

UNIVERSITY OF NAIROBI

INSTITUTE OF DIPLOMACY AND INTERNATIONAL STUDIES

\\ KENYA – CHINA BILATERAL FOREIGN RELATIONS: 1963-2012 //

BY

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R50/62920/2010

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**RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILLMENT OF THE
REQUIREMENTS FOR THE AWARD OF A MASTERS OF ARTS DEGREE IN
INTERNATIONAL STUDIES**

DECLARATION

This research project is my original work and has not been presented for an award of degree in any other university.

Signature.....

Date.....06TH NOVEMBER 2013.....

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This project has been submitted with my approval as a university supervisor.

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ABBREVIATIONS

ACP-EU,	African Caribbean Pacific – European Union
AfDB	African Development Bank
AGOA	African Growth Opportunity Act
AMISOM	African Union Mission in Somalia.
AU	African Union
CADFund	China-Africa Development Fund
CCP	Chinese Communist Party
CDB	China Development Bank
CNPC	China National Petroleum Corporation
COMESA	Common Market for Eastern and Southern Africa
EAC	East African Community
EU	European Union
FDI	Foreign Direct Investment
FOCAC	Forum on China –Africa Cooperation
GDP	Growth Domestic Product
IGAD	Inter Governmental Authority on Development
IMF	International Monetary Fund
JKIA	Jomo Kenyatta International Airport
KANU	Kenya African National Union
KDF	Kenya Defence Forces
KNBS	Kenya National Bureau of Statistics
PPP	Purchasing Power Parity
PRC	Peoples Republic of China
ROC	Republic of China
Sino	China
U.N	United Nations
U.S.	United States
WTO	World Trade Organisation

ABSTRACT

This study analyses foreign relations with particular focus on the bilateral relationship between Kenya and China. Although the two countries had contact with each other dating back to 15th century AD, Kenya and China began their official relations soon after Kenya's independence in 1963.

Great interest has developed in the last century over China's interest in the African continent including Kenya. The influx of Chinese nationals in Kenya and the huge infrastructural contracts that Chinese companies have won particularly in the last decade is part of the reason why this study has been conducted.

Globalization has had major impacts on the foreign policies globally and different countries are tackling its effects using various strategies. The increased Kenya-China bilateral relations can be partially explained as a consequence of globalization and this has been discussed in the study and the relations between the two countries lean on the idealist-liberal theories of international relations.

Though there are numerous positive aspects that have been attributed to the Kenya – China foreign relations, including the effectiveness in carrying out construction work for major projects in Kenya, there have been concerns as well. The infiltration of cheap sub standard imports from this Asian country and huge trade deficits, or imbalance of trade in favour of China are issues that need to be addressed. Linking of the increase of Chinese nationals and illegal trade of ivory has been a great worry not only in Kenya, but globally.

The study examines Kenya and China foreign policies towards each other and gives an analysis of their bilateral relationship. The findings show a positive impact on the socio political

and economic development of Kenya as a result of the relationship, but do not prove the sustainability of this development to be dependent on this relationship.

CHAPTER ONE

INTRODUCTION TO THE STUDY

China and Kenya are developing nations with the difference being that they are in different continents. The rise of China in the international system has been a cause for increasing debate particularly amongst developed countries and very recently also among African elites. Some have seen the rise of this Asian nation as a threat to the existing United States hegemony. China's entry into the African continent has been very interesting and draws varying views from different quarters. China's foreign policy towards African states undeniably deserves careful and very objective examination. The west has been vocal on Sino-African relations. Alden argues that the fast pace of change in Chinese-African relations has provoked much discussion in policy-making and scholarly circles in Africa, Europe and lately, the United States. Underlying much of the existing analysis of Beijing's new role in continental affairs are three contrary strands of thought which can be summarized as China as 'development partner', China as 'economic competitor' and China as 'colonizer.'¹

Taking the case of China and Kenya, the presence of Chinese nationals, businessmen and companies has been manifest. This is particularly true due to the major projects being carried out across the country that are clearly visible to Kenyans, or any visitor to the country. Recent reports by the Kenya National Bureau of Statistics show Beijing grew its trade with Nairobi by 21 per cent in February 2013 to 17 billion shillings from the previous month's 14 billion shillings. This has propelled China to be the second biggest source of imports in Kenya.²

¹ Alden Chris. (2007). *China in Africa*. Zed Books Limited. New York/ London. p 5.

² www.thecastfrican.co.ke/business/China-closing-in-on-India-as-Kenya-s-top-source-of-imports

At the core of China's rapid entry into African markets is its deliberate promotion of a foreign policy of 'no strings' which when coupled with Beijing's willingness to provide aid and concessionary loans has proved to be tremendously appealing to African leaders".³ The strong presence of the Chinese in African States and their dealings has caused a lot of controversy. Critics argue that it is one of exploitation of Africa's natural resources particularly due to its thirst for energy to satisfy its growing economy. Alden contends that energy resources are the most important focus of China's involvement on the continent and occupy the bulk of the thrust of its investment and diplomacy, but other forms of resource based commercial engagements with Africa play an important part of shaping trade and investment ties".⁴

China relations with Kenya started soon after independence in 1963. Chien Yi, the Chinese Foreign Minister, attended Kenya's independence celebrations and diplomatic relations were announced that December.⁵ Initially there was fair development in the early years. After 1965, relations between the two countries was lowered to the level of chargé d'affaires and gradually returned to normal in the early 1970s. In 1978, when former President Daniel Moi came to power, relations between the two countries improved further leading to friendly cooperation. By the end of 2002 when a new government was formed with Mwai Kibaki as president there was optimism that this relationship would deepen. Since the establishment of the diplomatic relations, the projects of aid and assistance provided by China to Kenya mainly include Moi International Sports Center, Kasarani, methane-generating pit, the expansion project of Eldoret Hospital, Gambogi-Serem Highway and Nairobi-Thika Highway. In recent years, the

³ Alden Chris. (2007). China in Africa. Zed Books Limited. New York/ London. p 8.

⁴ Alden Chris. (2007). China in Africa. Zed Books Limited. New York/ London. p 13.

⁵ Larkin B. (1971) China and Africa. California Press Limited. USA. p.70.

bilateral trade value has increased significantly.⁶ Kenya's exports to China include tea and coffee, hides, skins and leather products, fruits and nuts, crude vegetable material, table salt, fish (fresh, chilled or frozen), non-ferrous base metal and scrap and copper, and oil seeds. Imports from China are fabrics and textiles, electronics, telecommunication equipment, rubber tyres, machinery and equipments, glassware, motorcycles and household goods.⁷

1.2 Statement of the Research Problem

Chinese presence in Africa began increasing mainly in the 1960s when most African states achieved independence. China was and still is aware of the aspirations of many of these states including their desire for economic development and welfare and the stability of their policies. The response of African leaders has largely depended on how much they would gain from a relationship that would foster national development politically, economically and socially. African leaders are interested in how "their national interests would be served by dealing with China, what concessions the Chinese are demanding and how much compatible these are with their own aspirations, how they perceive the 'real' interests of China in offering them economic and technical aid, their own philosophy of development and the evaluation of the adequacy, or lack of it, of the Chinese model of development for their countries."⁸

Kenya has been enjoying close international relations with the west mainly the US since independence, European Union and now increasingly with China. Former president Kibaki was among African leaders who adapted a "look east" policy which resulted in over 40 Chinese companies operating in Kenya. These include China Road Bridge Construction (Group)

⁶ Economic Surveys 2002-2012.

⁷ Kenya National Bureau of Statistics. 2009.

⁸ Ogunanwo Alaba . 1974. *China's Policy in Africa*. Cambridge University Press. Cambridge. p 2.

Corporation and China Import and Export (Group) Corporation. Some of the bilateral agreements signed between China and Kenya are the Agreement on Economic and Technological Cooperation and Agreement on Trade.⁹

Trade between Kenya and China continues to increase with volumes reaching 127 billion US dollars in 2010. Like many African countries, Kenya is debt ridden, broke, but striving to attract investors who will contribute towards its socio-economic development. Kenya is largely a trade deficit country with statistics from the Ministry of Finance indicating that in 2008 Kenya imported 73.3 billion worth of goods from China against 2.3 billion of exports to the Asian country.¹⁰ It is only until five to ten years ago¹¹ that Kenyans began noticing the fruits of its close ties with the PRC that has resulted mainly in the improvement of infrastructure. It must be noted however that China and Kenya have been having diplomatic relations for the past 50 years and yet no books have been written and only few scholars have attempted research studies that show the nature of the bilateral relationship between these two countries. However these research projects do not show how Kenya and China have benefitted from their tie hence creating much speculations and unreliable information on the nature and factors determining the bilateral relations. This research therefore seeks to unravel the true nature and impact of the diplomatic relations between Kenya and China over the past 49 years.

⁹ Embassy of the Peoples Republic of China in the Republic of Kenya.

¹⁰ Kenya National Bureau of Statistics. 2010 Economic Survey. Republic of Kenya.

¹¹ Interview schedule B findings reveal that most Kenyans started noticing the development projects by the Chinese during this period of president Kibaki's era.

1.3 Objectives

1. To examine China's foreign relations towards Kenya.
2. To examine Kenya's foreign relations towards China.
3. To analyse the bilateral relationship between Kenya and China over the past 49 years.
4. To identify and explain the key factors that shape the foreign bilateral relations between Kenya and China.

1.4 Literature Review

An analysis of the literature on relations between China and Africa provide general views and key questions on who benefits from the association. Although there are no specific literature on Sino-Kenya bilateral relations there are general concerns on the increased ties between China and African states. As a result this section will examine the debates emanating from both books, journals, credible newspapers and internet sources. The debates will be categorized according to Kenya's foreign policy including on China, China's foreign policy including on Kenya and Kenya and China's bilateral relationship.

1.4.1 Kenya Foreign Policy – Including on China

Kenya's foreign policy has since independence been designed and guided by respect for sovereignty and territorial integrity of other states and preservation of national security, good neighbourliness and peaceful co-existence, peaceful settlement of disputes, non-interference in the internal affairs of other states, non-alignment and national self-interest and adherence to the Charters of the United Nations (UN) and African Union (AU). Three main categories that have

shaped Kenya's foreign policy include security, economic development and geo political factors.¹² It is from these three aspects that I shall analyse the literature.

Hornsby C. argues that at independence, Jomo Kenyatta set about creating a diplomatic corps and appointed Kenya's first ambassadors and high commissioners. His choices reflected the balance of ethnic groups and factions in his government. Representatives of Kikuyu interests included Josephat Karanja who became the first high commissioner to London, Burudi Nabwera, a pro-Odinga KANU official from Western region became Kenya's UN and US ambassador.¹³

1.4.2 China Foreign Policy – Including on Africa and Kenya

Kissinger argues that long before concept of sovereignty and legal justice became the basis of international law and diplomacy, China thought of itself only as playing a special role with its neighbours. It confined itself to controlling the barbarians immediately at its doorstep and strove for tributary states like Korea to recognize China's special status and in return it conferred benefits such as trading rights. For remote barbarians such as Europeans, about whom they knew little about, the Chinese maintained a friendly, if condescending aloofness. The founding Emperor of the Ming Dynasty expressed the view that countries of the western ocean are rightly called distant regions, "They come to us across the seas and it is difficult for them to calculate the year and month of arrival. Regardless of their numbers, we treat them on the principle of 'those who come modestly are sent of generously.'" In the Chinese version of exceptionalism, China did not export ideas, but let others come to seek them. Neighbouring

¹² www.kenyamission-un.ch/?Aboutkenya

¹³ Hornsby C. (2012). *A History Since Independence*. IB Tauris and Company Limited. New York.

peoples, according to the Chinese, benefitted from contact with China and civilization so long as they acknowledged the suzerainty of the Chinese government.¹⁴

Asked his opinion on the Communist Party of China, Pendukeni Livula-Ithana said that China is not only influential in the United Nations and World Trade Organisation, but increasingly continues to play a more important role in the process of global economic governance as the second largest economy in the world. Africa's challenge was to harness its potential and the opportunities offered by China and translate these into real growth.¹⁵

According to the ministry of foreign affairs of the PRC, sincerity, equality and mutual benefit, solidarity and common development are the five principles guiding China-Africa exchange and cooperation and the driving force to lasting China-Africa relations. China's Africa Policy white paper declares. These new principles of China's Africa Policy are the continuity of the Five Principles of Peaceful Coexistence from the early period and the Five Points Proposals in the 1990s. Due to its own historical suffering from foreign invasions, China's foreign policy highly embraces the principle of sovereignty and equality, which is very appealing to many African countries who still suffer from the Western colonialism legacy. China's controversial "non-intervention and no strings attached" policy in Africa is more a compliance with this principle than the pure opportunistic exploitation of the unadulterated use of conditionality by Western donors.¹⁶

Freeman contends that as a permanent veto wielding member of the UN Security Council, China has a unique status and authority to act, or block action on the critical

¹⁴ K. Henry. On China. The Penguin Press. USA, p 17.

¹⁵ ChinAfrica. 90 Years of CPC Power. CPC Through African Eyes. Vol 3, 2011. p 18.

¹⁶ Ministry of Foreign Affairs of the People's Republic of China, "China's Africa Policy", 2006.

international challenges facing the world, be it weapons proliferation, terrorism, climate change, energy, security or extreme human rights challenges perpetrated by national despots. China continues to demur that it is merely a developing country and does not seek to change the international system, but some of its rhetoric and actions suggests otherwise and the weight inherent in the rise of a nation of over 1.3 billion people affirms a self evident truth. It is not whether China will exert some influence on the international system, but how.¹⁷

On the other hand Xiao and Cheung points out that there have been new developments and a proactive Chinese foreign policy initiative developing from the ‘people first’ principle put into operation as a result of the drastic political changes originating in Tunisia in early 2011 and spreading across North Africa. Libya’s uprising against Muammar Gaddafi gave rise to political turmoil and eventual civil war. China organized a large-scale operation to evacuate over 35,000 Chinese nationals from Libya by all routes of air, sea and land. The foreign policy operation was unprecedented in terms of China’s relations with the outside world. This principle was again tested when the disastrous triple crisis of earthquake, tsunami and nuclear power plant incident devastated Japan. When the Chinese in the disaster-hit prefectures needed to evacuate and others amidst the panics, fearful of the nuclear radiation leaks – wanted to leave the affected regions of Japan, China mobilized its embassy and consulates to make all kinds of efforts to assist them. The full-scale rescue and disaster-relief operation, putting humanitarian interest first, will certainly generate new thinking on this latest humanitarian development of Chinese foreign policy.¹⁸

¹⁷ Bergsten F., Freeman C. et al. (2009). China's Rise: Challenges and Opportunities. Centre for Strategic and International Studies. Washington. p 211.

¹⁸ Xiao Ren & Cheung C. K. Gordon.(2011). Sources and Transitions of Chinese Foreign Policy. Springer Science+Business Media B.V. East Asia (2011) Vol.28. pp 169–174.

Some of the writers on China Africa relations have questioned whether China is practicing new form of colonialism on African states while others say that China is liberating African states from the US imperialism. “The central question here is whether China’s role in Africa can best be characterized as that of a development partner, economic competitor, or colonizer.”¹⁹

1.4.2.1 China’s Foreign Policy on Trade, Aid and Investment

China’s involvement in Africa also takes on the aspects of trade, aid and investment hence it is important to analyse the varying arguments on China’s foreign policy based on these three aspects including on Kenya.

China became a stronger economic force with Africa when it sealed a deal with African countries in November 2006 with the establishment of the Forum on Africa China Cooperation (FOCAC).

