



**University of Nairobi**

**INSTITUTE OF DIPLOMACY AND INTERNATIONAL STUDIES**

**THE ENVIRONMENTAL IMPACT OF CHINA'S ACTIVITIES IN AFRICA:**

**THE CASE OF KENYA**

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## **Abstract**

This central research sought to address the impact of China's development and industrialization activities and its trade with Kenya on the environment from the period between 2001 and 2011. This study found out that first, China-Africa relations are a rather more complex phenomenon; they are rooted in a long history comprising of economic, socio-political, strategic and cultural dimensions. This relationship is in three phases: the formative phase, the restructuring phase and the consolidation phase. Secondly, literature review shows that China's relations with Kenya have evolved significantly. They have been driven by development ventures related to China's need for natural resources such as crude oil to power its modern, growing economy and also support its expanding industrial base. As well as catering for the rapid growth of its manufacturing sector. Countries like Zambia and Gabon continue to bear the brunt of environmental degradation that is resultant from its relations with China. Therefore, there is need for Kenya to strengthen its policies and regulations in the conduct of its relations with China. Thirdly, it is evident from the research that China's development strategy prioritizes resource extraction for the global market; this has had negative ramifications on the environment. Just like any other development partner, China is interested in natural resources just like other donors and has transferred some industries in Kenya. Most of the industries that have been transferred from China usually have a large carbon Impact. Therefore, there is need to strengthen existing policies and regulations so to guard against dirty industries. Five key concerns and debates are the outcome out from this study. They include the question of equality and mutual benefit, the role of China in environmental diplomacy, transfer of dirty industries and waste trade and Economic Development vs. environmental protection. Therefore there is need for Kenya to look into these debates and address these key issues. This study recommends that first, for Kenya to benefit equally from its trade relations with China, there is need for it to invest more in the products in which it has comparative advantage. Secondly, there is need for Kenya to strengthen existing environmental laws and policies so that all the investments that China and other countries make in Kenya have minimal impacts on the environment. It should also heavily tax and introduce cumbersome procedures for transfer of industries that impact negatively on the environment. Lastly, Kenya should entrench low carbon development policies in its negotiations with potential investor countries.

**Declaration**

This research project is my original work and has not been presented for a degree/diploma in any other university.

Signature: ..... Date: .....

Limo K Argut

This research project has been submitted for examination with my approval as the university supervisor.

Signature: ..... Date: .....

Dr. Anita Kiamba

## **Dedication**

To my parents and siblings, I am grateful to you for laying the strong foundations on which most of what I do is built. Thank you for the values of integrity and discipline that you instilled in me.

## **List of Abbreviations**

AMCEN	African Ministerial Conference on the Environment
CNOOC	China National Offshore Oil Company
CRBC	China Road and Bridge Cooperation
EM	Ecological Modernization
FOCAC	Forum on China-Africa Cooperation
GEF	Global Environmental Fund
LAPSSET	Lamu Port Southern Sudan-Ethiopia Transport
NAM	Non-Aligned Movement
RMB	Renminbi
UNCTAD	United Nations Conference on Trade and Development
US\$	United States of America Dollars

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## CHAPTER ONE

### INTRODUCTION TO THE STUDY

#### 1.0. Background

The problems that we are experiencing at the moment have never been experienced in the past. Novel trends have emerged; this is attributable to record an increase in populace, uptake and the usage of land and other natural resources. For instance, approximately thirty years ago, environmental movements were occupied with issues such as urban air pollution, lack of clean water supply and poor waste management. Newer problems such as depletion of the ozone, and loss of biodiversity, invasive species, sea level rise and death of corals are some have taken center stage. In addition to these current environmental problems, developing countries are still plagued by problems that were experienced thirty years ago.<sup>1</sup>

Scientists now warn that the environmental impacts of economic expansion and rapid economic growth especially in developing countries in recent years continue to destroy the already weak natural cycles upon which all flora and fauna depends.<sup>2</sup> Consequently, environmental issues have become a topic that demands attention; environmental degradation has become a threat in most developed and developing countries. No country or region can make progress on the basis of primary productive occupations alone especially when such a region has a large and rapidly growing population.<sup>3</sup>

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<sup>1</sup> Mukund Govind Rajand, *Global Environmental Politics: India and the North-South Politics of Global Environmental Issues* (Oxford University Press, 1997), P.270.

<sup>2</sup> Benedick, R.E., *Ozone Diplomacy: New Directions in Safeguarding the Planet*, Cambridge, Mass. and London: Harvard University Press, 1991, rev. ed. 1998.

<sup>3</sup> Jasdeep D., Singh H., and Gupta M., *Industrialization at The Cost of Environmental Degradation; A Case of Leather, Iron and Steel Industry from Punjab Economy*, *Innovative Journal of Business and Management* 2, 2013

Consequently, developing countries have become the hardest hit by the world's severe environmental problems and natural resource-based conflicts. Progressively, they are formulating resource and environmental governance policies to curb these problems. However, they are yet to come up with legal mechanisms and public infrastructure that is needed to control pollution. It has also proven difficult to screen small and informal organizations which continue to flourish.<sup>4</sup>

Africa remains poor despite the riches of its biological, mineral and human resources. This argument is supported by the fact that issues such as malnourishment still plagues the people of Africa as a result of food insecurity. More so environmental degradation continues to threaten the continent's agricultural and pastoral lands, watersheds, and surface and groundwater sources. Not forgetting the threats posed to the rich forests and savannahs of the continent as well as the animal species across the region. Consequently, Africa still remains a rich continent with poor people.<sup>5</sup>

A move by Africa to trade with China has increased the foreign direct investment flowing into the continent thirty-fold between the 2003 and 2011 from US\$491m to US\$14.7 billion. Additionally, China promised loans to be transferred to Africa worth over US\$20 billion for more than three years of investment in infrastructure, agriculture and manufacturing sectors. If this happens as pledged, China will therefore be Africa's leading bilateral trade partner.<sup>6</sup> All has been pursued with the environment being ignored thus begging the question at what cost is development being achieved?

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<sup>4</sup> Mukund Govind Rajand, *Global Environmental Politics: India and the North-South Politics of Global Environmental* University Press, 1997), P.270. *Issues* (Oxford

<sup>5</sup> Huggins C (UNEP), *Africa Environment Tracking: Issues and Developments*, 1

<sup>6</sup> Africa Research Institute, *Between extremes China and Africa*, Briefing Note 1202, October 2012, p.1

The stability of Kenya's economy depends on agriculture; its economic wellbeing is closely related to the status of the environment.<sup>7</sup> Growth in the Kenyan economy has often been coupled with signs of environmental degradation and pollution. This has been experienced in the form of degraded forests and wetlands, reduced wildlife, water and land shortage and depleted non-renewable resources. The challenge for the government is to not only achieve economic growth, create jobs and revenue but also conserve natural resources and the environment.<sup>8</sup>

Destruction of environment is both an environmental and an economic issue. It is often triggered by economic activities which would give rise to economic costs. These costs have a bearing on future growth, revenue and fairness in Kenya and it is likely to worsen the status quo. Natural resources and ecosystem goods and services reinforce an enormous capacity of producing and consuming activities. The main productive sectors in Kenya have a direct connection to raw materials which are often accrued from natural resources.<sup>9</sup>

The deterioration in the quality of the environment and resources often impacts on economic activities by lessening the quantity of environmental goods and services obtainable for future production and consumption.<sup>10</sup> If the environment is conserved therefore, it will provide new raw materials such as land, water, minerals and timber for economic production and

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<sup>7</sup> Emerton L, Karanja F., and Gichere S., *Environment, Poverty & Economic Growth In Kenya: What Are The Links, and Why Do They Matter?* Policy Brief no.2, Project No. UNTS/RAF/008/GEF P.O. No. 9333, IUCN, 2001

<sup>8</sup> Emerton Lucy, *The National Economy and Environmental Degradation in Kenya*, African Wildlife Foundation Discussion Papers Series, Applied Conservation Economics Discussion Paper no.3, 1997

<sup>9</sup> Emerton L, Karanja F., and Gichere S., *Environment, Poverty & Economic Growth In Kenya: What Are The Links, and Why Do They Matter?* Policy Brief no.2, Project No. UNTS/RAF/008/GEF P.O. No. 9333, IUCN, 2001

<sup>10</sup> Ibid

consumption generates ecological services such as pollution regulation, climate control and water catchment protection.<sup>11</sup>

Therefore, there is need for the government to optimize natural resources and agricultural resources uses is vital to achieve higher levels income, higher standards of living, greater opportunities for employment and overall development.<sup>12</sup> In this case, my study will address the impact of China's development and industrialization activities and its trade with Kenya on the environment from the period between 2001 and 2011.

### **1.1. Statement of the Research Problem**

Economic activities especially development of infrastructure and exploration of natural resources are always bound to have an impact on the environment. Often, these effects have a negative impact on the environment. This may include issues such as, disturbance in the ecological system, soil erosion, a decrease in air quality and a variety of other environmental issues.

China's environmental record of rapid industrialization at the expense of the environment- both at home and in Africa has been the subject of criticism.<sup>13</sup> For a very long time, there been intermittent famines, floods, and serious epidemics of an extensive diversity of illnesses.<sup>14</sup> At the moment, most African countries have concentrated their efforts on environmental issues but then again it is not a policy priority. For African governments, there are more pressing needs such as sicknesses, large numbers of poor people, conflicts, tribal

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<sup>11</sup> Emerton L, *The National Economy and Environmental Degradation in Kenya*, African Wildlife Foundation Discussion Papers Series, Applied Conservation Economics Discussion Paper no.3, 1997

<sup>12</sup> Jasdeep D., Singh H., and Gupta M., *Industrialization at The Cost of Environmental Degradation; A Case of Leather, Iron and Steel Industry from Punjab Economy*, *Innovative Journal of Business and Management* 2

<sup>13</sup> Yimin Yi, Improving China's Aid and Investment to Africa with a More Open Attitude, in *Chinese Research Perspectives On The Environment* 381, 384 (Yang Dongping ed

<sup>14</sup> Kiggundu Sarah, *Addressing Emerging Environmental Issues in 21st Century Africa*, Consultancy Afr. Intelligence, 2010

vehemence, and religious fanaticism. There is need to identify the various impacts that economic relations between China and Kenya have had on the Kenyan environment.

China's policy has not been able to follow up on the effects its companies operating overseas have had on the environment. There is mounting indications that China is now inspiring its establishments abroad to follow enhanced conservational practices.<sup>15</sup> In matters to do with the environmental protection in Kenya, there is need to examine whether China is adhering to the environmental policies that have been put in place by Kenya. There is need to look at the co-existence between environmental protection and the China- Kenya economic relationship.

## **1.2. Objectives of the Study**

The overall objective of this study is to analyse China's environmental Impact in Africa with a focus on its economic relations with Kenya.

