day, again due to the ideological differences within the ruling party, with the then President Jomo Kenyatta and Tom Mboya, KANU's Secretary General, treating China with suspicion and focusing all energies and time on building relations with Western Europe, Britain and the US.

In 1967, following years of disagreements between the two factions within the ruling KANU and the perception that China was siding with the left-wing of the party, the relationship between Kenya and China took a turn for the worst – it broke. This diplomatic break had been preceded by a war of words between officials from both countries, demonstrations at the Kenyan Embassy in China, counter-demonstrations by KANU youth outside the Chinese Embassy in Nairobi as well protest letters and counter-protest letters. What followed was Kenya declaring China's *Chargè d'affaires* as *persona non-grata* and he was ordered to leave the country with immediate effect in June 1967. In a retaliatory move, Kenya's *Chargè d'affaires* was also expelled from Beijing in July 1967. This remained the situation between the two countries until 1978 with the death of Mzee Jomo Kenyatta and the first visit to Beijing by a Kenyan President – Daniel Moi – in 1980.

During this visit, Moi met CPC Paramount Leader and pioneer of China's 'Reform and Opening Up' initiative Deng Xiaoping and the country's Prime Minister Zhao Ziyang. Following this first visit, both parties would embark on efforts to restore their relationship and confidence with each

Strategic and International Studies, 2008)

⁸⁰ Ibid

other. This rekindled relationship would result in the construction of the Moi International Sports Center in Kasarani, a teaching hospital at Moi University and the construction of the Gambogi-Serem Highway among others co-funded by both China and Kenya. On its part, Kenya trained Chinese nationals on matters tourism at the Utalii College at the request of the Chinese Government, as well training its tea and coffee farmers on how to grow the highly economically-viable cash crop. These trends continued to be witnessed until Moi exited office in 2002.

When Emilio Mwai Kibaki took over from Moi, Kenya's priorities shifted and so did China's engagement and involvement in Kenya's economy. Kibaki created an environment where Kenya's economic growth was spurred from within, with only 5 to 10% of Kenya's budget coming from FDI. But that's not to say that trade between the two nations was dead – the model was just different from before. This period was marked by more private trade and investment involved by China's private sector in the country.

In 2005, Kibaki toured China and he met with his Chinese counterpart Hu Jintao. Along with this meeting were other high-level delegations that held discussions. At the end of this visit, a five-part agreement surrounding development assistance for infrastructure, standards of industrial products, technical assistance, training for KBC staff and extended aviation services between the two countries was signed. China's President Hu Jintao would return the favour and visit Kenya in April 2006.⁸¹

In subsequent years, Kenya would embark on large-scale infrastructure projects courtesy of concessional loans, grants or public-private partnership deals with China. The most notable among these include the Thika Superhighway Project and the Standard Gauge Railway among others. Today, China is Kenya's biggest trading partner, biggest supplier of goods since 2015 and biggest creditor.

⁸¹ China's People's Daily Newspaper website. Available at:

www.en.people.cn/200508/19/eng20050819_203345.html

As at 2015, Kenya imported goods worth 320.8 billion shillings from China, while China imported goods worth a paltry 8.4 billion shillings from Kenya. Concerns were also raised in the same year regarding the fact that China was missing from the list of Top 10 importers of Kenya's goods in spite of having a humongous market of more than 1.3 billion people.⁸²

By 2018, Kenya was the 3rd most indebted country to China with a Ksh. 980 billion debt – coming only after Angola (Ksh. 4.28 billion) and Ethiopia (Ksh. 1.37 trillion).⁸³ Growing debt remains a key concern for Kenyan economists and citizens alike, even as government continues to sink the nation further into debt, even outside funding acquired from China.

2.5 Chapter Summary and Conclusions

In this chapter, this study sought to trace the nature of Sino-African and Sino-Kenyan relations and the subsequent impacts of these engagements that China and Africa and specifically Kenya have had through the years. While these relations are rooted in centuries of interactions, they are as dynamic as life itself, taking different natures, shapes, forms and different priorities from one time to the next.

As realist theory postulates, the role of power, individuals, states and the international system as a whole have shaped these interactions. In the case of the relations between China and Kenya in the 1960s, the first level of analysis as put forth by Kenneth Waltz – individuals – shaped relations with ideological differences between leftists Odinga and Mao on the one hand and Kenyatta and the KANU right win resulting in a full-blown diplomatic war between the two states. States and their laws and governance also affected Africa's interaction, with China

⁸² Ngugi, B., and Otuki, N., 'Is Kenya Getting a raw deal from trade ties with China?' (*Business Daily*) Available at:

www.businessdailyafrica.com/economy/Is-Kenya-getting-a-raw-deal-from-trade-ties-with-China/3946234-3792806-uogom6z/index.html

⁸³ Johns Hopkins School of Advanced International Studies: China-Africa Research Initiative Website. Available at :

www.sais-cari.org/data-chinese-loans-to-africa

becoming a friend in deed to countries such as South Africa during the liberation struggle. The third level of realist analysis– the international system – is made crystal clear by China and its newfound economic might and how it is leveraging this wealth to make inroads into countries in Africa in order to boost its geopolitical influence.

With this in mind, it therefore comes as no surprise that most activities and issues within Sino-African relations continue to be spearheaded by China and trickling down to African countries, as power and resources move from the top-down. China being the more geopolitically-powerful and financially mightier of the two parties always gains the upper hand and influences sovereign African nations – sometimes, to their own detriment to a level of compromising the very sovereignty that each nation protects jealously.

The objective of this chapter was achieved as the researcher was able to effectively trace the nature and historical development of Sino-Africa and Sino-Kenya relations, tracing them all the way from as early as 51 BC to 2018. This lays the foundation for the rest of this study.

CHAPTER THREE

KEY AREAS OF CHINESE INVESTMENT IN AFRICAN COUNTRIES AND PARTICULARLY IN KENYA

3.1 Introduction

This chapter will, on a sector-by-sector basis, assess the various sectors in which China has invested in Kenya as well as other African countries, in line with their socio-economic development. This is aimed at looking areas of strategic interest by China on the continent, as well as how Kenya and African countries can take advantage of these strategic interests to benefit citizens and grow their economies.

Following the establishment of FOCAC in the year 2000, China and Africa came up with plans and negotiated deals both at multilateral and bilateral level aimed at improving 10 key sectors as Africa sought to accelerate its socio-economic development and better the people's standards of living. Since year 2,000 various efforts and initiatives have been put in place to ensure that both the African and Chinese dreams have been met.

3.2. Key areas of Chinese investment in Africa

China has also invested in different sectors in various sectors across the continent. However, as the realist theory predicts, most of these projects surround key areas of interest to China as part of growing its economy and raising its position in global politics.

3.2.1 China investment in Africa's infrastructure

In 1970, China embarked on its third infrastructure project on African soil – the Tanzania-Zambia Railway. This 1, 860-kilometer railway also known as Tanzam or Uhuru(Freedom) railway, connects Tanzania and Zambia and it was constructed, at the time, to come to the aid of landlocked Zambia and reduce its dependence on Rhodesia (Modern-day Zimbabwe), Angolan

and South African railways and ports, all of which were white-majority ruled, creating the only pathway that Zambia had for its copper ore to the sea. This project was constructed in five years and marked the first international development and biggest China-funded project on the continent, after the Aswan High and Volta Dam projects. China's role did not only involve funding which stood at a whopping 406-million-dollar loan which was to be repaid within a period of 30 years; it also provided 50,000 of its citizens who braved harsh weather conditions, disease and harsh terrain to complete the project in 1975.

The project was of great benefit to locals in both countries, one, by creating employment opportunities as more than 30,000 Africans participated in construction of the project. Another positive impact was that the railway line opened up trade with traders sending their goods – mostly farm produce- to various destinations as parcels. This also played a critical role in boosting the local economies of both countries. Increased mobility also saw locals expand their networks and work further away from home in order to earn a better living or supplement their incomes from agricultural activities. On the Zambian side, the project was a big relief as the country did not have to suffer the effects of being landlocked and depending on white-majority-ruled countries. Zambia was able to transport its copper ore all the way to Dar es Salaam where it could then get onto the Indian Ocean to various other destinations.

There was also skills and technological transfer as the Chinese experts who worked on the railway were able to train African workers who were mostly unskilled on how to construct such infrastructure. This created a pool of young African railway construction experts and other technological experts who became key pillars of the local communities.

However, the project, while aimed at easing transport between Tanzania and Zambia, turned out to be a point of competition between the socialist East – China and the Capitalist West – UK and US. Even efforts to secure funding for the railway became a battlefield between the British and Chinese governments, with the former accusing China of influencing African leaders with their socialist ideals. Competition between these two entities was so intense that the Americans started constructing a highway from Dar es Salaam to Lusaka in Zambia, in direct competition to the Chinese. At one point, it is reported, both the Americans and Chinese found themselves doing

construction work at the same location, with a scuffle ensuing between the two parties, that was only resolved by Tanzanian police.⁸⁴ Such were the challenges that was witnessed at the time, with two foreign nations bringing their ideological and political wars on African soil – a serious infringement on the two nations sovereignty.

Since 1970, China has embarked on numerous infrastructure projects on the continent, which have played a big role and impacted heavily on Africa's socio-economic development. By 2017, the *Deloitte Africa Construction Trends Report* showed that China owns 1.7% of infrastructure projects on the continent and funded 47 projects in Africa in 2017 alone. The report also indicates that China has far outshined private African domestic firms in constructing infrastructure in Africa, having constructed 85 projects in 2017 alone. Italian firms which came a distant second to China in this regard only constructed 17 projects in Africa – a clear sign of China's increased influence in matters infrastructure on the continent.⁸⁵ This trend continued to be witnessed at an even higher level in the year 2018. (Fig. 3.1)

Most projects that have been undertaken on the continent, are part of the bold and ambitious BRI – Belt and Road Initiative – a program in which China seeks to increase its dominance on the global front by taking up mega and strategic infrastructure projects in Asia, Europe and Africa. This trillion-dollar initiative connects 71 countries from the three continents and has saw China single-handedly take on 160 projects in 2018 alone. A huge benefit to its own economy as most of these projects are undertaken by its firms overseas.

3.2.1.1 China and Africa's Transport Sector

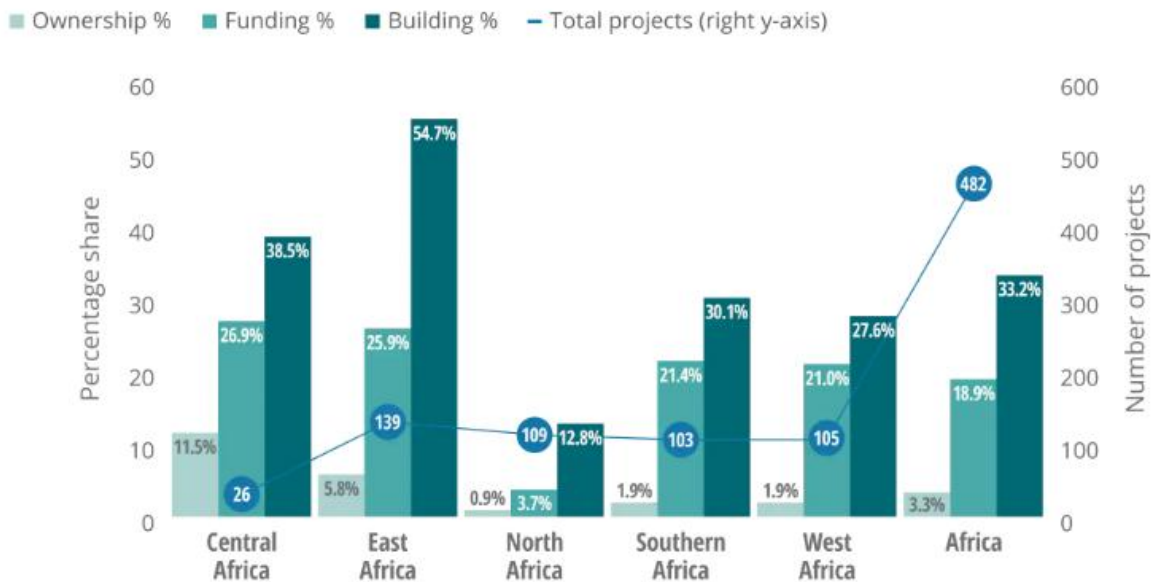
Africa's transport sector remains China's most strategic area of investment with billions of dollars being pumped on the continent every year towards construction of railways, roads, airports, bridges and ports.

⁸⁴ Monson, J., *Freedom Railway: How A Chinese Development Project Changed Lives and Livelihoods in Tanzania*. (Bloomington: Indiana University Press, 2009) pp 1-11

⁸⁵ Deloitte Africa, *A Shift to more but less: Africa Construction Trends Report 2017*. (Nairobi: Deloitte Africa, 2017)

3.2.1.1.1 Railway Transport

In the area of rail transport, China has been involved in the rehabilitation and upgrade of 1,350 kilometers of existing railways and construction of 1,600 kilometers of new railways in a continent that has 50,000 kilometers of rail in total. In this regard, Nigeria, Gabon and Mauritania have gotten the lion’s share of investment.⁸⁶ FOCAC reports that by 2015, China had been involved in the construction of 5,675 kilometers of railway.⁸⁷



Source: Deloitte Africa Construction Trends, 2018.

Figure 3.1: China’s share of Africa’s regional and continental infrastructure projects

Nigeria, today boasts of two major Chinese-funded and constructed railway projects – construction of The Abuja Rail Mass Transit System (commonly known as Abuja Light Rail) and the rehabilitation of the 1,315-kilometer Lagos-Kano railway line. The Abuja Light Rail is a

⁸⁶ Institute of Developing Economies - Japan External Trade Organization Website. Available at:

www.ide.go.jp/English/Data/Africa_file/Manualreport/cia_10.html

⁸⁷ FOCAC, *Achievements of the Forum on China-Africa Cooperation Over the Past 15 Years*. (Beijing: The Secretariat of the Chinese Follow-Up Committee of FOCAC, 2015) p 66

27-kilometer inter-city railway line, the first of its kind in the Western Africa region and connects the Abuja city center and the Nnamdi Azikiwe International Airport. Works on the light rail by the China Civil Engineering Construction Corporation – CCECC - began in 2009 and ended in July 2018 when it was opened for passenger use. The Abuja Light Rail system has had the impact of reducing travel time for workers who flock the Abuja Central Business District every day from satellite towns by 40 minutes. It has also been crucial in decongesting the roads in Abuja which is Nigeria's fourth largest and populous city after Lagos, Kano and Ibadan.

The Abuja Light Rail system also had another key impact – creation of employment. Nigerian Government officials, during the launch of the railway line, said that 100,000 would be created Both directly and indirectly for Abuja residents.⁸⁸ The fact that the railway system has eased transport from satellite towns, eased congestion on Abuja roads and created employment for residents will definitely see the standards of living of residents raised in the long run. However, this project took long to construct due to constant wrangles between Chinese and Nigerian Governments, with CCECC's construct being halted in 2009, amid accusations that China was not living up to its end of the investment bargain.

In Angola, China reconstructed the Benguela Railway which had been damaged severely during the Angolan civil war between 2006 and 2014 at a cost of 1.83 billion dollars. The contractor of the reconstruction project, China Railway Construction, employed 100,000 local Angolans in the project, creating employment for these people and their families. At the same time, some 10,000 other locals received training from the Chinese in order to occupy positions of technicians of the 67-station railway line which connects the port city of Lobito and the border town of Luau which further connects to the Democratic Republic of Congo. The railway line is of very strategic importance as it is the gateway to exporting Angola's copper, foodstuff and industrial inputs. At

⁸⁸ Aderibigbe, A., and Yahaya. F., '11 Years after, Abuja Light Rail Takes off.' *The Nation Newspaper Nigeria*, 2018. Available at:

www.thenationonlineng.net/11-years-after-abuja-light-rail-takes-off/

the time of completion, it was projected that four million people and 20 million tonnes of cargo would be transported on the railway every year.⁸⁹

The Addis-Ababa- Djibouti Railway line is yet another mega railway project that was undertaken by China between 2011 and 2017. The 766-kilometer railway is a key installation for the East African nation, as it connects the landlocked country by rail to its main seaport of access – Doraleh in Djibouti. Being landlocked, Ethiopia uses Djibouti to transact 90% of all its trade activities, with commodities traveling to and from Ethiopia making up for 70% of all activities at Doraleh Port. Apart from the trade perspective, the light rail has also been instrumental in easing traffic in Addis Ababa, with more than 100,000 people using it daily. However, as has become the norm with all Chinese-funded or constructed projects, two Chinese companies –CCECC and China Railway Group Limited - will run operations at the airline until 2023 when it will be handed over to the Ethiopia-Djibouti Railway Company. Concerns were also raised about the fact that the railway cost 30% more than had been projected, with Ethiopia incurring debt worth 3.7 billion dollars which it had begun repaying even before operations kicked off in 2018.⁹⁰

No doubt, China has played a key role in construction and funding of railway infrastructure on the continent, easing movement of persons and goods from one point to another and in some cases even transnationally – to the betterment of African economies and be people’s lives. However, these projects have been plagued by missed targets, high operation costs and unfriendly payment terms. But this has not stopped African countries from engaging their Chinese counterparts in their railway construction projects.