Campbell argues that behind the language of friendship and cooperation lay an understanding of vast treasures of Africa and the major genetic, mineral and energy resources that are coveted in this century of converging technologies. From the dawn of human transformations the resources of Africa attracted friends and invaders. These include the Arab traders making links in Africa prior to European colonial penetration. In the 19th century Bismark remarked after the Berlin Conference that ‘he who controls Africa will control Europe.’ Walter Rodney outlined the imperatives behind the imperial Europe in *How Europe Underdeveloped Africa*. Britain and France fought major wars to control African gold, copper and rubber while a system of apartheid was established to ensure the profitability of European settler farms,

¹⁹ Alden Chris. (2007). *China in Africa*. Zed Books. London.p.125.

factories and mines. At the end of cold war, inter-imperialist rivalry led to the ascendancy of the US, nudging out the Europeans by embarking on military and commercial partnerships with a number of African states under the guise of supporting growth and development in Africa. Towards the end of the 20th century, the US established formal agreements through the Africa Growth and Opportunity Act in order to make direct links with African entrepreneurs. In response to the US challenge, the European Union established the Development of Partnership for Peace and Security and outlined the 'European Union Strategy for Africa' where the EU committed itself to 'better and faster relations' with Africa based on finance, budgetary support coordination and coherence. The emergence of China as a force in Africa complicated the tussle between the EU and US over 'who controls Africa'. China aligned itself to AU and established new areas of cooperation, especially in the rebuilding of the infrastructure of war torn countries such as Angola.²⁰

Shi argues that more than other great powers in the world since 1945, or 1990, the contemporary China's foreign policy has its overwhelmingly domestic function. This has significantly contributed a lot to her "strategic concentration" so beneficial to her prominent achievements of economic growth and political, social stability in the most recent decades, as well as to her generally conservative strategic culture in foreign policy. He adds that foreign policies in Mao Zedong's era were also at most times overwhelmingly domestic-oriented, for revolution within China particularly during the founding years of PRC and the 1960s. For Deng Xiaoping and his successors, domestic economic growth and social stability through reform and maintenance is, as it were, ideology itself. China's vigorous rise, increasing dependence of domestic growth upon external market and resources, opportunities to expand international

²⁰ Manji F, and Marks S.(2007). African Perspectives of China in Africa. Fahamu Kenya. Pp.119 – 120.

influence and natural attraction to greater national honor could in combination lead to fundamental change of posture and derail Beijing from overwhelming domestic priority. The strategic culture of prudence and patience based on many years of experience and the nearly perennial domestic delicacy of a huge developing country, keep China firmly within the limits of “measured assertiveness,” not even this sort of limited assertion, one can guess according to experienced observance, often has something with domestic need of achieving popular admiration, or preventing popular complaints against “softness” in foreign policy.²¹

Taylor contends that the increasing momentum of Africa’s economic reform programmes in the 1990s has helped to facilitate Sino-African relations. Beijing officials began to believe that the macroeconomic situation in the continent was taking a favourable turn, with the resultant opportunities for Chinese commerce. This supposition was based on the assumption that African countries had adopted a set of active measures to hasten the pace of privatization, opening up international trade and reform based on bilateral and multilateral agreements. An implicit proposition was that African economies were beginning to copy China in its open-door policy.²²

Steven Rosefielde points out that it is essential to understand that the Chinese foreign exchange rate is not competitively determined by the forces of supply and demand. Exporters, including Western multinational corporations operating on the mainland, are required by law to surrender their dollar earnings to the government on terms (foreign exchange rate) fixed by the state. In a competitive environment the renminbi would appreciate as state dollar reserves increased (diminishing dollar utility), but in China the leadership can set the rate as it pleases. Beijing, at its sole discretion, can even depreciate the renminbi further despite accumulating

²¹ Yinhong Shi. (2011). *China’s Contemporary Political Leadership, Foreign Policy, and Their Chineseness*. Springer Science+Business Media. p 252. B.V. 2011. *East Asia* (2011) 28:247–257

²² Taylor I. (2009). *China’s New Role in Africa*. Lynne Rienner Publishers. p 14.

excess dollar reserves if it desires to increase export subsidies. There is no automatic foreign exchange rate mechanism that can restore foreign trade equilibrium against the party's will. Second, there is no automatic market mechanism that compels the party to disgorge its dollar reserve hoard to would-be importers, including the Chinese people who are its rightful owners.²³

Samuel Lee contends that China holds a disturbingly hostile attitude towards the liberal political order established by the West. That is to say, as China's GDP has risen to the ranks of those of the great powers — those of the U.S., Japan, Germany, France, and England — its participation in the international state system has remained firmly detached in nature from that of its peers.²⁴

Dumbaugh K. argues that it is alarming to some that China's foreign policy approach has several competitive "soft power" advantages over the United States. The "unrestricted" nature of Beijing's overseas loans and investments is attractive to foreign governments wanting swifter, more efficient, and less intrusive solutions to their development problems than western lenders will offer. And Beijing's large state-owned companies, with deep pockets and no shareholders to answer to, can afford short-term losses in pursuit of longer term, more strategic gains. On the other hand, China's approach also has structural limitations in areas where the United States is strong. Beijing's foreign development policy operates from a much narrower base, with China's "win-win" approach tackling easy issues first and postponing difficult issues, perhaps indefinitely. Acquiring and maintaining an international presence also brings certain complications that are new to the PRC, including multiple opportunities for international

²³ Steven Rosefielde. (2011). *China's Perplexing Foreign Trade Policy: Causes, Consequences, and Solutions*. American Foreign Policy Interests, 33. NCAFP pp 10–16, .

²⁴ Samuel Lee, (2010) *China: A Discontent of the Modern International Political System?* Pen Political Review. P 13

misunderstanding, resentment, and cultural backlash. Finally, unlike the United States, China lacks the advantage of a substantial private-sector investment presence overseas.²⁵

✈ Ighobor Kingsley contends the Chinese government is eager to cement China's dominance by burnishing its image through initiatives such as a 20 billion dollar credit to African countries to develop infrastructure and the African Talents Programme, which is intended to train 30,000 Africans in various sectors. He adds that China's give and take relationship in Africa plays out in other forms including construction firms acquiring enormous contracts. For example, the China Railway Construction Corp. (CRC) signed a 1.5 billion contract in September 2012 to modernize a railways system in western Nigeria. In the same month, China South Locomotive and Rolling Stock Construction, the largest train manufacturer in China signed a 400 million dollar deal to supply locomotives to a South African firm, Transnet. In February 2012 the CRC announced projects in Nigeria, Djibouti and Ethiopia worth about 1.5 billion dollars in total.²⁶

Anshan Li believes that Africans should not be blamed for all the problems and frustrations that have befallen them such as high population growths and prevalence of diseases such as HIV/AIDS. He says from the 1960s, western powers have been sparing no efforts to exert influence upon Africa. They have devised various development programmes for African countries with the condition of providing aid and technical supports. From Rostow modernization theory to various development strategies and from the "Burg Report" to the "Washington Consensus," Africans have to carry out reforms designed by western countries in

²⁵ Dumbaugh, Kerry (2008). *China's Foreign Policy and Soft Power in South America, Asia and Africa*. Congressional Research Service. Washington D. C. P 1

²⁶ Tafirenyika M. and Harsch E. (2013). *Africa Renewal. China-Africa Partnership: Positive-Sum Game?*. United Nations. New York. p. 7.

order to get aid from them. However when all these attempts proved to be a failure, African leaders are often blamed which is unfair.²⁷

1.4.3. Kenya- China Bilateral Relations

China relations with Kenya started soon after independence in 1963. Chien Yi, the Foreign Minister, attended Kenya's independence celebrations and diplomatic relations were announced on 14th December.²⁸

Charles Hornsby points out that soon after independence foreign relations were the prerogative of the prime minister and later the president with the power to negotiate treaties with foreign nations, declare war and recognize states without requiring the approval by the National Assembly. Kenya publicly supported a non-aligned, pan-African foreign policy, combined with Commonwealth membership. However, from the first it was friendlier to the west than the east reflecting the views of Kenyatta and Mboya and the realities of development, aid and finance.²⁹

There seems to have been some form of development in the early years this relationship with Wang Yutien having been appointed China's ambassador to Kenya in February 1964.³⁰

Larkin argues that political differences over ideologies emerged that saw this post lowered to the level of Charge d'affaires and later severing the relationship between the two countries that saw the Chinese chargé d'affaires Li Chieh declared persona non grata in 1967. Three months after Li Chieh was asked to leave Kenya, Peking attacked the late Tom Mboya, the then

²⁷ ChinAfrica. (December 2010). Vol. 2. *A Year in Review 2010*. p 17.

²⁸ Larkin B. (1971). *China and Africa 1949-1970: The Foreign Policy of the People's Republic of China*. University of California Press Limited. USA.

²⁹ Hornsby C. (2012). *A History Since Independence*. IB Tauris and Company Limited. New York. pp 102-103.

³⁰ Chege Michael. *Economic Relations between Kenya and China, 1963-2007*. Nairobi.

Minister for Economic Planning and Development, in a letter to the East African Standard, the embassy took issue with a speech by Mboya:

Mboya has come out to help US imperialism out of its difficulties. He even venomously places US Imperialism that is aggressive in nature on par with the Peoples Republic of China that has been persistently opposing Imperialism and uttered the nonsense that not only the Americans of the CIA had to be watched, but also the Chinese.

Mr. Mboya's intention is very obvious, that is, to divert the attention of the Kenya people from their anti-US struggle and to sow discord in and sabotage the friendship between the Kenya peoples.... Mr. Mboya's fabrication and slanders can only result in dropping on his own feet the rock he has lifted.

Mboya replied by quoting from the KANU manifesto and from a speech delivered by Kenyatta in mid-1965. The President of Kenya had said:

It is naïve to think that there is no danger of Imperialism from the East. In world power politics the East has as much design on us as the West and would like us to serve their own interests. This is why we reject Communism. It is in fact the reason why we have chosen for ourselves the path of non-alignment and African Socialism. To us Communism is as bad as Imperialism. What we want is Kenya nationalism which helped us to win the struggle against Imperialism.³¹

In an article featured in one of Kenya's newspapers, Makau Mutua, a Law Professor and a political analyst argues:

"...Does China seek to become the pre-eminent global power? Does it want to replace the United States? If so what kind of a "global steward" would China be? Would it champion any values in the world? If so which ones? Would China support democracy, human rights, economic justice and open societies? Would it coddle dictators – the way it is done with the brutally kleptocratic regime of President Robert Mugabe of Zimbabwe? Would China continue supporting genocidal regimes like President Omar Al-Bashir's Sudan. China's ravenous appetite for raw materials and energy is so great that it doesn't think anything else matters...African countries give the Chinese "eternal" concessions in what seems like cheap, or attractive "grants" for infrastructure. Don't pay in cash – pay me in eternal access to natural resources. The problem with these deals is their opacity. The public (Kenyan) has no idea that it is being mortgaged to Beijing. All they know is that they have a gleaming new building, or a superhighway without paying cash...Let us ask

³¹ Larkin B. (1971) *China and Africa 1949-1970: The Foreign Policy of the People's Republic of China*. University of California Press Limited, USA. p 135.

the question – could China re-colonise Africa through its “easy money” to African regimes?....”³²

In his article in the East African, Adan Ihucha talks about the story titled ‘Economic Power Houses woo East Africa’. He argues that the US Deputy Trade representative Demetrios Marantis urged the five EAC ministers responsible for trade and investments to seal a long term deal in 2012. The EAC-US Investment Partnership is an important component to the US strategy toward Sub Sahara Africa which President Barack Obama announced in June 2012. Like the US, China also announced a 100,000 US dollar grant to support the EAC in developing cooperation programmes with China. “The US, EU and China are focusing on securing resources needed to sustain their rapid growth, locking down sources of oil and other necessary raw materials across the world. More importantly they seek a 136 million EAC strong market for manufactured goods and services.” said Abdalla Saqware, a lecturer at the Institute of Finance Management.³³

1.5 Gaps in the Literature

Much has been said about the Chinese foreign policies both globally and for Africa including its appetite for the latter’s natural resources and the need to sustain the economy of the PRC. The ‘no strings attached’ policy that China has applied to African nations since the independence of many of the countries still plays out today. No one has been able to prove Beijing wrong, or right on their perceived intentions for the African continent including its relations with Kenya. Although there is no substantive literature specifically on Foreign Policies between Kenya and China, the little there is mainly shows certain aspects of Kenya and China’s

³² (Sunday Nation, July 8, 2012: 21).

³³ The EastAfrican. November 10-16, 2012. Economic Power Houses Woo East Africa. p 12.

bilateral relationship without specifically showing the impact of the relationship. This is the basic research problem I will investigate in this project.

1.6 Theoretical Framework

According to realism theory of international relations, foreign policy decisions are driven by the need to keep a balance of power and secure the national interest. On the other hand, idealism, or liberalism theorists would not view power as important in foreign policy. Idealists believe that countries can work together to achieve solutions. Multi-lateralism is a huge part of the idealist theory. Cooperation and negotiation, to an idealist, is a more effective foreign policy tool than balance of power.³⁴ Many African countries including Kenya are members of the United Nations (UN), a body that was mainly formed as a result of the idealism theory. Kenya and China's national interests and ideals today can be achieved with cooperation and by working peacefully together with nations that are willing and able to use comparative advantage³⁵ to advance their goals.

It is also generally agreed that African states need to advance themselves economically and get rid of the burden of debt and poverty that has plagued the continent and has been a setback for a number of decades in terms of development. The international community and organizations have considered ways of trying to help African states through aid which is

³⁴ KaLyn Villaneda, What drives foreign policy decisions? Theories of international relations - part 2, Salt Lake City Foreign Policy Examiner, <http://www.examiner.com/article/what-drives-foreign-policy-decisions-theories-of-international-relations-part-2>

³⁵ According to the classical theory of international trade by David Ricardo, every country will produce their commodities for the production of which it is most suited in terms of its natural endowments climate quality of soil, means of transport, capital, etc. It will produce these commodities in excess of its own requirement and will exchange the surplus with the imports of goods from other countries for the production of which it is not well suited or which it cannot produce at all. Thus all countries produce and export these commodities in which they have cost advantages and import those commodities in which they have cost disadvantages. - See more at: <http://kalyan-city.blogspot.com/2011/02/ricardos-theory-of-comparative.html#sthash.N942oy3Z.dpuf>

characterized by conditionalities. Good governance, democracy and human rights are pre-conditions attached to aid. On the other hand, Dependence and monopoly mean control and exploitation. All countries named as underdeveloped in the world are exploited by others and the under-development with which the world is now preoccupied is a product of capitalist, imperialist and colonialist exploration.³⁶

Neocolonialism is an intrinsic aspect of dependency theory. The State which is subject to it is in theory independent and has all the outward trappings of international sovereignty. In reality its economic system and thus its political policy is directed from outside. Neocolonialism, like colonialism, is an attempt to export the social conflicts of the capitalist countries. The temporary success of this policy can be seen in the ever widening gap between the richer and the poorer nations of the world. But the internal contradictions and conflicts of neocolonialism make it certain that it cannot endure as a permanent world policy.³⁷ Some political analysts and authors of books related to China's foreign policy particularly towards Africa have suggested that the Asian country may be practicing a new form of colonialism. However this has not been proven based on the friendly interactions China has with Africa's states and soft foreign policy³⁸ that they practice.

The impact of globalization has been felt the world over and plays a key role in the many African states including the nature of the relations that Kenya enjoys with China. According to the World Health Organisation, globalization, or the increased interconnectedness and

³⁶ Ojo Olatunde et al. (1987). *African International Relations*. Longman. London, New York, Lagos. p 58.

³⁷ Nkrumah K. (1965). *Neo Colonialism : the Last Stage of Imperialism*. New York International Publishers. p 11.

³⁸ Dr. Joseph Nye, Jr., a noted foreign policy scholar and practitioner, coined the phrase "soft power" in 1990. Nye describes soft power as "the ability to get what you want through attraction rather than through coercion." He sees strong relations with allies, economic assistance programs, and vital cultural exchanges as examples of soft power.

interdependence of peoples and countries, is understood to include two interrelated elements. The opening of borders to increasingly fast flows of goods, services, finance, people and ideas across international borders and changes in institutional and policy regimes at the international and national levels that facilitate, or promote such flows.³⁹

In an attempt to further explain Dr. Al-Rodhan and Ambassador Stoudmann describe globalization to include economic integration, the transfer of policies across borders, the transmission of knowledge, cultural stability, the reproduction, relations and discourses of power. Globalization is a process, a concept, a revolution and “an establishment of the global market free from sociopolitical control.” Some definitions have related it to progress, development and stability, integration and cooperation, and others to regression, colonialism, and destabilization.⁴⁰

During a summit to address The challenges of globalization for Africa address by Alassane D. Ouattara when he was the Deputy Managing Director of the International Monetary Fund, defined globalization as the integration of economies throughout the world through trade, financial flows, the exchange of technology and information, and the movement of people.⁴¹

Today’s economies have not escaped the effects of globalization. Kenya’s foreign policy towards China and her interactions with the Asian country is not only as a result of Kenya’s need

³⁹ <http://www.who.int/trade/glossary/story043/en/index.html> - Globalization, although not a new phenomenon, has increased rapidly in recent years. It has been driven by technological advances and the reduced cost of making transactions (exchanges) across borders and distances, as well as the increased mobility of capital. These forces mean that globalization not only consists of economic activity, but also extends to political, cultural, environmental and security issues, and relates to the increasing interconnectivity of countries and communities. Economic globalization is generally associated with neo-liberal policies such as reductions in tariffs, or elimination of restrictions on foreign investment, and the inclusion of services such as banking and insurance in trade regimes.

⁴⁰Stoudmann G. and Dr. Al-Rodhan Nayef R.F., (2006). *Program on the Geopolitical Implications of Globalization and Transnational Security*. Definitions of Globalization: A Comprehensive Overview and a Proposed Definition. Geneva Centre for Security Policy. Geneva.

⁴¹ The address was given at the Southern Africa Economic Summit sponsored by the World Economic Forum Harare, May 21, 1997. <http://www.imf.org/external/np/speeches/1997/052197.htm>

for economic growth and development, or the fact that it needs to reduce its debt burden, but also as a result of the effects of globalization.

This research project will conform to the idealist, or liberal theory of international relations not only because of the need by both countries to achieve their national interests by the friendly nature of their cooperation, but also because they both need to maintain peace in their countries and with their neighbours.

1.7 Hypothesis

- Kenya – China bilateral relations have resulted in an improved economy.
- The sustainability of Kenya's socio-economic and political development is largely dependent on a good relationship with PRC.
- Increased bilateral relationship between Kenya and China has positive effects on Kenya's socio-economic and political development.

1.8 Methodology

1.8.1 Research Design

This paper will use case study research design as it will be able to describe extensively the impact of bilateral relations between Kenya and China since Kenya's independence. It will use qualitative research data because it suitable for the kind of study that has been proposed which will measure the impact of one variable against another.