Specifically, this study seeks to:

- i. Examine the nexus between China-Kenya trade relations and the environment;
- ii. Analyse how China- Kenya economic relations affect the environment;
- iii. Identify policy gaps in national environmental policies that govern trade relations and come up with recommendations to fill the gaps.

## **1.3. Literature Review**

This section will analyse all literature that relates to China's activities in Africa with a focus on China-Kenya relations.

### *1.3.1. The impact of Industrialization on China*

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<sup>15</sup> David Shinn, China in Africa: Environmental Implications and the Law, INT'L POL'Y DIG. Retrieved from <http://www.internationalpolicydigest.orgchina-in-africa-environmental-implications-and-the-law/>.

China's environmental problems have worsened over the years; it is has been christened the world's principal polluter. Water contamination and shortage are inconveniencing growth of its economy and growing levels of air contamination are imperiling the well-being of masses in China. Moreover, considerable amounts of land are rapidly turning desert. China also tops in the world's environmental problems, such as climate change, marine pollution and illegal logging and trade in timber. As China's environmental problems surge, so do the dangers to its economy, general health and well-being, common stability, and global standing.<sup>16</sup>

China's speedy growth, frequently hyped as an economic wonder, has developed into an environmental tragedy. Rapid development essentially necessitates the enormous usage of natural wealth, nonetheless China uses particularly impure and ineffective energy, with dreadful implications for the country's ecological systems. Coal, which has been used to propel China's economic progress, for example, is hurting the health of its publics. Coal accounts for roughly 70 percent of the energy in China: for instance China consumed approximately 2.4 billion tons of coal power in 2006.<sup>17</sup>

Of the 20 furthestmost polluted capitals, China hosts 16; four of them are in the category of the worst in condition such as Shanxi Province in northeastern China. Most of the sulfur dioxide that is produced and fifty percent of its particle expulsions are the consequence of the usage of coal. Respiratory sicknesses are attributable to particulates; the resultant sulfur dioxide

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<sup>16</sup> Economy E., *The Great Leap Backward?; The Costs of China's Environmental Crisis*, Council on Foreign Relations, New York, United States, 2007

<sup>17</sup> Economy E., *The Great Leap Backward?; The Costs of China's Environmental Crisis*, Council on Foreign Relations, New York, United States, 2007

is known to cause acid rain. These have negatively impacted agricultural lands hence farm productions and continue to erode buildings.<sup>18</sup>

Chinese designers develop more than fifty two thousand, seven hundred miles of new roads and introduce fourteen thousand new cars every day. China is anticipated to have approximately one hundred and thirty million motor vehicles by the year 2020. Moreover, leaders seek to relocate approximately 400million people to newly developed urban centers; this means that they will have to create most of these structures, which are often not energy efficient.<sup>19</sup>

Centuries of loss of forests, grazing in the same grasslands for a long time, and cultivation of cropland for a very long time without giving time for land to regenerate are the major causes of degradation in Northern China. Forests and farmlands have been cleared over the past half century to enable manufacturing and extensive cities; this has resulted in waning crop harvests, damage of flora and fauna, and change of climatic within China. Most of Western and Northern China is submerged by Gobi Desert; this phenomenon has been increasing by about one thousand nine hundred square miles yearly.<sup>20</sup>

China's actions have had an impact at the global level. For instance, the acid rain which is produced by China's coal plants affects Japan and South Korea. Moreover, sand gales that cut

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<sup>18</sup> Ibid

<sup>19</sup> Ibid

<sup>20</sup> Economy E., *The Great Leap Backward?; The Costs of China's Environmental Crisis*, Council on Foreign Relations, New York, United States, 2007

crossways the Gobi Desert during the spring time often deposit toxic dust in these countries. Most of sulfur particles and soot that is found in the U.S today have been traced back to China.<sup>21</sup>

Furthermore, China is highly contributing to climate change. China's allies in the emergent world continue to face extra environmental burdens that result from China's activities on their land. The country is worldly known to import illegitimately listed lumber; Unlawful logging is predominantly harmful to the atmosphere as it repeatedly aims at rare old-growth woodlands, imperils flora and fauna, and disregards ecofriendly forestry practices.<sup>22</sup> This means that most indigenous forests in China's development partner countries in the developing world are at risk of degradation.

Numerous researches piloted both within and outer China approximate that ecological dilapidation and contamination take about eight to twelve percent of China's GDP per annum. This situation is further aggravated by the fact that although Beijing sets aspiring objectives to defend the atmosphere, resident bureaucrats regularly flout them, favoring further advancement of economic growth.<sup>23</sup> Hence, the status quo in China begs the question: What will happen to Africa when China invests without adhering to proper environmental guidelines since most countries in Africa do not have strong environmental policies?

### *1.3.2. The Place of the Environment in China-Africa Relations*

China has not only undergone difficulties allied to an unfledged economy but also concurrently realized growing ecological complications. This has impacted massively on China's

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<sup>21</sup> Ibid

<sup>22</sup> Ibid

<sup>23</sup> Economy E., *The Great Leap Backward?; The Costs of China's Environmental Crisis*, Council on Foreign Relations, New York, United States, 2007

conservational processes, and have shaped China's strategic goals in environmental diplomacy. Nations applying eco-friendly procedures are faced with numerous inflexible choices for policies, akin what China went through for most of the last two decades.

Environmental issues are transboundary; it is therefore evident that no state can by themselves fully deal with them. Hence, the third world countries' must come to terms with this fact and start pooling its strength in advocating for environmental policies in line with their millennium development goals. Nevertheless, emerging countries have made extraordinary determinations with intended emissions declines, but it has become difficult to convince the industrialized world that these nations are by this time doing as much as they can.<sup>24</sup>

While some developing nations have made colossal progress, the general record is varied at best. There is no funding and trained personnel for Environmental regulatory agencies and countries are yet to build effective infrastructure to control pollution. Moreover, the political will in terms of solid environmental policies to apply regulations is hitherto to be developed by many developing countries.<sup>25</sup>

However, Chinese companies are increasingly using environmental impact assessments;<sup>26</sup> they are also establishing greater interest in protecting the environment.<sup>27</sup> In its relations with Africa and other countries, China's strategy includes accessing resources that such as oil and minerals that have been ignored because of their small size, geographically inaccessible or risks

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<sup>24</sup> Mukund Govind Rajand, *Global Environmental Politics: India and the North-South Politics of Global Environmental* University Press, 1997), P.270

<sup>25</sup> Mukund Govind Rajand, *Global Environmental Politics: India and the North-South Politics of Global Environmental* University Press, 1997), P.270.

<sup>26</sup> Becky Davis, Chinese Mining Group Sets Guidelines for Overseas Interaction, N.Y. TIMES <http://www.nytimes.com/2014/10/25/business/international/chinese-mining-group-sets-guidelines-for-overseas-interaction.html?r=1>.

<sup>27</sup> David Shinn, China in Africa: Environmental Implications and the Law, INT'L POL'Y DIG. [hereinafter Shinn, China in Africa], <http://www.internationalpolicydigest.orgchina-in-africa-environmental-implications-and-the-law/>.

Western Countries political interests. To achieve this, China has had to invest heavily in minerals, exploring oil and supporting some social amenities. Individual entrepreneurs in China have expanded into Africa with their various ventures. The Chinese government only finances and owns few large enterprises which finance the infrastructure and extractives sectors.

### *1.3.3. The Environmental Impact of China- Africa Relations*

The swiftly developing economic bonds in lieu of China, adds to our continent's robust economic development in the latter era.<sup>28</sup> China has been fronted to offer guidance on commodities suitable to the needs of African societies than those from first world nations, since it has for a long time been classified as a developing country. China uses an expansion plan that prioritises abstraction of resources for the worldwide needs a central, much more investments, that are able to be implemented through dictatorial ways when needed. This type of plan might indorse temporary growth in trade and industry; however it frequently causes 'resource curse' during the long-term.<sup>29</sup>

Consequently, environmental disquiets have risen because first, investments are often done in environmentally delicate projects which span in the array of energy and infrastructure involvement.<sup>30</sup> Water powered projects and lumberjacking sectors generally are huge environmental risks. The Chinese plan of action in making formerly unreachable minerals available complicates more on the subject matter. The Chinese are now coming up with innovative ideas in faraway, ecologically delicate regions, in areas that are endangered such as

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<sup>28</sup> Goldstein A, N Pinaud, H Reisen & X Chen, *The Rise of China and India: What's in It for Africa?* OECD, May 2006.

<sup>29</sup> Bousshard P., *China's Environmental Impact in Africa*, SAIS Working Paper in African Studies, 2006

<sup>30</sup> Economy E., *The Great Leap Backward?; The Costs of China's Environmental Crisis*, Council on Foreign Relations, New York, United States, 2007

national parks and in countries with fragile governance structures. China's local policies have remained prioritised.<sup>31</sup>

Thirdly, this principle which favors not the environment, but rather a sky rocketing growth economically for a country does not assure the best results in the long run. However, there is a legal framework and bodies to guard what is endangered in our case, albeit partial achievement.<sup>32</sup> As a result, China may risk flying out its local ecological poor experience to wider and more potentially softer areas around the globe via its international economic policy. Local environment strategies can bring forth a will of determination for her notorious polluters to move away their production to vulnerable third world countries.

Fourth, prior the new millennium major Chinese stockholders, supporters and suppliers of equipment never approved these principles, nor adopted measures in conformity with global benchmarks. First world financial aid funds and similar firms were apprehensive with their Asian challengers are employing inferior ecological standards, an approach in use in order of gaining bigger profit in the energy exploration sector. Lastly, their growth within our continent has fuels the flames of suspicion towards the first world's worries in China's speedy rise economically will put a weighty stress in global mineral resourcefulness

#### *1.3.4. Principles of China's Environmental Diplomacy*

The first principle highlights that China's environmental diplomacy ought to assist internal affairs. Specifically, China's posture on international environmental issues should be valuable to its local politics and economics, but at the same time improve the local environment. Therefore,

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<sup>31</sup> Ibid

<sup>32</sup> Economy E, *The great leap backward?* Foreign Affairs , September/October 2007, for a good summary of China's environmental problems and their link to inadequate governance structures.

external matters must serve internal interests. The second principle is that China's environmental policies must not be determined by other nations' demands. China will create its own decisions and follow its own policy decisions when partaking in international environmental activities. The government will not yield to external stresses, and will not permit additional countries to use the environment as a justification to obstruct its internal affairs.

Third, China has five principles for peaceful coexistence which seek to balance China's national interests and international diplomatic relations. These principles have helped China to define and explain its actions in the international system. They include shared respect for state integrity, mutual non-interference in internal affairs, partaking in international activities which distinguish equality and provide for mutual benefit between states; and peaceful co-existence. Only through peaceful co-existence can every country manage existing environmental glitches and conflicts.