3.2.1.1.2 Road and bridges

This is yet another key sector of influence and investment for China on the continent. As at 2015, FOCAC figures indicated that China had constructed 4,507 kilometers of road on the continent,

⁸⁹ Khan, M., *China-Africa Economic Relations: A brief analysis book*. (Africa Economic Program, 2015)

⁹⁰ The Diplomat website. Available at:

www.thediplomat.com/2018/02/china-and-ethiopia-part-2-the-addis-ababa-djibouti-railway

as well as 18 bridges.⁹¹ While funds invested by China in this sector is a little less as compared to sectors such as railway transport, this has not made the East Asian nation any less influential across the continent. Countries such as Sudan, Angola, Botswana and Ethiopia have received the lion's share of investment in this sector with most funding coming from EXIM Bank credit lines and Chinese Ministry of Commerce grants.

In Cote d'Ivoire, China funded and undertook the construction of the 42-kilometer-long Abidjan-Grand Bassam Expressway between 2012 and 2015. The 6-lane expressway which connects Abidjan and Grand Bassam cities was constructed on a loan of 114 million Dollars from China's EXIM Bank and 17.4 million Dollars from the Ivory Coast Government. The project, which was undertaken by the China Machinery Engineering Corporation (CMEC) was a key piece of infrastructure as it linked Abidjan – the country's central economic hub to Grand Bassam – a key tourism hub, along with other cities of commercial importance to Cote d'Ivoire.⁹² This greatly expanded the Ivorian economy as there was increased movement of goods and persons. Construction of the Highway and rehabilitation of sections of the road also provided a major boost to the country's tourism sector. As a result of this infrastructure boost as well as the prioritization of the tourism sector by the Ivorian Government, the country's tourism sector grew from 4.8% of GDP in 2015 to 7.5% of GDP in 2016 – a key milestone.⁹³

The Accra-Kumasi trunk road reconstruction project was yet another road project that was undertaken by China and with Chinese funding in Ghana. The Accra-Kumasi Road is part of the National Highway 6 – a highway that runs from Accra through to Nsawam, Nkawkaw and Ejisu towns, all the way to Kumasi. This is a key road in Ghana and its economy as it connects the

⁹¹ FOCAC, *Achievements of the Forum on China-Africa Cooperation Over the Past 15 Years*. (Beijing: The Secretariat of the Chinese Follow-Up Committee of FOCAC, 2015) Beijing p 66

⁹² China Machinery Engineering Corporation Website. Available at:

www.en.cmec.com/xwzx/gsxw/201509/t20150915_133532.html

⁹³ The Oxford Business Group website. Available at:

www.oxfordbusinessgroup.com/overview/turning-corner-government-designates-tourism-priority-sector-following-its-key-contributions-growth

country's capital and economic and administrative hub - Accra; with Kumasi which is among the largest Metropolises in Ghana and a hub for culture, commerce and industry in the Ashanti region. This road was constructed courtesy of a 30-million-Dollar interest-free loan from China and opened up the region for trade, commerce, industry and movement of goods and people which spurred the economies of the two towns and that of Ghana as a whole.

The grand, 950-meter cable-stayed Mohamed VI Bridge in Morocco is yet another masterpiece bridge constructed on the continent by China. Constructed between 20011 and 2016, the bridge which straddles the Bou Regreg Valley is the longest in Africa and an architectural masterpiece. The bridge connects the capital Rabat with the city of Sale and is marked by two towers from which cables run across each other and hold it in its place. The 32.45-million-Dollar bridge was constructed by the China Railway Major Bridge Engineering Group – CMBEG – with funding from European Investment Bank and Autoroutes du Maroc. The bridge has been instrumental in bringing efficiency in transport between the two cities, with the nation's transport officials saying that it was able to cut time spent in traffic by residents by 30%.⁹⁴ This efficiency also led to lower transport costs and savings on the part of residents. Less time spent in traffic has also led to a cleaner environment due to reduced emissions.

3.2.1.1.3 Airports and ports

Along with railways, roads, bridges and roads, China has been involved in the construction of various airports, terminals and ports across the continent. In September 2013, after three years of construction, a new 57,000-square-meter passenger terminal was opened at the Sir Seewoosagur Ramgoolam International Airport in Mauritius. Constructed at a cost of 305 million Dollars from China's EXIM Bank, the new terminal doubled the airport's capacity, with the number of passengers growing to 4.5 million. The Mauritian Government had embarked on the ambitious project with a view to meet the demands of and bolster its tourism sector which is the island nation's top foreign exchange earner and the third most important pillar of its economy.⁹⁵ When

⁹⁴ Guerraoui, S., 'Rabat's cable-stayed bridge to have a big effect on Morocco.' *The Arab Weekly*, 2016. Available at:

www.thearabweekly.com/rabats-cable-stayed-bridge-have-big-effect-morocco

⁹⁵ Odedra, R. *New Terminal inaugurated at SSR International Airport in Mauritius*. The Moodie Report (2013)

it comes to ports, these have not been in short supply on the continent, thanks to the Chinese. In Cameroon, there was a spectacle in March 2nd 2018, after the largest-ever water vessel to dock on the waters of the West African nation berthed at the Kribi Deepwater Port, carrying 8,500 containers.⁹⁶ The first phase of the Kribi Deepwater Port was constructed to a tune of 1.3 billion Dollars, 85% of which was provided by China's EXIM Bank. This first phase alone had the effect of carrying 1.3 million tons of bulk cargo annually as well as 250,000 TEU⁹⁷ per year. This deepwater port has also been instrumental in reducing traffic and overcapacity at the Douala Port.

While this first phase has had a lot of benefits to the Cameroonian economy, there has been a myriad of concerns raised regarding the entire project which is scheduled to come to an end in 2035. Firstly, environmentalists have raised concerns through the years regarding the sheer acres of forest that have had to be cleared to make way for the project. They say that this has had adverse effects on the Congo Basin ecosystem. Secondly, China has been accused of embarking on the project as a front for pillaging minerals such as iron and bauxite. Since the project began in 2009, 10 Chinese companies have been granted concessions to mine these minerals.⁹⁸

Between years 2008 and 2014, China through construction giant China Road and Bridge Construction, CRBC, undertook the expansion of the Nouakchott Friendship Port in Mauritania. The Port which has already been constructed by the Chinese in the 1980s, was extended with the construction of Berths 3 and 4, and increased throughput – the average quantity of cargo or

⁹⁶ Business in Cameroon Newspaper website. Available at:

www.businessincameroon.com/transport/0503-7843-cameroon-kribi-deepwater-port-has-finally-been-commissioned

⁹⁷ TEU – Twenty-Foot Equivalent Unit is a unit of measurement for a ship's cargo, with one TEU being equivalent to that of a standard 20-foot shipping container. (Dedola Global Logistics Website)

⁹⁸ Bloomberg Business News website. Available at:

www.bloomberg.com/news/features/2018-08-29/china-stakes-its-claim-on-west-africa

passengers that pass through a port on a daily basis – to 6 million DWT.⁹⁹ The result of construction of these two extra berths – one oil and the other multi-functional – relieved the pressure of increased traffic of cargo at the port as well as boosting efficiency of logistics at the port as the project also came with office buildings, container yards and other infrastructure. The project is China's second-largest constructed using Chinese aid and has been hailed by the Chinese Government as an example of South-South Cooperation and a notable marker of the depth of China-Mauritania relations.¹⁰⁰

3.2.1.1.4 Dams and Energy Infrastructure

The energy sector has also been yet another key area of interest and activity by China on the continent. By 2015, China had already invested in, constructed or planned to invest in 45 hydropower projects in 22 countries on the continent. The Merowe Dam project in Sudan is one such project, and it is known, mostly, for all the wrong reasons. The Merowe Dam, also known as Hamdab Dam, is a mega project that was constructed on the fourth cataract of the River Nile in Northern Sudan. The 2.4-Billion-Dollar hydropower project was constructed with financing from China's EXIM Bank along with other Arab financiers and the construction work was carried out by a consortium of Chinese, German and French organizations. It was completed in 2010. This project, the biggest of its kind in Africa has been hailed for more than doubling electricity generation in Sudan to 1,250 Megawatts annually, up from the previous 600 Megawatts. The water reservoir on the dam has also been essential for irrigation, increasing food security all year round. However, environmentalists have termed the project as the most destructive hydropower project in the world.¹⁰¹

⁹⁹ DWT – Dead Weight Tonnage is a unit that measures weight a ship can carry. (Logistics Glossary Website: www.logisticsglossary.com/term/dwt/)

¹⁰⁰ China Road and Bridge Construction website. Available at:

www.crbc.com/site/crbcEN/MNFS/index.html?id=570e2bf6-b830-4fd4-80d9-1c51e2336193

¹⁰¹ International Rivers Civil Society Organization Website. Available at:

www.internationalrivers.org/campaigns/merowe-dam-sudan-0

During the construction of the dam, The Sudanese Government found itself in the eye of the storm over gross human rights abuses, environmental degradation as well as being accused of embarking on a project that really did not improve the lives of many Sudanese citizens. Firstly, in order to pave way for the project, more than 50,000 people were displaced from the fertile, agricultural Nile Valley area to more arid and agriculturally-unproductive areas causing farmers massive suffering. Even worse, persons who resisted attempts to evict them from the homes, were flushed out by the reservoir waters leading massive losses and destruction of property. Thousands of artifacts and key national treasures were also destroyed as a result of being submerged in the reservoir water flooding. Those forced out of their homes were also not compensated.

Environmentally, the project has been faulted for tampering with fishing ecosystems and blocking fish migration as well as lowering the quality of the water from the River Nile. Researchers have also indicated that due to the construction of the dam, Sudan would lose at least 8% of its annual water share through evaporation and the net effect would be production of two greenhouse gases namely: Methane and Carbon Dioxide – both extremely harmful to the environment.

The Grand Poubara Dam in Gabon is yet another Chinese-funded and constructed power project in Africa. The 37-meters high, 38-million-Dollar dam is constructed on the Poubara Falls in Southeast of Gabon and generates 160 Megawatts of power. The dam was constructed by Chinese energy giant Sinohydro between 2008 and 2013 and is China's largest power producer.¹⁰² This dam has had the impact improving power supply in Gabon, with more citizens accessing electricity as a result. The dam has also had an impact on the country's manufacturing sector, with a big chunk of the water from the dam, going into assisting with the operations of the ferromanganese plant in Moanda area.

¹⁰² FOCAC, *Achievements of the Forum on China-Africa Cooperation Over the Past 15 Years*. (Beijing: The Secretariat of the Chinese Follow-Up Committee of FOCAC, 2015) p 75

The provision of water, electricity and other important infrastructure such as the Trans-Gabon Railway has seen the sector grow in leaps and bounds. However, concerns have been raised by environmentalists regarding the impact of the project as well as the expansion of the ferromanganese industry. There's been incidents of disappearance of fish as well as emission of toxic gases and radioactive material to the detriment of the people. The government was also faulted by human rights activists for not engaging in public participation before embarking on the project as well as releasing very little information before and during the course of the project.¹⁰³

These are just but examples of infrastructural projects that China has funded and embarked on in the continent. There's numerous others as well as in other sectors such as information technology. However, it is worth noting that in true realist fashion, in all of these projects, China still puts its own interests front and center. By funding its SOEs and private firms to venture into Africa to undertake different projects, all profits are still repatriated and sent back home – to China's economic and geopolitical benefit. The loans lent to African countries, though concessional in nature, still result in astronomical profits for the East Asian nation.

Realism once again comes into effect in this regard. China also, in true realist fashion, also puts forth terms and conditions that see to it that it keeps benefitting from the projects that it invests in in Africa for decades to come as well as shielding itself from any losses or political and economic upheavals of the African countries concerned. This has seen the East Asian nation prosper at an exponential rate as well as spreading its influence both on African soil as well as in the global political system.

3.2.2 China and Africa's Economy

Since year 2000, China has had an increasing role and impact on Africa's economic fortunes, in great part as a result of increased trade and investment. Since the formation of FOCAC in year 2000, there has been renewed focus and commitment to reshaping China-Africa relations,

¹⁰³ International Rivers Civil Society Organization Website. Available at:

www.internationalrivers.org/blogs/230/gabon-s-dark-side-of-dams-and-mines

particularly in the economic sector. As a result, there has been increased investment in terms of FDI, more Chinese firms have invested in Africa and trade volumes between the two entities have expanded exponentially.

China's increased economic influence in Africa has attracted much attention in the realm of International Relations, most of it negative. Analysts have viewed China's inroads in Africa as a way of expanding its powers and influence in the international political system – a clear challenge to Western nations' global dominance; while others have seen it as a way for the East Asian nation to access the vast mineral wealth on the continent as a way of bolstering its own economy. These sentiments have resulted in what is now known as the 'New Scramble for Africa' as China and Western nations jostle for power and influence on the continent akin to the colonial-era partitioning of Africa.

3.2.2.1 China-Africa trade relations

Trade ties between China and African countries have come a long way since the 13th Century voyages of Admiral Zheng He as well as the Silk Road Trade days where spices and giraffes and other exotic animals were traded.

Since year 2000, upon formation of FOCAC, the groundwork was laid to ensure fruitful bilateral and multilateral relations between the two entities. The first one was the formation of the China Africa Development Fund, CADFUND. Launched in 2007, the fund – along with creation of Special Economic Zones(SEZs) and special trade and investment zones were the key priorities for accelerating economic cooperation between China and Africa. Another move was to bolster the EXIM Bank which has been central to China-Africa trade relations one, by providing funding to African entities for business ventures, and two, to enable both private firms and SOEs to come and trade on the continent.

Another measure that was put in place was offering preferential trade arrangements with African Countries in order to offer them more access so they could export their goods to China. Under FOCAC China offered zero-tariff treatment for African products, with goods worth more than

890 million Dollars enjoying preferential treatment in China. The aim was to encourage African nations to export more finished goods to the East Asian nation.¹⁰⁴

Trade between China and African nations has grown exponentially since year 2000. UNCTAD statistics show that by 2014, trade between Africa and China had reached an all-time high of 193 billion Dollars, compared to the less than 5 billion Dollars that would be earned between the two parties in the 1990s. The same statistics also indicate that between 1994 and 2014 alone, imports from Africa to China increased by more than 50 times, while those from the East Asian nation to Africa grew by more than 30 times.¹⁰⁵ So vast are the volumes of trade between China and Africa that in 2009, China took over from the U.S. as Africa's biggest trading partner.

3.2.2.1.1 China's Exports to Africa

According to China's Ministry of Commerce, China's trade volumes with Africa stood at 204.19 billion Dollars, an increase 19.7% from year 2017. Out of this, exports to Africa accounted for 104.91 billion Dollars, while imports stood at 99.28 billion Dollars.¹⁰⁶ China's main exports to Africa comprise of electronics, machinery and textiles and with a population of 1.2 billion people, Africa provides a more-than-profitable market for its surplus goods and services. China has reached an era of high industrialization, resulting in over-capacities in most of its manufacturing sectors. Exporting to Africa helps the East Asian nation to reduce these over-capacities as well as broadening its income base. To China's advantage, most of these goods which include clothes, toys, shoes and home appliances have been very well received on the continent because they tend to be cheap.

¹⁰⁴ Kanenga, H., *Understanding Sino-Zambia Trade Relations: Trends, Determinants and Policy Implications*. (Science and Education Publishing, 2016) p 14

¹⁰⁵ Jenkins, R., *How China is Shaping the Global Economy: Development Impacts in Africa and Latin America*. (Oxford: Oxford University Press, 2019) p 80

¹⁰⁶ Ministry of Commerce of the People's Republic of China website. Available at:

www.english.mofcom.gov.cn/article/statistic/lanmubb/AsiaAfrica/201901/20190102831255.shtml

China's exports to Africa have had several impacts on the continent. On the positive side, this presents a wonderful opportunity for consumers on the continent as they have a wide variety of goods to choose from. This wide variety of goods also results in lower prices all round as it brings about business competition. On China's part, exports to Africa also serve China's interests very well as they help the East Asian nation to maintain its social and economic stability.