The data collection methods to be used will include in-depth open-ended interviews which will allow the interviewer to relate well with the interviewees and ask questions in manner that is understandable to both parties. It is also likely to generate clearer answers to questions which are better explained while spoken than when written. These interviews are conducted in a

relaxed atmosphere that is likely to generate more answers and questions than was planned in advance and is likely to be more accurate than the questionnaire.

The research will also make use of direct observation which is completely accurate especially where the use of a camera for still pictures is used. This enhances the credibility and accuracy of the research study.

The research study will use secondary sources such data collected from the Kenya National Bureau of Statistics, World Bank, journals and books.

1.8.2 Target Population

To ensure absolute objectivity and credibility of the data that will be collected and eventually the results of the analysis, the target population will be divided into categories.

The populations sample will be found in Nairobi, specifically projects that involve Chinese companies. This includes the road sector, agricultural sector, education and manufacturing and construction.

1.8.2.1 Government Officials

The first group will consist of government officials in various ministries that are concerned with bilateral relations between the Peoples Republic of China and the Republic of Kenya as well as trade and development of Kenya. These include present and past Kenya ambassadors to China, the Cabinet Secretary for Foreign Affairs and in the event that she is not available, her assistant. If this is not viable, the Principle Secretary, or any other high ranking official in the Ministry will be considered for the interview. Also considered for interview are officials from the Ministry of Trade, Ministry of Tourism and the Ministry of Planning and Development.

The persons to be considered from China for interviews are the Chinese Ambassador to Kenya, or the First Secretary. Also to be interviewed will be the representative heading the Economic and Commerce office of the Peoples Republic of China.

1.8.2.2 Industries

The second group of people is businessmen and women working in various industries that the Peoples Republic of China and Kenya are directly, or indirectly involved. These include the transport, manufacturing and textile industries who sell products that may be in direct competition with Chinese products.

1.8.3 Sampling Method

This study will apply the systematic random sampling technique particularly for the business persons operating in Nairobi who are competing directly or indirectly with the Chinese. This method minimizes bias and every member of the population has an equal chance of selection.

1.8.4 Research Instruments

Research instruments to be used in the main will be unstructured interviews. The nature of this study will require comprehensive information on the topic in order to result in the most accurate data possible.

1.8.5 Data Collection Method

The data collection procedure will employ both primary and secondary sources. The primary sources will include interviews as mentioned above and observation.

There will also be secondary sources in the data collection and these will include reports from sources such as from the Kenya National Bureau of Statistics and the World Bank.

1.9 Chapter Outline

1.9.1 Chapter Two: China Foreign Relations with Africa

This chapter will explain China's foreign relations in general and gradually examine its foreign policy towards Africa with a focus on Kenya.

1.9.2 Chapter Three: Kenya Foreign Relations Towards China

This chapter will analyse Kenya's foreign relations towards China and breaks the topic to focus on the eras of the last three presidents; Jomo Kenyatta, Daniel Moi and Mwai Kibaki.

1.9.3 Chapter Four: Kenya – China Bilateral Relations

This chapter analyses the bilateral relationship between Kenya and China with a look on the trade and the emerging relations between the two countries. As the incumbent president Uhuru Kenyatta has just begun serving his term, I will limit any detailed analysis of Kenya's foreign relations up to the end of Kibaki era, December 2012.

1.9.4 Chapter Five: Summary of Findings

This chapter summarizes the findings of the study and compares them against the objectives set for the study. In addition, I will test the hypothesis against the data that I have gathered.

1.9.5 Chapter Six: Conclusion

This chapter draws a conclusion to the whole study in the hope that it has answered all the unanswered questions and closed the gaps in the literature review.

CHAPTER TWO

CHINA FOREIGN RELATIONS WITH AFRICA

2.1 Introduction

China's foreign relations have increasingly developed interest in the past decade more so amongst international relations scholars and other great powers. This can be attributed to its ever increasing influence in the international forum and its increased bilateral and multilateral relations. Many scholars argue that the international system has assumed a unipolar orientation since 1991, with the United States the sole remaining superpower. Perhaps more important are predictions of what will follow for international relations. For example, some believe the United States will face no viable challengers in the near term, with unipolarity a stable and long-term likelihood. Others see a return to a multipolar environment wherein many nations will possess military and economic might sufficient to be recognized as great-power states. Still others foresee a return to bipolarity with the United States and one future great power locked once again in a struggle for primacy. This last possibility is increasingly influenced by Brazil, Russia, India, and China (BRIC). The most likely challenger to US hegemony to emerge, at least in the foreseeable future, is China. Only China is close to possessing sufficient economic might, military spending and growth to soon rival the United States. It may well become the second great-power state in a new bipolar international regime.⁴²

⁴² Yeisley O Mark Lt Col. (2011). *The Perils of Bipolarity: Subnational Conflict And The Rise Of China*. Air War College. Air University. USA. p 11.

2.2 The Rise of China and its Foreign Relations Implications

According to a BBC report, today China is one of the world's top exporters and is attracting record amounts of foreign investment. In turn, it is investing billions of dollars abroad. The collapse in international export markets that accompanied the global financial crisis of 2009 initially hit China hard, but its economy was among the first in the world to rebound, quickly returning to growth. In February 2011 it formally overtook Japan to become the world's second-largest economy.

As a member of the World Trade Organization, China benefits from access to foreign markets. But relations with trading partners have been strained over China's huge trade surplus and the piracy of goods. The former has led to demands for Beijing to raise the value of its currency, which would make Chinese goods more expensive for foreign buyers and possibly hold back exports. Some Chinese fear that the rise of private enterprise and the demise of state-run industries carry heavy social costs such as unemployment and instability. Moreover, the fast-growing economy has fuelled the demand for energy. China is the largest oil consumer after the US and the world's biggest producer and consumer of coal. It spends billions of dollars in pursuit of foreign energy supplies. There has been a massive investment in hydro-power including the 25 billion dollar Three Gorges Dam project.⁴³

China is becoming an increasingly important player on the world stage. Although it has long been a permanent member of the U.N. Security Council and a nuclear weapons state, its expanding economic might is resulting in growing political influence beyond Asia as well. It is hard to find a major international issue in which China is not playing a role: From weapons proliferation, to human rights, to energy security, to North Korea, Iran, Sudan, and the United

⁴³ news.bbc.co.uk

Nations, China is present, and Beijing is increasingly confident of its high-profile role in world politics. With increasingly well-developed power derived from economic growth, political stability and a growing military capability, China sees its re-emergence as a global power, on its own terms, as a certainty. If all goes according to Beijing's plans, in the next few decades China will be among the great powers in the international system, if not atop the international system.⁴⁴

2.3 China versus the West Foreign Relations

The Soviet Union collapsed in 1991. A year later, debates on China's power status began to emerge. In 1992, the former Chief Economist of the World Bank, Lawrence Summers, believed that according to the Purchasing Power Parity (PPP)⁴⁵ calculation, China's economy was already 45 per cent of that of the United States. In 1995, the World Bank's standard PPP estimates showed that China's Gross Domestic Product (GDP) was 4.7 times as much as the GDP value calculated by currency exchange rates. Thus, China's GDP increased to 3.8 trillion US dollar, which was 56 per cent of the US GDP that year. In the early 1990s most scholars agreed with the method of using currency exchange rates to evaluate China's power status. They thus believed that China's power status was still far behind that of France and ranked only sixth, rather than third.⁴⁶

After more than two decades of consistently rapid economic growth, in terms of calculated at purchasing power parity, China accounts for 12 per cent of world output and stands

⁴⁴ This argument was cited from a lecture by Brookes Peter published in 2005 on China's Influence in the Western Hemisphere. Lecture

⁴⁵ The World Bank defines Purchasing Power Parity (PPP) GDP as the gross domestic product converted to international dollars using purchasing power parity rates. An international dollar has the same purchasing power over GDP as the U.S. dollar has in the United States. GDP at purchaser's prices is the sum of gross value added by all resident producers in the economy plus any product taxes and minus any subsidies not included in the value of the products. It is calculated without making deductions for depreciation of fabricated assets or for depletion and degradation of natural resources. Data are in current international dollars. <http://data.worldbank.org/indicator/NY.GDP.PCAP.PP.CD>.

⁴⁶ Xuetong Yan. (2005). *The Chinese Journal of International Politics: The Rise of China and its Power Status*. Volume 1 pp. 5-33. Oxford University Press. p 5.

as the second largest economy in the world, behind the United States. In 2002, China accounted for 15 per cent of world economic growth and 60 per cent of the world's export growth. In terms of the world economy's financial conditions, China is now the world's largest saver and a major source of finance for the US current account deficit.⁴⁷

2.4 China Foreign Relations with Africa

Undoubtedly, China's presence in Africa has increased tremendously during the past decades and its aid to many African states has caused jitters for Western nations particular the US whom Africa relied on for assistance. This has caused many scholars to argue about the reasons for China's involvement with the African continent. These debates provide good basis for analysis of China's foreign policies for Africa.

The most serious worry for the United States on China's involvement in Africa was expressed by the spokesperson of the IMF and the World Bank who complained that China's unrestricted lending had undermined years of painstaking efforts to arrange conditional debt relief. They were clearly concerned that China could now offer favourable loans to Africa and consequently weaken imperial leverage over African economies".⁴⁸

There are at least two schools of thought on the China-Africa relations. The first focuses on how the Chinese involvement with Africa affects the already established relations with the West and questions the real reasons for China's association with many of the African states.

⁴⁷ Li Minqi. (2005). *The Rise of China and the Demise of the Capitalist World-Economy: Exploring Historical Possibilities in the 21st Century*. Science & Society, Volume. 69, No. 3, The Deep Structure of the Present Moment: Guilford Press Stable URL: <http://www.jstor.org>, P 420

⁴⁸ Manji Firoz and Marks Stephen, (2007). *African Perspective on China in Africa*. Fahamu, Nairobi. P 123

In the developing world China's growing presence is forcing international aid agencies to contend with a new competitor and forcing Western nations to look again at how they deal with pariah states.⁴⁹

The decline of the US imperial hegemony has been hastened by the internal contradictions of the social system and the mistaken belief of the US that military power can be substituted for economic strength. Chinese planners and government functionaries understand that the devaluation of the dollar is being deferred by China itself, hence the accelerated plans for investments and forging of alliances across all continents.⁵⁰

The second school of thought views China as trying to establish itself as an economic power and is using the rich resources in Africa for its own benefit. This has been described by some writers as 'exploitation.' Key questions have emerged on whether China is the latest in line of exploiters of Africa's natural resources who put their own economic interests above humanitarian, environmental, or human rights concerns, or is China's engagement an extension of south-south solidarity. In addition, do China's ties enable African countries to free themselves from the tyranny of debt and conditionality that through two decades of structural adjustment programmes have reversed most of the gains of independence, or is Africa just swapping one tyranny for another?⁵¹

⁴⁹ Bergsten F., Freeman C. et al. (2009). *China's Rise: Challenges and Opportunities*. Centre for Strategic and International Studies. Washington. P 211

⁵⁰ Manji Firoz and Marks Stephen, (2007). *African Perspective on China in Africa*. Fahamu, Nairobi. P 123

⁵¹ Manji Firoz and Marks Stephen, (2007). *African Perspective on China in Africa*. Fahamu, Nairobi. P Vii

Critics have claimed that for the most part Africa is exporting oil and other raw materials to China while importing cheap manufactured Chinese goods – an exchange remarkably similar to that of the colonial era.⁵²

Drew Thompson notes that the UN Security Council's 2004 mid November meeting in Nigeria to resolve conflicts in Sudan, highlighted China's growing interest in Africa since the end of the Cold War. China's effort to dilute a September UN resolution against Sudan not only demonstrated Beijing's potentially more active role in Security Council, but also revealed its emerging interest in trade and energy in Africa. "An increasingly influential player in Africa, China needs to be considered if the United States wants to achieve its goals in bringing democracy and economic development to the continent."⁵³

The Chinese government has invested heavily in Africa in the recent past to encourage trade relations sponsoring the Forum on China–Africa Cooperation (FOCAC) to provide opportunities for governments and businesses to strengthen economic cooperation. The first FOCAC took place in Beijing in 2000 establishing a mechanism for promoting diplomatic relations, trade and investment between China and African countries. That same year two way trade between China and Africa surpassed 10 billion dollars for the first time in history.⁵⁴

China is also famed for building presidential palaces and national museums across the African continent to boost the egos of many African leaders creating in them an affinity for and sense of gratitude toward Beijing. However, not everyone sees such investments as good thing, as one informant argues "our elites do not see the big picture and are happy to get some infrastructure built by the Chinese, which they can show off to the people as if they themselves

⁵² Taylor Ian. (2009). *China's New Role in Africa*. Lynee Rienner Publishers, Inc. London. p 1.

⁵³ Waldron Aurthur. (2008). *China in Africa*. The Jamestown Foundation. Washington. p 11.

⁵⁴ Waldron Aurthur. (2008). *China in Africa*. The Jamestown Foundation. Washington. p 11.

have delivered it. However they have no idea about how development is pursued, or in fact have any real interest in this.⁵⁵

Some of the reasons why China is an appealing partner for many African countries include its approach to bilateral relations and economic development, characterized by Joseph Cooper Ramo as the “Beijing Consensus” which provides an alternative to development and political economic reforms espoused by “the west” and typified by the “Washington Consensus” of the World Bank and IMF. Beijing’s consistent respect for other nations’ sovereignty and steadfast refusal to criticize, or involve itself in the internal affairs of African nations earns it the respect of leaders and elites who have economic, or political reforms demanded by the west. African leaders’ embrace of the “Beijing Consensus” reflects perhaps what is the most attractive Beijing “soft power”: a long standing history of friendly ties, provision of appreciated, “no strings attached” financial and technical aid to both elites and the most needy and growing commerce between the world’s largest developing nation and the continent with the most developing nations.⁵⁶

However, African trade is generally lopsided in favour of Chinese exporters who are penetrating African markets with cheap household products. Critics charge that trade is doing little to encourage indigenous African manufacturing.⁵⁷

China’s relations with Sudan in promoting trade and investment illustrates its broader interests in Africa and the competitive advantages Beijing enjoys when operating in difficult environments. African countries represent a significant market for cheap Chinese made products,

⁵⁵ Taylor Ian. (2009). *China's New Role in Africa*. Lynee Rienner Publishers, Inc. London. p 11.

⁵⁶ Waldron Aurthur. (2008). *China in Africa*. The Jamestown Foundation. Washington. p 15.

⁵⁷ Taylor Ian. (2009). *China's New Role in Africa*. Lynee Rienner Publishers, Inc. London. p 19.

which helps China maintain a favourable global balance of trade and creates jobs in China. African countries also represent an investment environment where they can compete effectively against western multinational corporations that enjoy greater access to infrastructure and are particularly competitive in countries where unreliable political sanctions, or other potential liabilities keep large multinationals from committing themselves. Chinese firms are not hindered at home by the legal challenges from nongovernmental organizations, or concerned about corporate image liabilities when investing in high risk markets with unsavory regimes, or where severe human rights abuses take place. In fact Chinese companies are attracted to the potential for large profits in markets with less competition from multinational firms.⁵⁸

One of the more contentious issues surrounding Sino – African relations involves the export of cheap manufactured goods from China to Africa, which is blamed for a decline in African exports, particularly clothing and textiles.⁵⁹

While reporting for the ChinAfrica journal (December 2010: 23) Ncube Njabulo notes that as of 2009 China became the biggest buyer of Angolan precious stones (diamond) overtaking the US. The increase in diamond sales to China is largely due to their use in barter transactions (diamonds in exchange for goods), or for amortizing Angola's debt as indicated in the Africa Monitor newsletter.⁶⁰

2.5 China's Foreign Policy towards Africa

On 1st October 1949, the Chinese Communist Party (CCP) led by Mao Zedong, defeated Chiang Kai-shek and the Nationalists in the Chinese civil war and the Peoples Republic of China

⁵⁸ Waldron Aurthur. (2008). *China in Africa*. The Jamestown Foundation. Washington. p 13.

⁵⁹ Taylor Ian. (2009). *China's New Role in Africa*. Lynee Rienner Publishers, Inc. London. p 63.

⁶⁰ ChinAfrica December 2010 Vo. 2: 23

was (PRC) was founded.⁶¹ Through the 1950s and 1960s, Chairman Mao Zedong's policy of "self-reliance" greatly constrained the nation's foreign contacts. Beijing's foreign policy goals then centered on promoting Maoist revolutionary parties around the world. Furthermore a lingering dispute over the Chinese Communist government's legitimacy in the international community facilitated its international isolation. Many countries including the United States continued to recognize the previous Republic of China (ROC) government that had fled to Taiwan as the country's rightful government. Thus Taiwan continued to control China's embassies around the world for decades, to be China's signatory to international agreements and to hold the Chinese seat in the United Nations and other multilateral organizations. All this began to change in the early 1970s when President Nixon initiated an opening to China and the United Nations voted to recognize the PRC as China's legitimate U.N. representative.⁶²

It is therefore important to note one of the dimensions of Chinese engagement with Africa is its diplomatic crusade aimed at displacing Taiwan's official relations with African countries. The battle for diplomatic recognition between Beijing and Taipei has, of course, been a cornerstone of Chinese foreign policy since the declaration of the Peoples Republic of China (PRC) and has guided China's Africa policy since Zhou Enlai's Africa tour of 1963-64 when he famously declared Africa to be 'ripe for revolution'.⁶³

China began showing interests of working in close cooperation with African states not too long after the founding of the PRC. Before the establishment of the first official diplomatic relations with Egypt in 1956, PRC had called on 29 representatives of African and Asian nations

⁶¹ Waldron Aurthur. (2008). *China in Africa*. The Jamestown Foundation. Washington. p v.