Fourth, there should be concern for both the short-term internal interests and the long-term, external interests. China also considers the rights and wellbeing of other countries, predominantly those of emergent countries.<sup>33</sup> Thus, China trusts that its environmental diplomacy must influence China and all other emerging countries. This principle is driven from within, reflecting the view that what is good for China is good for the planet. However, China does not admit the contradictory notion, as pointed out in principle number two.

Finally, China's environmental diplomacy must be subsidiary to the bigger objectives of the state's global diplomacy. While environmental diplomacy is imperative, it cannot endanger

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<sup>33</sup>*Li Peng Meets Experts Attending International Environmental Law Symposium*, Xinhua, Aug. 12, 1991, in LEXIS, Asiapc library, Allasi file.

plan in one political arena to attain objectives in the other.<sup>34</sup> When a conflict arises, the environmental policy ought to be improved to fit into the larger plan of global diplomacy.

### *1.3.5. Literature Gap*

From the literature review, it is evident that there is a lot of literature on China-Africa economic relations and also on China-Kenya economic relations. There is also mention about the environmental impact of China's economic relations with Africa but with a focus on Zambia and the Democratic Republic of Congo. There is not much information on the environmental impact of Kenya-China economic relations. This study therefore seeks to fill this gap.

## **1.4. Hypotheses**

This study tested the following hypotheses:

- i) There is no relationship between China's activities in Kenya and the environment;
- ii) The existing environmental policies that govern trade address all environmental degradation concerns;
- iii) In China-Kenya trade relations; there are policy gaps that relate to environmental degradation.

## **1.5. Theoretical Framework**

The study adopts Realism. According to Kenneth Waltz, a world renowned realist, the international system is defined by anarchy- there is no central authority that presides over states which are sovereign and thus autonomous over each other. In this kind of arrangement, a state's supremacy is important since states can only defend themselves through power and hope to

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<sup>34</sup> This was evident, for example, when the Chinese delegation refused to sign onto the final product of the Stockholm convention, because it did not contain a strong enough socialist statement. GREENFIELD, *supra* note 12, at 219-21.

survive. Realists state that survival in the international system is the goal of every state. Moreover, since states have to survive, states have to act the best they can in order to make the most of their probability of continuing to exist.<sup>35</sup>

In a bid to gain economic clout and to maintain its place in the international system, China is investing in different sectors of the economy all over the world today. China's activities in Africa have elicited interests in academic, policy and media circles in the past ten years. It has become a concern whether China's policy towards Africa will mark a significant change in Africa's International economic and political relations and whether they have any impacts on Africa's development partners from the West.<sup>36</sup>

In the realist tradition, Barrett argues that states should acknowledge the normative component in global relations.<sup>37</sup> The realism approach contains various streams of theoretical thoughts which for axiomatic reasons differ on a variety of matters. One aspect where the classical realism and the structural realism differ is on the matter of the incentives for states to pursue power. In the former's perception it is due to human nature, while the latter's perception is that pursuit of power is embedded within the international system as it, so to say, is within the architecture of the international system. In addition, the classical realists perceive power to be an end, whereas the structural realists perceive power as a means to the end, which ultimately is survival.<sup>38</sup>

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<sup>35</sup> Waltz K., *Theory of International Politics*, Addison-Wesley Reading 1979

<sup>36</sup> Botchway F., Regime Theory and China-Africa Economic Relations: New? or Old? Order? In Bev-Baillet Latour Chair of EU-China Relations, EU International Relations and Diplomacy Studies,

<sup>37</sup> Scott Barret 2005

<sup>38</sup> Mearsheimer, J., *The Tragedy of Great Power Politics*, New York: Norton, 2001

There has been a shift in the ways in which such methods are presented and protected. Within the realist discourse, the environment denotes an obvious change that is characterised by the cumulative reception of capitalism as the eventual background and zero-point for environmental problem-solving.<sup>39</sup> In this case, capitalism is concerned with human degradation of the natural world, but who also accept that capitalism is the only game in town. The urgent need to address global climate change demands that people engage with the current tools. Therefore, being realistic about what is possible entails the necessities of the marketplace and the rules of supply and demand are natural, immutable and unavoidable. Accordingly, environmental disasters cannot be copiously forfended, nonetheless only sufficiently managed.<sup>40</sup>

Realism scrutinizes whether or not customs are overlooked or applied and not how they work. These norms reflect the global power relations; however, realism does not state whether or not they create these power relations.<sup>41</sup>

The environmental debate is best understood in the context of the growth of ecological modernization (EM). EM refers to a group of technocratic, production-oriented eco-efficiency policy dissertations that are founded upon the modest common theory that anthropological degradation of environmental systems can be divorced from economic development, and that capitalism and industrialism can be made more environmental friendly through the employment

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<sup>39</sup>Schellenberger, Michael. And Ted Nordhaus. "The Death of Environmentalism: Global Warming Politics in a Post-Environmental World." Environmental Grantmakers Association, October 2004, [http://thebreakthrough.org/PDF/Death\\_of\\_Environmentalism.pdf](http://thebreakthrough.org/PDF/Death_of_Environmentalism.pdf).

<sup>40</sup> Ibid

<sup>41</sup> Palmujoki E., Sixth Pan-European Conference on International Relations, Torino Section Seven: Global Governance, a Critical Encounter, Department of Political Science and International Relations University of Tampere Finland, 2006

of market based instruments which are controlled through systems of regulation, investment and trade.<sup>42</sup>

EM does not politicize ecological problems; instead, it underpins an understanding of the economy as an impartial, non-political domain which cannot be controlled by other organized social forces. This type of realism naturalizes existing market-relations and the notion of the opposition state while concurrently relegating substitute eco-political viewpoints on the basis of their suspected technical inferiority. This kind of reconciliation between capitalism and ecology has resulted in the depoliticization of their relationship.<sup>43</sup>

Several themes come out in the analysis of China's environmental Impact on Kenya: First, science and technology are charged for contributing to environmental problems but have also provided a solution to environmental problems. Often, the traditional remedial and repair choices are substituted by precautionary, socio-technological methods which integrate ecological concerns from the plan stage of technological and organisational modernizations. Notwithstanding a seeming mounting doubt of adept information concerning meanings and reasons and answers for environmental glitches, science and expertise are not marginalised.<sup>44</sup>

Secondly, market dynamics and economic agents have gained a much more important role as carriers of ecological reform and modification, as well as the more conservative groups of state organizations and novel social arrangements that triumph in all most all social philosophies on the environment. Thirdly are the changes in the role of the state. More decentralised, elastic

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<sup>42</sup> Hajer, Maarten A. *The Politics of Environmental Discourses: Ecological Modernization and the Policy Process*. Clarendon Press: Oxford, 1995) pp. 30

<sup>43</sup> Blühdorn, Ingolfur and Welsh, Ian 'Eco-politics beyond the paradigm of sustainability: A conceptual framework and research agenda', *Environmental Politics*, 16: 2,2007, pp. 186

<sup>44</sup> Mol P., and Sonnenfeld D., *Ecological Modernization Around the World: An Introduction*, *Environmental Politics* 9(1):3-16, Spring, 2000

and consensual styles of governance appear, with fewer top-down, national command-and-control environmental regulation regularly discussed as political modernisation.<sup>45</sup> There are more opportunities for non-state actors to adopt traditional administrative, supervisory, managerial, commercial<sup>46</sup> and mediating roles of the countries, referred to by some as sub-political arrangements. Up-and-coming supra-national organizations also undercut the state's traditional role in environmental transformation.<sup>47</sup>

Fourth is the alteration in the position, role and philosophy of social actions. Social movements have become involved in public and private decision making processes with regards to transformations in the environment compared to when they were limited to peripheries of such processes in the 1970s and the 1980s.<sup>48</sup> There is also a fractional shift from anti-systemic de-modernisation to reform ideologies. These alterations have created new debates within the social movement organisations with regards to tensions of dualistic approaches and philosophies. Lastly are the changing conversational practices and emergent novel principles. Complete negligence of the environment and the vital counter-positioning of economic and environmental benefits are no longer acknowledged as genuine positions. Intergenerational harmony in dealing with the sustenance base has arisen as an acknowledged crucial norm.<sup>49</sup>

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<sup>45</sup> Jänicke, M. and H. Weidner, *Successful Environmental Policy: An Introduction*, In: M. Jänicke and H. Weidner (eds.), *Successful Environmental Policy. A Critical Evaluation of 24 Cases*, Berlin: Sigma, 1995, pp. 10-26

<sup>46</sup> Mol P., and Sonnenfeld D., *Ecological Modernization Around the World: An Introduction*, *Environmental Politics* 9(1):3-16, Spring, 2000

<sup>47</sup> Beck, U., *The Reinvention of Politics: Towards a Theory of Reflexive Modernization*. In: U. Beck, A. Giddens and S. Lash, *Reflexive Modernization. Politics, Tradition and Aesthetics in the Modern Social Order*, Cambridge: Polity Press, 1994, pp. 1-55;

<sup>48</sup> Mol P., and Sonnenfeld D., *Ecological Modernization Around the World: An Introduction*, *Environmental Politics* 9(1):3-16, Spring, 2000

<sup>49</sup> Spaargaren, G. and A.P.J. Mol, *Sociology, Environment and Modernity: Ecological Modernisation as a Theory of Social Change*, *Society and Natural Resources* 5, 4, 1992, pp.323-344

## **1.6. Justification of the Study**

This study aims to provide insights into China's environmental Impact in Africa with a focus on economic relations between China and Kenya. China has become a major partner and also a major player in Kenya's trade sector. However, China's activities have in the process continued to contribute majorly to environmental degradation. However, China has begun to invest in low carbon development.

There is limited information with regards to China –Kenya relations and its impact on the environment. This study seeks to fill in the gaps in the conduct of relations between Kenya and China. It will also bring in new knowledge and perspectives on the importance of the environment in trade relations. This Study will add to the growing body of literature in the field of China- Africa relations. This study also therefore seeks to fill the gap in literature.

Additionally, this study will look into Kenya's and China's policies and approaches to their economic relations. The recommendations of this Study provide lessons for other countries as they address environmental issues in their relations with China. This study also lays a foundation for further research studies such as issues of economic development vs. environmental protection, which are aimed at addressing environmental issues that arise when countries are conducting economic relations with other countries.

## **1.7. Research Methodology**

This study used a Case Study Design (CSD) within a qualitative framework. A case study is defined as “an empirical inquiry that investigates a contemporary phenomenon within its real life context when the boundaries between phenomena and context are not clearly evident and in

which multiple sources of evidence are used.”<sup>50</sup> This method was chosen because it is valuable, has distinctive characteristics that include looking out for all the relevant evidence, looks at different interpretations of the situation, identifies the most significant aspects in the area under study and calls for the use of the researcher's prior expert knowledge to further the analysis. It can also be used in combination with other methods.