Data from the United Nations COMTRADE database on international trade shows that in year 2017, China's exports to Nigeria stood at 12.15 billion Dollars. These exports comprised of silk fabrics, electronics, vehicles, machinery, plastics, footwear, rubber and iron and steel items. These items are all areas of over-capacity for China and having a ready market in the most populous country in Africa ensures that China's profits continue to go up for individual sellers and organizations, while keeping China's economy stable at the macro level. On their part, Nigerian citizens are able to enjoy access to cheap, affordable commodities as those from China tend to be. This also increases the range of goods that are available for purchase by residents. In the long run, this raises the standards of living of the people.¹⁰⁷

However, on the flipside, these Chinese goods that flood the Nigerian market do so at a cost. The first adverse effect for Nigeria as in any other country, is the death of infant industries. One of the most affected sectors by Chinese goods in Nigeria is the shoemaking sector. Said to employ more than 250,000 persons, and a production capacity of 40,000 pairs of shoes per day, the sector has for years had to contend with shoes brought in from China which are much cheaper and available in a wide range of designs and colours. Nigerian shoes – most of them of the 'Made in Aba' fame – are made by artisans from scratch and by hand, automatically making them more expensive.

Also affected are the suppliers and dealers in leather, rubber, fiber, glue as well as decorative accessories which the shoemakers use. The situation is so dire that export of 'Made in Aba' shoes and belts reduced by 20% in 2017 alone. This resulted in numerous protests by sector

¹⁰⁷ Trading Economics Website. Available at:

www.tradingeconomics.com/china/exports/nigeria

players seeking action from the nation's standards body – Standard Organization of Nigeria – to take action and rein in these imports that are hurting their businesses.¹⁰⁸ The trade imbalances between Nigeria and China also remain very high, with Nigeria's Bureau of Statistics indicating that between 2013 and 2016, the trade deficit between the two nations stood at 16.9 billion Dollars.

South Africa is yet another key case study in looking at trade between China and Africa, specifically, China's exports to Africa. In fact, 2017 figures show that South Africa is the largest importer of Chinese goods in Africa, followed by Nigeria and Egypt.¹⁰⁹ South Africa has enjoyed diplomatic ties with China since 1998 and trade volumes have continued to grow year-on-year – with China becoming South Africa's trading partner in 2010, only a year after China became South Africa's top destination of exports in 2009.¹¹⁰ In 2017, for example, China's exports to South Africa stood at 15.2 billion Dollars, up from 13.5 billion Dollars in 2016. China's main exports to South Africa include electrical and electronic equipment, machinery, nuclear reactors, boilers, clothing and footwear; plastics, iron and steel and related items, organic chemicals and vehicles among others.

Consumers were now able to enjoy a wide range of cheap goods. These cheap goods also had the advantage of reducing consumer-related inflation in the country and preventing constant fluctuations in the prices of goods in the economy. However, the adverse effects of these imports seemed to outweigh the positive ones. For one, the rapid growth in Chinese imports, happened at the expense of goods from the other countries which may have been of even higher quality than those from China. Secondly, these imports slowed down the growth of domestic industries in South Africa, which in turn led to massive job losses and increased unemployment of South

¹⁰⁸ All Africa website: Available at:

www.allafrica.com/stories/201711190027.html

¹⁰⁹ Johns Hopkins School of Advanced International Studies: China-Africa Research Initiative Website. Available at :

www.sais-cari.org/data-china-africa-trade

¹¹⁰ Marino, R., *Submerging Markets: The Impact of Increased Financial Regulations on the Future Growth Rates of BRICS Countries*. (Hampshire: The Palgrave Macmillan, 2013)

Africa's manufacturing sector.¹¹¹ This has especially been so in the textile, clothing, footwear, leather, machinery, electric and electronic appliances sectors that experienced a significant reduction in sales as a result of Chinese imports.

In spite of being elevated to the prestigious comprehensive strategic partner diplomatic status by China and being the second biggest exporter to China on the continent, South Africa like any other country has still not been saved from the menace that is trade imbalances. In 2018, the trade deficit between itself and China stood at a whopping 27.91 billion Dollars, a situation that is replicated amongst tens of other nations that trade with China.

3.2.2.1.2 Africa's Exports to China

The very first FOCAC summit held in Beijing was the start of a new era of China-Africa trade, with conditions being put in place to stimulate mutual cooperation in economic matters as well as provision of more opportunities for African countries to export to China. The first step in stimulating expansion of imports from African countries was giving preferential treatment to a wide range of goods to ensure that they would be granted access. Under the General Administration of Customs of China GACC Decree Number 231, African countries and other LDC's were accorded special tariffs and expansion of scopes of national origins of goods, which made delivery of goods to China much easier and more efficient.¹¹²

While most imports to African countries center around machinery, electronics and electrical appliances and other technology; exports to China from Africa comprise of natural and raw materials, semi-processed goods as well as agricultural produce. This comes as no surprise because with its 1.3-billion-strong population, China is hungry for natural resources to power its ever-expanding economy, as well as agricultural produce to feed its people. The top exports from

¹¹¹ Southern Africa Labour and Development Research Unit website. Available at:

www.opensaldru.uct.ac.za/handle/11090/618

¹¹² United Nations website. Available at:

www.un.org/ldcportal/new-chinese-measures-on-rules-of-origin-of-imported-goods-from-ldcs/

Africa to China as at 2017 included; mineral fuels and oils, cotton, plastics, ores and ash, fish, cocoa, tobacco and tobacco products, nickel, copper, raw hides and skins among others.¹¹³

The Republic of Congo is one of the top exporters to China in Africa, 3rd largest after Angola and South Africa. In 2017, UN COMTRADE statistics show that Congo exported commodities worth 2.76 billion Dollars to China, with mineral fuels, oils, Cobalt and distillation products making up for 95% of these exports. Other exports included fish, wood and wood materials, copper, plastics, non-knit and non-crocheted apparel among others. In 2017, Congo exported commodities worth 2.7 billion Dollars to China – its top exports destination, with a huge chunk of this money coming from the export of cobalt and oil products.

Congo's chief export to China is oil. As at 2014, China imported 2% of its oil from Congo – which makes up for 43% of all its crude oil production. In order to safeguard its interests and keep its future energy secure, China has embarked on numerous infrastructure projects in the country, as well as advancing the Central African country friendly or in some cases even interest-free loans.

Increased investment in Congo by the Chinese as well as increased exports of Cobalt, oil, timber and other commodities saw to it that the Congo GDP continued to grow at 6% between years 2008 and 2012. There has also been an increased number of employment opportunities for citizens at the mines and other export industries. However, the Chinese have been faulted for bringing Chinese workers to work at the mines for the export products, to the detriment of Congolese residents. This increased number of Chinese workers in Congo has shrunk employment opportunities for residents. The same has also been reported regarding the sophisticated machinery that the Chinese are using to extract minerals at these mines, again a drawback in terms of employment opportunities for the people.¹¹⁴

¹¹³ Crisafulli, G., *China-Africa Trade to Benefit from Growing Economic Cooperation*. China Briefing Website, 2018. Available at:

www.china-briefing.com/news/china-africa-trade-to-benefit-from-growing-economic-cooperation/

¹¹⁴ Polity policy, legislation and news website. Available at:

Concerns have also been raised by environmentalists regarding Congo's increasing exports of timber and timber-related materials to China and Vietnam, with the great appetite for this commodity by these two countries leading to illegal harvesting of timber as well as rapid depletion of forest cover in the country. This along with constant clearing of forests to make way for infrastructure and also to meet local construction needs has severely reduced forest cover since 1990, at a rate of 0.20% annually which translates to 311,000 hectares per year. The effects of this are devastating; from soil erosion, to human-wildlife conflict occasioned by disruption of wildlife habitats, to food insecurity and climate change. Environmentalists have cautioned China and Vietnam to rein in their appetites for timber in order to bring this situation under control.¹¹⁵

Aside from the resource-based concerns, there also political and governance concerns. Corruption in Congo, as with most African countries remains rife, and even the proceeds gained from the export of various commodities to China are always embezzled and remain unaccounted for. Lack of proper structures as well as weak structures aids these corrupt practices and ensures that deals signed are not enforced properly leading to exploitation and under-development.¹¹⁶ Challenges have also arisen from the fact that the Chinese – both individuals and companies – now own majority shares in most mining companies in Congo, a clear threat to the nation's most strategic income-earners. However, as realist theory postulates, China as a state will stop at nothing to solidify its position or advance its interests or protect its citizens. Its insatiable appetite for these mineral resources must be met, even if this happens to the detriment of other countries such as Congo.

www.polity.org.za/article/oil-for-development-chinas-investments-in-angola-and-the-republic-of-congo-2014-08-06

¹¹⁵ Global Witness Organization website. Available at:

www.globalwitness.org/es/press-releases/new-analysis-shows-worrying-surge-exports-tropical-timber-vietnam-and-china-democratic-republic-congo-2018/

¹¹⁶ Polity policy, legislation and news website. Available at:

www.polity.org.za/article/oil-for-development-chinas-investments-in-angola-and-the-republic-of-congo-2014-08-06

Angola is yet another key strategic partner to China when it comes to exports from the continent. In fact, Angola is the largest exporter of goods to Africa on the continent. Angola's situation is pretty similar to Congo's in that mineral fuels, oil and distillation products are the top exports to China along with wood and wood products, fish, salt, Sulphur, cement and lime as well as pearls and other precious metals. As at 2015, Angola's exports to China totaled 14.28 trillion Dollars and rose to a high of 18.5 billion Dollars in 2017.¹¹⁷ Oil made up a total of 88.5% of its exports in the same year. *Reuters* News Agency reports that in 2017 alone, Angola exported more than 2 million barrels of crude oil to China per day.¹¹⁸

While oil and oil exports, mainly to China helped Angola recover and rise up and out of a 27-year civil war and achieve unprecedented economic growth of 10.5% between years 2006 and 2010. This helped to grow and sustain Angola's economy and provide better living standards for the people and national prosperity. This is in part thanks to what is now known as the *Angola Model* of investment where Angola and China got into an 'infrastructure and loans for oil' model where China gave concessional loans and lines of credit as well as investing in infrastructure projects in the South-Central African nation, in exchange for its vast oil resources.

While the *Angola Model* helped Angola to expand and prosper at an exponential rate, over the years it has become unsustainable for Angola as it is sunk deeper and deeper into debt, along with the unfriendly repayment conditions put forward by the Chinese. The threat of a takeover of key installations by China in order to service Angola's debt looms large with every waking day.¹¹⁹ This has led to calls for and government plans and policies towards diversification of the Angolan economy and reduce over-reliance on oil which is a finite resource.

¹¹⁷ The Observatory of Economic Complexity website. Available at:

www.atlas.media.mit.edu/en/profile/country/ago/

¹¹⁸ Thompson Reuters News website. Available at:

www.af.reuters.com/article/angolaNews/idAFL5N20G5YS

¹¹⁹ Chazan, Y., 'Angola's debt reliance on China may leave it short-changed.' *Financial Times*. Retrieved on 22/06/19 from:

As in the case of Congo, Angola's oil sector is also riddled with rampant corruption and mismanagement of funds. Chances of proper governance are also adversely affected by China's policy of non-interference which causes it to turn a blind eye to the rampant corruption and poor governance in order to focus solely on its economic and development interests.

China, at the end of the day, continues to reap big benefits and profits from its trade with Africa, even as African citizens get access to a wide variety of cheap goods. On its part, China benefits from getting a market of more than a billion people that it can sell its excess goods that it produces while at the same time eliminating competition – both foreign and local – by being the chief exporter of goods to African countries. These further fuel its economic growth and stability as realism holds, and not even complaints of trade deficits across the continent will stop it from achieving its goals.

3.2.2.2 Chinese FDI in Africa

China has invested hefty amounts of funds on the continent in the form of FDI or Overseas FDI – OFDI- as they are known in Chinese government policy. Since year 2000 under the framework of FOCAC there has been significant increases in OFDI albeit with some fluctuations due to the global economic crisis of 2007-2008. Official People's Republic of China figures show that between years 2008 and 2012, Chinese OFDI in Africa grew at a steady rate of 20.5% annually, the peak of this being in 2008 when Chinese OFDI for the very first time surpassed FDI from the US to Africa.¹²⁰

Between years 2011 and 2014, Chinese FDI would leap from 400 million Dollars to 32.4 billion Dollars. During this same period, there was also an increase in the number of Chinese FDI recipients on the continent. It is worth noting, however, that in 2014, out of the six top recipients of China FDI five out of these six were oil and mineral-rich nations. These countries were South

www.ft.com/content/fb9f8528-6f03-11e8-92d3-6c13e5c92914

¹²⁰ Johns Hopkins School of Advanced International Studies: China-Africa Research Initiative Website. Available at :

www.sais-cari.org/chinese-investment-in-africa

Africa, Angola, Nigeria, Zambia, Republic of Congo and Sudan. This was attributed to Chinese Government's focus on investment in countries that would directly satisfy its economic needs.

A study conducted by the Center for Economic Policy Research between years 1998 and 2015, showed that while China still does most of its investment in oil and mineral-rich African countries, the East Asian nation has been diversifying its investments both in terms of the number of countries as well as within individual sectors.¹²¹ It has dabbled in food processing, telecommunications, infrastructure construction and transport among others. Unmistakably however, the mineral, oil and manufacturing sectors still lead the pack. Another advantage that China accrues from its strategy for Africa is that most FDI in Africa is done through its SOEs which have government backing both in terms of financing and in diplomatic support.¹²²

Zambia is one of the countries that enjoys trade ties with China, moreso based on a foundation of more than 50 years of diplomatic engagement. Zambia was among the very first countries that China invested in in Africa, having funded the TAZARA railway construction project. As at 2014, Sino-Zambia trade volumes stood at 3.8 billion Dollars, up from 2.2 billion Dollars in 2013 and a far cry from 100 million Dollars in year 2000. Zambia has also been one of the key recipients of Chinese FDI in Africa and has always been used by China as a showpiece for South-South relationships on the continent. In 2013, China's OFDI into Zambia stood at 2.2 billion USD, up from 144 million USD ten years before that. Between years 2000 and 2012, the mining, manufacturing and construction sectors were the top FDI earners for Zambia from China. Others include agriculture, finance, health, ICT, real estate, tourism and education.¹²³

¹²¹ Brautigam, D. and Dao, X., et al *Chinese Investment in Africa: How Much Do We Know?* PEDL Series No. 2. Retrieved on 24/06/19 from:

www.pedl.cepr.org/sites/default/files/PEDL_Synthesis_Papers_Piece_No._2.pdf

¹²² Investopedia Finance Learning website. Available at:

www.investopedia.com/articles/active-trading/081315/3-reasons-why-chinese-invest-africa.asp

¹²³ Lubinda, M., and Jian, C., 'China-Zambia Economic Relations: Current Developments, Challenges and Future Prospects for Regional Integrations.' *International Journal of Economics, Commerce and Management*, 2018.

One of the key ways that China used to expand its interests in Zambia was the establishment special economic zones in the Southern African nation. The first SEZ, Chambishi, was constructed along the rich copper belt, with an aim to do value-addition to copper ore. Established in 2004 and officially inaugurated in 2007, the SEZ is formally known as the Zambia-China Cooperation Zone, was the brainchild of the Non-Ferrous Metals Corporation Africa, an African subsidiary of the China Non-Ferrous Metals Mining Group Company – a mining SOE. This went ahead to become both Zambia’s first SEZ as well as China’s first SEZ on African soil. At Chambishi, both copper and cobalt are mined, as well as production of their by-products such as electrical wires, cables, chemicals, construction equipment and many more.¹²⁴

The Chambishi SEZ along with other Chinese organizations have created employment opportunities for local Zambians, albeit not at the expected levels. Between years 2000 and 2002, Chinese companies employed a total of 76,000 people. Chinese FDI has also boosted the Southern African nation’s foreign exchange reserves – earned both from the direct investment as well as from export earnings from the value-added copper. There has also been widespread technology transfer across various sectors that has come along with the establishment of Chinese firms in Zambia.¹²⁵

However, the Chambishi SEZ has run into some challenges that have rendered it unable to produce the projected outcomes. For example, there has been a lot criticism from Zambian civil society organizations that it has failed to stimulate the manufacturing sector in Zambia, instead focused primarily of mineral exploitation. There has also been a challenge in terms of job creation in that the Chinese use modern technology in their operations, therefore needing to use much fewer labourers. Even more challenging are the clashes between Zambian and Chinese

¹²⁴ Alves, A., ‘The Zambia-China Cooperation at Crossroads: What Now?’ *China in Africa Project, South African Institute of International Affairs Policy Brief* 41, 2011. pp 1-3

¹²⁵ Sankala, M., and Zhou, W., ‘China FDI and Employment Creation in Zambia.’ *Journal of Economics and Sustainable Development*. Retrieved on 26/06/19 from:

www.citeseerx.ist.psu.edu/viewdoc/download?doi=10.1.1.838.1618&rep=rep1&type=pdf

labour practices which have caused serious misunderstandings. Chinese labour practices involve long hours and low pay, while Zambian labour laws are more to the international standards.¹²⁶

FDI earned from the mining sector in general has also failed to meet the expected threshold. Unlike countries such as Botswana and Namibia which earn more than 20% of the revenue from Chinese FDI in mining, Zambia only earns 4%, a situation which has led to questions regarding the viability of these projects. Challenges like corruption and poor infrastructure still plague operations within these Chinese SEZs which is a contributing factor to the challenges encountered.