⁶² Dumbaugh, Kerry (2008). *China's Foreign Policy and Soft Power in South America, Asia and Africa*. Congressional Research Service. Washington D. C. p 1.

⁶³ Alden Chris. (2007). *China in Africa*. Zed Books Limited. New York/ London. p 21.

to meet in the first Bandung, Indonesia. The Summit, also known as Asian-African Conference, was to promote Afro-Asian economic and cultural cooperation and to oppose colonialism and neo-colonialism. Premier Zhou Enlai distributed a statement and made an off-cuff speech at the end of the conferences summarizing China's commitment to establishing healthy Asian-African relations: "there exists common ground among the Asian and African the basis of which is that the overwhelming Asian and African countries and their peoples have suffered from the calamities of colonialism."⁶⁴

Peking's prompt recognition of the Algerian government in September 1958 was one of the first signs of a Chinese position concerning Africa that was distinct from the position of USSR.⁶⁵ The sense of political mission in Africa was fed by compliments such as that paid by Ahmed Balafrej, the Moroccan leader in Peking in 1959; 'I am convinced that China's revolution has awakened the African continent.' It is dramatized the Chinese mind that by the key role attributed to Africa by the Chinese Communist theorists: 'The centre of anti-colonial struggle is in Africa. The centre of struggle between East and West is Africa.'⁶⁶

Before then, China had already made contacts with Egypt. As a matter of fact, China had obtained diplomatic mission from Egypt in 1956 and the first Chinese Embassy was established in Cairo with the wider function of contacting as many African groups as possible. Between 1956 and 1957 more attention was devoted to events in the Communist camp and to developments affecting the balance of forces between the so called imperialist camp and the camp of peace; these events and the hundred flowers' campaign in China had a considerable

⁶⁴ Waldron Aurthur. (2008). *China in Africa*. The Jamestown Foundation. Washington. p V

⁶⁵ Larkin B. (1971). *China and Africa 1949-1970*: The Foreign Policy of the People's Republic of China. University of California Press Limited. USA. p 38.

⁶⁶ Wilson D (19 :p.236.

effect of Chinese policy in Africa. These events are said to have ‘common’ ideological outlook which Communist countries are said to share.⁶⁷

Three developments, one in Africa and the others in China came together to simulate the close involvement of China in Africa in the postmillennial era. Following the events in and around Tiananmen Square on June 4th 1989, Beijing underwent a major re-evaluation of its foreign policy towards the developing world. While Tiananmen Square triggered a crisis, albeit temporary in China’s relations with the West, Africa’s reaction was far more muted, if not supportive.⁶⁸

Chinese interests would be furthered by the agitation of the African peoples for independence, particularly where such agitation had reached the advanced stage of armed struggle. Chinese objectives in Africa included breaking through the barrier of suspicion created by ‘imperialist’ propaganda, establishing diplomatic relations, extending trade and eventually aid while trying to persuade the government to adopt an anti-western brand of neutralism and help train indigenous revolutionary cadres whose function would be to transform the African nationalist political temperament into a Communist one.⁶⁹

China’s foreign aid policy with African countries lies under eight principles which were clearly spelt out by Zhou En-Lai during his tour to Africa between 1963 and 1964. He said the “Chinese government always bases itself on the principle of equality and mutual benefit in providing aid to other countries. It never regards such aid as a kind of unilateral alms, but as something mutual. Through such aid the friendly new emerging countries gradually

⁶⁷ Ogusanwo, Alaba. (1974). *China's Policy in Africa 1958–71*. Cambridge University Press. Cambridge. P 9/10

⁶⁸ Taylor Ian. (2009). *China's New Role in Africa*. Lynce Rienner Publishers, Inc. London.

⁶⁹ Ogusanwo, Alaba. (1974). *China's Policy in Africa 1958–71*. Cambridge University Press. Cambridge. p 9/18.

develop their own national economy, free themselves from colonial control and strengthen the anti-imperialist forces in the world. This is in itself a tremendous support to China.”⁷⁰

During Deng Xiaoping’s ‘Southern Trip’ in 1991, his recommitment to transforming the economy was coupled to an admonition on the best approach to foreign policy: observe calmly, secure our position. Hide our capabilities and bide our time. Be good at maintaining a low profile, never claim leadership. This became the new watchword for Chinese foreign policy.⁷¹

The 1980s saw Africa downgraded in China’s foreign relations and China’s involvement in Africa was gradually reoriented into more commercial forms. Current relations should be traced to China’s renewed interests in Africa that was sparked in 1989 and consolidated with Jiang Zemin’s tour to six African countries in May 1996, a process that paved the way for the accelerations of the current phase after 2000. The longer history of contact between China and Africa, the FOAC occurred on the 50th anniversary of China’s establishment of diplomatic relations with Egypt and was underpinned by a historical foundation emphasising the commonalities China and Africa enjoy: cradles of civilisation, victims of colonialism, a developing country and developing continent.⁷²

The difference between China’s involvement in Africa and that of other nations is that it is accompanied by a clear government policy in support of African commercial ventures, abundant financing and tax benefits for Chinese firms operating abroad and robust diplomacy toward the region. State owned Chinese companies can depend on the Ministry of Commerce, which manages most Chinese programmes to add to sweeteners to bids for African government

⁷⁰ Larkin B. (1971) China and Africa 1949-1970: *The Foreign Policy of the People's Republic of China*. University of California Press Limited, USA. p 103.

⁷¹ Alden Chris. (2007). *China in Africa*. Zed Books Limited. New York/ London. p 10/11.

⁷² Manji Firoz and Marks Stephen (2007). *African Perspectives on China in Africa*. Fahamu. Nairobi. p 156.

contracts or assets. As an example, a five billion US dollar oil backed concessional loan was a prominent feature of the massive energy deals struck in Angola in 2005-2006.⁷³

On the other hand a complicating factor in understanding China's Africa policy has been the fact that it is being conducted on a fairly rigid bilateral basis, though it is folded into a very public regional diplomacy setting (FOCAC) and sometimes plays out at the multilateral level.⁷⁴

In an abridged version of a speech by His Excellency Liu Guangyuan at a Reception to mark the 63rd anniversary of the founding of the People's Republic of China on September 27th, 2012, published by the Standard newspaper in Kenya, noting the relations China and Africa over the past 49 years, Liu said:

Since we entered the 21st century, the cooperation between China and Kenya has become increasingly dynamic. We have been pursuing win-win cooperation and common development. China's Foreign Direct Investment to Africa has reached over 15 billion US dollars. China has assisted Africa to accelerate economic growth, lift people's living standards, create job opportunities and increase the government revenues. China is Africa's biggest trade partner and the Sino-Africa bilateral trade volume reached 166.3 billion dollars in 2011. China's trade contributes 20 per cent to the economic growth of the continent.⁷⁵

2.6 China Foreign Relations in Regard to African Military

African foreign relations are incomplete without discussing the military. War is almost synonymous with Africa and the military has continued to be a major player. This has been of great concern to the international community who play a significant role in the security on the continent in trying to curb war crimes. China's role in the peace of African nations has therefore also come into focus with its increased relations.

⁷³ Waldron Arthur. (2008). *China in Africa*. The Jamestown Foundation. Washington. p 22.

⁷⁴ Alden Chris. (2007). *China in Africa*. Zed Books Limited. New York/ London. p 27.

⁷⁵ The Standard (October 2nd 2012: 15). The full speech emphasizes the stride China and Kenya have made in their relationship for the past 49 years.

During the Maoist era, the PRC gave small arms and light weapons freely to sympathetic governments and revolutionary organizations as part of a strategy to promote Maoism and Chinese interests. The post Mao however, Beijing's arms exports became predicated on more commercial, less political bases and the destinations of its arms exports became more diversified.⁷⁶

While China's military to military contacts with Africa have been quite modest, anxiety over China's activities in Africa exceeds the present extent of military activities for several reasons. Among these are questions about China's future military capabilities and its intentions in the region. China's arms sale practices particularly to Sudan, demonstrate a willingness to look the other way when sovereign states commit genocide if it serves China's national interests, in this case access to oil.⁷⁷

Military cooperation and the growth of arms sales are an important aspect of China's relations with some African governments, especially those under the threat owing to civil war, insurgency, or domestic opposition, but which are barred from obtaining weapons from traditional western sources. China's arms sales to Africa stood at 1.3 billion US dollars in 2003, more than double those of Britain, but considerably lower than those of Russia whose 7.6 billion US dollars worth of weapons make it the leading arms exporter to the continent.⁷⁸ This is a reflection on the effects of globalization which has enabled easier south-south cooperation where, something that was not very common several decades ago.

Khartoum has sourced weaponry from Chinese manufacturers since at least 1985 with transfers between 1985 and 1989 totalling 50 million US dollars. As of the 2000s China is the

⁷⁶ Taylor Ian. (2009). *China's New Role in Africa*. Lynne Rienner Publishers, Inc. London. p 113.

⁷⁷ Waldron Arthur. (2008). *China in Africa*. The Jamestown Foundation. Washington. p 29.

⁷⁸ Alden Chris. (2007). *China in Africa*. Zed Books Limited. New York/ London. p 25.

key player in Sudan's arms trade making China's weapons exporting policy to come under particular scrutiny in the context of the Sudanese civil war and the crisis in Darfur.⁷⁹

Chinese and Zimbabwean military ties are among the closest on the African continent. In April 2005 Zimbabwe's air force received six K8 jet aircraft to be used for training jet fighter pilots and for "low intensity" military operations and the year before, a Chinese radar system was installed at Mugabe's 13 million US dollar mansion. This order which had been kept secret circumvented the state procurement board tasked with appropriating Zimbabwe's 136 million US dollar defense budget.⁸⁰

In 2005, the total value of conventional arms sales worldwide, among both developing and developed nations was 44.2 billion US dollars. Of this, China's share was 2.1 billion dollars dwarfed by the United States' 12.8 billion dollars worth of exports. 100 per cent of China's arms exports, however, go to developing nations (as does Britain's). Trends suggest that China is increasingly focusing on the developing world as a market, even as other exporting nations are cutting back, or at least stabilizing their sales; between 1998 and 2005.⁸¹

The lack of transparency in China's arms industry and particularly its export policy makes any analysis of Beijing's weapons trade difficult. As a result it is excluded from the list of arms-producing companies compiled by the Stockholm International Peace Research Institute (SIPRI), owing to lack of comparable data according to the British Parliament.⁸²

China's aid to Africa began in 1956 and this has helped to contribute to the rapid development of Sino- African relations. The Tanzania – Zambia Railway, the largest foreign aid

⁷⁹ Taylor Ian. (2009). *China's New Role in Africa*. Lynne Rienner Publishers, Inc. London. P 120

⁸⁰ Waldron Arthur. (2008). *China in Africa*. The Jamestown Foundation. Washington. p 92.

⁸¹ Taylor I. (2009). *China's New Role in Africa*: Lynne Rienner Publishers, Inc. London. p. 119.

⁸² Taylor Ian. (2009). *China's New Role in Africa*. Lynne Rienner Publishers, Inc. London. p. 116.

project completed by China in 1977, which is on the verge of collapse due to lack of fuel has caused much criticism on China's way of running foreign aid projects. In response to the negative criticisms in an interview in the *ChinAfrica* journal, Wang Cheng'an, a former Deputy Director of Department of Aid to Foreign Countries of Ministry of Commerce, said:

“China's Africa aid is characterized by no strings attached, non interference in others' internal affairs and focusing on infrastructure construction. Tanzam Railway once fostered rapid development of the African economy. Its current situation mainly results from changes of the economic environment and from China's way of giving aid. We respect African countries' way of managing the railway, but offer technological support at the same time.”⁸³

Chinese trade in Africa increased from 11 to 40 billion US dollars between 2000 and 2005 becoming Africa's third largest trading partner then. Most of the increase comes from oil imports from Sudan where China's companies have been active since 1995 and Angola where they made major energy investments between 2003 and 2004.⁸⁴

Year by year Chinese trade with Africa has been increasing making it the largest trading partner of Africa and Africa, as of 2011, stands as China's fourth largest investment destination. According to Chinese Ministry of Commerce, China-Africa trade volume reached 122.2 billion US dollars in the first three quarters of 2011. The trade volume reached 126.9 billion US dollars. China's non-financial direct investment to Africa totaled 1.08 billion U.S. dollars representing a year-on-year growth of 87 per cent. The new construction contracts in Africa signed by Chinese companies reached 25.2 billion US dollars and accomplished a turnover of 23.7 billion dollars.

⁸³ *ChinAfrica*. (February 2012). Vol 4, *Hi-Tech HQ*. Beijing Review Magazine. Beijing. p 16.

⁸⁴ Waldron Aurthur. (2008). *China in Africa*. The Jamestown Foundation. Washington. p 22.

Chinese goods with a wide range fit into different consumption levels in the African market and meet the people's life and production needs in Africa. At the same time, coffee, diamonds, handicrafts and other unique African products are favored by Chinese consumers.⁸⁵

China's aid to African countries falls in the category of south-south cooperation and is mutual benefit among developing countries. He Wenping, Director of African Studies with Chinese Academy of Social Sciences said China's assistance to African countries has never had any political preconditions attached. The nature of unconditionality accompanying Chinese aid projects embodied the principle of mutual aid and respect.⁸⁶

A China-Africa Development Fund (CADFund) was established in 2006 to encourage and support Chinese enterprises to invest in Africa. This was one of the eight measures implemented to strengthen China-Africa cooperation pledged by China at the Beijing summit of the Forum on China-Africa Cooperation (FOCAC) in 2006. The fund became operational with the first-phase funding of one billion US dollars provided by China Development Bank (CDB).⁸⁷

Over the past decade driven by the investment and trade by the Asian emerging economies such as China and India, the African economy has witnessed a stable recovery. According to the former AU Commission Chairman, Jean Ping, the economy of African countries on average has grown by about six per cent in 2011, while in seven countries the growth rate reached between seven and 11 per cent. The International Monetary Fund (IMF) predicted that African economic growth rate in 2012 was expected to maintain six per cent which is more, or less similar to that of Asia.⁸⁸

⁸⁵ Cited in Yu Shengnan, Guo Qian article. YEARENDER: China-Africa cooperation: unlimited opportunity with vitality 2011/12/23.

⁸⁶ ChinAfrica. (February 2012). Vol 4. *Hi-Tech HQ*. Beijing Review Magazine. Beijing. p 16.

⁸⁷ ChinAfrica. (March 2012). Vol 4. *African Unity: AU Seeks to Reintegrate Africa*. Beijing Review Magazine. Beijing. p 61.

⁸⁸ ChinAfrica. (March 2012). Vol 4. *African Unity: AU Seeks to Reintegrate Africa*. Beijing Review Magazine. Beijing. p 20.

Energy resources are the most important focus of China's involvement in the continent and occupy the bulk of the thrust of its investment and diplomacy, but other forms of resource based commercial engagement with Africa play an important part in shaping trade and investment ties among these commercial logging in Equatorial Guinea and Liberia, cotton and sisal plantation agriculture in Tanzania, the rehabilitation of transport infrastructure in Botswana, new investments in textile manufacturing in Zambia and Kenya and the installation of sophisticated telecommunications systems in Djibouti and Namibia.⁸⁹

2.7 China and Infrastructure in Africa

A good number of African states can attribute their infrastructure construction to the Chinese in the last two decades. These include roads and buildings. According to Wang Cheng'an, a former Deputy Director of Department of Aid to Foreign Countries of Ministry of Commerce, well equipped infrastructure can lay the foundation for economic development and provide potential business opportunities. While Western countries pay more attention to "capacity building" China helps African countries build roads and bridges from which local people get direct benefits.⁹⁰

According to Mthuli Ncube, the Chief Economist and Vice President of African Development Bank, one lesson Africa can learn from China is to invest in infrastructure. This alone will add almost three per cent to GDP growth in Sub Saharan Africa. China invested heavily in infrastructure, which underpinned its economic growth.⁹¹

⁸⁹ Alden Chris. (2007). *China in Africa*. Zed Books Limited, New York/ London. p. 13.

⁹⁰ ChinAfrica. (2012). Vol.4. *Hi-Tech HQ*. February. p 16.

⁹¹ ChinAfrica. (2011). Vol 3. *Touchdown in Africa*. February p. 34.