This Study is qualitative research; it, therefore, utilized information from the library and the internet as the main sources of information. In this case, published and unpublished secondary data was used to put issues into context and to justify the research study. Data from books, journals, protocols, reports and other relevant published materials were incorporated in the study in order to build on the literature and put issues in the China- Kenya relations into perspective. All these materials were explored to provide a better understanding of the environmental implications of China- Africa relations.

## **1.8. Chapter Outline**

The study is structured around the following five (5) chapters:

Chapter one: Introduction to the Study

Chapter Two: The Environmental Impact of China – Africa Relations: An Overview

Chapter Three: China’s Environmental Impact in Kenya, 2000 - 2010

Chapter Four: China’s Environmental Impact in Kenya: A Critical Analysis

Chapter Five: Conclusions

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<sup>50</sup> Yin R., Case Study Research: Design and Methods, Newbury CA: Sage publishing, 1991

## CHAPTER TWO

### THE ENVIRONMENTAL IMPACT OF CHINA – AFRICA RELATIONS: AN OVERVIEW

#### 2.0. Introduction

Chapter one introduced the idea of China-Africa relations and its impacts on the environment. It set objectives and explained the statement of the problem. It looked at the hypothesis, reviewed relevant literature and used the theory of environmental diplomacy to put the topic into perspective. It also discussed the methodology of research. This chapter will therefore carry out a historical overview of china-Africa relation but focus on China –Kenya relations and its impacts on the environment.

#### 2.1. Drivers of Sino-Africa Relations

The relationship between African states and China has largely been based on development ventures related to China's need for natural resources such as crude oil to power its current, emergent economy and likewise preserve its growing industrial base in addition to catering for the speedy development of its manufacturing sector.<sup>51</sup> All which can be met by the abundant resources present within Africa. As Chinese growth depends heavily on its manufacturing sector it therefore pursues a reliable consumer market which would be vital in sustaining its steep developmental trajectory. So far Africa has offered a dependable consumer market that is continuously sustaining the Chinese developmental trajectory.<sup>52</sup>

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<sup>51</sup> Konings P, "China and Africa: Building a Strategic Partnership" *Journal of Developing Societies*, Vol 23: 3 (2007): 350

<sup>52</sup> Haroz D, "China in Africa: Symbiosis or Exploitation, Fletcher Forum of World Affairs" Vol.35: 2( November 2011): 72

More so the liberalization of the African markets has allowed for the participation of new actors including Chinese firms. Not forgetting that a move to privatize state owned enterprises in China is made possible by new investment opportunities outside China to complete their transition. Africa thereby provides for this new investment opportunities outside China that support the transition into privatized industries. Additionally, the ever increasing Chinese involvement in Africa projects it as a global super power. As such China is demonstrating that it is a force to reckon with in terms of competition with United States and countries in Europe, by moving out of its region into other strategic regions.<sup>53</sup>

The current state of affairs within nations even as they continuously relate with other actors within the system is shrouded by their overwhelming need for development. With regards to the state of the environment analysing the impact of trade, industrialization and development on the environment becomes an important task. The question being at what cost is development achieved? As relations between China and Africa continue to burgeon it becomes important to identify the impact of trade, industrialization and on the environmental improvement.

On the one hand, China, like many other developing nations, faces glitches such as serious ecological issues, low standards of living, and moderately low technological development. However, it is a key player in global power politics, as demonstrated by its increased influence within the United Nations system. Thus it becomes important to assess its stand on environmental policies with regards to trade, industrialization and development especially as it relates with other developing countries particularly those within the African continent.

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<sup>53</sup>Haroz D, "China in Africa: Symbiosis or Exploitation, Fletcher Forum of World Affairs" Vol.35: 2( November 2011): 72

## 2.2. The Phases of China-Africa Relations, Economic Growth and FOCAC: An Overview

China-Africa relations are a rather more complex phenomenon; they are rooted in a long history comprising of economic, socio-political, strategic and cultural dimensions. This relationship is in three phases: the formative phase, the restructuring phase and the consolidation phase. The formative phase occurred in the period between 1950s to the mid-1970s; defined by anti-imperialism and the effects of the Cold War. It was solemnized by the Bandung Conference, from which the Non-Aligned Movement (NAM) was molded. At this time, most African countries were struggling to achieve their independence and reasserting their national identities while China was repositioning itself in the global arena.<sup>54</sup>

The second phase, the restructuring phase, occurred in the mid-1970s to the end of the 1990s. According to Shinn and Eisenman, these relations were spurred by the quest for African resources and Chinese products. It was characterized by major economic reforms. There was movement from political to economic relations; China-Africa relations were less important as China was dealing with the United States-United Soviet Socialist Republic (USSR) *détente* and with its own modernization. The last phase is the consolidation phase; it was characterized by an explosive economic growth.<sup>55</sup>

Chinese companies have been putting most of their money in those sectors that were neglected such as the development of weirs and other infrastructural projects in most African

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<sup>54</sup> Shinn David and Eisenman Joshua, *China and Africa: A Century of Engagement*, Philadelphia, University of Pennsylvania Press, 2012.

<sup>55</sup> Ibid

countries.<sup>56</sup> China has had the highest level of official contacts that is unmatched in terms of Africa's relations with other major powers. For example, between 1956 and 2006, there were 800 high level visits between African countries and China. Chinese officials, including cabinet ministers, have also made over 160 visits to Africa. From the African front, 542 Africans of ministerial ranks have also made 678 visits to China.<sup>57</sup>

As part of the third phase, a number of optimistic developments have been powered by Chinese investments for African resources. In this respect, China has arisen as Africa's important economic partner and is presently the principal financier to most projects in Africa. For instance, China has built hospitals in Angola; a road in Zambia's capital, and stadiums in Sierra Leone and Benin among other projects.<sup>58</sup>

China is mostly interested in natural resources, most of which are located in rural centers. In order to access these resources, China has had to construct infrastructural facilities. These facilities have helped open rural economies and help farmers in cities and regionally as well their access to markets for their products, since most of Africa's rural economy is agricultural based. For instance, the *Thika* super-highway has connected Nairobi and the world to local farmers mostly in rural central regions of Kenya. Similarly, the ongoing standard gauge railway, which is funded by China, seeks to connect the Mombasa sea port to the hinterlands of East and Central

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<sup>56</sup>Cheru Fantu and Obi Cyril *Introduction – Africa In The Twenty-First Century: Strategic And Development Challenges*, In *The Rise Of China And India In Africa: Challenges, Opportunities and Critical Interventions*, The Nordic Africa Institute, Sweden 2010, p11.

<sup>57</sup>Shinn David and Eisenman Joshua, *China and Africa: A Century of Engagement*, Philadelphia, University of Pennsylvania Press, 2012.

<sup>58</sup>Cheru Fantu and Obi Cyril *Introduction – Africa In The Twenty-First Century: Strategic And Development Challenges*, In *The Rise Of China And India In Africa: Challenges, Opportunities And Critical Interventions*, The Nordic Africa Institute, Sweden 2010, p11.

Africa, with the potential employment opportunities for Kenyan youth as it is also expected to open up rural areas to the global economy.

China has invested more in development projects as unlike its counterparts such as the Bretton woods institutions which employ stringent and rigorous measures. This strategy has been balanced off by modifiable policies that are intended to boost the productivity of local industries by re-training of workers, and deregulation of the market.<sup>59</sup>

China now buys most of the Africa's oil. The huge trade volume between Africa and China can be evidenced by the fact that as at the year 2000, the trade estimates in dollars were \$10.5 billion, increasing to \$166 billion as of 2011. This has made China Africa's principal trading partner, currently, having surpassed the US United States in 2009.<sup>60</sup> Critics, however, argue that China-Africa relations are complicated by the fact that China is one country dealing with 54 countries with different sizes, economies, political systems and geopolitical significance. Arguably, the relationship is unequal; it is harder for African countries to coordinate China's policies than it is for China to deal with Africa. The Chinese have also been accused of paying low wages to their local workers, poor working safety standards, non-compliance with domestic labour and environmental laws, as well as racist tendencies towards Africans.<sup>61</sup>

Moreover, despite the infiltration of China into rural areas, tensions seem to be emerging. There have been reported cases of small scale Chinese businesses competing with locals over businesses and jobs which locals can engage in; mining in Zambia and Zimbabwe are but some of the examples in addition to the huge trade imbalance that has seen more of Chinese

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<sup>59</sup> Ibid.

<sup>60</sup> Ibid.

<sup>61</sup> Lee Kwan, *Raw Encounters: Chinese Managers, African Workers and the Politics of Casualization In Africa*, London and New York, Oxford University Press, 2009.

manufactured products getting into the region, while Africa mainly exports raw materials to China.

In addition to this, countless Africans frequently refer to the meagre quality of Chinese goods and blame their low prices for the failure of homegrown industries. For instance, Comatex and Batexci, two leading textile companies in Mali, have been harshly affected by low-priced textiles from Asia. Similarly in Nigeria, hundreds of fabric factories have collapsed because they have not been able to contend with cheaper Chinese clothes;<sup>62</sup> a pattern of trade that arguably depicts colonial trends of trade.<sup>63</sup>

### **2.3. Africans in China**

Africans began to migrate to China in 2000. According to Bodomo, there are approximately 500 00 Africans living in China, with about 100,000 staying in Guangzhou alone; the remaining distributed in other major towns in China. Dealers have exploited the considerable accessibility of inexpensive products which generate substantial incomes for African dealers.<sup>64</sup>

Haugen suggests that Africans go to China because they can easily enter the country and allows easy access to other parts of the world. Li argues that between 1996 and 2008, trade between Guangzhou and Africa improved from less than US\$500 million yearly to more than US\$3 billion.<sup>65</sup> Moreover, China has huge domestic education programme which supports a projected

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<sup>62</sup> Shinn David and Eisenman Joshua, *China and Africa: A Century of Engagement*, Philadelphia, University of Pennsylvania Press, 2012.

<sup>63</sup> Penard, Mary-Francois, *Chinese Trade and FDI in Africa* In *China and Africa: An Emerging Partnership for Development?* Edited by Schiere Richard, Ndikumana Leonce and Walkenhorst Peter, Tunis, African Development Bank Group, 2011, p.38.

<sup>64</sup> Bodomo A, *Africans in China – A Sociocultural Study and its Implications on Africa-China Relations*. Amherst: Cambria Press, 2012

<sup>65</sup> Li, Z, Ma, L JC and D Xue, "An African enclave in China: The making of a new transnational urban space". *Eurasian Geography and Economics*, Vol 50, No 6, 2009, pp 699-719.