The Zambian situation gives credence to the dependency theory in that Zambia continues to export huge amounts of its natural resources to China, while it remains poor, unable to provide adequate employment opportunities for its citizens and even worse, has incurred billions of Dollars in debt to the country that it is shipping its precious natural resources to. A typical case of resources moving from the periphery to the core and the dominant nations profiting at the expense of less developed ones.

3.3 China investment in Africa's agricultural sector

Africa's agricultural sector has also been shaped greatly and impacted on by China's engagement on the continent. The agricultural sector is key to any country's prosperity or lack of it because food security is directly linked to development. Though most of China's involvement in this sector has been aid and corporate social responsibility based, there has been an increase in Chinese investment, especially organizations surrounding agro-processing and value-addition. During the 2017 FOCAC Summit held in Beijing, agricultural modernization in Africa was put forth as one of the ten key priority areas of implementation with special focus on research, direct projects and exchanges between Chinese and African farmers. In this same breadth, and in line with China's economic strategy, the Chinese government also pledged support to companies investing in the agricultural sector in Africa especially in large-scale farming, processing and

¹²⁶ Ibid

animal husbandry. China also offered to send experts into various parts of the continent as well as agriculture technology transfer to farmers on the continent.¹²⁷

One of the key ways that China has gotten involved in Africa's agriculture is through the construction and facilitation of agricultural demonstration centers where Chinese experts share knowledge with African farmers on better and more productive farming practices as well as sharing knowledge on how technology can be used to improve yields and the sector as a whole. As at 2017, there were teams of experts from 19 Chinese provinces offering their services in 23 countries on the continent, with the number of demonstration centers standing at 30 in the same year.¹²⁸ At the same time, more than 3,000 farmers from Africa were invited to China for training on modern agricultural practices and technology in a bid to increase the number of agricultural experts on the continent.

Malawi is one of the countries that has greatly benefitted from China's role in Africa's agriculture. A look at the country's top exports to China in year 2012 reveals that all of its top exports are all agricultural in nature – ranging from raw sugar, to black tea, to coffee, cotton and tobacco. All these exports raked in 27 million USD into the Malawian economy that year.¹²⁹ This contribution to Malawi's GDP is quite significant and goes a long way in meeting the country's budgetary and developmental needs while at the same time boosting its foreign exchange reserves. Agriculture's contribution to Malawi's GDP however still remains a concern for the government, because it only contributed 15% to the GDP in 2015 in spite of having huge tracts of arable land.

China has also constructed the China-Malawi Agricultural Technical Farm in the capital Lilongwe. Here, the demonstration farm which borders Malawi's Natural Resources College, Chinese and Malawian experts work together to boost the country's agricultural output with special focus on horticulture, irrigation, adaptation to climate change, agricultural entrepreneurship, agro-processing and value addition and irrigation. The demonstration farm is

¹²⁷ Buckley, L. and Ruijian, C. et al *Chinese Agriculture in Africa: Perspectives of Chinese Agronomists on Agricultural Aid*. (London: International Institute for Environment and Development, 2017) pp 6-7

¹²⁸ Ibid

¹²⁹ Thindwa, T., *China-Malawi Relations: An Analysis of Trade Patterns and Development Implications*. (African East-Asian Affairs, 2015) p 56

used by undergraduate students from the Natural Resources University as well as Ministry of Agriculture officials. Apart from skills transfer, China has also upgraded local infrastructure and boosted research capacities by building labs, hostels for the students and classrooms. Research, new skills imparted and some crop yields from China has gone a long way in boosting yields, thereby boosting food security as well as providing opportunities for generation of more income from agriculture.¹³⁰ This project, along with investments in other sectors such as the cotton sector in the country have been of great benefit to Malawi's economy.

However, it is important to note that China - the second largest consumer of food in the world – is contending with feeding a population of more than one billion people against the ever-diminishing resources such as arable land, making Africa a key and strategic development partner if it is to continue to sufficiently feed its population in the years to come. China's role and impact on Africa's agriculture is a way of ensuring its own future food security. Chinese firms, both state-owned and private, have also increased on the continent especially in the areas of value addition and agro-processing. These have been crucial in creating more employment opportunities for African people, imparting crucial skills to Africans, technology transfer and most importantly, food security. However, as with every other form of Chinese investment, there are concerns about the death of infant agricultural industries and an over-reliance on Chinese experts, technology and seed varieties, perpetuating a culture of dependency on China for a sector that is crucial to Africa's development and security.

3.4 China's investment in Africa's social development

Beyond the spheres of trade, economics and politics, China has also increasingly played a role in and impacted greatly on Africa's social development. China plays a role in the education, culture, health and poverty-eradication among other key social sectors. Between years 2000 and 2002 alone, China gave more than 3 billion USD towards 255 social projects most of which centered

¹³⁰ Nyagudi, O. (2018) 'FOCAC: Prioritize agriculture along with infrastructure.' *China Daily Newspaper*. Available at:

www.chinadaily.com.cn/a/201809/03/WS5b8c7fa8a310add14f389232.html

around sanitation, health, population and water projects on the continent and this continues to increase as China's financial might and influence grows.

One of the key areas that China has been greatly involved in in Africa is the public health sector. There has been increased investment, aid, skills transfer, technical assistance and technology transfer since 1963 when the Chinese Government sent the first medical team to Africa. As at 2015, China had built 68 hospitals, 30 Malaria eradication centers, trained more than 65,000 African medical professionals and dispatched more than 7,600 medical experts to different parts of the continent.¹³¹

In 2018, health ministers, experts and other officials met in Beijing under the auspices of the High-Level Meeting on China-Africa Health Cooperation. During this meeting, the China-Africa Health Cooperation 2018 Beijing Initiative, a six-point document highlighting the key public health priorities for China and Africa on the continent with special focus on the war against HIV/AIDS among the youth and children, was launched. Under the initiative, the two parties also crafted ways of dealing with epidemics and other emergencies when they occur. This is in addition to committing more resources towards training, equipment and other public health priorities.¹³²

Since the Ebola outbreak hit the Democratic Republic of Congo in 2004, China has been working with African public health experts to establish an African Center for Disease Control – CDC. The African CDC is aimed at conducting research for disease control as well as aiding in emergency response during times of epidemics. To this end, China and Africa have been holding training sessions, inter-country visits and exchanges as well as frequent meetings. China has also provided equipment that is used for research and developed training curricula for training

¹³¹ FOCAC, *Achievements of the Forum on China-Africa Cooperation Over the Past 15 Years*. (Beijing: The Secretariat of the Chinese Follow-Up Committee of FOCAC, 2015) Beijing pp 36-41

¹³² United Nations Program on HIV and AIDS website. Accessed on 08/0719 from:

www.unaids.org/en/resources/presscentre/featurestories/2018/august/china-africa-cooperation

African doctors in controlling infectious diseases such as malaria, HIV/ AIDS and many more.

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There are however two key public health projects by China in Africa that stand out – the Peace Ark and China-Africa Brightness Action. The Peace Ark is a Chinese military hospital ship that has since 2010 been sailing to different parts of Africa and other parts of the world to offer free medical treatment. The ship which at any given time has 100 health experts in different fields has seen more than 180,000 people treated for various ailments since it was constructed in 2008. The China-Africa Brightness Action medical campaign was launched by China in 2010. This is a program that aims at dealing with cataracts and other eye-related challenges in African continent at no cost at all. The pilot program was launched in Malawi and Zimbabwe where patients with cataracts received eye surgeries for free. Under the program, the Chinese Government and corporates also provide equipment for treatment of eye ailments.

China was also instrumental in the war against Ebola in Liberia, Sierra Leone and Guinea in 2014. When these countries were struck by the deadly epidemic, China donated funds and medical supplies directly these countries to combat it, as well as to bodies such as the AU, World Health Organization and the UN. Apart from funding, China also sent in its own medical professionals to assist. China also trained more than 10,000 personnel on how to handle the epidemic as well as participating in post-Ebola reconstruction initiatives.¹³⁴ Notably, in 2014 China rented 23 chartered flights to send anti-Ebola medicines to Guinea, Sierra Leone and Liberia; along with a pre-assembled laboratory that was flown from China to Sierra Leone to aid in anti-Ebola efforts.

Education is another crucial sector that China plays a role in on the continent. China ‘s contribution to Africa’s education has taken various forms: Construction of schools, offering short and long-term scholarships to African students, construction of Confucius schools and

¹³³ Gao, G., and Nkengasong, J., ‘Public Health Priorities for China-Africa Cooperation.’ *The Lancet Journal* Vol. 4, Issue 4 (2019)

¹³⁴ Abdulai, D., *Chinese Investment in Africa: How African Countries Can Position Themselves to Benefit From China.* (Oxon: Routledge, 2017)

classes as well as funding individual education projects. Since 1956 when the pilot phase began, The China-Africa Education Cooperation programs have benefitted thousands of students from Africa, both in terms of scholarships but also through provision of various projects as well as research. FOCAC figures indicate that more than 50,000 students in Africa have benefitted from scholarships since year 2000 and offered training to more than 81,000 African professionals.¹³⁵

Strategically, it has been in China's interest to ensure that Africa's population is more educated and has access to skills and technical training in order to ensure the future of Sino-African ties. This becomes evident from the premium placed on matters education under FOCAC. Every year, thousands of African students travel to China on full scholarships from the Chinese Government, as well as SOEs and privately-owned companies where they learn crucial skills as well as Chinese language.

The growing number of students learning the Chinese language either in China or in African countries is a very positive indicator of China's ever-growing geopolitical influence and power, especially as it seeks to unseat the U.S. from the number one spot in the world. Realist thought plays a key role in this regard, as China embarks on these initiatives for its benefit both in the short and long-term run. There is however, also a culture of dependency owing to the fact that most of these students would not be able to access education were it not for the foreign influences, pointing to a great challenge among African countries and their inability to educate their own populations and impart the requisite skills.

The '20+20 Cooperation Plan for Chinese and African Institutions of Higher Education' guides China's contributions made and the role that China plays in Africa's higher education. Under this program, as it is aptly named, there has been direct, one-to-one interaction between 20 universities from China and 20 universities from Africa. There has been increased emphasis on research and development as well contribution to China-Africa think tanks surrounding different sectors and key aspects of society.¹³⁶ As a result, thousands of African youth have received

¹³⁵ FOCAC, *Achievements of the Forum on China-Africa Cooperation Over the Past 15 Years*. (Beijing: The Secretariat of the Chinese Follow-Up Committee of FOCAC, 2015) pp 36-41

¹³⁶ King, K. *China's Higher Education Engagement in Africa: A Different Partnership and Cooperation Model?*

professional training and skills which go a long way in boosting employment and entrepreneurial opportunities for them. Learning of a new language has also expanded African students' horizon as they can access opportunities beyond the continent's borders.

China's role and impact in education has also goes hand-in-hand with matters culture. By the year 2015, China had signed cultural cooperation program agreements with 48 African countries. These agreements outlined a raft pf programs including people-to-people exchanges, tourism, arts and culture and media. These cultural exchanges, while promoting friendship and deeper ties between China and African countries have also seen China deeply spread its influences, language, arts and culture on the continent. By 2018, China's Language Council indicated that there were 54 Confucius Institutes in Africa as well as a total of 27 Confucius Classrooms – in 33 out 54 nations on the continent.¹³⁷

Apart from Confucius Institutes, China has also set up Chinese Cultural Centers in Africa since 1998 in countries such as Tanzania, Nigeria, Mauritius, Egypt and Benin. Nigeria is the only African country that has set up a cultural center in China. These cultural institutes, classes and centers have been termed as being very strategic in solidifying the relationship between China and Africa and have been a key soft power strategy for China on the continent. China also organizes and funds cultural festivals and exchanges, most of which see hundreds of students travel to China for cultural fetes. The most prominent among these events are the annual Chinese Bridge competitions. The Bridge is a competition that tests proficiency in Chinese language among foreign students at secondary school and college levels.

Apart from health, education and cultural exchanges, China has also played a role in rural poverty reduction on the continent. While it partly does this through infrastructure development, trade and provision of cheap goods to African citizens, the East Asian nation still shares its

(Geneva: The Graduate Institute of Geneva, 2014). Available at:

<https://journals.openedition.org/poldev/1788>

¹³⁷ King, K., 'China Will Continue to Back Confucius Institutes in Africa.' *China Daily Newspaper*. Available at:

www.chinadaily.com.cn/a/201808/24/WS5b835c0aa310add14f387e76.html

experiences in poverty-reduction with Africa. To this end, a China-Africa Poverty Reduction and Development Conference was formed under FOCAC so that lessons could be shared on how to lift 400 million Africans out of poverty from China which has already lifted 800 million people out of poverty in the last 40 years and hoping to completely eliminate the scourge by 2020. To this end, China has been conducting training for African policy makers to ensure that the policies and initiatives aimed at poverty-reduction actually work, as well as the construction of poverty-reduction demonstration centers all over the continent.¹³⁸

3.5 Key areas of Chinese investment in Kenya

China and Kenya have enjoyed diplomatic relations since 1963 and since then there has been increasing investment in various sectors of Kenya's socio-economic development. Investment has revolved around areas such as infrastructure, trade, manufacturing. In year 2007, Kenya's Ministry of Trade signed a Memorandum of Understanding with China's Ministry of Commerce in a bid to bolster Kenya-China bilateral trade and economic ties through ensuring cooperation between the two countries as well as information sharing and exchanges. Since then the media and other scholars have recorded a remarkable increase in Chinese investment in the country.

At the beginning of the Reform and Opening Up reforms era in 1978, China and Kenya relations remained less than cordial as a result of the challenges occasioned by ideological differences between the Mao Zedong-led Communist Government and the right-wing, Jomo Kenyatta led Kenyan Government in the 1960s which had resulted in a total break of tie. However, after 2002 Chinese investors and investments flowed into the country even as the Kenyan government continued to lean more on its own capabilities, policies and programs to spur economic growth.¹³⁹ The very first and most prominent area of investment by China in Kenya to date is infrastructure. Ministry of Trade and Industry figures in year 2007 showed that China had invested in infrastructure and construction projects in the country to a tune of 870 million USD. China has taken the lead in Kenya's transport, real estate, energy and power sectors.

¹³⁸ Chan, A., 'Strengthening Sino-African poverty reduction through FOCAC, BRI.' *China Daily Newspaper*. Available at:

<http://www.chinadaily.com.cn/a/201808/31/WS5b88fc38a310add14f388ec9.html>

¹³⁹ Chege, M., *Economic Relations Between Kenya and China, 1963 – 2007* (Washington: Center for Strategic and International Studies, 2008) pp 20 - 25

In the transport sector, China has invested in the construction of various roads and bridges. The most notable among these include the Nairobi-Mombasa Standard Gauge Railway, the Thika Super Highway project and parts of the Nairobi-Mombasa Highway (Voi to Mtito Andei, then Mtito Andei to Bachuma Gate). In these projects, China has funded as well as undertaken their construction. By the year 2008, there were more than 44 Chinese construction companies in the country, with the most prominent among these being China Road and Bridge Construction Company – CRBC - which undertook the SGR project. In the year 2005, as CRBC marked 20 years in Kenya it had embarked on and completed 11 projects worth more than 200 million USD.¹⁴⁰

Chinese investors have also become more involved in Kenya's real estate sector. Their advanced technology and speed of completion of projects has seen their rise in prominence in the sector. The city of Nairobi has witnessed a rise in the number of highrise apartments and commercial buildings which are either funded or constructed by Chinese investors. Three companies – Twyford, China Wu Yi and Avic – invested 54 billion shillings between years 2015 and 2017 alone. Projects such as the 10-billion-shilling Global Trade Center – GTC Building in Westlands Nairobi, The University of Nairobi Towers and the Two Rivers Mall among other major real estate projects are an indicator of the Chinese investors increasing competitiveness in the country. China has also invested in energy, power and other related sectors both through their SOEs and privately-owned institutions.