In Kenya over 90 per cent of those interviewed are aware of the visible major contractual works that have been and are still being carried out across the country. In Nairobi for example, 100 per cent of those interviewed are aware that the Chinese are responsible for the construction of Thika Highway, while a further 86 per cent are aware of the Chinese contractors involved in the ongoing upgrade of Jomo Kenyatta International Airport (JKIA)⁹²

2.8 Link between Africa's Natural Resources and China

Many critics of China's relations with Africa have pointed out China's appetite for Africa's natural resources which is as a result of China's growing need for energy. These criticisms have an attitude of exploitation. China mainly imports natural resources in the form of oil and minerals while Africa mainly imports machinery, equipment and manufactured goods from China.⁹³ It is however noteworthy that China's rapidly developing oil requirements have helped propel Sino-African trade at the turn of the millennium. Indeed China seems to see beyond the energy prism and predicts that Africa will play a greater role in future world politics; for example a China Daily journalist asserted in 1998 that:

“As more African countries improve political stability and make headway in economic growth, the continent's nations will have more say in international affairs”. Such progress would be to Beijing's advantage if, as is repeatedly asserted, China and Africa share identical or similar opinions on many major international affairs as well as common interests.⁹⁴

As of 2007, China was deriving a quarter of its oil imports from Africa through its oil interests in Algeria, Angola, Chad, Sudan, and increasing stakes in Equatorial Guinea, Gabon and Nigeria. Oil exploration rights were established in Sudan in 1955 by CNPC through

⁹² Appendix shows interview schedule B where those interviewed included business operators and ordinary citizens in Nairobi's Central Business District who were slightly removed from the obvious vicinities along the Highway.

⁹³ ChinAfrica. (2011). Vol 3. *Touchdown in Africa*. February p. 34.

⁹⁴ Taylor Ian. (2009). *China's New Role in Africa*. Lynne Rienner Publishers, Inc. London. p 45.

ownership of a 40 per cent stake in the Greater Nile Petroleum Operating Company where it is pumping over 300,000 barrels per day (bpd).⁹⁵

In 2008 China was the second largest global energy importer behind the United States exporting over 9.8 million bpd with the figure expected to double in the next 15 years. China's National Petroleum Corporation (CNPC) is the largest investor in the Sudan.⁹⁶

According to the Chinese Ministry of Land and Natural resources, there were 158 minerals with identified resources and reserves in China in 2004. However these resources are insufficient to meet an ever increasing domestic demand and to sustain China's dramatic economic growth. For example by 2010 domestic crude oil production will be able to meet 51 to 55 per cent of demand and only 34 to 40 per cent by 2020.⁹⁷

2.9 China's Bilateral and Multilateral Relationships

In an interview with Wang Cheng'an, a former Deputy Director of Department of Aid to Foreign Countries of Ministry of Commerce, he described China's foreign aid as being solely bilateral in the past. However since 1971 when the country restored its seat in the UN it began to get involved in multilateral aid. Today most of China's foreign assistance falls into the bilateral category due to the simpler procedure and high efficiency of this kind of aid. He said:

Huge and complicated projects such as the African Union headquarters building would never be completed without effective government organizational coordination. We would have lots of meetings had one of the G8 countries wanted to help us build a stadium, but China would do it immediately without any endless meetings on environment, human rights and good governance.⁹⁸

⁹⁵ Manji Firoz and Marks Stephen, (2007). *African Perspective on China in Africa*. Fahamu, Nairobi. p 21.

⁹⁶ Waldron A. (2008). *China in Africa*. The Jamestown Foundation. Washington. p 33.

⁹⁷ Manji F. and Marks S. (2007). *African Perspectives on China in Africa*. Fahamu. Nairobi. p 17.

⁹⁸ ChinAfrica. (February 2012). Vol 4. *Hi-Tech HQ*. Beijing Review Magazine. Beijing. p 16.

From the perspective of both the FOCAC and WTO mechanisms of cooperation between Africa and China, a recently released Foreign Trade policy should be considered. Much as this new policy demarcates the contours of China's engagements globally, it is significant that it retains some specific considerations for Africa. These include the fact that China is granting zero tariff treatment to commodities from least developed countries, most of which are African. This generosity on the part of China must be seen in the context of WTO in the sense that China is keen on balanced trade, in line with the Chinese foreign policy framework with Africa that puts the accent on long term and sustainable mutual benefits rather than hegemony and inequality.⁹⁹

In April 2005 China and Zimbabwe celebrated the 25th anniversary of the establishment of bilateral relations. Sino-Zimbabwean relations have grown apace with the African nation's isolation from the West and its neighbours. Beijing's relations with Harare include diplomatic support, economic and trade deals and close military ties. China supplies Zimbabwe with expertise, technical assistance and agricultural equipment including tractors and agro-processing. The Chinese state owned firm, China International Water and Electric Corporation has been contracted to farm 250,000 acres in southern Zimbabwe. Chinese and Zimbabwean developers believe the project will yield 2.1 million tons of maize every year and require the building of a massive irrigation system. It remains unclear how Zimbabwe will pay for the project, although

⁹⁹ Cited from an article by Bob Wekesa in *The African Executive*. December 21-28, 2011). China's December 2001 accession to the WTO was a significant game changer as much cheaper products were available to African consumers who had long been limited in choice to relatively more expensive Western products.

unconfirmed reports claim payment will be made in tobacco, which China purchases in large quantities.¹⁰⁰

2.1.2 Africa Investing in China

Much of the discussion in this study has focused on China investing in Africa. But are there ways that Africa is investing in China and hence enhancing a mutual relationship? It is a fact that one of the most attention grabbing features in China – African relations is the massive amount of Chinese investment that has been poured into the continent.

China now claims 9.3 billion worth of invested stock in Africa, most of which was acquired in a surge of activity that only took place a few years ago. However Africa does invest in China. China's Ministry of Commerce places the foreign invested stock of Mauritius alone at 1.1 US dollars. This sum is greater than that of Canada. Other top investors in China include South Africa in which in 1994 SABMiller took a 49 per cent stake in a joint venture with China Resources to create China Resources Snow Breweries of which today operates nearly 70 breweries in China. Tunisian investors entered China earlier in 1985 through the establishment of a joint venture called Sino-Arab Chemical Fertilizer which is one of the top 500 foreign invested enterprises in China and Nigeria's most visible investment in China was First Bank of Nigeria's opening of a representative office in Beijing in June 2010.¹⁰¹

Though the above figures may not seem very impressive, it is clear indication that some of the African states are investing in China. It is also evident that China's heavy investment in

¹⁰⁰ Waldron A. (2008). *China in Africa*. The Jamestown Foundation, Washington, P. 90.

¹⁰¹ ChinAfrica (February 2011) Vol 3. *Touchdown in Africa*. p. 41.

Africa cannot be matched with Africa's investment with other nations outside the continent of Africa.

Many African countries can attribute some of their economic development to their relationship with China. The fact that poverty is still rife in most African countries and debt burden still high is as a result many factors including corruption and poor governance. In addition, despite numerous advantages of globalization, this has also compounded some problems African countries are battling to tackle such as insecurity.¹⁰²

The insistence by the Peoples Republic of China on a mutually beneficial relationship and one that is characterized by a policy of no strings attached in my view cannot be proven entirely, because it can be argued that it may not be possible to exhaustively know the motives of another nation.

2.1.3 Conclusion

The findings in this chapter show that from the beginning the Asian African conference was to advance Afro-Asian economic and cultural promotion and to oppose colonialism and neo-colonialism. The hunger by African nations to free themselves in the attainment of independence created the ripe opportunity for China to break through the barrier of suspicion formed by 'imperialist' propaganda, establish diplomatic relations, extend trade and try to persuade African governments to adopt anti-western brand of neutralism and help train indigenous revolutionary cadres into communism.

China's foreign aid policy has been reiterated in the African countries where China has bilateral relations. In addition, China's bilateral relations with African states are displayed as

¹⁰² Recent reports in Kenya's media have linked increase of Chinese national in Kenya to the increased ivory trade in the country. In addition, cyber crime has also been attributed mainly to China.

fairly rigid and lacking in transparency. Major infrastructural contracts won by Chinese operated companies have been opaque and contributing to difficulty of assessing certain aspects of the trade between the two countries.

The year by year increase of trade volumes between China and African states making China the largest trading partner on the continent has not entirely translated into impressive gains to Africa and Kenya. The economy of African states translated to seven to 11 per cent in 2011. The heavy investment in infrastructure helped to grow the Africa's economy by three per cent.

However, the zero tariff treatment offered by China on commodities from the least developed countries most of which are from Africa has not resulted in faster economic growth and many of the countries still grapple with poverty. These reflections may show a general trend in the Sino-Africa relations and the next chapter zero's give elaborate findings on Kenya and China's bilateral relations and explains the factors that shape their relations.

CHAPTER THREE

KENYA FOREIGN RELATIONS TOWARDS CHINA

3.1 Introduction

The chapter analyses Kenya's foreign relations against the backdrop of the eras of three Presidents beginning with the founding father late president Jomo Kenyatta followed by Daniel Moi and lastly the current president Mwai Kibaki. Here I will also analyse how the foreign policy affected the relationship Kenya has with China during the three regimes.

3.2 China - Kenya Foreign Relations: A Historical Overview

There are strong reasons to expect China will increase the share of her attention given to African policy.¹⁰³ Approximately 5.0 per cent of China's imports and exports were in African trade in 1966. By mid 1966 China had promised African countries 350,000,000 US dollars in aid although the sums made available and actually drawn were much less.

China relations with Kenya started soon after independence in 1963. Chien Yi, the Foreign Minister, attended Kenya's independence celebrations and diplomatic relations were announced on 14th December.¹⁰⁴ Initially there was fair development in the early years. After 1965, relations between the two countries was lowered to the level of chargé d'affaires and gradually returned to normal in the early 1970s.

In 1978, when former President Daniel Moi came to power, the relations of the two countries improved further leading to friendly cooperation. By the end of 2002 when a new government was formed with Mwai Kibaki as President there was optimism that relations between China and Kenya will deepen.

¹⁰³ Larkin B. (1971). China and Africa 1949-1970: *The Foreign Policy of the People's Republic of China*. University of California Press Limited. USA. p 1.

¹⁰⁴ Larkin B. (1971) China and Africa 1949-1970: *The Foreign Policy of the People's Republic of China*. University of California Press Limited. USA.

Since the establishment of the diplomatic relations, the projects of aid and assistance provided by China to Kenya mainly include Moi International Sports Center, Kasarani, methane-generating pit, the expansion project of Eldoret hospital and Gambogi-Serem Highway. In recent years, the bilateral trade value has increased significantly.

A mutually beneficial cooperation between China and Kenya began in 1985. The year of 2002 saw the trade value between China and Kenya reach 186.37 million US dollars, of which the Chinese export took up 180.576 million dollars while the import was 5.798 million dollars. Today there are over 40 Chinese companies operating in Kenya such as China Road Bridge Construction (Group) Corporation and China Import and Export (Group) Corporation, China National Aero-Technology International Engineering Company, Jiangsu International Economic and Technological Cooperation Company and Sichuan International Economic and Technological Cooperation Company Limited.

The bilateral economy and trade agreements signed between China and Kenya include "Agreement on Economic and Technological Cooperation between the People's Republic of China and the Republic of Kenya" and "Agreement on Trade between the People's Republic of China and the Republic of Kenya" (1978).¹⁰⁵

Since the 1950s China has pushed forth a theme of anti-US led imperialism to try and gain favour and strengthen its relations with many of the African states including Kenya. China views US imperialism as an enemy that the African states need to be aware of and discourage. For example, during a speech by Li Hsien-nien to visitors from Congo in 1960 he said, "The African people struggle against US-led imperialism, colonialism and neo-colonialism and the flames of armed struggle keep on spreading. The broad masses of the African people have come

¹⁰⁵ Embassy of the Peoples Republic of China in the Republic of Kenya.

to see through the US imperialist ambitious design of trying to replace old colonialism and realize that US imperialism as the most dangerous enemy of the African people”.¹⁰⁶

While the relationship between Kenya and China started on a bumpy road, it is evident that ties between the two countries have improved significantly. This is witnessed by the number of contracts that have been awarded to China particularly in the construction of roads and upgrade of the Jomo Kenyatta International Airport (JKIA).

African trade with China is growing while its imports and exports with other major global markets are either flat, or on the decline according to a new report from the African Development Bank (AfDB). This trade represents more than 10 per cent of the continent’s trade. Chinese investments have increased yearly by an average of 46 per cent over the last decade, mainly targeted to water, transport, electricity and information and communication technologies. Analysts say that the reasons for the increase stems from China’s global economic strategy, shaped by its political objectives and its demand for energy, minerals and other resources.

The strong demand from China has been a boon for Africa’s exporters, but it also led to a further concentration in the export basket of countries on the continent and hence, exposes them to volatility in world commodity markets.¹⁰⁷ Kenya government statistics indicate that it exported goods worth two billion shillings (26.6 million dollars) to mainland China in 2008 compared with imports worth 63 billion shillings. In 2010 the value of bilateral trade between Kenya and China hit 144 billion shillings (1.8 billion dollars) with the Asian nation promising to

¹⁰⁶ Larkin B. (1971) *China and Africa 1949-1970: The Foreign Policy of the People's Republic of China*. University of California Press Limited. USA. P 111

¹⁰⁷ This was according to Dr. LÃ once Ndikumana, the Director of Research at the AfDB s. The report further explains that Chinese exports are destined for relatively few countries with 60 per cent going to six countries including South Africa and Egypt. On the other hand China’s exports to Africa including machinery and transport equipment account for 38 per cent of the volume, manufactured goods 30 per cent, and handicrafts 22 per cent. Chemicals and food products account for less than 10 per cent of the total. http://www.standardmedia.co.ke/?articleID=2000018313&story_title=china-shakes-europe-s-dominance-in-african-trade&pageNo=2 (AfDB, 2010).

encourage Chinese firms to import more as a way of addressing the trade imbalance between the two countries.

Despite the growing demand for Chinese goods due to lower pricing, researchers have established that consumers remain dissatisfied over the quality of products. China has over the years faced massive challenges over sub-standard counterfeit goods, leaving consumers in target markets such as Kenya jittery about purchasing them. However Chinese products remain popular among the low end consumers who prefer them on the grounds of affordability.

‘Made in China’ products have become synonymous with counterfeits. This has been a major concern to the Kenyan economy and blamed for the weakening of local industries. Eveready East Africa for example has been very vocal on the effects of Chinese counterfeits to its products leading to losses and loss of jobs.

While most (93 per cent) of the business people interviewed whose commodities compete with Chinese products complained of poor business as a result of the cheaper ones from China, they also said this has not led to complete shut-down of business. This has created opportunities for innovation and retailing better quality products both local and imported products from the UK and Thailand to keep business running.¹⁰⁸

It also emerged Kenyan citizens have developed a negative attitude towards Chinese products, specifically electrical which are considered to be of poor quality and they would rather purchase electrical from the UK. However, they did not mind buying clothes for China.¹⁰⁹

While it is evident that China has won huge infrastructure contracts in the recent past with the Kenyan government such as upgrading Thika Road, JKIA and the refurbishment of the

¹⁰⁸ See appendix, interview schedule b, for interview questions that were asked. Some responses went beyond the asked questions as interviewees were willing to elaborate their answers with great detail.

¹⁰⁹ Appendix, schedule B.

Moi International Sports Complex Kasarani, an assessment of the impact these ties Kenya's national development would be of interest.

This has resulted in Kenya's national carrier, Kenya Airways, spreading its wings to the East which has translated to increased numbers of tourists from the East and an increase in the number of employees in the country. In addition to giving passengers a wider choice of options for travel, the code share agreements between Kenya Airways and China Eastern Airlines, has provided an opportunity for the airline to expand its global operations without necessarily flying to all the destinations in China.¹¹⁰

The impact of China's clothing and textile trade on established African firms and labour interests has galvanized African governments and civil society across the continent. The ending of the Multi-Fibre Agreement in 2004, which among other things lifted tariff restrictions on Chinese imports to the United States, brought Chinese-produced clothing and related items into direct competition with African products in third markets. This was especially the case with the United States, where African textiles and clothing had benefitted from special provisions under the AGOA. This resulted in the decline of employment in the clothing sector in Kenya (approximately 3,000 jobs lost or 9.3 per cent of total employed).¹¹¹

A visit to some of the retailers of African and Kenyan textiles has shown the true negative impact of Chinese clothing on Kenya's textile industry. Those interviewed cited Chinese cotton as being of a very poor quality. Though Kenya no longer produces much cotton, traders have opted for cotton and textile materials from other countries such as Egypt and

¹¹⁰ <http://ke.china-embassy.org/eng/zkgx/t1022702.htm>.

¹¹¹ Alden Chris. (2007). *China in Africa*. Zed Books Limited. New York/ London. 79 /80. The full story gives a detailed account of the impact of Chinese products in some of the African countries including South Africa and Kenya.

Pakistan and depend on loyal customers who understand the benefits of better quality fabric as opposed to those from China.¹¹²

Trade researchers at think tanks in South Africa have reacted cautiously to the prospects of a free trade agreement with China. The prospect of a continuing influx of Chinese products that can undercut locally manufactured goods, thereby contributing to a ‘de-industrialisation’ of the region, is taken quite seriously by governments and business alike. More generally the micro-level, the proliferation of Chinese retail shops has brought about its own source of discontent among Africa’s ordinary people.¹¹³

Established in 1994, the China Exim Bank is a government-owned institution under the State Council whose principal activities are to support the expansion of Chinese business by providing finance export credit and international loans for overseas construction and investment and offering official lines of credit. In contrast to multilateral and bilateral western lending agencies, its lending is more flexible, less risk adverse and responsive to African governing – elite needs.¹¹⁴

3.3 Kenya’s Overall Foreign Policy: A Summary

Three main categories that have shaped Kenya’s foreign policy include security, economic development and geo political factors. The government’s commitment to guarantee the security of its people and the preservation of national integrity and sovereignty within secure borders underlies the desire to advance national interests by guaranteeing a secure political environment for development. Also the need for an open economic policy and the demand for foreign capital and investment flows, inter-alia Foreign Direct Investment (FDI) and Official

¹¹² Interview schedule B.