12 000 African scholars by covering all their educational expenses. CCTV Africa provides a platform for Chinese people to learn and better understand Africa.<sup>66</sup>

However, most Africans go to China as individuals and not representatives of companies like the Chinese. Africans in China continue to experience xenophobic attacks. According to Law Africans are perceived as violent and trouble makers. Language barrier continues to be a challenge in the conduct of business between the Chinese and Africans in China.<sup>67</sup>

## **2.5. Environmental Impact of China-Africa relations: Other Cases**

China's activities have also had grave consequences on the environment in Gabon. Sinopec, a Chinese affiliated company has been exploring for oil in Loango National Park, a fragile ecosystem before being stopped by the authorities in September 2006.<sup>68</sup> This is because impacts on rare flora and fauna; besides, the Environmental Impact Assessment report had not been approved by the relevant ministry. It can be concluded therefore that Sinopec flouted the country's rules and regulations. In another case, China's Kongou Dam, a power plant that has been proposed to power the Belinga iron ore project in Gabon is likely to destroy the neighboring Ivindo National Park.

Similarly, in Ghana, China's Exim Bank is financing the Sinohydro's Bui Dam project which expected to flood about a big sector of Bui National Park.<sup>69</sup> In Zambia, the Lower Kafue Gorge

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<sup>66</sup> Ibid

<sup>67</sup> Law, V "China Welcomes Growing African Trade, but Not the Africans who Facilitate it", Christian Science Monitor, 2010

<sup>68</sup> Centre for Chinese Studies, China's Engagement of Africa: Preliminary Scoping of African Case Studies. University of Stellenbosch: Centre for Chinese Studies, November 2007, pp.94f.

<sup>69</sup> Phiri I, Ministry of Energy and Water Development, Zambia, oral presentation at Hydro 2004: A New Era for Hydropower, Porto, 18–21 October 2004.

Dam, a Sinhydro project funded by China Exim Bank, is likely to affect the environment important Kafue Flats and its national parks.<sup>70</sup>

## **2.6. Conclusions**

It is clear from the literature that China's relations with Kenya have evolved significantly. They have been driven by development ventures related to China's need for natural resources such as crude oil to power its current developing economy and also sustain its growing industrial base as well as to cater for the rapid growth of its manufacturing sector. Countries like Zambia and Gabon continue to bear the brunt of environmental degradation that is resultant from its relations with China. Therefore, there is need for Kenya to strengthen its policies and regulations in the conduct of its relations with China.

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<sup>70</sup> Centre for Chinese Studies, China's Engagement of Africa: Preliminary Scoping of African Case Studies. University of Stellenbosch: Centre for Chinese Studies, November 2007, pp.94f.

## CHAPTER THREE

### THE IMPACT OF CHINA'S ACTIVITIES ON THE ENVIRONMENT IN KENYA

#### 3.0. Introduction

Chapter two looked at a historical overview of China-Africa relation and focused on China – Kenya relations. It also focused on an overview of the Phases of China-Africa Relations, Economic Growth and FOCAC, drivers of SINO-African Engagement, Kenya- China relations and a historical overview of the role of China in Environmental Diplomacy. Chapter three will look at Kenya- China trade relations, China's Investments in Kenya, China's Aid to Kenya and an analysis of the impacts of China's Activities on the Environment in Kenya.

#### 3.1. Kenya-China Trade Relations: An Analysis

Currently, China has a heavy presence in Africa; it is pursuing market opportunities and raw materials for its firms. Chinese contractors and firms have become dominant in Africa because of their cheap loans and investments in infrastructure. Despite high poverty levels, numerous natural disasters, high poverty and corruption levels and low levels of education, China still considers Kenya as one of its significant anchor states in Africa. It is geographically strategic to become a commercial hub for East Africa and a doorway to countries in Central Africa.<sup>71</sup>

China has become a crucial actor in trade, investment and development especially in the construction and manufacturing sectors. These investments have brought about debates as to whether they benefit Kenya or China more. The problems lie with the low quality products that Kenya buys from China versus their efficiency in completing projects and prejudicial market

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<sup>71</sup>Fiott D., *The EU and China in Africa: The Case of Kenya*, Madariaga Paper, Vol. 3, No. 5., Jul., 2010

practices assumed by Chinese organizations. Even though China has an exceptional model for engaging Africa, China–Kenya trade is profoundly balanced in China’s favour.

Kenya’s exports to China are not much but have been gradually growing. While Kenya trades in unfinished products such as tea, leather, sisal fiber, fish, and scrap metal, China imports value-added products from China most which include counterfeit products.<sup>72</sup> At the moment, tea exports to China are a small percentage of Kenya’s whole export market; less than 1%. China is the major destination for the Kenyan sisal. However, it takes just about 4% of the total export value even though Kenya’s sisal finer is of high quality because it produces quality carpets amongst other products.<sup>73</sup> In the leather industry, the unprocessed hides and skins market has increased significantly. Following the imposition of levies on exports of raw hides and skins in 2008, the quantity had deteriorated but have picked up. The size of sheep or lamb skin exports to China have been steady over the years.<sup>74</sup>

China has not been Kenya’s traditional export destination for scrap metal exports; however, there has been significant growth in the last 10 years. Copper export growth has increased compared to that of aluminum exports. Also, Kenya’s fish exports to China continues to fluctuate, they are in demand in China; therefore, Kenya stands to gain from escalating prices and more benefits. The export entirely lies on commodities which are key in Kenya’s manufacturing sector.<sup>75</sup> Other areas of collaboration are the manufacturing and tourism that

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<sup>72</sup>Patroba H., *China in Kenya: Addressing Counterfeit Goods and Construction Sector Imbalances*, Occasional Paper no. 110., China in Africa Project 2012

<sup>73</sup> Onjala J., *The Impact of China-Africa Trade Relations: The Case of Kenya*, Policy Brief Issue no.5, 2010.

<sup>74</sup> Onjala J., *The Impact of China-Africa Trade Relations: The Case of Kenya*, Policy Brief Issue no.5, 2010.

<sup>75</sup>Ibid

targets Chinese tourists. China has also invested in Kenya's pharmaceutical industry such as Huawei, technological companies such as ZTE Technologies.<sup>76</sup>

China Central Telecoms has also signed a telecommunications contract with Kenya Broadcasting Corporation; recently, a Chinese firm secured a digital signal tender.<sup>77</sup> Kenya's economy is dominated by agricultural output and is known for its mineral resources. The Kenyan government often gives exploration contracts to Chinese firms in order to obtain oil and gas supplies.<sup>78</sup> The major aim is to take the country economically attractive in the region, therefore, there is need for the country to invest in long lasting projects.<sup>79</sup> Kenya imports a variety of products from China which are very vital for its economic growth.<sup>80</sup>

Most Chinese firms that have been in Kenya since 2000 and by 2000, 9 Chinese companies had started businesses in Kenya and this continued to rise until 2006.<sup>81</sup> These companies have also made use of Kenya's labour thereby countering the notion that there are limitations to the quantity and quality of professions that are brought by these companies since there has been no transparency amongst Chinese firms and the civil society.<sup>82</sup>

Currently, Chinese firms are engaged in projects such as the expansion of the Jomo Kenyatta International Airport, the construction of the Nairobi–Thika superhighway, the

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<sup>76</sup> National Economic and Social Council of Kenya, the Kenya VISION 2030 Programme. See: [www.nesc.go.ke/News&Events/KenyaVision2030Intro.htm](http://www.nesc.go.ke/News&Events/KenyaVision2030Intro.htm), 2009

<sup>77</sup> Patroba H., *China in Kenya: Addressing Counterfeit Goods and Construction Sector Imbalances*, Occasional Paper no. 110., China in Africa Project 2012

<sup>78</sup> Fiott D., *The EU and China in Africa: The Case of Kenya*, Madariaga Paper, Vol. 3, No. 5., Jul., 2010

<sup>79</sup> UNCTAD provides a good overview of the problems associated with this. See: UNCTAD, *Investment Policy Review: Kenya*, (Geneva/New York: 2005), p. 78.

<sup>80</sup> Ibid

<sup>81</sup> Osofu M., et al, *Volume II: Key Dimensions of Chinese Engagements in African Countries*, in *Looking East: A Policy Brief on Engaging China for African Policy-Makers*, (Accra: African Centre for Economic Transformation, 2009), p. 8.

<sup>82</sup> Chege M., 'Economic Relations between Kenya and China, 1963-2007', in J. Cooke, *U.S. and Chinese Engagement in Africa: Prospects for Improving U.S.-China-Africa Cooperation*, (Washington, D.C.: Center for Strategic and International Studies, 2008), p. 30

upcoming construction of a second port i.e. the Lamu Port and the Southern Sudan–Ethiopia Transport Corridor i.e. LAPSSET project, an ambitious plan to construct a port, roads, railway and pipeline connecting the corridor.<sup>83</sup> Approximately 44 Chinese firms are working on various enterprises, industries and other kinds of projects.<sup>84</sup>

In spite of the fall in 2009, China's trade has witnessed some growth. However, this constant increase is one sided; it benefits China alone thereby increasing trade inequality which was highest in 2010 due to the discrepancy in the types of goods. In a bid to curb this trend, the two governments put in place some effective short and long-term measures such as the East African Community countries enacting legislation that ensures that value addition is done to any goods and services that are produced for export, something which is similar to the law in Uganda that necessitates that for oil to be exported, it should be processed in Uganda first.<sup>85</sup>

Besides direct investments, China offers different types of development aid to Kenya.<sup>86</sup> For example, China gave humanitarian aid in terms of foodstuff valued at 2 billion Kenyan Shillings to Kenya during the famine that hit the larger Horn of Africa.<sup>87</sup> Other areas of assistance include expanding electricity supply, water; renovation of sports facilities; delivery of anti-malaria drugs; construction of a malaria research centre and the modernization of

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<sup>83</sup>Juma V, 'Chinese firm wins digital signal distribution tender', Business Daily, August 2011, <http://www.businessdailyafrica.com/Corporate+News/Chinese+firm+w+ins+digital+signal+distribution+tender/-/539550/1187362/-/view/printVersion/-/3fwa1az/-/index.html>

<sup>84</sup> Chege M., 'Economic Relations between Kenya and China, 1963-2007', in J. Cooke, U.S. and Chinese Engagement in Africa: Prospects for Improving U.S.-China-Africa Cooperation, (Washington, D.C.: Center for Strategic and International Studies, 2008),21

<sup>85</sup> Onjala J, Impact of China–Africa trade relations, AERC, April 2010, Retrieved from [https://docs.google.com/viewer?a=v&q=cache:4yRQQo01kW0J:cloud2.gdnet.org/CMS/getRepoDoc.php?community\\_group\\_document\\_id%3D41+Onjala+J,+Impact+of+China%E2%80%93Africa+trade+relations,+AERC](https://docs.google.com/viewer?a=v&q=cache:4yRQQo01kW0J:cloud2.gdnet.org/CMS/getRepoDoc.php?community_group_document_id%3D41+Onjala+J,+Impact+of+China%E2%80%93Africa+trade+relations,+AERC)

<sup>86</sup> Chege M, op. cit. articulates the transition of business and investment between the two counties from Kenya's post-independence era through to President Kibaki's administration.