The Chinese have also invested vast resources towards manufacturing and trade in the country. Resources have been deployed towards construction of firms that operate locally as well as bringing into the country products and services that have seen trade volumes between Kenya and China rise from 167 billion shillings to 390 billion shillings between 2013 and 2019 alone. In 2019, the number of Chinese companies stood at 106, with these companies claiming to employ locals as 95% of their workforce. These companies include giants from the East Asian nation such as Huawei, ZTE Limited, Sinohydro, Tecno and digital TV provider Startimes.

¹⁴⁰ Ibid p 31

It is however evident that there is minimal investment in social projects, in line with China's desire to propel and prosper her economy as any other country does. Most of these social development projects embarked on by China on the continent remain Corporate Social Responsibility projects by both SOEs and private firms. These are however far outnumbered in both scale and economic investment by economic projects which are much more profitable for the Chinese. These projects range from health to education, culture and poverty eradication sectors.

3.6 Chapter Summary and Conclusions

China continues to invest billions of Dollars into various sectors in Kenya and indeed across Africa. However, as evidenced by the death of infant industries and trade imbalances in Sino-Kenyan and Sino-African trade, China has been benefitting more from these investments and meeting its goals for investing, while Kenya and other African countries struggle to make little if any gains from these investments. This has perpetuated a culture of self-inflicted dependency, with China growing richer and African countries remaining poor and on the periphery.

The objective of this chapter was met, albeit with several challenges regarding access to detailed official information about some of the investments that China has made, particularly in Kenya. However, this did not impede the researcher from fulfilling the objectives set out to be met in this chapter; with the researcher having been able to present a clear, analytical and detailed picture of the key sectors of investments by China in Africa, and particularly in Kenya.

CHAPTER FOUR

ROLES AND IMPACTS OF CHINA ON KENYA'S SOCIO-ECONOMIC DEVELOPMENT

4.1 Introduction

China and Kenya have enjoyed diplomatic ties since 1963 after she gained her independence. More than 50 years since then, China has gained much influence, played a big role and greatly impacted Kenya's socio-economic development. As at 2018, China was Kenya's biggest trading partner, biggest supplier of goods, major investment partner and Kenya's biggest singular creditor. China plays a major role in all key sectors in Kenya, from economic to politics and governance to agriculture, health, education and infrastructure. This chapter will examine these roles that it plays and subsequent impacts on Kenya's socio-economic development, be they positive or negative.

4.2 China's role and impact on Kenya's economy

Since year 2000, China has increased its influence on Kenya's economy, thereby playing a much bigger role and having a more substantial impact on her socio-economic development. China has done so through FDI, trade, loans and financial assistance, as well as financial cooperation between Chinese and Kenyan financial institutions.

4.2.1 Chinese FDI in Kenya

Chinese FDI has been growing steadily in Kenya as well as the rest of the continent since year 2000. According to UNCTAD figures, Chinese FDI inflows into Kenya as at year 2000 stood at 111 million USD, growing to 149 million USD in 2009 and 3.94 billion USD in 2016 - a great departure from the early 2000s where Kenya and many other countries were still looking up to Western countries for most of their FDI as well as aid.¹⁴¹ The bulk of these inflows have been in

¹⁴¹ UNCTAD, *World Investment Report 2018*. (New York and Geneva: UNCTAD, 2018)

the form of investment in the infrastructure, mining, transport and agriculture sectors, as well as companies – both private and SOEs – that have set up shop in Kenya.

The number of Chinese companies in Kenya has grown since year 2000, standing at 400 by the year 2018. These span a wide range of industries, from real estate, construction, manufacturing, technology, media and automotive. These companies have been very crucial in the Kenyan economy, especially with regards to creation of employment opportunities for Kenyan citizens, as well skills and technology transfer. The most prominent of these Chinese companies in the country are China Wu Yi, Sinohydro, China Road and Bridge Construction Company and China Jiangxi International Company among others. Notably, these are mostly involved in the construction sectors. These companies were also the 5th biggest employer in the country between 2003 and 2005.

Attracted by friendly tax initiatives and holidays as well as relatively cheaper access to land and licenses, Chinese companies continue to flood the Kenyan market. In the mining sector, companies such as the Lijin Mining Company Limited have taken up an active role. However, the impacts of this company on the residents of Migori County have been more bad than good. The fact that the Chinese excavators are able to mine more sand and gold as compared to residents who use rudimentary materials such as pans and their hands has been a great source of consternation for residents who even set one of the company's excavators on fire in 2018. Apart from denying locals an opportunity to make a living of the area's natural resources, there were also environmental concerns that were raised, including over-mining.¹⁴²

The most controversy, however, has surrounded mining of coal by Chinese companies in Kenya. In Kitui County's Mui Basin, mining of coal has failed to take off in spite of the license having been awarded to Fenxi Industry Mining Company 2013. The project has been rejected one, due to the fact that locals said that they were left out of the plans for the coal mine, along with the

¹⁴² Business and Human Rights Resource Centre website. Accessed on 16/07/19 from:

<https://www.business-humanrights.org/en/kenya-chinese-mining-companies-are-depriving-small-scale-miners-of-their-livelihood-according-to-locals>

environmental concerns regarding the mining of coal, a deadly pollutant.¹⁴³ In spite of the complaints however, some of the residents have benefitted from the sale of sand to the Chinese companies in the area.

In Lamu County, the script is the same, with residents resisting the Lamu Coal Project which was supposed to add 1,050 megawatts to the national grid on the grounds that there was no proper framework for ensuring that locals benefit, as well as concerns regarding pollution.¹⁴⁴ The project which was to be undertaken by a consortium of Chinese and Kenyan companies has been grounded since 2015. This would later be followed by a court injunction halting it altogether.

China has, since year 2000, taken up a key and influential role in the real estate industry in Kenya. In year 2017, three top Chinese construction companies – China Wu Yi, AVIC International and Twyford Ceramic – collectively invested 54 billion shillings in the real estate and construction sector in the country in a bid to consolidate their influence in the sector. China Wu Yi has been operating in the country since 2006 when it was part of the Chinese companies that constructed the Thika Superhighway. The company had a total of 18 projects in the country as at 2013, with that number having grown through the years since then.

In 2018, China Wu Yi, under a local subsidiary opened Kenya's first construction materials supermarket in Athi River, Machakos County. This supermarket offers players in the sector a one-stop shop for construction materials and accessories. Goods from this supermarket are also quite cheap as they are imported in large amounts. This is however to the detriment of local manufacturers and small-scale traders in construction materials.¹⁴⁵

¹⁴³ Muasya, P., 'Residents in new push to stop Kitui coal mining plan.' *The Standard Newspaper*. Available at:

<https://www.standardmedia.co.ke/business/article/2001327256/residents-in-new-push-to-stop-kitui-coal-mining-plan>

¹⁴⁴ DeCOALonize, 'The Impacts on the Community of the Proposed Coal Plant in Lamu: Who, if anyone, benefits from Burning Fossil Fuels?' *Perspective Journal*, Issue No. 31, 2018

¹⁴⁵ Construction Kenya website. Accessed on 17/07/19 from:

<https://www.constructionkenya.com/4957/china-wu-yi-athi-river-factory/>

These construction giants and investors have bolstered the Kenyan economy by creating employment opportunities for local residents, as well paying taxes and other rates to the government. There has also been a transfer of technology and skills to Kenya. However, they also do a great disservice to Kenyans and their economy. This is due to the fact that they import building materials, machinery and other inputs while undertaking their projects, again to the detriment of local producers who would have benefitted from the sale of these products.

China has also invested and played a role in Kenya's agriculture, though not in a big way. In Uasin Gishu County, for example, Chinese firm Senju Development Company along with three others from Kenya has played a key role in reviving the challenged pyrethrum sector. Through an injection of capital, skills and technology transfer, it is expected that the sector's fortunes will turn around. Under FOCAC, there have been partnership programs between Chinese provinces and Kenyan counties, especially on matters processing and value addition.

The proliferation of Chinese companies and their increased prosperity can be attributed to China being at the forefront of supporting Chinese companies to invest in Kenya, through diplomatic means as well as through various fora, key among them the annual China-Kenya Industrial Capacity Cooperation Forum, which brings together Kenyan and Chinese industrialists as a means for creating networks and business opportunities for both sides.

4.2.2 Role and impact of Sino-Kenya trade

Kenya and China have been trading with each other for decades, but this has expanded exponentially since year 2000 with the formation of FOCAC. In year 2005, Kenya kicked off this accelerated economic journey in 2005, when the then president Mwai Kibaki led a delegation of government officials and business persons to China, the aftermath of which was the signing of a five-part agreement which spelled out China's plan to provide aid and other forms of development assistance in the areas of energy and infrastructure, setting up of standards systems for Kenya's industrial sector, modernizing communications systems and infrastructure at the national broadcaster KBC and promoting air travel between the two countries. This visit opened

trade and investment doors between the two countries, with a Chinese trade expo being held in Nairobi the next year.¹⁴⁶

The irony of China-Kenya trade is visible in the export and import trends between them. In 2018, China was Kenya's 10th biggest export destination which equals 3% of her exports, while on the flipside, China was Kenya's biggest source of imports which accounted for 28%.¹⁴⁷ According to the 2018 Economic Survey, Kenya exported goods worth 99.88 million USD to China and imported goods worth 3.79 billion USD in the same year – representing a big and deeply worrying trade imbalance between the two nations.¹⁴⁸ This has been and continues to be the case in Kenya as in nearly all African countries, perpetuating a culture of dependency, even as China continues to tighten its grip on Africa and its resources. However, economists have faulted Kenya for these trade imbalances, saying that the government has not been able to harness and increase benefits accrued from trading with China.¹⁴⁹

Kenya's exports to China comprise of tea, scrap metals, fish, hides and skins and sisal fibers while China's exports to Kenya comprise electric and electronic goods, rubber, chemicals, machinery, leather and plastics, as well as household goods and clothing items. The impact of this influx of goods from China is that Kenyans are now able to access a wide range of goods which are also very affordable. This is of great benefit to poor people in the country, who make up for 44% of the population according to 2018 UNICEF figures.¹⁵⁰

¹⁴⁶ Cooke, J., (ed.) *U.S. and Chinese Engagement in Africa: Prospects for Improving U.S.-China Africa Cooperation*. (Washington: Center for Strategic and International Studies, 2008) p 21

¹⁴⁷ International Trade Center, *Guide to Chinese Private Investment in Africa: Insights from SME Competitiveness Surveys*. (Geneva: ITC, 2018) p 28

¹⁴⁸ Kenya National Bureau of Statistics, *Economic Survey 2018*. (Nairobi: Kenya National Bureau of Statistics, 2018)

¹⁴⁹ Trade Mark East Africa website. Accessed on 14/07/19 from:

www.trademarka.com/news/unfavourable-china-kenya-trade-leaves-sh380-billion-gap/

¹⁵⁰ UN International Children's Emergency Fund website. Available at:

https://www.unicef.org/kenya/overview_4616.html

Another key import from China to Kenya, are solar panels. Energy Regulatory Commission, ERC, figures from 2017 indicate that 98% of solar panels used in Kenya are imported from China. This figure is a massive growth from the year 2010, when China supplied 60% of the solar panels used in Kenya. These Chinese companies including Jinkosolar which is the world's largest supplier of solar panels also supply Kenya with other solar accessories such as inverters and batteries.¹⁵¹ This business is of great importance for Kenyan residents as it provides for cheaper electricity and improving access to electricity in a country where access to electricity stood at 73.42% in 2018.

This increased supply of goods is also important as it encourages competition in the sale of commodities, leading to lower consumer prices – again to the benefit of the citizens. However, as is the case with every other African country, the influx of cheap Chinese goods continues to hurt local industries especially those that deal with clothing, apparel, plastics and other household goods. Kenya's industrial sector which has yet to mature continues to suffer as a result.

Trade between China and Kenya has also had the impact of boosting Kenya's GDP as well as her foreign exchange reserves as exports to China continue to grow. Between years 2011 and 2015, Kenya's exports to China grew from 32 million USD to 43 million USD, a plus for the economy. However, this is overshadowed by the exponential increase of Kenya's imports from 1.6 million USD to

Trade with China has also had some adverse effects on Kenya's infrastructure. For example, China's high demand for scrap metal has spurred vandalism, in some cases, of metals from key infrastructure such as the railway and roads. Focus on export of scrap metal has also denied local industries the opportunity to advance and add value to these scraps. This can be seen as well in the fact that Kenya exports sisal to China, only to import clothing and apparels from the very raw materials which it exported. China has however downplayed claims that it is exploiting Africa in

¹⁵¹ Energy Siren website. Accessed on 25/07/19 at:

www.energysiren.co.ke/2019/02/18/china-supplies-98-percent-of-kenyas-solar-panels/

matters trade, with government figures showing that trade with Africa only accounts for only 5.13% of its international trade as at 2012.¹⁵²

4.2.3 China and Kenya's debt

China is Kenya's biggest bilateral lender. In fact, as at 2017, China controlled 68% of Kenya's 722.6-billion-shilling bilateral debt. This trend had been on the rise year-on-year as China continued to deepen its hold on Kenya and her economy. For example, in the year 2017 alone, China advanced loans worth 165 billion shillings to Kenya.¹⁵³ This further raised Kenya's debt to China to 478.6 billion shillings that same year, up from Sh. 313.1 billion in year 2016. These trends remain an issue of concern for local economic experts and policymakers and even for international bodies such as the IMF and World Bank.

According to the World Bank, Kenya's public debt rose to 57.6% of GDP between 2016 and 2017 as compared to 47.8% between 2013 and 2014. This is deeply worrying, considering the fact that the IMF and globally accepted debt-to-GDP ratio is 50%. In the same breadth, repayment of Kenya's loans increased the stock of her debt from 2.9% of GDP in 2015-2016 to 3.4% in 2017/2018. (Fig. 4.1) This was attributed to increased domestic and external borrowing by government, especially with regards to financing key infrastructural projects. This, the World Bank said, has exposed Kenya to shocks in the international economy with the high interest and repayment rates being her biggest challenge.¹⁵⁴

In recent years, Kenya has been borrowing heavily from China, with the loan borrowed for purposes of construction of the SGR taking up the lion's share of this money. Since 2014, Kenya has borrowed 370 billion shillings, 257 billion shillings in 2015, 109.5 billion shillings in 2016 and 64 billion shillings in 2017. These trends have seen Kenya sink further and further into debt

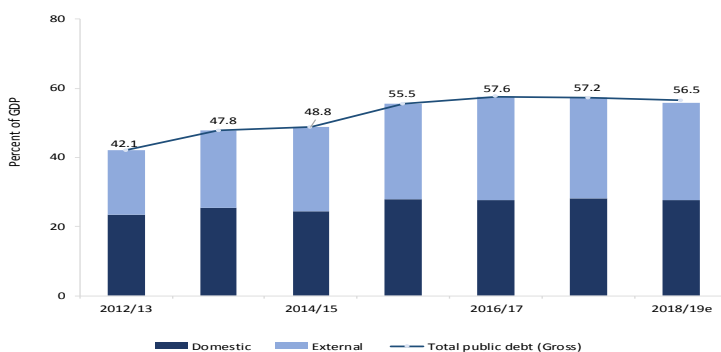
¹⁵² Chinese State Council, *China Africa Economic and Trade Cooperation White Paper*. (Beijing: Chinese State Council, 2013)

¹⁵³ Siringi, E., 'Kenya China Trade Relations.' *Journal of Economics and Finance*. Vol. 6. (2018) pp. 1-10

¹⁵⁴ World Bank Group (2019) *Kenya Public Expenditure Analysis 2019: Creating fiscal Space to deliver the Big 4 while undertaking a needed fiscal consolidation*. (Washington DC: World Bank Group, 2019) pp 17- 18

every year and even worse, the options that the government has to resort to in order to pay these debts only serve to sink the country deeper into debt. In 2015, Kenya floated a sovereign bond of Ksh. 200 billion in order to pay loans that were mature, along with refinancing obligations under other loans – a major part of these going towards offsetting loans from China.¹⁵⁵

While concerns continue to be raised about the debt owed to China, these funds have been used to build critical infrastructure in the country – mostly in transport and energy sectors - key among them being the SGR which has eased transport of goods and passengers from Nairobi to Mombasa. In 2018, the SGR was operating 4 passenger trains a day, translating into 1.6 million passengers annually and 30 freight trains a day, which translates into 5 million tonnes a year. In terms of revenue, however, this project fell short, having earned 10 billion shillings, against operation costs of 12 billion per year. These questions surrounding the viability of the project raise serious concerns in relation to the 327-billion-shilling price tag placed on the project, as well as the harsh repayment plan.¹⁵⁶ Apart from the SGR, loans and other funds from China have been used to construct power stations such as the Irati and Chemoisit and Small Hydropower Stations, Nairobi’s Eastern, Northern and Southern Bypasses, ICT and education projects as well as medical projects.