¹¹³ Alden Chris (2007), *China in Africa*. Zed Book. New York/ London. p 87.

¹¹⁴ Alden Chris. (2007). *China in Africa*. Zed Books Limited. New York/ London. pp 24/25.

Development Assistance (ODA) has influenced Kenya's approach to foreign policy. Kenya's strategic location on the continent and the fact that it is a littoral state of the Indian Ocean which influences relations with landlocked neighbors in the region and overlapping ethnic community has helped to design Kenya's foreign policy.¹¹⁵

According to Kenya's foreign policy, peace and stability are a pre-requisite to social and economic development. The government's commitment to guarantee the security of its people and the preservation of national integrity and sovereignty within secure borders underlies the desire to advance national interests by guaranteeing a secure political environment for development. Economic development has played a dominant role in shaping Kenya's foreign policy. The need to pursue an open economic policy and the demand for foreign capital and investment flows, inter-alia FDI and ODA, has influenced Kenya's approach to foreign policy.¹¹⁶

Kenya attained her independence in 1963 with the late Mzee Jomo Kenyatta as the first president of the country and soon after diplomatic relations with China (and not Taiwan) was announced. This was clear indication that some ground work had been laid beforehand for these two countries to engage in bilateral relations.

Several decades before Kenya attained her independence she had already made contacts with China. As a matter of fact, the first instance of Sino- African contacts occurs on one of Ming Dynasty (1368-1644 AD) Admiral Zheng's seven voyages on which he visits more than 30 countries including Kenya and managed to collect treasures and tributes for the Ming Emperor.¹¹⁷ It is said that an embassy from the Kenyan coast took a giraffe to Peking as a gift to

¹¹⁵ www.kenyamission-un.ch/?Aboutkenya.

¹¹⁶ Ministry of Foreign Affairs website www.mfa.go.ke

¹¹⁷ Waldron Aurthur, (2008). *China in Africa*. The Jamestown Foundation. Washington. P V

the Emperor in the 15th century A.D. In those days Africans were among the ‘barbarians’ from whom the Emperor expected tribute and the respect due to the representative of a superior civilization.¹¹⁸ The founding Emperor of the Ming Dynasty expressed this view in 1372: Countries of the western ocean are rightly called distant regions. They come (to us) across the seas. The Chinese emperors felt it was impractical to contemplate a great distance China.¹¹⁹

The official diplomatic relations between Kenya and China began soon after Kenya’s independence and continued even after the death of Jomo Kenyatta in 1978.

3.3.1 Kenya Foreign Policy - Jomo Kenyatta Era 1963 to 1978

As Kenya’s independence drew nigh past leaders worked to ensure a smooth transfer of power. Foreign policy was the responsibility of Governor Macdonald, occasionally exercising this right particularly over the Somalia issue. In the main, the new ministers set the policy framework and it was strongly Pan African.¹²⁰ After independence foreign relations were the prerogative of the prime minister and later the president with the power to negotiate treaties with foreign nations, declare war and recognize states without requiring the approval by the Assembly.¹²¹

The KANU manifesto¹²² of 1961 and 1963 formed the basis of Kenya’s foreign policy which included the following policies: The need to protect her territory, or territorial integrity against the threat of Somali secessionists in the Northern Frontier District today known as the

¹¹⁸ Wilson D (1963; 235).

¹¹⁹ Kissinger Henry. (2012). *On China*. Penguin Books. USA. P_

¹²⁰ Hornsby C. (2012). *A History Since Independence*. IB Tauris and Company Limited. New York. p 89.

¹²¹ Hornsby C. (2012). *A History Since Independence*. IB Tauris and Company Limited. New York. p 102

¹²² Eshiwani S. George. (1993). *Education in Kenya Since Independence*. East African Educational Publishers. p10

* Kenyatta Jomo. (1967). THE K.A.N.U. Manifesto. The University of Virginia. US.

North Eastern province, need for economic development, need to be non-aligned and the need to promote good neighborliness.

Months after independence in 1963, China established diplomatic relations with Kenya making it the ninth country in Africa to have official relations with the Asian country. The first was Egypt in 1956, followed by Morocco in 1958, then Algeria later that year. This was to be followed by Sudan in early 1959 and Guinea later that year. In 1960 China established relations with Mali and Somalia and in 1962 with Uganda.¹²³

In 1963 Foreign Minister Chen Yi made a courtesy call on Kenyatta and his deputy Oginga Odinga who had been a friend of China during the struggle for independence. It was at this time that Chen Yi expressed hope that after the establishment of diplomatic relations there will be necessary conditions to enhance economic and cultural exchanges and to work for the common task of the Chinese and Kenyan people to fight against the imperialist policies of war and aggression and defend world peace.¹²⁴ Diplomatic relations were established that December.

The friendship between Kenya and China is evidenced even at the time when Kenya became a member of the United Nations. During the occasion to accept UN membership Mr. Odinga, the then Minister for Home Affairs appealed to the United States to abandon its policy of denying representation to the Peoples Republic of China in the interest of peace.¹²⁵ This was during the Cold War period and Kenya had emphasized its neutrality to the super powers. At the time relations with the east and west were becoming a source of tension. The Cold War was at its height and with so many new countries gaining independence there was a second

¹²³ Waldron Aurthur. (2008). *China in Africa*. The Jamestown Foundation, Washington. P: v/vi.

¹²⁴ Larkin B. (1971). *China and Africa 1949-1970: The Foreign Policy of the People's Republic of China*. University of California Press Limited, USA. p 116.

¹²⁵ East African Standard (1963). This material was obtained from an article in this paper at the Kenya National Archives.

scramble for Africa and the east and west scrambled for political and economic influence. The division in KANU (the ruling party in Kenya at the time) was becoming clearer between radical African politicians committed to a more socialistic, or egalitarian society and the numerically larger 'moderates' economically more liberal committed to independence, but willing to compromise in order to achieve it. Jaramogi Oginga Odinga, was the most senior figure of one wing, while Mboya most visibly represented the other and each had a clear sponsor.¹²⁶

By 1964 the Chinese, Russians and Czechs had all set up embassies in Kenya and worked hard to cultivate their African hosts. Without colonies in Africa they had a natural anti-colonial constituency and could align themselves against white rule in South Africa with ease. However they were internally divided, with the Russians trying to prevent China gaining an upper hand in the region. Odinga was the most closely aligned with the eastern bloc and was known to be receiving money from the east, though he always denied being a communist claiming that those allegations were smear tactics by his enemies.¹²⁷

The trade of words between Li Chieh and Tom Mboya, the then Minister for Economic Planning and Development in mid 1965 only helped to stagnate a relationship, at least politically, that had began well for over a decade, but seems not to have affected Sino- Kenya trade of commodities. China and Kenya had been exporting and importing goods even before Kenya attained independence though China was a minor trading partner with Kenya with the main trading partners being its colonial master Britain, Japan and other European countries.

It was only until after Mao's exit in 1976 that this relationship was revived. Before Jomo Kenyatta's death in 1978 a delegation from China visited the country in May and reiterated the

¹²⁶ Hornsby C. (2012). *A History Since Independence*. IB Tauris and Company Limited. New York. p 89.

¹²⁷ Hornsby C. (2012). *A History Since Independence*. IB Tauris and Company Limited. New York. p 105.

mutual relationship that the PRC and Kenya enjoyed. A report in the daily Nation, a leading paper then and now quoted Mr. Chen Chien, the Vice Minister for Foreign Trade, leading a Chinese trade delegation as saying:

Kenya has maintained state sovereignty and national independence in political and economic spheres because of the wise leadership of President Kenyatta. His delegation was pleased to be in Kenya at a time when trade and economic relations between the two countries had improved drastically. Mr. Kassim B. Mwamazingi, the then Assistant Foreign Affairs Minister thanked the government of China for coming to Kenya to renew her trade agreement with Kenya. He appealed to the delegation to increase the purchase of Kenyan commodities and pledged Kenya's cooperation.¹²⁸

In global terms the Kenya's external policy has been markedly radical in nature and characterized by a strong sense of morality and idealism. Rarely does a major Kenyan foreign policy statement fail to contain some allusion to the inequalities of the present international order, or some reassertion of both the desirability and the attainability of a peaceful and just international community of nations. For East African affairs, Kenya's foreign policy has been governed by a more conservative and legitimist thinking.¹²⁹

Only 15 years after independence Mr. Mwamazingi was appealing to the Chinese delegation to increase their purchase of Kenyan commodities. The Kenyan government during this period was trying to build the nation in terms of trying to improve its economic status and emphasizing the ideology of nationalism and socialism. Four years prior to the visit to Kenya made by the Chinese delegation had shown huge disparities between export and import trade between the two countries in favour of China.

¹²⁸ See for example the article written in Daily Nation May 1978, 10.

¹²⁹ Howell John. (1968). *The Journal of Modern African Studies. An Analysis of Kenyan Foreign Policy.* Vol 6. No. 1. Pp 29-48. Cambridge University Press. p 29.

3.3.2 Kenya – China Trade Relations

Kenya's development strategy in early 1964 was genuinely non-aligned as Kenyan leaders both conservative and radical both sought assistance from the east and west. Odinga met Mao Tse-Tung and made a pro-Chinese speech supporting the cause of revolution in Africa. The Chinese also made offers to Odinga including 15 million US dollars for an irrigation project in Tana River. There are also reports that radicals Pio da Gama Pinto organized a secret meeting between Odinga, Murumbi and Chinese Premier Zhou Enlai¹³⁰

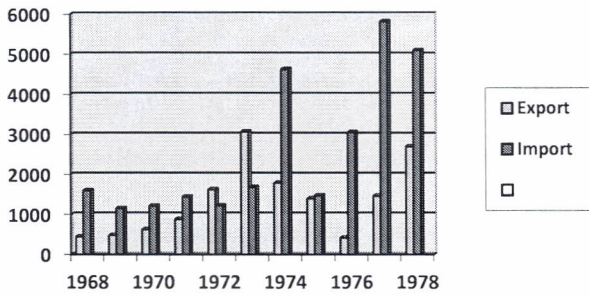
Kenya's exports to China include; Tea and coffee, Hides, skins and Leather products, fruits and nuts, crude vegetable material, table salt, fish (fresh, chilled or frozen), non-ferrous base metal and scrap and copper and oil seeds. Imports from China include; fabrics and textiles, electronics, telecommunication equipment, rubber tyres, machinery and equipments, glassware, motorcycles, household goods, and other machinery and equipment.¹³¹

Figure 1 shows a comparison of the Value of trade between Kenya and China during the period from 1968 to 1978 and shows this trend.

¹³⁰ Hornsby C. (2012). *A History Since Independence*. IB Tauris and Company Limited. New York. p 105.

¹³¹ (KNBS. 2009 Economic Survey).

Figure 1. Value of Export and Import of commodities to and from Kenya and China.



Source: Kenya National Bureau of Statistics (KNBS): Statistical Abstracts 1977 and 1982.

With need to emphasize a country’s goals and ideologies as if to remind foreign states that Kenya is independent, some of the leaders of the ruling party of the day Kenya African National Union (KANU) felt the urge to reiterate this when representatives from foreign states would visit. Such is the case when the Vice President Daniel arap Moi was receiving a team of Spanish members of parliament he is quoted as saying foreign countries have been warned to keep their hands off Africa because the continent wants to develop fast without interference. Respect to territorial integrity is the key to rapid success. He added that Kenya could not see Africa progressing while some countries wage territorial wars. The leader of the Spanish Parliamentary group and chairman of Foreign Affairs Committee in the Spanish senate, Mr. Aquila Navaro, responded citing the purpose of the visit was to stress the importance of good links between his country and Africa and that it was important for countries to exchange views on international polices.¹³²

¹³² To read the full article it is obtained in the Daily Nation (1978 June: 5).

3.3.3 Kenya - China Relations: President Moi Era, 1978-2002.

After the death of Mzee Jomo Kenyatta on August 22nd 1978, Daniel arap Moi took leadership as the second President of the republic of Kenya. At the time Kenya's relations with PRC was fairly good politically, economically and socially. However the impact of this partnership on Kenya was not very obvious, at least not to the ordinary Kenyan citizens. There were no visible results on the ground, or imposing Chinese presence as is witnessed today. This period is characterized by a passive Sino African and Sino Kenya relationship and as we progress on through this paper we shall see why.

When Mr. Moi was installed as president of Kenya on October 14th, 1978 he reiterated that his government would continue to promote development according to the philosophy of African socialism as defined by sessional paper number ten of 1965. At the international level it is recognized that no nation can escape the impacts of the social economic problems of the world. Those require the cultivation of international trust and unity. It must however be recognized that the country cannot rely on external generosity and sympathy to solve her problems.¹³³

In 1978 Britain also decided to write off all outstanding loans to Kenya plus accrued interests. As a result of an assessment of Kenya's per capita which had shown that Kenyan majority were living below the 'poverty line', Britain decided that all assistance to Kenya would be in form of grants effective 1975 and hence the writing off of the loans. Most of the British assistance to Kenya comes in form of project aid and trade provision, technical assistance, balance of payment, support and sector aid. Apart from Britain, Kenya has also since independence gotten her capital from the USA, Japan, China and other European and Middle

¹³³ Daily Nation (October 19 1978: 10).

East countries. The need to attract foreign capital thus has determined Kenya's foreign policies towards those countries. (Lecture notes).

Just around the same time China's foreign policy began to change that would affect its relationship with other states around the world. Under economic and diplomatic reform policies initiated by Deng Xiaoping in 1978, two years after Mao's death, China began openly to seek and receive substantial foreign investment, technology and expertise. In the intervening years the PRC has become an international export powerhouse; has expanded its membership and participation in international organizations and increasingly has appeared willing to embrace many norms and rules of the global economic system of which the United States is the chief architect and dominant player.¹³⁴

From the time of independence therefore, Kenyan leaders believed that the country should borrow from any country technology and economic methods without commitment. It would also accept financial assistance from any source without any strings.

During Moi era, tremendous efforts were taken to foster the bilateral relations between PRC and Kenya. This so a number of high profile officials exchange visits between the two countries including Mr. Moi in September 1980, October 1988 and May 1994. Other high ranking officials were David Okiki Amaye, President of KANU in September 1986, Wilson Ndolo Ayah, Minister of foreign affairs in August 1991, Bonaya Godana, Minister of Foreign Affairs in April 1999, Francis Ole Kaparo, Speaker of the Kenyan National Assembly in April 2000 and in October 2000 B. Godana, the Kenyan Foreign Minister headed a delegation to attend the "Beijing Ministerial Meeting in 2000 of the Sino-African Cooperation Forum".

¹³⁴ Dumbaugh, Kerry (2008). *China's Foreign Policy and Soft Power in South America, Asia and Africa*. Congressional Research Service. Washington D. C. P 3

Chinese leaders and officials who visited Kenya mainly included Ji Pengfei, Vice-Premier of the State Council in August 1980, Sun Qimeng, Vice-Chairman of the NPC in November 1990, Qian Zhengying, Vice-Chairperson of the NPPCC, June 1997, Tang Jiaxuan, Minister of Foreign Affairs, January 1999, Peng Peiyun, Vice-Chairwoman of the NPC and Chairwoman of All China Women's Federation in November 1999, Wang Zhongyu, Member and Secretary-General of the State Council in May 2000, Li Tieying, member of the political bureau of the CPC Central Committee in 2001 and Zhu Rongji, Premier of the State Council in April 2002.¹³⁵

During president Daniel Moi's era trade and economic agreements were signed and cultural exchanges carried out. These included the agreement for cultural cooperation in September 1980. The two countries signed the protocol for the cooperation in higher education in which China provides Egerton University with apparatuses for teaching and research along with two exchange programme lecturers. Since 1982, China has been providing Kenya with at least ten scholarships annually. In 2002, the Kenyan students studying in China totalled 58. In 1985, China's Xinhua News Agency set up a general branch office at Nairobi in Africa.

In December 1996, General Liu Jingsong, Commander of Lanzhou Military Zone headed the first Chinese military delegation to visit Kenya. In October 2000, General Li Jinai, Political commissar of the General Equipment Department headed a friendly delegation to visit Kenya and in December 2001, General Fu Quanyou, Chief of the General Staff headed a delegation to visit Kenya. The Kenyan military visits to China include Major General Nick Leshan, commander of the Kenyan air force (1997), General Doudi Tonje, Chief of the General Staff (1997), Lieutenant General Daniel Opande, President of Institute for National Defence (1998),

¹³⁵ ke.chinaembassy.org.

General Joseph Kibwana, Chief of the General Staff (2002). In March 1998, Kenya sent its military attaché to its embassy in China.¹³⁶

Despite all the above exchanges and agreements Kenya and China had with each other, nothing significant occurred during that period in terms of development. Agreements remained just that- agreements.