<sup>87</sup> Magara P, 'Yes, thank China for food aid, but learn from her', The Standard Online, 11 September 2011, <http://www.standardmedia.co.ke/archives/commentaries/InsidePage.php?id=2000042620&cid=15&>

international airports in Kenya.<sup>88</sup> Kenya has recorded low prices for some products on global level such as products from paper, soap and fabrics but these products are doing well at the regional level.<sup>89</sup> Trade with China has put Kenya in a position where it can favorably compete at the global scale.<sup>90</sup>

### **3.2. Policy Framework for Kenya-China Trade Relations**

China is gaining traction in Africa and is quickly becoming an important trading partner for many African states. This new economic development has caused an increased competition in the in the continent from Chinese and Western interests.<sup>91</sup> Since its independence, China has been contending with striking a balance between economic growth and environmental conservation.<sup>92</sup> Both countries have developed concrete policies on how to deal with each other.

#### *3.2.1. Kenya's Policies*

Trade plays a key role in economic growth; Kenya trades at the local, regional and international levels. Globalization has created fluid borders and has partially abridged barriers to global trade. However, it have amplified existing environmental challenges but also brought in new ones such as dumping of obsolete technologies and e-waste.<sup>93</sup> These wastes have effects on the environment and society. Before opening up a country to investors, there is need to take into

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<sup>88</sup> Onjala J, Impact of China–Africa trade relations, AERC, April 2010, Retrieved from [https://docs.google.com/viewer?a=v&q=cache:4yRQqo01kW0J:cloud2.gdnet.org/CMS/getRepoDoc.php?community\\_group\\_document\\_id%3D41+Onjala+J,+Impact+of+China%E2%80%93Africa+trade+relations,+AERC](https://docs.google.com/viewer?a=v&q=cache:4yRQqo01kW0J:cloud2.gdnet.org/CMS/getRepoDoc.php?community_group_document_id%3D41+Onjala+J,+Impact+of+China%E2%80%93Africa+trade+relations,+AERC)

<sup>89</sup>Ibid

<sup>90</sup> Onjala J., *The Impact of China-Africa Trade Relations: The Case of Kenya*, African Economic Research Consortium (AERC), Issue No.5, November, 2010

<sup>91</sup> Nkemjika K., *Understanding Africa's China Policy: A Test of Dependency Theory and a Study of African Motivations In Increasing Engagement With China*

<sup>92</sup> Mwengei K., Ombaba B., Phyllis A. Arogo, Phillip Bii, Lucas Onger, Omuya J., and Kabuka P., *A Study on the Impact of China's Investments in Africa: The Case of Kenya*, Journal of Emerging Trends in Economics and Management Sciences (JETEMS) 3(5):529-537 (ISSN:2141-7024)

<sup>93</sup> Government of Kenya, *National Environment Draft Policy*, 2011

consideration the balance between financial achievements, ecological influences and societal impacts.<sup>94</sup>

Liberalizing trade within the framework of sustainable development remains a priority concern for the Government. In this case, the Government of Kenya seeks to integrate environmental concerns into the National Trade Policy; ensure that environmental issues are taken into consideration and mainstreamed into trade negotiations and domesticate resultant agreements; “support capacity building in the field of trade and environment; promote and encourage the adaption, uptake and implementation of international environmental and natural resources stewardship standards and lastly promote reduction of negative environmental Impacts in production and trade practices.”<sup>95</sup>

Environmental concerns are catered for under Chapter Four on the, Chapter Five, on the and Chapter Ten of the Kenya Constitution under the ‘Judicial Authority and Legal System’. The Fourth Schedule clearly elaborates on the roles of National and County Governments in conserving the environment.<sup>96</sup>

Kenya has explicitly included environmental provisions in its new constitution which recognizes citizens’ rights to an environment that is able to nature and provide for them. This demonstrates Kenya’s commitment to improved environmental management. It also recognizes the key role that the environment plays in development of Kenya’s economy. There is need to

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<sup>94</sup> Ibid

<sup>95</sup> Government of Kenya, *National Environment Draft Policy*, 2011

<sup>96</sup> Kameri-Mbote P., *Towards Greater Access to Justice in Environmental Disputes in Kenya: Opportunities for Intervention* (Geneva: International Environmental Law Research Centre, Working Paper 2005-1, 2005)

increase commitment from both the state and the environment so that these environmental commitment can be operationalised.<sup>97</sup>

### 3.2.2. *China's Policies*

China views Kenya as an anchor state which can provide opportunities for it to get into the region. Consequently, Kenya plays a crucial role in promoting China's investment activities in the continent. It is a war-free country and a safe haven for investment; this makes it a platform for Chinese financiers to grow their businesses in Africa. China has been posing low interest credits to Kenya and has also been engaged in development of infrastructure such as schools.<sup>98</sup>

China is driven by the search for raw materials to meet its growing demand at home, and also find a market for her finished products, in addition to a source of energy security. Since former president Kibaki came to power in 2003, China's presence increased significantly. So far, large scale development projects such as roads and dams have been commenced and completed. Regardless of this, Kenya still relies on her traditional western development partners for funding and trade.<sup>99</sup>

On the economic side, China has removed trade impediments on African commodities entering the Chinese market and remove tariffs on exports from the least developed states. Beijing does not commit to Free Trade Agreements at the present but leaves the timeframe open-ended. China continues to construct infrastructure projects through its private and state enterprises. Loan forgiveness is another major part of foreign aid policy. On the civil side,

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<sup>97</sup> Mwenda A and Kibutu T., *Implications Of The New Constitution On Environmental Management In Kenya*, Law, Environment and Development Journal, 2012

<sup>98</sup> Ibid

<sup>99</sup> Mwihaki R., *The Impact of Kenya-China Economic Partnership on Kenya's Foreign Relations (2003-2012)*, Institute of Diplomacy and International Studies, 2011

China's foreign policy calls for expanding cultural, health, education and social linkages between the African and Chinese peoples. In terms of military relations, Beijing continues to provide training for African militaries, joint exercises and exchanges, cooperation on rule of law and judicial projects, and for civilian policing practices.<sup>100</sup>

There are about 96 ongoing projects that are under the Chinese investment of approximately 52.6 million USD. These projects have also employed about 6,700 Kenyans. For instance, from 2000 to 2005, total FDI was US\$ 446 million, of which, US\$ 32 million originated from China's fifty-seven projects in Kenya at that time. Its contribution in relief plummeted from 0.08 percent to 13 percent from 2002 to 2005 respectively. China has since then become the main bilateral donor, second only to the European Union.<sup>101</sup>

China has rehabilitated and constructed about 905 km of major roads in Kenya since 2006 which has cost about € 316 million over a four-year period. Where highways are apprehensive, they have put roughly €200 million to restore the Nairobi-Mombasa highway. The China Road and Bridge Cooperation (CRBC) is in advance stages of investing a projected € 43 million in a 530 KMs to connect Kenya with Ethiopia.<sup>102</sup>

Additionally, the Chinese government has set up a special fund to promote trade between Kenya and China.<sup>103</sup> Finally, China has assumed an exceptional model for engaging with Kenya. Dissimilar to traditional development partners whose who engage Africa to realize the Sustainable Development Goals (SDGs), China's strategy is to promotes South-South co-

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<sup>100</sup> Onjala J., *The Impact of China-Africa Trade Relations: The Case of Kenya*, African Economic Research Consortium (AERC), Issue No.5, November, 2010

<sup>101</sup> Baah A., and Jauch H., *Chinese Investments in Africa: A Labour Perspective*, 2009

<sup>102</sup> Kennedy Mwengei B. Ombaba, Phyllis A. Arogo, Phillip Bii, Lucas Ongeri, Jackline Omuya, and Peter O. Kabuka, *A Study on the Impact of China's Investments in Africa: The Case of Kenya*, Journal of Emerging Trends in Economics and Management Sciences (JETEMS) 3(5):529-537 (ISSN:2141-7024), 2012

<sup>103</sup> Ibid

operation in crucial sectors such as Health, agriculture, education, production capacities, peace and security and infrastructure by way of bilateral relations. In this case, aid is virtually disbursed directly to recipient governments.<sup>104</sup>

### **3.3. The Impact of China's Activities on the Environment in Kenya**

There have emerged several debates about the impact of China's activities on the environment and its rise as an economic power-house. For twenty-five years, China had been working on economic reforms which has improved the lives of the Chinese people and at the same time, this growth has been detrimental to country's environment. Environmental problems, which had been build up during rapid urbanization and industrialization have caused severe environmental impacts. Therefore, this section will focus on the analysis of the impacts that Kenya- China relations have had on sectors that are related to the environment.

#### *3.3.1. Kenya's Natural Resources*

According to World Bank, Chinese continue to take interest in natural resources in Kenya but also other areas that have been targeted by its traditional development partners. China has invested in numerous other sectors such as the communication and the automobile sector. Additionally, many of China's private companies seek to access the domestic market and or to produce goods for export to other countries. The size, operations, and financing of Chinese firms is quite diverse.

Chinese do not seem to be overly interested in Kenya for its natural resources. Oil and gas stocks are low and while exploration contracts have been offered, the overriding economic

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<sup>104</sup> Rampa F & S Bilal, Emerging economies in Africa and the development effectiveness debate, ECDPM, DP107, March 2011, [http://www.ecdpm.org/Web\\_ECDPM/Web/Content/Download.nsf/0/1806201EBEF1B3E9C125785C00316E14/\\$FILE/11-107%20final.pdf](http://www.ecdpm.org/Web_ECDPM/Web/Content/Download.nsf/0/1806201EBEF1B3E9C125785C00316E14/$FILE/11-107%20final.pdf)

interest in the country at present is in the manufacturing sector. Despite having very small amounts of proven oil and gas reserves, China still went ahead to sign an ‘an offshore exploration deal’ with the Kibaki administration to allow for exploration in Kenya. Moreover, the agreement resulted from the meeting between former president Kibaki, and Hu Jintao, China’s Prime Minister in 2006.<sup>105</sup>

However, due to economic limitations, CNOOC had to sell-off some of the square miles of land it had acquired for free from Kenya, thus the Chinese government only invests in projects which benefits them<sup>106</sup> The PRC government often offers of social goods in exchange for concession rights; this strategy has proved effective as it imposes less long-term conditionality.<sup>107</sup>

Both Chinese state-owned and smaller privately companies carry out various projects implementations in various countries of the continent typically financed by the Chinese government. However, due to changes in local strategies, they gradually have to partner with local companies. This has increased China’s private investment into Africa.<sup>108</sup>

However, the Ministry of Environment in Kenya argues that China has improved credit lines for ecologically delicate areas such as infrastructure, manufacturing and agriculture since they stand to achieve concrete benefits for Kenyans if strong environmental considerations are put in place. It argues that China continues to collaborate on sectors such as clean energy,

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<sup>105</sup> Ibid

<sup>106</sup> All Africa, ‘Kenya: China Selling Off Oil Rights it Got for Free’, (25 February 2007). See: <http://allafrica.com/stories/200702260008.html>. (Accessed 7 January, 2011).