Source: World Bank

Figure 4.1: Kenya’s Public debt as a percentage of GDP

¹⁵⁵ International Monetary Fund, *Kenya: 2014 Article IV Consultation-Staff Report; Press Release and Statement by The Executive Director for Kenya.* (Nairobi: IMF, 2014) p 6

¹⁵⁶ Munda, C., ‘SGR Sh. 10 Billion Revenues Revealed.’ *Business Daily*. Accessed on 16/07/19 from:

<https://www.businessdailyafrica.com/economy/SGR-raked-in-Sh10bn-revenue-in-first-year/3946234-5020294-13c0x11z/index.html>

China insists that it offers loans and assistance to Kenya and other African countries based on their local needs and at the request of these governments. It has constantly denied that it is engaging in a new scramble for Africa where it seeks to colonize the continent and loot its natural resources. However, the accusations of ‘debt-trap diplomacy’ abound, especially from Western nations. To further solidify its commitment and rebuff allegations of debt-trap diplomacy, China constantly offers debt forgiveness to African countries as it did with Ethiopia and Cameroon in 2018. These have however yet to be extended to Kenya.

4.3 China’s role and impact on Kenya’s infrastructure

While China plays a role and greatly impacts on various sectors of Kenya’s socio-economic development, it is in the infrastructure sector that China plays the most significant role and has the greatest impact. China has been participating very actively in Kenya’s infrastructure since the year 1990s, with the construction of the Kasarani Stadium or Moi International Sports Center as it was known at the time, being the first significant Chinese infrastructure on Kenyan soil. Since then, China has undertaken various projects across various sectors and played a role in Kenya’s socio-economic development, particularly under the Belt and Road Initiative fronted by Chinese President Xi Jinping. The initiative aims at connecting China to 60 other countries in Asia, Europe, the Middle East and Africa through roads and railways and under which China has been embarking on massive infrastructure projects across the continent, including Kenya.

In 2018 alone, China undertook a total of 160 infrastructure projects in Kenya – 33.2% of all projects undertaken in the country - up from 85 projects in year 2017. These projects range from transport to communications to real estate and shipping, energy and power. Transport infrastructure takes the lion’s share of these projects. The Africa Construction Trends report of 2018 by audit firm Deloitte showed that as at 2018, Kenya had the largest number of Chinese-constructed and funded programs in East Africa, followed closely by Ethiopia.¹⁵⁷

Since year 2000, China has embarked on projects such as the Thika Superhighway, the Mtito Andei-Voi section of the A109 Highway, Turkana-Suswa power line and SGR among many

¹⁵⁷ Deloitte Africa, *A Shift to more but less: Africa Construction Trends Report 2018*. (Nairobi: Deloitte Africa, 2018)

more. These projects span a wide range of sectors from telecommunications to transport to energy as well as a host of social development projects. The most prominent of these is the Standard Gauge Railway, SGR. This project is divided into two phases: The first phase is the 473-kilometer, 327-billion-shilling railway from Mombasa to Nairobi, also known as the Northern Corridor. The Second phase which is still under construction covers Nairobi, through to Kisumu and ending in Malaba. It is further divided into three phases.¹⁵⁸

This project has revolutionized the lives of many Kenyans. For example, since its inception, it has employed more than 25,000 Kenyan people, with a total of 2,285 staff working in the railways 33 stations as at 2018. The other impact of this China-funded investment was easing the movement of people and goods as well as easing traffic along the Nairobi-Mombasa Highway. In 2018, the railway ferried 1.8 million passengers and 5.03 million tonnes of goods. This has also served to make transport between Nairobi and Mombasa much cheaper. Another impact is the modernization of railway transport, not to mention improvement of local areas where the railway passes in terms of a boost in infrastructure and a boost to their economies.¹⁵⁹ The same benefits have also accrued from the roads and highways that China has constructed and funded across the country.

However, China's role in Kenya's transport sector has not been without some challenges, key among them being the high cost and interest rates of the loans used to finance these projects, as well as their viability. Concerns have also been raised about the arrangements made by the Chinese for operating these infrastructures. For example, in the case of SGR, China Road and Bridge Construction Company, CRBCC, will operate the railway line for 10 years, with large sums payable to it and its subsidiaries every year, as well as being freed from any liability regarding the railway line during that period.¹⁶⁰

¹⁵⁸ Kenya Railways website. Available at:

www.krc.co.ke/?page_id=1538

¹⁵⁹ Nduire, J., *Positive Impact of SGR on the Kenyan Economy*. Construction Kenya Website. Available at:

www.constructionkenya.com/3383/positive-impact-sgr-kenyan-economy/

¹⁶⁰ Daily Nation: Okoth, E. (2019) *Shocking details of mysterious local owners of SGR firm*. 09/06/19

Kenya's energy and power sectors are yet another key area of Chinese involvement and investment. China has been instrumental in the construction of several dams and power projects both directly or in the form of provision of funding. These include the Irati Small Hydropower Station in Thika, the Chemosoit Dam in Bomet County. In year 2018, President Uhuru Kenyatta commissioned a Kengen sub-station in Nairobi which was constructed and funded by China's EXIM Bank to a tune of 132 million USD. The sub-station which is connected to the Olkaria Geothermal Power Station had a great impact in that it bolstered power distribution to the main industrial hub in Nairobi's Industrial Area, Mombasa Road and Nairobi CBD among other areas.¹⁶¹ This China-funded project had proved to be of great benefit to industry and other business as it reduced the number and frequency of power blackouts that used to be experienced before. This is in addition to the investment done by Chinese firms in the provision of solar panels and other accessories.

China has also played a role in Telecommunications and Information Technology infrastructure across the country, having a great impact on how Kenyans communicate, along with how fast they are able to do so. Through Chinese telecommunications giants such as Huawei and Startimes, China has gained a foothold in Kenya and her communications systems. In the SGR project for example, Huawei rolled out the Global System for Mobile Communications-Railway known as GSM-R which enables for ground-to-train communications along the network. This system enables fast and efficient communication along the SGR railway from station to station and from the headquarters to the various stations. It also enables fast and efficient dispatch of trains as well as steadying the supply of electricity along the entire line. This ensure that the railway system operates efficiently with few to no delays and most importantly, ensures the safety. On its part, Chinese media giant Startimes was instrumental in helping Kenya to transition into the era of digital TV.

¹⁶¹ China Daily Newspaper website. Accessed on 30/07/17 from:

www.chinadaily.com.cn/a/201805/31/WS5b0f6518a31001b82571d6b6.html

In 2018, the governments of China and Kenya partnered under the ‘800 Digital Television Villages Project’ this project aimed at ensuring that all Kenyans access satellite TV following the digital migration process in 2015. The project aimed at providing 800 villages in 10 counties in Kenya with access to digital TV. This was done through installation of digital TV transmitters, as well as through satellite dishes, TV sets and other equipment. This raised the number of Kenyans with access to digital TV from 83.6% to 86% of the population in the last quarter of 2018.¹⁶²Tens of Kenyan engineers also benefitted from training from China, courtesy of Startimes. The end result of this was more Kenyans were able to access information and entertainment on digital platforms.

China has also been involved in the construction of infrastructure for health, education and cultural exchanges, albeit at a much slower and less effect than other sectors from which the country draws economic and geopolitical influence.

4.4 Sino-Kenya socio-cultural relations

China and Kenya have enjoyed relations spanning decades since official diplomatic ties were established in 1963. While these relations have mostly centered on trade, infrastructure and other economic pillars, socio-cultural relations have not been left behind. In fact, these ties have been strategically used by China to gain an even stronger foothold in Africa and specifically in Kenya. Through public diplomacy, cultural diplomacy, media diplomacy and people-to-people exchanges, ties between China and Kenya have been enhanced. Further to this, China’s role and impact in education, health and poverty-reduction have also enhanced ties.

In matters culture, China has put in great efforts in Kenya, with special focus on spreading its language and cultural practices on the continent through institutions such as Confucius institutes and classrooms, cultural events and through media influences. The Confucius Institutes spread across the continent remain the most strategic tool of influence for the Chinese in Africa and Kenya and it can be seen in their proliferation on the continent. Kenya is home to four Confucius

¹⁶² Communications Authority of Kenya, *Third Quarter Sector Statistics Report for the Financial Year 2018/2019*.(Nairobi: Communications Authority of Kenya, 2018) p 20

Institutes that are based in the University of Nairobi, Kenyatta University, Moi University and Egerton University.

Every year, the Chinese Embassy in Kenya also organizes various cultural events both in Kenya and in China to boost socio-cultural ties. The most popular among these include the annual Bridge Competition where African students including those from Kenya travel to China for Mandarin-speaking competitions. The Chinese government also provides scholarships to hundreds of Kenyan students to go and study Mandarin and other courses in China. While Kenyan students gain by learning new skills and new languages, China remains the biggest beneficiary of this, especially geopolitically. It becomes more influential if it is able to make more people adopt its culture and language. This also serves to boost bilateral ties between the two countries. These influences have however been faulted as cultural imperialism in China's quest to advance itself.

In matters education, China also plays a role in Kenya. This is mostly through provision of funding, scholarships and other opportunities. China has also continuously worked with Kenya in the fields of research and development, as well as think tanks that contribute to policy and bilateral education ties between the two nations. The most prominent among these education cooperation ties is in the form of the Sino-Africa Joint Research Center, SAJOREC. Established in 2013, the institute which is domiciled at the Jomo Kenyatta University main campus in Juja, Kiambu County. The center is a joint hub of research and innovation between China and Kenya with special interest in agriculture, biodiversity research, climate change monitoring, wildlife protection and monitoring of desertification. From this institute, 160 African scientists have received training, 45 joint research projects brought forth and more than 100 Kenyan students have had the opportunity to travel to China to study for various graduate and post-graduate programs.¹⁶³

¹⁶³ Sino-Africa Joint Research Center website. Accessed on 31/07/19 from:

www.sinafrica.cas.cn/English/About/Introduction/

China has also participated in the construction and funding of education infrastructure in Kenya. For example, in 2017, eleven Chinese companies under the umbrella of the Kenya-China Economic and Trade Association, KCETA, raised more than Ksh. 5 million to build phase two of the Mcedo Beijing school in Mathare slums. As a result, enrollment in the school went up, granting more children in the slum access to education. Children have also been able to access favourable nutrition thanks to the feeding program offered at the school in conjunction with the World Food Program.¹⁶⁴ There are numerous such projects across the country and especially in slum and underdeveloped areas.

In matters health, China's impact has also been felt, albeit at a much lesser rate than the economic engagements. The largest health-related project by China in Kenya is the Medical Equipment Service, MES, which is a key part of Kenya's endeavor to provide universal healthcare for Kenyan citizens. Under this program, China worked with the Kenyan government to provide specialized medical equipment in two hospitals in every county as well as in four of the national referral hospitals in the country. This enabled Kenyans to access specialized treatment and screening in the counties in a bid to reduce the pressure on the national referral hospitals. Under this program, China has also repaired equipment in various countries, as well as offering specialized training to Kenyan health workers. While well-intentioned, the project has been a source of great consternation to counties which are forced to pay Ksh. 200 million per month for the project, up from the initially agreed-upon Ksh. 95 million.¹⁶⁵

Apart from the MES Project, China has also played a role in Kenya's health sector by assisting, through aid or friendly loans, to build healthcare infrastructure in various counties. Key among these is the Kenyatta University Teaching and Referral Hospital which was constructed using a concessional loan of 104 million USD from China. This hospital has greatly boosted healthcare in Nairobi and Kiambu counties and their environs by offering specialized treatment for Kenyans

¹⁶⁴ Capital FM News website. Accessed on 31/07/19 from:

www.capitalfm.co.ke/business/2017/06/chinese-companies-boost-education-infrastructure-mathare/

¹⁶⁵ Parliament Research Services, *The Managed Equipment Services Project: Brief and Suggested Questions*. (Nairobi: Parliament of Kenya - The Senate, 2018)

as well as training and skills to the students. China has also partnered with Kenyan health professionals to promote research and development to boost healthcare in Kenya. Through think-tanks and joint initiatives such as the SAJOREC, Kenyans have been able to access better healthcare.

China has also flexed its muscle in Kenya's social sector, through its increased investment in media. There are numerous newspapers, television stations, radios and even digital outlets owned by China in Kenya. The CGTN, China Daily, Xinhua, CRI radio, are just a few of such media organizations. The most notable among these is the CGTN which has its African Headquarters in Nairobi. However, it is clear that the opening of these media establishments while crucial for cultural exchanges and employment creation in Kenya, just serve China's purpose and goal to win over African people's hearts and minds. In 2013, China set aside 7.2 billion USD to enable their media houses expand globally – a clear testament to China's pursuit for global dominance through soft power. China has also created wealth and profit for itself through media investment in Kenya. For example, Startimes and the Pan-Africa Network Group, PANG were both instrumental in helping Kenya transition into the digital era. Millions of TV sets and digital TV boxes were sold during this period.

4.5 Chapter Summary and Conclusions

In this chapter, this study set out to critically analyze the role and impact of China on Kenya's socio-economic development. This objective was met as this fourth chapter shows that China has played a major role in Kenya since year 2000 and continues to do so, even as its influence in the East African nation continues to grow. However, the impacts of the role it has played have been both positive and negative, with the benefits accrued by China from its relationship with Kenya far outweighing those accrued by Kenya, especially in matters trade and economics.

CHAPTER FIVE

DATA PRESENTATION AND ANALYSIS

5.1 Introduction

This study sought to critically analyze the role and impacts of China on Africa's socio-economic development, with a special focus on Kenya. In this chapter, this study set out to present the qualitative and quantitative data collected from the subjects through questionnaires and interview guides and thereafter presented the findings of the study as well as analyzing the data collected with the aim of gathering key insights and drawing relevant conclusions.

5.2 Social/ demographic characteristics of the respondents

In this section, social and demographic characteristics of the respondents were clearly outlined with regards to age, gender, level of education and monthly income.

5.2.1 Classification of respondents by age

The 100 respondents in this study varied from the ages of 20 and 50 years as they are the ones who are mostly involved in small businesses as well as in manufacturing, journalism and other key sectors of interest to this study. The respondents were distributed as such:

Age Group	Respondents	Percentage
20 years – 30 years	40	40%
31 years – 40 years	37	37%
41 years – 50 years	23	23%

Table 5.1: Classification of respondents by age

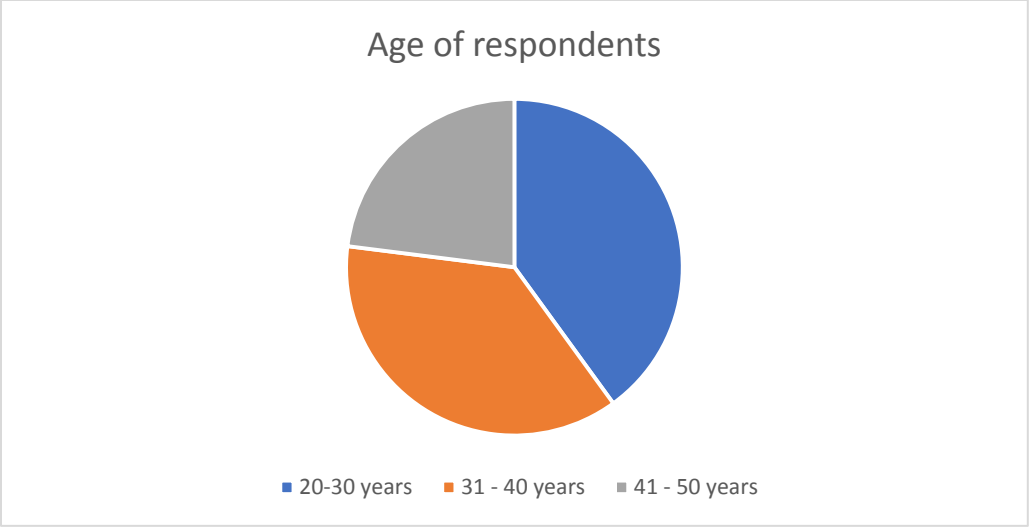


Figure 5.1: Distribution of respondents by age

Out of the 100 respondents, those between the ages of 20 and 30 years were 40, making up for 40% of the population; those between 31 and 40 years being 37 in number and constituting 37% while those between 41 and 50 years being 23 in number. The ones between 20 and 30 years were the most in number as they are the ones who mostly involved in small businesses as they don't require too much capital. Majority of the journalists involved also fell within this category. They were followed closely by those between the ages of 31 and 40.