It could be that when China became passive towards most of the friendly states in Africa it was dealing with its own problems back at home. Back in 1978 one paper reported of how Tanzania and Zambia had jointly asked China to help improve the operation of 1,200 mile Uhuru Railway¹³⁷ (Tanzam Railway). Peking government responded by sending specialists to report on the problems that had arisen in both states, but intends to avoid any commitments to performing big scale repair or management functions. One Commonwealth envoy is quoted to have said that China's response to the approach suggests a significant shift from an active to a passive role in Africa. The Chinese appear to be preoccupied increasingly with their own domestic problems of modernization and in fact are seeking help from Britain and other western countries to reorganize their own railway system.¹³⁸

3.3.4 Kenya – China Relations: President Kibaki Era, 2002 - 2012

President Mwai Kibaki who has an economics background came into power in 2002 when Kenya's economic output looked gloomy. There were high levels of corruption,

¹³⁶ Cited in the Ministry of Foreign Affairs website www.mfa.go.ke

¹³⁷ The TAZARA Railway (also called the Uhuru Railway, Swahili for Freedom Railway, or the Tanzam Railway) was built between 1970 and 1975 by the Tanzania-Zambia Railway Authority (abbreviated to 'TAZARA') to give landlocked Zambia a link to the Tanzanian port of Dar es Salaam, as an alternative to export routes via rail lines to Rhodesia (now Zimbabwe), South Africa, and Mozambique. The railroad was a turnkey project financed and executed by the People's Republic of China. Total costs were about US \$500 million, making it the largest single item foreign-aid project ever undertaken by China. TAZARA: *How The Great Uhuru Railway Was Built*: 2012-04-1. Compiled by Hilal K. Sued and published on Page 12-13, The African, Saturday April 7, 2012).

¹³⁸ Daily Nation (October 31. 1978. p 9)

dilapidated infrastructure and an inflated economy. At the time of his entrance into the highest post on the land, Kenya had just concluded peaceful elections and the citizens were rated as the most optimistic people in the world.

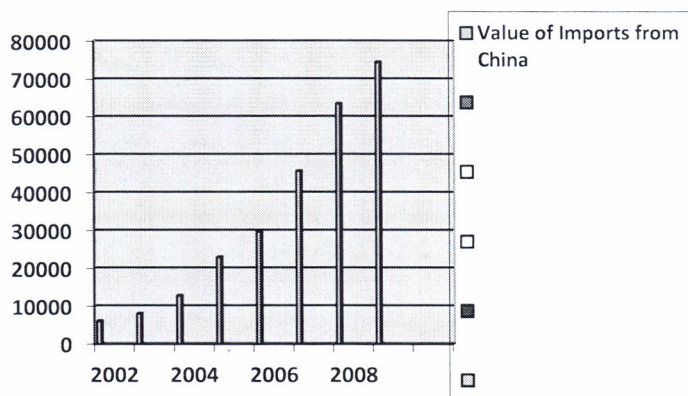
In August 2005 China agreed to extend to Kenya a grant of 600 million shillings to finance economic and cooperation projects to be decided through negotiation between the two governments and a concessional loan of approximately two billion shillings to implement Kenya Power distribution system modernization and strengthening project. On the same day the two countries signed five agreements signaling closer economic and technical cooperation between them during a meeting held at the Great Hall in Beijing between President Kibaki and his host President Hu Jintao. These included Economic and Technical Cooperation, agreement on the provision of the concessional loan by China to Kenya and the Air Services Agreement which grants Kenya Airways landing rights in several cities in China.¹³⁹

There has been significant boost in trade between the two countries since the renewed relationship between the China and Kenya. The graph below illustrates the value of imports from China between 2002 and 2009.

¹³⁹ www.statehouse.go.ke

Figure 2: Value of Imports by Kenya from China.

Kshs, 000,000

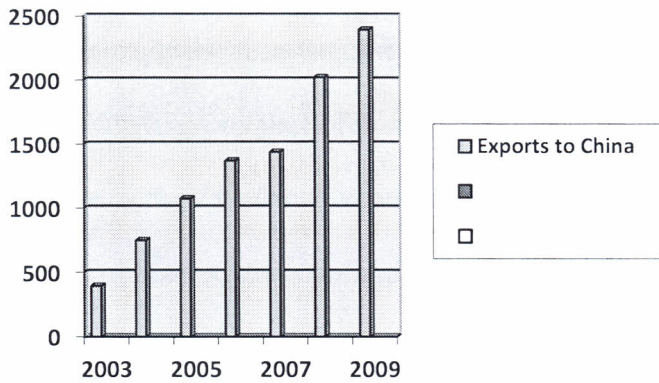


Source: KNBS – Statistical Abstract 2010

There also continues to remain a huge imbalance in the trade between Kenya and China and the gap in the value of exports to China continues to increase.

The result of globalization that has allowed the integration of the two economies of Kenya and China has contributed to the increase numbers of trade between the two countries. Consequently, there has also been huge financial inflows and great exchange of technology leading to efficiency in service delivery.

Figure 3: Value of Exports to the mainland of China in Kshs 000,000



Source: KNBS Statistical Abstract 2010

Though the above graph shows the upward trend in the value of exports, the figures are still way below the value of imports from the mainland of China. This issue of trade imbalance needs to be addressed if Kenya is to progress at a faster rate and perhaps be able to pay off its debts to help increase its GDP.

The statistical data for 2010-2011 shows that there was accelerated growth in Kenya's economy. Positive factors that affected this growth in 2011 included increased credit to the private sector, higher public investments in infrastructure such as roads, higher inflows of remittances from the diaspora. Negative attributes are the erratic weather conditions experienced in the country, escalating oil prices, weakening of the Kenya shilling which led to widening of the current account deficit and high inflation.¹⁴⁰

¹⁴⁰ KNBS. 2012 Economic Survey

3.2.5 Conclusion

In this chapter we notice a paradigm shift in the foreign relations employed by the three former presidents; Kenyatta, Moi and Kibaki. After independence Kenya became the ninth country in Africa to start official relations with PRC. During Kenyatta's era the foreign relations with China was to foster economic and cultural exchanges while fighting against imperialist policies of war, aggression and defending world peace. This shows Kenya's liberalist ideals in the country's relations with other countries.

It was evident during this period that trade between Kenya and China was lopsided in favour of China leading to an appeal by the assistant foreign minister then to the Chinese to increase their purchase of Kenyan commodities.

During Moi's period, the relationship between the two countries was generally passive. It is however noted that there was also a change in China's foreign relations with the whole world and in 1978 the Asian country openly began to seek and receive substantial foreign investment, technology and expertise which led to the country becoming an economic powerhouse, expanding membership and partnership in international organizations.

Though there were numerous visits by Moi's government officials to China, the first Chinese delegation to Kenya was in 1996. Moi's era did not record significant growth in the economy as a result of its relations with China.

Only after Kibaki took office in 2002 and his adoption of a 'look east' policy do we see significant jump in Kenya's economy upwards. During his era, China extended to Kenya hundreds of millions of shillings in form of grants, but also led to a wider gap in the balance of trade in favour of China.

The findings in this chapter have clearly shown that key factors that have helped to shape the foreign relations between Kenya and China are the need to improve Kenya's economy, a peaceful environment and non interference by China in the internal affairs of the country.

Indeed during Kibaki's era when he adopted a 'look east' policy, we find that Kenya-China bilateral relations resulted in an improved economy. This also showed that increased bilateral relations between the two countries has positive effects on Kenya's socio-economic and political development, but did not prove that the sustainability of these developments largely depend on the good relationship with PRC particularly because of the increased debt by Kenya and huge trade deficits.

The objectives to examine Kenya's foreign relations towards China and to analyse the bilateral relationship between the two countries has been illustrated in this chapter. While the data gathered shows that Kenya-China bilateral relations has resulted in an improved economy albeit minimally, these findings do not prove the hypothesis that the sustainability of Kenya's socio-economic and political development is largely dependent on a good relationship with PRC. The findings reveal that an increased bilateral relationship with China has positive effects on Kenya's socio economic and political development, but only in the short term.

CHAPTER FOUR

KENYA – CHINA BILATERAL RELATIONS

4.1 Introduction

Throughout this paper it is evident that the bilateral relationship between Kenya and China is generally as old as Kenya's independence with the first bilateral trade agreement being signed in 1964. Both countries have had a cordial relationship more evidently in terms of Kenya's socio economic development during former president Mwai Kibaki's regime. This chapter analyses the impact of Kenya – China bilateral relationship on Kenya's socio economic development.

4.2 Nature and Impact of Bilateral Trade

That the Chinese are spoilers is not new to Kenyans. Many years past Chinese commodities have gained a reputation for being cheap and substandard. Eveready East Africa is one of the many companies that since the 1990s have voiced complaints of how cheap Chinese' counterfeit batteries is hurting business.

It is only until very recently in 2002 that Kenya TV, radio stations and the print media publicized dissatisfaction by Kenyan businessmen complaining about the influx of Chinese nationals in the country and unfair competition. This is a problem that is not unique to Kenya, but other countries in the continent and across borders.

From the investigations conducted, the majority of those interviewed cited cheap, low quality products as having negatively affected their business. It also emerged that the Chinese nationals are suspected of engaging in corrupt deals and in some cases settling the in country illegally. Some of the data gathered also indicated that Chinese expatriates are charged cheaper

fees for their work permits and do not pay duty for their goods. This has led to some of the businessmen and women citing unfair treatment from the government.¹⁴¹

It is noted that tourism, which is a key source of foreign exchange, for the period 2010 and 2011 increased and this has been attributed to increased number of tourists from Asia, with the larger majority coming from China. This rose by 32.8 per cent from 73.7 billion Kenya shillings in 2010 to 97.9 billion shillings in 2011.¹⁴²

The tourism industry has been affected both positively and negatively. While the increased number of Chinese tourists in the last five years indicates a rise in the foreign exchange earnings for Kenya, there has been hue and cry from some stakeholders citing the low quality of tourists from this Asian country, uncultured manner of their interactions with both humans and wildlife and links with increased deaths of elephants and rhino's in national parks for ivory trade.¹⁴³

Another group of people who have expressed dissatisfaction as a result of the influx of Chinese nationals living in Kenya are small scale traders such as shop owners. Over 60 per cent of those interviewed believe that the cheap Chinese goods have affected their business negatively. Those interviewed included businessmen and women who operate in selling electrical goods and appliances and textiles. However, 87 per cent of the interviewees believe that the Chinese have helped to boost their businesses. This has been attributed to less time wasted in transport costs as a result of the improved transport networks across the country and in

¹⁴¹ Appendix II.

¹⁴² KNBS, 2012 Economic Survey

¹⁴³ Appendix III. Interviews with stakeholders in the tourism industry showed that a majority were not please with the caliber of Chinese tourists in the country. They have indeed noticed their increased numbers, but some cited poor behavior in the hotels and lodges in parks and littering of parks. In addition some of the Chinese tourists get out of the our vans and walk towards the game endangering their lives and interfering with nature.

Nairobi. The lesser percentage complained of lack of space to sell their wares due to the expanded roads has negatively affected their trade and livelihood.¹⁴⁴

On the other hand, there are some people who are happy with the Chinese living and operating in the country. These include 90 per cent of ordinary Kenyan locals who prefer affordable goods without caring much about quality of the products. The term cheap is expensive does not mean much to 78 per cent of those interviewed.

In addition during a Kenyan- German business forum held in Nairobi over 200 German and Kenyan businessmen participated. The Chinese were praised for their achiever attitude and absolved of claims of bias in the awarding of tenders by the Kenyan government. Kenyan business firms rebuffed claims of bias by their German counterparts in the awarding of tenders saying that the Chinese were always present during bidding time. For example the Chief Executive of Rift Valley Railways Tobias Heinemann who is a German national told the forum that claims on favorable treatment on Chinese by Kenya is unfounded. He added:

When we recently announced tenders for rolling stock, within a day I received 10 applications out of which eight were by Chinese firms with the remaining 2 being from Indian firms. Where were the German firms? They were nowhere in sight and therefore it is not right to accuse the Chinese of being favoured.¹⁴⁵

Apec Limited Chief Executive Officer, Johnson Matu defended the Chinese contractors saying they cut costs by adopting simple lifestyle and do with the bare minimal while undertaking their assignments in the country thereby reducing the costs of projects. They insisted that the Chinese are always the cheapest among their competitors partly because they are ready

¹⁴⁴ Interviews were conducted in Nairobi's Central Business District and along the Thika Super Highway in September 2012.

¹⁴⁵ Ke.china-embassy.org/eng/zkgx. Kenyan businesses absolve China firms from tender claims

to even stay in dormitory-like situations as long as their environment is safe, unlike their counterparts who prefer to put up in big hotels where they incur hefty bills which in turn push up the cost of their projects. In addition, whereas the Chinese were most aggressive in their businesses and were ready to partner with their Kenyan counterparts to further cut costs, the German suppliers do not understand cheap solutions.¹⁴⁶

4.3 Trends in Kenya – China Bilateral Relations

One of the aspects of international relations is to be able to predict outcomes and take some action based on those outcomes. Hopefully this study will be helpful in making sound judgments in its relationship with the Peoples Republic of China socially, politically and economically.

Hence, having looked at the relationship between China and Africa and narrowed it down to China and Kenya is it possible to predict where this association is headed and what to expect? Primarily, Kenya wants to advance itself politically, socially and economically. This is one of the reasons the Ministry of Planning and Development initiated the “Vision 2030”. Is there any role that China is playing towards helping Kenya achieve this vision and what are the strengths, weaknesses, opportunities and threats that globalisation has created as a result of the bilateral relations between the two countries?

¹⁴⁶ Ke.china-embassy.org/eng/zkgx. Kenyan businesses absolve China firms from tender claims. 2012/09/29

4.3.1 China and Kenya's Vision 2030

In 2003 Kenya embarked on an ambitious project to attain certain goals that will help it progress as a nation to become an upper income country. This project was dubbed Vision 2030 and one of the primary goals identified in the Economic Review Strategy (ERS) was to improve Kenya's infrastructure including the expansion of a well maintained road network.¹⁴⁷

The ERS was anchored on four main pillars to help Kenya improve its economy and create wealth. They are the restoration of economic growth within the context of a stable macroeconomic environment, the rehabilitation and expansion of infrastructure, equity and poverty reduction and improving governance.¹⁴⁸

Between 2003 and 2007 at least 29 road projects were completed at an estimated cost of 50 billion shillings and six additional projects were ongoing at various stages of implementation. Funding for the construction of Nairobi's Northern and Eastern bypasses was secured from the Chinese government. Key achievements in regard to air transport included the rehabilitation of terminal building of Jomo Kenyatta International Airport (JKIA).¹⁴⁹

Tourism earnings improved during the period of 2011 and 2012 and the factors that contributed to this growth included the promotion in new markets such as Asia, repositioning the country as a high value destination, this can be attributed to the activities of Brand Kenya Initiative, political stability and improved security and infrastructure.¹⁵⁰

¹⁴⁷ GOK ETR (2009: 3).

¹⁴⁸ GOK Vision 2030 (2008: 2)

¹⁴⁹ GOK ETR (2009: 3).

¹⁵⁰ KNBS 2012 Economic Survey. For the detailed information on Kenya's performance read the 2012 Economic Survey highlights.

During a courtesy call made to President Mwai Kibaki by China's Ambassador to Kenya Liu Guangyuani in early in 2011 President Kibaki thanked the Chinese government for the continued financial and technical support to Kenya's development agenda, particularly flagship projects key to attainment of Vision 2030. He said:

Kenya appreciates the massive assistance in development and rehabilitation of infrastructure projects the Chinese government extended to Kenyans which have had significant impact on the country's socioeconomic development. Besides rehabilitation of Nairobi-Thika Highway, widening of the Uhuru Highway-UNEP road and construction of Eastern and Northern By-passes in Nairobi among other infrastructure projects, the Chinese government has also increased education scholarships and established exchange programmes between universities in the two countries.¹⁵¹

Towards the end of his term, in November 2012 president Mwai Kibaki acknowledged the continued financial and technical support extended by China with a cumulative official development assistance totaling 42.21 billion shillings. He reiterated China's support for Kenya with it being among the leading bilateral donors to Kenya and appealed to China and other development partners to consider funding the implementation of LAPPSET flagship project that is not only key to realization of the country's Vision 2030, but will boost the economies of the entire region.¹⁵²

Looking at the export market there was a 50 per cent growth between 2003 and 2007 and the overall export quantum indices for all exports increased by 7.3 per cent.¹⁵³ This is an

¹⁵¹ Ke.china-embassy.org/eng/zkgx. Xinhua. Kenya lauds Chinese financial, technical assistance. In a statement issued after the meeting President Kibaki, Kibaki stated that both countries are exploring ways of enhancing trade and investment through value addition and capacity building to address the existing trade imbalance to further nurture the cordial relationship and broaden the scope of cooperation between Kenya and China.

¹⁵² <http://www.statehousekenya.go.ke/news/november2012/2012301102.htm>

¹⁵³ GOK ETR (2009: 5).

indication of the strong bond that Kenya and China has and where the two countries are headed. However the negative balance of trade has not changed. As a matter of fact the gap between exports and imports has continued to widen with no improvements.