<sup>107</sup> Fiott D., *The EU and China in Africa: The Case of Kenya*, Madariaga Paper, Vol. 3, No. 5 (Jul., 2010)

<sup>108</sup> Corcoran B., *China trades investment for resources in Africa: Western countries increasingly see Beijing’s relationship with the continent as a threat*, International Business Times, 2011.

renewable resources and the fight against global organized crime that is linked to illegal wildlife trade as areas of continued cooperation.<sup>109</sup>

### *3.3.2. Industrial Transfer*

Most of the times, the environment is used for agriculture and manufacturing. Consequently, there is water and air contamination; an end product of manufacturing. In this case, the Heckscher-Ohlin model would suggest that those countries which are have abundant natural resources would in an open trade system, concentrate in contamination intensive goods.

China and other developing nations are at a peak period of development and universal modification to green growth thereby creating economic and environmental issues during discussions at the international arena. While some scholars suggest that China is working on neo imperialism, stealing resources, inhabiting marketplaces, and decelerating universal advancement to supportable growth; others claim that China is using emerging nations in Africa and Southeast Asia as contamination sanctuaries in a bid to allocate secretions since they invest in areas with lower local environmental standards. This has often caused host nations to compete to the lowest as they diminish ecological values to appeal overseas stock.<sup>110</sup>

China's trade relations with Kenya are still at an infant stage but can be heightened with proper guidelines for environmental conservation. If put in place, appropriate trade and investment methods will endorse China's shift to green growth and help it move towards green growth in partner countries.<sup>111</sup> Transfer industries to other countries could be resultant from local

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<sup>109</sup> Ibid

<sup>110</sup> Chestney N., China's CO<sub>2</sub> Emissions Rose 10 pct in 2010-BP data. LONDON, June 8, Reuters: [http://in.reuters.com/article/2011/06/08/energy-bp-emissions-idINLDE75716Y20110608?feedType=RSS&feedName=ev\\_erything&virtualBrandChannel=11709](http://in.reuters.com/article/2011/06/08/energy-bp-emissions-idINLDE75716Y20110608?feedType=RSS&feedName=ev_erything&virtualBrandChannel=11709).

<sup>111</sup> Ibid

production costs that are often related to the implementation of severer pollution principles in an industrialized economy. Such developed nations have, through importations and savings, moved industries that pollute more, use more natural resources and use more energy businesses to other states, resulting in ‘pollution havens.’

### **3.4. Conclusions**

China plays a great economic role in most countries in Africa; it has become an important partner in trade and development in Kenya today. It is evident that China is interested in natural resources just like other donors and has transferred some industries in Kenya. Most of the industries that have been transferred from China usually have a large carbon Impact. Therefore, there is need to strengthen existing policies and regulations so to guard against dirty industries.

## CHAPTER FOUR

### THE ENVIRONMENTAL IMPACT OF CHINA IN KENYA: A CRITICAL ANALYSIS

#### **4.0. Introduction**

The previous chapter analysed Kenya- China relations; examined the policy frameworks for china-Africa relations and investigated the impacts of China's activities in Kenya on the environment. This chapter will use the data from chapter one, chapter two and chapter three to critically analyze China's environmental Impact in Kenya. It will focus on Kenya emerging issues and debates such as Economic Development v. Environmental Protection, inequality in trade relations, transfer of dirty industries, and the question of the role of China in environmental diplomacy.

#### **4.1. Emerging issues**

##### *4.1.1. The Question of Equality and Mutual Benefit*

The establishment of diplomatic relations has come in handy in terms of aid and assistance to Kenya in various projects. There has been also growth in trade; China exporting products such industrial, household electrical appliances, building materials and drugs and other commodities

for daily use. The imported goods from Kenya mainly include black tea, coffee and leather goods. Trade between Kenya and China reached US\$ 186.37 million in the year 2002.<sup>112</sup>

The trade between China and Africa has grown and now worth over \$100 billion dollars.<sup>113</sup> There has been considerable rise in exploration interests in Africa; being one of the last places on earth with large deposits of oil, natural gas and other important natural resources. This is even fueled by the ever increasing energy prices and few places for exploration of new untapped raw materials. Securing African exports of oil is therefore very important for China's rapidly growing economy. China's oil exports is predicted to raise from 1.5 million bbl/d in 2000 to 10.9 million bbl/d by 2030 according to the International Energy Agency report.<sup>114</sup>

On one hand, the availability of cheap products from China is welcomed in most countries in Africa. Both countries can now exchange skills to upgrade local enterprises such as the Kariobangi cottages. Exporting scrap metals to China therefore denies the opportunity to the local manufacturing industries from coming up with analogous competences. Furthermore, the need for scrap in China has somehow led to the increase in vandalism cases in Kenya's home-grown infrastructure such as power cable and railway lines receiving the utmost impact. Other sector impacted is the battery manufacture, where lead, a component is highly valued.<sup>115</sup>

On the other hand, this relationship is mutual. Kenya relies on China as a market for its raw materials and at the same time depends on China's manufactured products for the raw materials. That is, Kenya relies on the Chinese technology for the transformation of its crude

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<sup>112</sup> Ministry of Foreign Affairs (MFA), *Bilateral Relations Between China and Kenya*, Embassy of the People's Republic of China in the Republic of Kenya, 2008

<sup>113</sup> Penny Davies, China and the End of Poverty in Africa, *The European Network on Debt and Development*, *Diakonia*, August, 2007, accessed April 24, 2011

<sup>114</sup> Daniel Shih, "China's Doctrine of Mutual Benefit: A Case Study of Sino-Venezuelan Relations" (Honors Thesis, Stanford University, 2011), p2

<sup>115</sup> AERC collaborative research for China- Africa project: The impact of trade China-Africa relations: The case of Kenya 2010

metal which could not otherwise be processed. This situation could be analyzed that China's relation to Kenya is a good one as it allows Kenyans to enjoy finished products out of their raw materials and natural resources. Further, even though China is seen to be of great help to Kenya in terms of economic aid, China gets back raw materials and natural resources at cheap prices.<sup>116</sup>

According to the World Bank, Kenya is at a disadvantage in its trade with China; Kenya's exports to China are minimal. Chinese imports have already hurt textile and clothing production, a sector that provides 20 per cent of all formal manufacturing employment in Kenya.<sup>117</sup> There is need for Kenya to therefore strengthen products in which it has comparative advantage in China.

#### *4.1.2. Economic Development V. Environmental Protection*

Environmental degradation due to resource exploitation, disposal of foreign wastes and the production of export products are shouldered predominantly, and mainly by the people of China. The impacts of these are then experienced by the foreign consumers whose livelihoods depend on these ecologically destructive practices. Secondly, in China just like in Africa, these environmental problems are not equally distributed. Rather, engagement in the world market and drive for achieving lower production costs are the main focus. This means that when compared to wealthier counterparts, poorer Africa and Chinese are at great exposure to the environmental harms of trade relative to the economic benefits.

One of Africa's attempts at ensuring sustainable development that focuses also on environmental issues came in the form of the African Ministerial Conference on the Environment (AMCEN) established in 1985. It was intended to strengthen cooperation between

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<sup>116</sup> Morrison, Stephen J. et al. (2008). U.S. And Chinese Engagement in Africa. The CSIS Press

<sup>117</sup> Onjala J., *A Scoping Study on China Africa Economic Relations: The Case of Kenya*, African Economic Research Consortium (AERC), Nairobi, 2008

African governments in policy responses and on technical and scientific activities. Aiming to end environmental degradation in Africa as well as fulfil the energy and food prerequisites of the continent's people.<sup>118</sup>

China has adopted a development strategy with priorities to resource abstraction for the universal market necessitating a unified and capital-intensive investments which may be obligatory with dictatorial means. This strategy might stimulate short term economic growth but causes a *resource* curse over a long-term. The strategy, further, does not support public participation in making decisions as abundant influence pivots on supervisory the central administration. It is destined to promote international tensions and conflicts.<sup>119</sup>

China's investment in Africa is concentrated in ecologically sensitive and infrastructure projects for facilitating their environmentally sensitive investments. Despite the high environmental risks arising from the investments in mining, oil, gas, hydropower and timber sectors. China's strategy for making previously inaccessible resources accessible overrides the risks. The Chinese investors are developing projects in fragile and ecologically sensitive regions, some of which are areas that have so far been protected as national parks and in countries with weak governance structure.<sup>120</sup>

China's national strategies have put forth financial growth at the expense of the atmosphere. It has developed decrees and regulations as well as organizations to defend the atmosphere but these have yielded inadequate achievement.<sup>121</sup> The bad domestic environmental

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<sup>118</sup>Huggins C (UNEP), Africa Environment Tracking: Issues and Developments,

<sup>119</sup> Bosshard, P., *China's Environmental Impact in Africa*, SAIS Working Paper in African Studies, 2006

<sup>120</sup> Andrea Goldstein, Nicolas Pinaud, Helmut Reisen and Xiaobao Chen, *The Rise of China and India - What's in it for Africa*, OECD, May 2006

<sup>121</sup> Standard & Poor's, Bank Credit Report, Export-Import Bank of China, August 10, 2006, p5

track record of China may be exported to other countries over its uninterrupted far-off investment strategy. Its domestic environmental policies may further encourage its worst polluters to relocate their production to places like Africa.

#### *4.1.3. Transfer of Dirty Industries and Waste Trade*

Kenya recently liberalized the venture atmosphere. Initially, all overseas stocks coming into the country were approved by the Central Bank. These initiatives were necessitated by realization of a decline in FDI during the last decade contrary to what was happening in other countries in the region. The Kenya government is committed to promote FDI Kenya as spelt out in the Investment Promotion Act of 2004.<sup>122</sup>

The Bill of Rights gives provisions on individual's claim to a hygienic and fit environment which involves the claim to protect the environment to help contemporary and forthcoming generations through the lawful measures. The need for environmental protection is also highlighted in the Kenya Vision 2030. One of the priority areas in the Vision 2030 is to achieve a clean, secure and sustainable environment by 2030 through promotion of environmental conservation in supporting the economic pillar, improved management of waste through the application of the accurate economic enticements in development enterprises.<sup>123</sup>

A study by the State of Environment Protection Administration conducted in 1995 revealed that thirty percent of all foreign-invested ventures in China engaged in heavily polluting industries. These impacts are two-sided; goods have damaging effects to the environment for its foreign trade partners. However, elevating standards of living can shift towards a greener

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<sup>122</sup> Kenya, MINISTRY OF FOREIGN AFFAIRS (2006) A Brief Prepared for Institute for Development Studies, University of Nairobi, SEPTEMBER 2006

<sup>123</sup> Ibid

economies through relocating factors of production to meet global standards. These would lead to more effective competition with foreign enterprises.<sup>124</sup>

The production and movement across borders of hazardous wastes and their dumping has therefore become a key subject of ecological integrity during the past two decades, with 400 million metric tons of hazardous wastes projected to have been generated in 1990. The major producers of these kind of wastes being the Organization for Economic Co-operation and Development (OECD). With dumping amenities becoming scarcer and expensive in technologically advanced countries, poor countries are being beleaguered as a solution to these challenges. Thus those countries that do not have capacity to properly cope with waste in an ecologically appropriate method face a disproportionate burden. The exercise of trading harmful wastes to developing countries for discarding are identified as ecological injustices or racism on a universal gauge.<sup>125</sup>

Environmental harms have fallen disproportionately on Chinese as well as African people through the waste trade. For instance China in the early 1990s became an active recipient of international waste. Recorded incidents in Africa were considered to be based on illegal dumping of highly toxic and radioactive waste.<sup>126</sup> Others include the \$600 million dollar contract offered to Guinea-Bissau to dispose off 15 million tons of toxic wastes over five years back in 1988. It was never enforced as a result of public concern within Guinea-Bissau.<sup>127</sup> Other African countries offered similar arrangements in the 1980's included Namibia, Guinea, Haiti and Sierra Leone as this operations continued with government consent or illegally.