5.2.2 Classification of respondents by gender

This study also set out to specify the gender of the respondents. Out of the 100 respondents, there were 57 men and 43 women – which translates to 57% and 43% respectively.

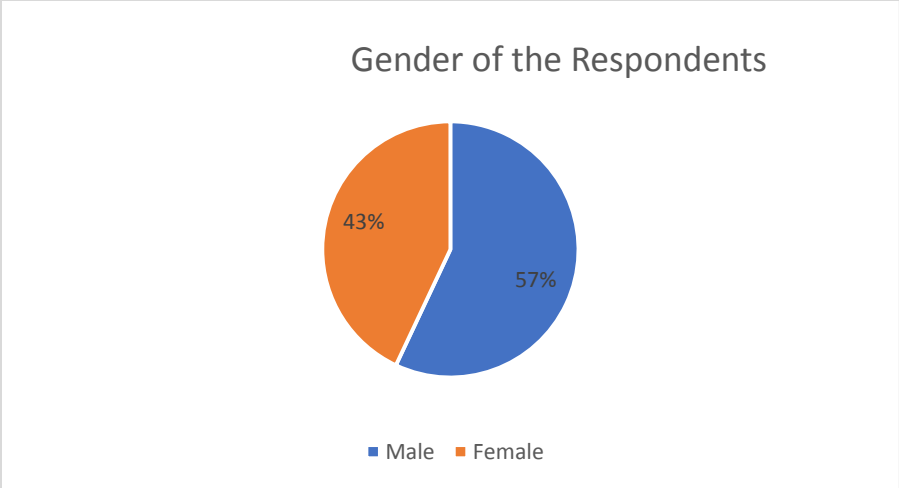


Figure 5.2: Distribution of respondents by gender

This revealed that while Kenya has made strides in ensuring gender equality in society and labour force, there still exists some level of gender parity.

5.2.3 Classification of respondents by level of education

The respondents of this study were also classified according to the levels of education. That is: Primary, Secondary, College/ TVET, Degree and Post-graduate. Out the 100 respondents, 13 were at Primary School level, 26 at secondary school level, 31 at college/ TVET level, 21 at degree level and 9 had undertaken post-graduate level education. The lion’s share of the respondents had attained college/ TVET education at either certificate or diploma level.

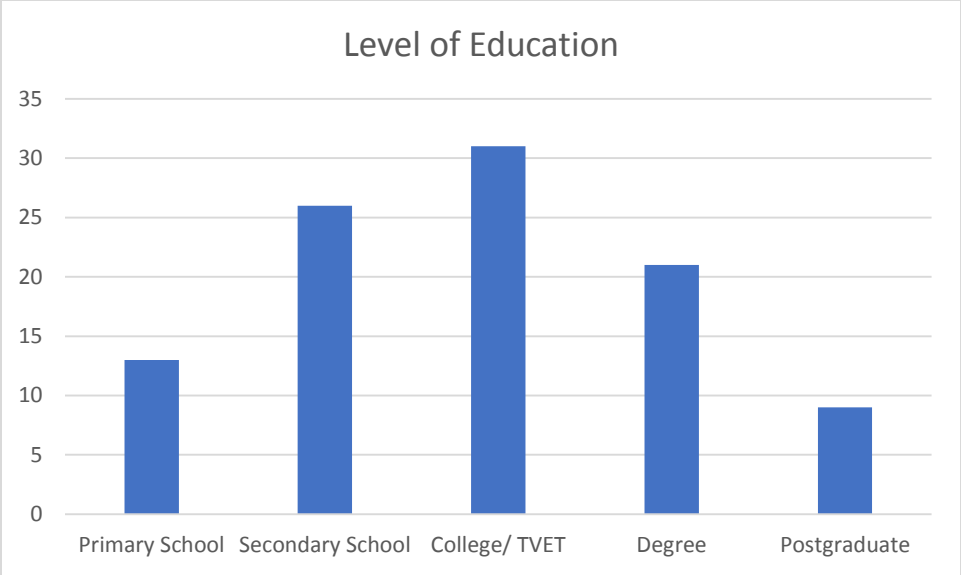


Figure 5.3: Distribution of respondents by level of education

5.2.4 Classification of respondents by monthly income

This study also classified the respondents according to the levels of their income. The brackets were as follows. Ksh. 20,000 and below, Ksh. 21,000 to Ksh. 50,000, 51,000 to 100,000 and Ksh. 101,000 and above. Others were however not willing to reveal their income bracket/ status. The majority of the respondents were those who earn between Ksh. 21,000 and Ksh. 50,000. Followed closely by those in the Ksh. 20,000 and below and Ksh. 51,000 to 100,000 bracket.

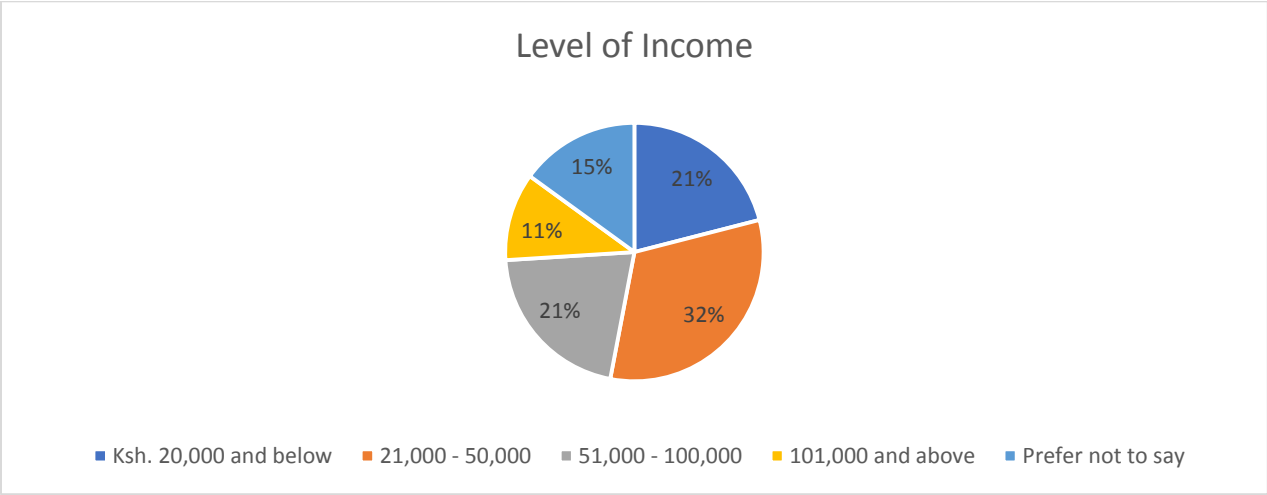


Figure 5.4: Distribution of respondents by level of income

5.3 Role of China in Kenya's economic development

One of the key areas of this study was to examine and assess the role and impact that China has had on Kenya's economic sector. When asked about the level of significance of the role played by China in Kenya's economy, the majority (31%) said that China has a significant impact on Kenya's economy, 24% said that the impact is fairly significant, 18% very significant, 17% fairly insignificant and 10% say that China's role and impact is very insignificant.

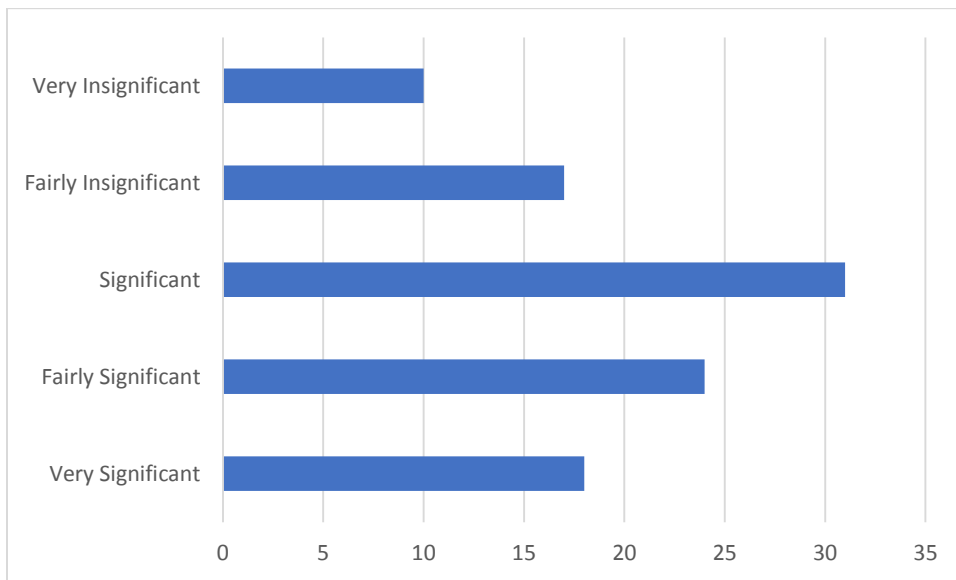


Figure 5.5: Role of China in Kenya's economic development

China's significance is felt mostly through infrastructure, mostly road and rail. The respondents felt that most Chinese-built infrastructure has helped Kenyans by reducing the cost and time of travel and as a result, term this as a significant contribution to Kenya's economy. The respondents also indicated that funds from China, either through loans or FDI, have boosted Kenya's economy.

There was also the issue of creation of employment opportunities for Kenyans, though most respondents felt that much more could be done amid a high influx of Chinese workers and

citizens into the country. Those who felt that China's role and impact are insignificant held it that the Kenyan economy is vibrant and is therefore not susceptible to influence by another country. The respondents of this study were deeply concerned about the billions of shillings owed by Kenya to China, accusing the government of borrowing recklessly, while at the same time allowing for corruption to prevail and standing in the way of the very development that funds borrowed is supposed to bring. China, on its part, was faulted by the respondents for unfriendly terms in the trade deals and bilateral agreements, with the running of the SGR project remaining a recurrent arising issue.

5.4 Role and impact of China on trade and business in Kenya

On matters trade and business, 68% of the respondents felt that China has had a very negative role and impact on Kenyan businesses. Chinese were accused of driving small Kenyan businesses and manufacturers out of business by bringing into Kenya cheap, substandard and counterfeit goods that are cheaper, making Kenyans choose these cheap goods over theirs which are of better quality but slightly more expensive. Chinese goods were also cited as the reason for loss of business as well as closures and layoffs as businesses resorted to drastic measures in order to stay afloat.

Chinese business persons and those contracted by government to undertake various projects have also been faulted for importing materials that they use for their work, denying local businesses the opportunity to also benefit. Respondents cited the SGR and other construction projects where they observed that Chinese contractors brought in cement, trucks and other implements from China instead of purchasing them locally. The presence of Chinese even in the secondhand clothes business and in agriculture was viewed as an act of business sabotage by most respondents.

The respondents who viewed Chinese engagement in Kenya positively attributed to eased transport of their wares from Mombasa to Nairobi as well as eased movement of persons across the country as they ply their trade. These respondents also indicated that they have also taken advantage of the cheap Chinese goods and are purchasing them and selling to Kenyans at a profit.

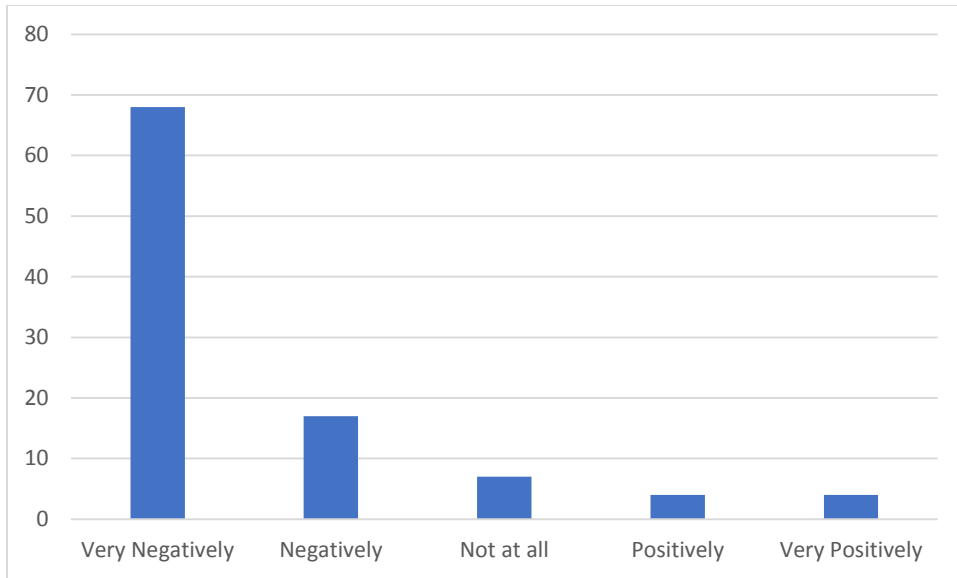


Figure 5.6: Role and impact of China on trade and business in Kenya

5.5 Role and impact of China in Kenya’s social development

This study also set out to critically assess the role and impact that China has had on Kenya’s social development. 32% of the respondents disagreed with the statement that China has impacted on Kenya’s social development, with a further 21% strongly disagreeing with the same statement. Respondents maintained that China is out to serve its own interest, hence putting premium on economic matters. These respondents indicated that they did not know of any education or health projects sponsored by Chinese individuals, businesses or the government. These respondents also pointed out the general low standards of living occasioned by the high cost of living as a result of debts owed to China.

11% of respondents were undecided on this issue, while 19% agree and another 17% strongly agree with the statement that China has positively impacted on Kenya’s social development. These respondents pointed out CSR projects by Chinese companies in their areas, as well as the provision of employment opportunities for locals as being key to social development. In this regard, some indicated that they were accessing cheaper goods and therefore becoming able to make savings and grow their lives. Once again, Chinese infrastructure was mentioned by respondents as a key pillar to their social development. Officials from the Chinese Embassy maintain that while it is indeed true that the economic projects outnumber the social ones, social

projects across the board are not in short supply either. From hospitals, to schools to water projects and many more – China, they say, is definitely concerned about Kenyan and Africa citizens’ social welfare.

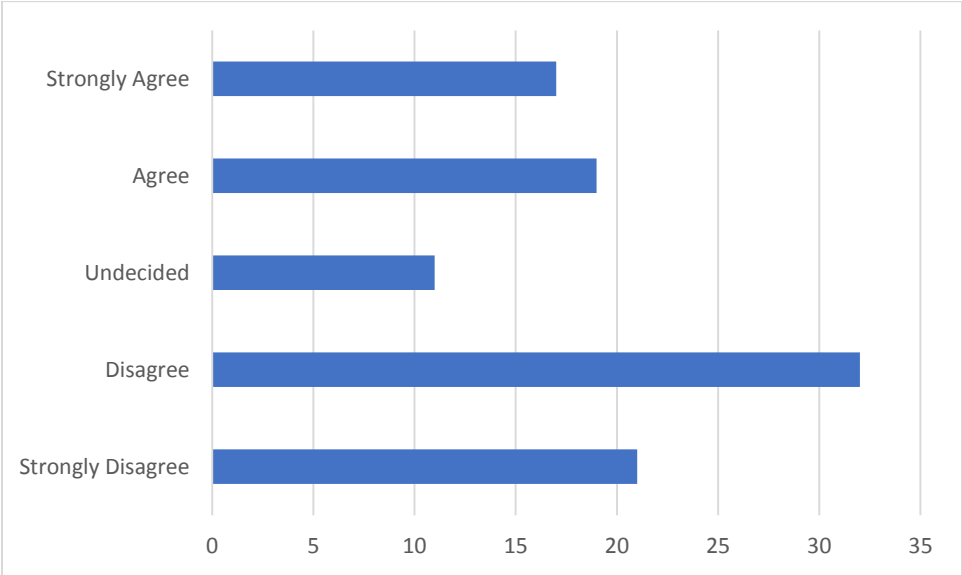


Figure 5.7: Role and impact of China in Kenya’s social development

5.6 Allegations of exploitation of Kenya and her citizens by China

Out of the respondents in this study, 59% indicated that they viewed Chinese engagements in Kenya are exploitative, pointing to China taking advantage of Kenya’s lesser economic and political powers, to enter into deals that favour their country and work against the Kenyan Government and her people. Deals such as the 10-year operations contract for the SGR by China Road and Bridge Corporation, CRBC were highlighted.