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<sup>124</sup> Buckley, P. J., *Business History and International Business*, London: Routledge, 2011

<sup>125</sup> Marbury H.R., "Global Environmental Racism", 28 *Vanderbilt Journal of Transnational Law* 251, (1995), 293.

<sup>126</sup> Vir A., Toxic Trade with Africa, 23(1) *Environment, Science & Technology Journal* 24, 1989, p. 25.

<sup>127</sup> *ibid*

#### *4.1.4. The Role of China in Environmental Diplomacy*

In the past, China did not have environmental concerns as is being seen today. China's environmental strategies their foundation on economic and political concerns are concerned with improving the principles of living as well as promoting the national growth by way of continued financial improvement. China attempts to consider all these aspects in making decisions to tackle environmental challenges, both domestically and internationally.

There is evidence that the attention given to environment by China leaders is increasing as have been witnessed by the heights of venture in protecting the environment. Beijing is experimenting with new policies taking lead of its progress towards an economy and integration into the world economy. However, less progress has been made by China leaders who have taken some political and economic steps to reverse degradation and pollution of the environment.<sup>128</sup>

Like most developing countries in Africa, China's resources, technology and environmental management capacity continues to remain insufficient. Implementation of the laws of the environment on nationwide gauge has been met by various challenges and consequently China's regulation on protection of the environment has established a sequence of actions and structures suitable for a planned economy. The weight is now on the general strategy, to deal with the economic needs and conservational trepidations collectively.

These national trepidations have mainly determined China's global actions which advanced in three different stages. The first stage, which lasted between 1949 and 1972, China focused on internal development and less on international politics. These gave China's environmental policy priorities little considerations. During the second phase, 1972 to 1979, there was an increase in international interactions, informing China of its ecological woes, thus

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<sup>128</sup>Susan Nunn, *Environmental Protection in the People's Republic of China*, 1979, pp 9- 11

local reorganizations and additional participation in universal ecological matters. The fruits of these attempts were experienced during the final phase, between 1980s and 1990s.<sup>129</sup>

In 1992, Chinese Premier Li Peng, followed into previous development by presenting a number of suggestions for handling environmental protection in Rio. Some of his suggestions focused on strict global safeguards on ecologically harmful actions. Li Peng's discourse underscored on the economic growth and environmental protection as well as the international cooperation interference on state independence.<sup>130</sup>

China seats permanently on the United Nations Security Council signaling that it is a major world power. However, China also experience various problems similar to those in developing countries. Most of the world's population is Chinese; the country harbors over one billion people, and also a considerable political clout thus a force to be considered in the international arena and hence has a role in the international environmental diplomacy.<sup>131</sup>

Trade agreements were signed between Kenya and China in 1964 and were revisited in 1974. Since then, their bilateral relations have grown stronger; both countries continue to import from and export their goods and services amongst themselves. China has invested heavily in infrastructure, social amenities and the extractives sector.

Currently, Kenya's investment environment is liberalized. The Investment Promotion Act of 2004 shows that Kenya is committed to attracting FDI since it had been on the decline in the last decades<sup>132</sup> and also the increase in opposition amid African countries in the universal FDI.

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<sup>129</sup>Ibid.

<sup>130</sup>Ibid.

<sup>131</sup>Susan Nunn, Environmental Protection in the People's Republic of China, 9- 11(1979)

<sup>132</sup> Ministry of Foreign Affairs, *A Brief Prepared for Institute for Development Studies*, University of Nairobi, September 2006

Overseas tenure is limited to the insurance, communication industries as in the Investment Act of 2004 and businesses registered on the Nairobi Stock Exchange.<sup>133</sup>

#### **4.2. Conclusions**

Five key concerns and debates are the outcome out from this study. They include the question of equality and mutual benefit, the role of China in environmental diplomacy, transfer of dirty industries and waste trade and Economic Development vs. environmental protection. Therefore there is need for Kenya to look into these debates and address these key issues.

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<sup>133</sup>Republic of Kenya, Statistical Abstracts, Government Printer, Nairobi

## CHAPTER FIVE

### CONCLUSIONS AND RECOMMENDATIONS

#### 5.0. Summary

The research sought to analyse the impact of China's development and industrialization activities and its trade with Kenya on the environment from the period between 2000 and 2010. The Kenya case is a true reflection of what is happening in other emerging African countries with close economic relationship with China. This therefore calls for useful and objective analysis working on modalities of reform, within and between countries.

In a bid to examine the nature of Kenya China relations, this study found out that China-Africa relations are a rather more complex phenomenon; they are rooted in a long history comprising of economic, socio-political, strategic and cultural dimensions. This relationship is in three phases: the formative phase, the restructuring phase and the consolidation phase. The PRC became a major market for African products and also as a significant source of numerous finished goods that are traded in across Africa. Since the establishment of a diplomatic relation between Kenya and China on December 14, 1963, Kenya has had a close economic relation with China exporting and importing a range of products from either of the two countries.

Moreover, a Trade Treaty signed in and revised in 1964 and 1978 respectively created a conducive environment for trade. Progress have been made on improving the economic relation between these two countries and the Ministry of Trade is in consultation to review the agreement to address the changes brought by the increasingly growing Chinese economy and those in the international economic arena. China on the other hand has actively promoted her business by expanding her venture in Kenya, participating in infrastructure creation, resource misuse, and expanding cooperation in agriculture and industries.

This study also established that just as in other African countries, investment environment has recently been liberalized. This is contrary to the previous days when all foreign investments were subjected to approval by the Central Bank. The Kenya government commitment to attracting FDI is spelled out in the Investment Promotion Act of 2004. This was imposed by the failure of FDI in Kenya as was witnessed in the last twenty years contrary to what was happening in other countries in the region.

In order to examine the nexus between China's activities in Kenya and the environment; this study established that China's business policy covers varying sectors hence one of the main contributors to fundamentally all global ecological challenges ranging from change of Climate, pollution of marine resources to illegal trade in timber. These greatly impact on the environment, hurting the well-being of the Chinese public as well as underwriting grave communal discontent all which portend to send China's progress path off target.

It is also evident that China's strategy for development in Africa focuses on the extractives sector. Therefore, its investment in Africa tends to concentrate on environmentally sensitive sectors such as mining, hydropower and timber, infrastructure projects such as railway lines, roads and transmission lines which are part and parcel of these investments. The investors have therefore to part with large sums of money to invest and if necessary also flout environmental rules and regulations in these countries to achieve their interests.

Moreover, the Chinese investors carry out development projects in such ecologically fragile areas as protected parks, remote and naturally brittle regions and sometimes in countries with frail structures of government. Chinese competitors also exacerbate the situation by using low ecological canons as a stratagem to earn large portion of business in the global extractive

segments and infrastructure. China has become the foremost foundation of Kenya's foreign direct investment (FDI), financing around KES2.5 billion into Kenya's economy.

Kenya has already profited from billions of dollars of investments for the growth of hydropower projects and for construction of roads. Moreover, they also are in the process of constructing a multibillion dollar port near Lamu, the Southern Sudan– Ethiopia Transport Corridor, vehicle assembly plants and oil exploration. AUCMA, an electronic company from China, has established a television assembly workshop in Kenya with a Sh117 million investment.

### **5.1. Key Findings**

Five key findings can be deduced from this Study. First, it is evident that China benefits more from its economic relations with Kenya. According to World Bank report, Kenya's exports to China are minimal; Kenya's exports to China are estimated at one percent. Chinese imports have already hurt textile and clothing production, a sector that provides 20 per cent of all formal manufacturing employment in Kenya.

Secondly, it is evident that China, like every other development partners, has interests in natural resources. The relationship China has had with Africa for the previous 20 years been determined majorly by the importation of raw materials to factories and extraction of natural resources. Their companies are found almost in every sector in the Kenyan economy operating in the manufacturing, service industries and in the construction sectors.

China's investment in Africa is concentrated in ecologically delicate sectors and in infrastructural projects like roads, railway line and transmission lines. Chinese companies have

also attained key agreements in oil exploration, telecommunication, and infrastructure and in military ventures at the detriment of the previous principal Western conglomerates.

Thirdly, China has also transferred dirty industries to Kenya. Chinese investors have set up some of their local production plants in Kenya and have gained traction in the rush to dominate Kenya's market that they served by way of direct imports. For instance, Foton Motors, has put up approximately one billion, two hundred million Kenyan shillings plant for assembling cars in Nairobi; their products have a sturdy consumer base in the Kenyan market.

Fourth, this study found out that Kenya's policy and regulatory framework has not been fully implemented in the conduct of Kenya-China relations. Kenya's foreign policy underscores that environment and natural resources are valuable national assets upon which the country's sustainable development is anchored. It recognizes its enormous stake in the sustainable management of its own natural resources. However, Kenya has weak institutions and has put in place impractical fines, insufficient hominid capitals to screen and apply guidelines, and bulky procedures; therefore it has become hard to enforce existing laws and regulations. Lastly, despite its record as the second principal contributor of greenhouse gases to the global environment, China continues to engage in environmental diplomacy in its relations with Kenya and other African Countries.

### **5.3. Recommendations**

This study therefore recommends that first, for Kenya to benefit equally from its trade relations with China, there is need for it to invest more in the products in which it has comparative advantage.

Secondly, there is need for Kenya to strengthen existing environmental laws and policies so that all the investments that China and other countries make in Kenya have minimal impacts on the environment. It should also heavily tax and introduce cumbersome procedures for transfer of industries that impact negatively on the environment.

Lastly, Kenya should entrench low carbon development policies in its negotiations with potential investor countries. Investing more in environmentally friendly technologies will help Kenya to realize a clean and healthy environment, a key goal in Kenya's revised constitution, 2010.

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