The respondents also expressed concerns over the debt and unfavorable loan repayment terms from China, and the unviability of Chinese projects in the country – both of which have forced Kenya to keep borrowing in order to pay. This coupled with the takeover of various sectors by Chinese, including sale of secondhand clothing and small wares which have negatively impacted small businesses also brought about the exploitation sentiments. However, the respondents who refuted exploitation claims stated that China, like any other country including Kenya, had a right

to exploit opportunities in Kenya. These respondents faulted the government for not doing enough to protect Kenyans from spiraling debt and runaway corruption that have resulted in the high cost of living for Kenyans and poor levels of socio-economic development. However, officials interviewed that borrowing is a necessary for economies that seek to grow. They too, however noted that corruption remains the biggest impediment to the socio-economic development of Kenya and other African nations. On its part, China maintains that deals are entered into are on a willing buyer, willing seller arrangement, there has been no arm-twisting.

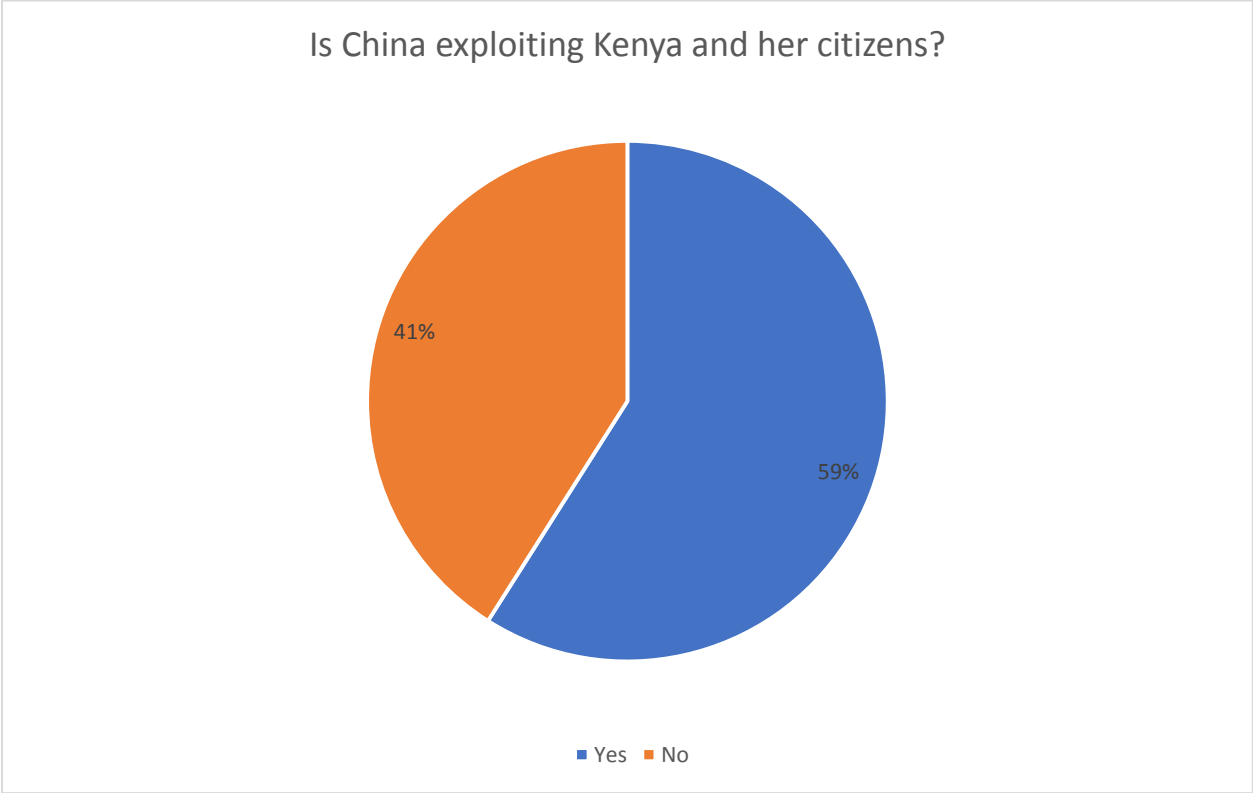


Figure 5.8 Allegations of exploitation of Kenya and her citizens by China

CHAPTER SIX

CONCLUSION AND RECOMMENDATIONS

6.1 Conclusion

China and the African continent have entered into heightened relations since the turn of the 21st Century. On the surface, these relations are termed as ‘win-win’. However, deeper scrutiny reveals serious challenges and issues which make this relationship far from being win-win. Closer examination has revealed that in true realist fashion, China has been on a mission to power its ever-growing economy as well as to assert its dominance and position in global politics. In order to do this, the East Asian nation has turned to Africa which is rich in natural and mineral wealth. Africa also has a population of 1.2 billion people and an ever-growing middle-class population. This provides fertile ground for China to be able to sell its wares and technology and maximize its profits overseas.

On its part, Africa has found itself a partner in development; a partner that offers it financing in the form of cheap and friendly loans and other lines of credit to be able to achieve its development goals as it seeks to lift its citizenry out of poverty and raise the standards of living. This has seen countries on the continent embark on various projects of various scales-large and small- with the aim of improving citizens’ lives and grow their economies. These projects have had positive impacts such as easing transport, provision of energy, technological transfer and efficient communication. This however, hasn’t been without its fair of challenges as well as questions regarding their validity and viability, vis-à-vis their cost.

China’s economic and political might have seen its influence grow at an unprecedented rate, with these inroads into African countries, especially those that are mineral-rich causing China to be accused of causing the ‘new scramble for Africa.’ This study has enumerated how the top destinations for Chinese investment on the continent are mineral-rich nations such as Angola, Nigeria and resource-rich such as Zambia and Algeria. The ‘Angola Mode’ of trade which is exchanging mineral resources for funding from China in particular, has come under sharp

criticism. China also stands accused of employing debt-trap diplomacy to trap and exploit African nations.

Africa on the other hand, while clearly being short-changed by China in Sino-African engagements, is merely a victim of circumstances and in most cases, its own poor governance. The continent is caught up in a dilemma in that it seeks to develop socially and economically, but it doesn't have the economic might to do so, resulting in turning to key global players such as China in a bid to achieve its goals. In this regard, African countries and their leaders find themselves entering into deals that don't favour them, in a bid to keep the funds from China flowing and perpetuating an endemic culture over dependence. This, even as corruption continues to draw back any gains made towards socio-economic development. Graft has made the lives of African people extremely difficult and impeded development such that even funds and other provisions, through well-intentioned and earmarked for development purposes, end up in the pockets of a select and greedy few.

Manufacturers and small-scale traders in Kenya have also blamed their trade woes and poor profits on Chinese actions in the country. The influx of cheap, substandard goods from China has greatly harmed Kenya and Africa's infant manufacturing sector and small-scale retail businesses. This, however, is a mixed blessing as Kenyans who are low-income earners are able to afford them while those that are locally manufactured and of good quality remaining out of reach due to their high costs.

The biggest challenge remains how Africa and Kenya in particular can harness the relationship with China. It is this lack of proper strategies and policies that has seen China continue to reap massive benefits from the continent, while under-development, poverty, trade imbalances and sluggish to no economic growth remain endemic to African countries. Chinese loans that are, on the surface, more friendly are actually riddled with clauses that see African countries pay hefty sums of money or worse, see Chinese state-owned and private companies manage key and strategic infrastructure for many years.

6.2 Recommendations

This researcher, after conducting this study, makes the following recommendations:

6.2.1 Recommendations to academia

First, that researchers in the field of international studies continue to progressively and aggressively pursue knowledge on how Africa and specifically Kenya can free itself from over-borrowing and over-reliance on funding from China and other nations. It is also important that key strategies of harnessing Sino-Kenya and Sino-China relations in future be put forward. This knowledge can thereafter be used to inform the policies of decision-makers.

Second, this study recommends that academia continues with further study on this subject for purposes of keeping up with its dynamic nature as well as for purposes of advancing clear, concise and practical knowledge for future scholars and students of international studies.

Thirdly, this study recommends that scholars get more involved in the policy-making processes so as to provide expert opinions and insights gained from thorough research conducted, with the aim of making more sound and effective policies for Kenya and African nations.

6.2.2 Recommendations to policy-makers

In order to maximize the benefits of Sino-Africa relations, African leaders and their governments must develop strong policy frameworks to ensure that deals entered into are fair and favour the people of Africa. Along with this, it is important that African countries combat corruption at all levels in order to safeguard the gains achieved from Sino-Africa relations. It is also important that African countries unite and forge a formidable force as envisioned under the African Union Charter in order to ensure that trade and politics between China and Africa are conducted on a more level playing field.

On matters trade, African countries must employ measures, whether in terms of law or policy to curb illicit goods from getting into their countries in order to protect consumers as well as the infant industries. Both tariff and non-tariff barriers can be used to minimize on the imports in order to stimulate manufacturing and keep the doors of these businesses open. African governments including Kenya should also ensure that they create a conducive environment for

small businesses and manufacturing to thrive as these two sectors are the backbone of any economy. This, along with application of modern technology, will help industries in Africa to transition from their infancy and become vibrant enough to withstand competition.

China, on its part, should play a more effective role when it comes to Africa's social development if it is to continue engaging favorably with the continent. This study has shown that the amounts of funds invested in social projects and programs are very negligible as compared to those invested in economic spheres. It needs to touch the hearts of the very people that it seeks to win over to its side. It will do so by embarking on projects that improve the lives of the common man including health, education, culture and poverty alleviation. This will see China continue to play a more prominent and effective role on the continent and specifically in Kenya.

Kenya on its part must stop over-borrowing from not only China, but other countries and organizations as well. Along with putting a stop to over-borrowing, Kenya must also slay the dragon of corruption if it is to gain from its engagements in China. The government must also move with speed to protect small-scale traders and ensure that jobs that can be done by Kenyans are not done by foreigners, even on projects undertaken by China. Sino-Africa and Sino-Kenya relations are here to stay, it is therefore incumbent upon both China and Africa to shape the future of these relations and ensure that national interests, as well as those of the citizens are served.

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APPENDICES

Appendix I: Introduction Letter

Date.....

Dear Respondent,

I am a graduate student of Master of Arts in International Studies at the University of Nairobi. As part of the requirement for the course, I am currently undertaking a study on the “*Role and Impacts of China on Africa’s socio-economic development (2000 – 2018)*” with a specific focus on Kenya.

The purpose of this letter is to kindly request that you to spare your time and complete this questionnaire or respond to the questions asked. The information obtained will be purely for this study and will be treated with utmost confidentiality. Your contribution to this study by completing this questionnaire will be of great value and will be highly appreciated.

Thank you for your cooperation and assistance.

Yours faithfully,

Caroline Wambui Mwangi

Appendix II: Questionnaire

This questionnaire has been set in relation to the objectives of the study; to establish "the role and impacts of China in Africa's socio-economic development: A Case Study of Kenya. Kindly read the questions carefully and answer them as honestly as possible by ticking (✓) or writing the correct answers precisely on the spaces provided.

SECTION A : RESPONDENTS' INFORMATION

1. State your gender

Male [] Female []

2. Age bracket

20 years – 30 years [] 31 years to 40 years [] 41 years to 50 years []

3. Level of education:

Primary School [] Secondary School [] College/ TVET [] Degree []

Post-graduate []

4. Monthly income:

Ksh. 20,000 and below [] Ksh. 21,000 – Ksh. 50,000 [] Prefer not to say []

Ksh. 51,000 – Ksh. 100,000 [] Ksh. 101,000 and above []

SECTION B: Role and Impacts of China in Kenya’s Socio-Economic Development

5. How significant is the role and impact of China on Kenya’s economic sector?

Very significant [] Fairly significant [] Significant [] Fairly Insignificant []

Very Insignificant []

Please explain your answer:

.....

.....

.....

6. China’s engagement in Kenya has made the lives of Kenyans better.

Strongly disagree [] Disagree [] Undecided [] Agree [] Strongly Agree []

Please explain your answer:

.....

.....

7. How has China impacted on your business?

Very Negatively [] Negatively [] Not at all [] Positively [] Very Positively []

Please explain your answer:

.....
.....
.....

8. Do you think that China is exploiting Kenya and her citizens?

Yes [] No []

Please explain your answer:

.....
.....
.....

9. Do you think that China's trade deals with Kenya are fair?

Yes [] No []

Please explain your answer:

.....

.....

.....

10. Do you think that the Kenyan Government has employed sufficient measures to ensure benefits of relations between China and Kenya are maximized?

Yes [] No []

Please explain your answer:

.....

.....

.....

11. Does Chinese-constructed and funded infrastructure in Kenya benefit Kenya's economy?

Yes [] No []

Please explain your answer:

.....

.....

.....

12. What are your views regarding the billions of shillings that Kenya owes China in debt every year?

.....

.....

.....

THANK YOU VERY MUCH FOR YOUR TIME

Appendix III: Interview Guide

Introduction Letter

Date.....

Dear Respondent,

I am a graduate student of Master of Arts in International Studies at the University of Nairobi. As part of the requirement for the course, I am currently undertaking a study on the “*Role and Impacts of China on Africa’s Socio-Economic Development (2000 – 2018)*” with a specific focus on Kenya.

The purpose of this letter is to kindly request that you grant me an interview with regard to this subject. The information obtained will be purely for this study and will be treated with utmost confidentiality. Your contribution to this study by answering the questions set out will be of great value and will be highly appreciated.

Thank you for your cooperation and assistance.

Yours faithfully,

Caroline Wambui Mwangi

Interview Guide

SECTION A: NATURE AND HISTORICAL DEVELOPMENT OF SINO-KENYA RELATIONS

1. What are your views regarding the history and development of China's relations with Kenya?
2. What have been the changes in China's relations with Kenya since year 2000?
3. How have China-Kenya relations been shaped by FOCAC?

SECTION B: ROLE AND IMPACTS OF CHINA ON AFRICA'S SOCIO-ECONOMIC DEVELOPMENT

1. How has China shaped Africa's socio-economic development?
2. How has FOCAC shaped China's role in Africa's socio-economic development?
3. Do you believe that China's relationship with African nations is win-win?
4. If so, how does this win-win nature manifest?
5. What are your views regarding the imbalances in the Sino-African relationship, especially in matters trade?
6. What are your views on the accusation that China is employing debt-trap diplomacy in Africa?
7. What, in your view, can African nations do to leverage their relationship with China?

SECTION C: ROLE AND IMPACTS OF CHINA ON KENYA'S SOCIO-ECONOMIC DEVELOPMENT

1. What role has China played in Kenya's socio-economic development between years 2000 and 2018?
2. What have been the impacts of the roles that China has played in Kenya's socio-economic development?
3. Please comment on the massive debts owed by Kenya to China.
4. Do you think that China's relationship with Kenya is win-win?
5. If so, explain the nature of this win-win relationship.
6. How can Kenya reduce the current trade imbalances between itself and China?
7. What strategies is Kenya employing or should it employ to shield its manufacturing sector against Chinese competition?
8. What role has China played in Kenya's social sector?
9. What strategies should Kenya adopt to ensure it reaps maximum benefit from its relations with China?

THANK YOU FOR YOUR TIME.



**NATIONAL COMMISSION FOR SCIENCE,
TECHNOLOGY AND INNOVATION**

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Ref. No. **NACOSTI/P/19/61961/31143**

Date: **8th July, 2019**


Caroline Wambui Mwangi
University of Nairobi
P.O. Box 30197-00100
NAIROBI.

RE: RESEARCH AUTHORIZATION

Following your application for authority to carry out research on ***“Role and impact of china in Africa’s socio-economic development (2000-2018): A case study of Kenya”*** I am pleased to inform you that you have been authorized to undertake research in **Nairobi County** for the period ending **5th July, 2020**.

You are advised to report to **the County Commissioner and the County Director of Education, Nairobi County** before embarking on the research project.

Kindly note that, as an applicant who has been licensed under the Science, Technology and Innovation Act, 2013 to conduct research in Kenya, you shall deposit **a copy** of the final research report to the Commission within **one year** of completion. The soft copy of the same should be submitted through the Online Research Information System.


DR. MOSES RUGUTT, PhD, OGW
DIRECTOR GENERAL/CEO

Copy to:

The County Commissioner
Nairobi County.

The County Director of Education
Nairobi County.

National Commission for Science, Technology and Innovation is ISO9001:2008 Certified