Value of imports grew by 38.9 per cent from 947.4 billion shillings in 2010 to 1.3 trillion shillings in 2011. The balance of payments, the current account deteriorated to a deficit of 296 billion shillings in 2011 from a deficit of 187.7 billion shillings in 2010. This deterioration has been attributed to the widening trade deficit. The capital and financial account recorded a surplus of 289.6 billion shillings in 2011 compared to a surplus of 186 billion shillings recorded in 2010. This is mainly due to an increase in net foreign direct investment and capital inflows. The overall balance of payments improved from a surplus of 12.2 billion shillings in 2010 to a surplus of 21.8 billion shillings in 2011 mainly due to improved capital and financial account.¹⁵⁴

Some effort has been made towards addressing this worrying trend in the trade imbalance between the two countries. The then minister for Trade, Amos Kimunya and his counterpart, the Vice Minister of Commerce of the Peoples Republic of China, Jiang Zengwei held talks in 2010 where the two proposed that the zero-tariff treatment on products from Africa be scaled up 95 per cent with 60 per cent being considered this year; that an African commodities trade centre be set up in China and that preferential policies such as fees reduction be adopted.¹⁵⁵

This indicates that Kenya's foreign policy towards China is not limited to one department, or ministry and that it involves a number of stakeholders to help improve the relations between Kenya and China. In addition, it shows that the issues raised are no secret to both parties and that Kenya is aware of the disadvantages it has experienced in the Kenya –

¹⁵⁴ KNBS. 2012 Economic Survey

¹⁵⁵ <http://www.theeastafrican.co.ke/news/-/2558/998806/-/pa6bysz/-/index.html>

China relations particularly in trade which is a major industry that is shaping the foreign bilateral relationship between the two countries. The above data has also nullified the assumption that increased relations between the two countries has positive effects on Kenya's socio-economic development, perhaps not entirely.

4.4 China's Role in Enhancing Kenya's Interests in East Africa's Regional Integration

Kenya's economy plays a key role in the integration process of the East African Community. It is a very strong player in the EAC and as the five countries try to integrate key sectors such as education and a monetary union with the use of a single currency, other players are beginning to take keen interest and to position themselves to benefit from the integration.

International and regional co-operation form a major component of the foreign policy of any country including Kenya. Apart from being a member of EAC, Kenya is also part of the Common Market for Eastern and Southern Africa (COMESA), ACP-EU, Intergovernmental Authority on Development (IGAD), Indian Ocean Rim Association for Regional Co-operation, amongst others. This co-operation is borne out of the realization that the development and prosperity of Kenya are intimately tied with her neighbours in the region. With the advent of globalization and liberalization, the country's external relations are increasingly being governed by the need to promote a favourable environment for trade and investment.¹⁵⁶

Already China is a player in the construction of bypasses that links Kenya and its neighbouring countries. For example, the Chinese construction company China Roads and Bridges Company has signed a commercial contract with the Kenya Railways Corporation under an arrangement that commits the state owned company to deal only with the Chinese company. Uganda is one of the biggest users of the Mombasa port as well as Rwanda and Burundi. The

¹⁵⁶ www.mfa.go.ke

viability of the new standard gauge railway is based on the assumption that it will be part of a seamless system connecting Kenya and Uganda and also serving landlocked Rwanda.¹⁵⁷

In addition, Chinese pharmaceutical companies are beginning to take advantage of EAC's lack of capacity to manufacture small volume injections. More than 20 Chinese pharmaceutical manufacturers visited Kenya in September 2012 seeking to benefit from the rising demand for drugs and equipment in the East African Market. They included Beijing Tongretang Technologies which makes both traditional and modern drugs, laboratory supplies, dental products and surgical instruments, China Sinopharm International Corporation and Farmasino Pharmaceuticals.¹⁵⁸

Healthcare cooperation between China and Africa has shown great potential with the trade volume maintaining an annual growth rate of 40 per cent on average. In the past decade the healthcare trade between China and Africa increased 10 times upwards from 190 million U.S. dollars in 2001 to 1.84 billion dollars in 2011. Kenya is the sixth largest in terms of bilateral trade and the top one destination for Chinese medicines in east Africa. China is a major player in the pharmaceutical trade with an annual growth of 20 per cent. In 2011 the total trade volume of Chinese healthcare industry reached 73.28 billion U.S. dollars.¹⁵⁹

¹⁵⁷ The EastAfrican (September 22-28: 4)

¹⁵⁸ Business Daily (September 14, 2012: 8). Liu said the coming of more and more Chinese pharmaceutical companies and high-quality pharmaceuticals and medical devices to East African countries will definitely bring mutual benefits for both sides.

¹⁵⁹ Ke.china-embassy.org/eng/zkgx. The workshop was convened under the auspices of the EAC and China Chamber of Commerce for Import and Export of Medicines and Health Products (CCCMHPIE), to facilitate exchange of information on the potentials for expanded cooperation between China and EAC countries related to manufacture, technology exchange and trade in pharmaceuticals and medical devices.

4.5 Nature and Manner of Accessing Chinese Contracts

Chinese dealings with many of the African states have in several cases been dogged with controversy and Kenya is no exception. The nature¹⁶⁰ in which the loans are borrowed by many governments including Kenya to carry out projects has caused concern. The authoritative Economist magazine in 2011 published an article which tried to elaborate these opaque and highly controversial dealings by China in Angola, Guinea and Zimbabwe.¹⁶¹ The report explains that allegations made in it were brought before the relevant authorities to hear their side of the story, but did not get adequate response. This perhaps is the reason questions keep arising on the nature of Chinese contracts with African governments.

In an article in the EastAfrican, Jaiindi Kisero points out one of the dealings carried out in secret to build a railway line between Nairobi and Mombasa that may have been done in secret.

He wrote:

Kenya has turned to China to fund the building of a new standard gauge railway line between Mombasa and Nairobi, potentially upsetting current infrastructure arrangements with its neighbours. The railway line which is to be built according to Chinese railway design standards...will be completed in five years with the cost of the track alone

¹⁶⁰ <http://www.economist.com/node/21525847>- The authoritative Economist magazine published an article on August 13th 2011, titled, "China International Fund -The Queensway syndicate and the Africa trade": China's oil trade with Africa is dominated by an opaque syndicate. *Ordinary Africans appear to do badly out of its hugely lucrative deals*. The long article goes on to say that 'the terms under which China Sonangol buys oil from Angola have never been made public. However, several informed observers say that the syndicate gets the oil from the Angolan state at a low price that was fixed in 2005 and sells it on to China at today's market prices. The price at which the contract was fixed is confidential, but Brent crude stood at just under 55 dollars a barrel in 2005; today it is trading above 100 dollars. In other words, the syndicate's mark up could be substantial. Over the years, considering the volume of oil that is being sold to China, its profit could amount to tens of billions of dollars. *The Economist*'s requests for comment have gone unanswered. No public statement suggests the terms have been renegotiated since 2005'.

¹⁶¹ <http://www.economist.com/node/21525847>(April 2011). Angola along with Saudi Arabia is China's largest oil supplier. Manuel Vicente, the chairman and chief executive of Sonangol, Angola's state oil firm and a partner in a syndicate founded by well-connected Cantonese entrepreneurs who, with their African partners, have taken control of one of China's most important trade channels. Operating out of offices in Hong Kong's Queensway, the syndicate calls itself China International Fund or China Sonangol. Over the past seven years it has signed contracts worth billions of dollars for oil, minerals and diamonds from Africa. These deals are shrouded in secrecy. However, they appear to grant the Queensway syndicate remarkably profitable terms. If that is right, then they would be depriving some of the world's poorest people of desperately needed wealth. Because the syndicate has done deals with the regimes in strife-torn places, such as Zimbabwe and Guinea, it may also have indirectly helped sustain violent conflicts.

estimated at 2.6 billion US dollars. Away from the limelight, the Chinese construction company has already signed a commercial contract with the Kenya Railways Corporation, under an arrangement that commits the state-owned company to deal only with the Chinese company... The new plan is that the Chinese – build railway will be operated under an arrangement known as “open access” where multiple operators will be allowed to operate freight businesses on the standard gauge railway system in competition with RVR...What Kenya has negotiated is a typical Chinese “contractor negotiated loan” usually supported by Chinese export credit financing...The rate at which Kenya is building up Chinese export credit in its loan book has sparked a debate within international lending circles questioning whether the Chinese contractor negotiated deals could lead to an unsustainable build up in the country’s external debt portfolio. Considering that Kenya has to service the Chinese debt and to meet its share of counterpart funding, the government is resorting to new levies and taxes on users of infrastructure facilities to raise the money to service the debts.¹⁶²

The article above raises genuine concerns that if not addressed seriously would completely nullify the hypothesis in this study that banks the sustainability of Kenya’s socio-economic and political development on a good relationship with PRC. In fact, it would probably place Kenya in a bad state in trying to get rid of its ever increasing debt deficit and make the country poor.

4.6 Win – Win Relationship, or Unequal Benefits

Throughout this paper, there has been an insistence of a win-win relationship between China and Kenya mostly in theory. This has been reiterated several times by high level of officials from both states. A win- win relationship generally means one in which there are no losers, and the parties involved are equally benefitting, hence the term ‘mutual benefit’. But is this the actual case in the 49 year relationship Kenya and China have engaged in, or is it otherwise by stating what you want the other party to hear, but not really mean it.

At a reception to celebrate the 63rd anniversary the Chinese ambassador to Kenya, explained that as a result of globalization and interdependence, China is strengthening her

¹⁶² The EastAfrican (September 22-28, 2012: 4)

cooperation with other world nations including Africa and is keen to strengthen her trade relations with Kenya. He said that China-Kenya bilateral cooperation has led to a fast, comprehensive and profound development in terms of the frequent exchanges of both high level officials and people-to-people visits as well as the increasing trade volume. Guangyuan announced that the third Confucius Institute would be established in Kenya to train locals in agriculture, adding 64 Kenyans have benefitted from Chinese scholarships to study various disciplines.

On his part, Kenya's Vice President Kalonzo Musyoka appealed to international community especially China to support efforts aimed at ensuring that there is peace and stability in Somalia. He said that the Kenya Defense Forces (KDF) and the allied forces under AMISOM have had great success and are on the verge of taking on Kismayu, the only major stronghold town held by Al-Shabaab in Somalia with expectation that Al-Shabaab will be defeated. Musyoka promised that Kenya will work closely with China and other interested parties towards achieving a new agreement aimed at reducing the effects of global warming particularly in the least developed countries which emit the least, but are the most affected by global warming. Musyoka lauded the cordial relations existing between Kenya and China which he said have seen the two sign many bilateral pacts on cooperation especially in the education, culture, transport, agriculture, diplomacy and technical development sectors. He particularly thanked China for coming up with the Forum for China Africa Cooperation (FOCAC) under which the Thika Highway, several by-passes and the Mama Lucy Kibaki Hospital in Nairobi have been constructed. The Vice President said more of such cooperation of mutual benefit to the peoples

of Kenya and China will be seen in the coming years. China cherishes bilateral ties with Kenya.¹⁶³

Equally, during the Fifth Ministerial Conference of the Forum on China-Africa Cooperation in Beijing, former Prime Minister, Raila Odinga, reiterated that Africa-China cooperation creates a win-win situation. The Prime Minister noted that in both political and economic fields, many African countries were experiencing a period of transformation and China's assistance to those countries by China is timely. He insisted that China is not exploiting Africa, but assisting Africa's transformation, which is creating a win-win situation and will not block cooperation between Africa and other countries. He welcomed Chinese companies to help in the construction of Africa's infrastructure which is "key to the opening-up of Africa's economy and investment. Highlighting Kenya's booming tourist industry, Odinga also invited Chinese tourists and investors to tap the market. According to Odinga, Kenya is to build a transport network connecting Ethiopia, South Sudan and Kenya's port of Lamu, which will include a pipeline, oil refinery, road network and railway. He encouraged Chinese companies to bid for the projects and achieve mutual benefits.

4.7 Conclusion

This chapter sought to meet the objective to analyse the bilateral relationship between Kenya and China. The study has shown that the relationship between the two countries has generally led to a slight improvement in the economy. However the findings also nullified the hypothesis that this relationship would lead to the sustainability of Kenya's socio-economic development.

¹⁶³ Ke. China-embassy.org . see article by Song Chen, Wu Yanni and Chris Mgidu..

The emerging threats to Kenya's tourism industry and not adequately addressing the widening gap of trade imbalance, debt, corruption and rising poverty levels help to rule out the possibility of a thriving Kenyan economy. Sadly, these findings do not reflect a positive effect on Kenya's socio-economic and political development if there were a persistent increase in the relationship between the two countries as hypothesized earlier.

The concern raised about lack of transparency in the dealings that China has with many of the African countries could also indicate new and perhaps sophisticated forms of corrupt dealings. This threat could only help to complicate matters of dealing with high level forms of corruption and may threaten Kenya's national and international security.

CHAPTER FIVE

SUMMARY OF FINDINGS

Kenya and China bilateral relations have largely been very good since independence with no major obstacles during the regimes of presidents Jomo Kenyatta, Daniel Moi and Mwai Kibaki.

Findings from the study show that while Kenya's governance style leans towards the liberal- idealist theory of international relations, globalization has also played a major role in the increase of Chinese nationals and enhanced relations between Kenya and China particularly during the era of Kenya's third president Mwai Kibaki.

My first objective to examine China's foreign relations toward Kenya has been analysed in the second chapter. Earlier, I had indicated in this study that I will investigate the relationship between these two countries to prove right, or wrong critics of China's involvement in Africa and Kenya on claims of exploitation, or neo-colonialism by China on Africa. The second chapter discusses China's foreign relations with Africa and the findings show that China has exercised a foreign policy of 'no strings attached' and the principle of equality and mutual benefit when providing aid to other countries'. The rise in the GDP of African countries of between seven and 11 per cent between 2011 and 2012 is a good indicator. The IMF had predicted the African economic growth rate in 2012 to maintain six per cent.

Data in the second chapter also showed that China's dealings with African states lacked transparency including some of the contracts won by Chinese companies in Kenya. The Sino-African trade volumes increased in leaps and bounds making China the single largest trading partner on the continent and attributed to the growth of Africa's economy by three per cent.

My second objective to examine Kenya's foreign relations with China has been extensively discussed in chapter three. Here I cited the three eras of the presidents Jomo Kenyatta, Daniel Moi and Mwai Kibaki. The findings showed that the three leaders employed varying styles of foreign relations with China and noted Mwai Kibaki's 'look east' policy helped to create significant growth in Kenya's economy. The data gathered indicated the increased trade relations during this period has made more Kenyan's aware of the presence of China and the efficiency with which they carry out their tasks which are mainly in the development of infrastructure. The findings revealed that this boosted Kenya's economy except for the set back during Kenya's 2007/2008 post election violence causing a negative impact on the economy. Though small scale businesses may have been affected negatively by the influx of Chinese nationals as per the information gathered, Kenyans are generally happy with the work the Chinese have done thus far in the country.

The objectives to analyse the bilateral relationship between Kenya and China during the past 49 years and to identify and explain the key factors that shape the foreign bilateral relations between the two countries has been expounded in the fourth chapter. The analysis explains Kenya's improved infrastructure with the major example being the Thika Highway, the increased numbers of tourists from China into Kenya leading to a boost in Kenya's foreign exchange earnings and consequently the GDP.

Chapter four also discusses the emerging relationship for future between Kenya and China. This includes China's role in Kenya's vision 2030 and East Africa's regional integration.

There have been negative aspects to the bilateral relations between Kenya and China and these have been covered in chapter four. The down side to the bilateral foreign relations between Kenya and include unfair competition and poor quality of tourists arising from China and the opacity in some of the contracts signed between the two countries.

All these findings do not indicate exploitation, or neo-colonialism. They are indeed part of the effects of globalization on a country that is rapidly growing socially, economically and politically.

In an abridged version of a speech by His Excellency Liu Guangyuan at a Reception to mark the 63rd anniversary of the founding of the People's Republic of China on September 27th, 2012, Kenya's Standard newspaper, quoted Liu who summarised the past 49 years as follows:

The government of China attaches tremendous importance to China-Kenya relations. That Kenya is no doubt keen on strengthening cooperation with China is a very important gesture. In reciprocation to the goodwill of the Kenyans, more Chinese tourists want to visit Kenya and more Chinese entrepreneurs have expressed an interest to invest in the country. The frequent exchanges of high level visits between China and Kenya have been guiding development of bilateral relations. In May 2012 (former) Vice President Kalonzo Musyoka attended the first China Beijing International Fair for Trade in Services. In July (former) Prime Minister Raila Odinga attended the opening ceremony of the fifth Ministerial Conference of the FOCAC. In addition, China-Kenya trade volume increased at an annual growth rate of over 30 per cent in recent years. Under the FOCA framework China and Kenya have conducted practical cooperation in many important areas including infrastructure, telecommunication, energy, health and technology which have effectively supported Vision 2030. On the basis of mutual respect, mutual benefit, win-win cooperation and common development, China is ready to work with Kenya to push forward the friendly relations and cooperation to a new high level.¹⁶⁴

¹⁶⁴ The Standard (October 2nd 2012: 15).

The findings in all four chapters have proven that Kenya-China bilateral relations have resulted in an improved economy and an increased relationship between the two countries has had positive effects on Kenya's socio-economic and political development. This is particularly true as revealed during president Mwai Kibaki's era. However the huge imbalance of trade between Kenya and China, increased debt, lack of transparency in certain dealings with China nullify the hypothesis that the sustainability of Kenya's development efforts are largely dependent on a good relations with the Peoples Republic of China.

CHAPTER SIX

CONCLUSION

I have argued in this study that Chinese involvement in Africa generally is not about exploitation of the continent's resources as has been claimed by some critics, or securing its resource security and economic growth only through natural resources such as oil.

The strong Sino-Africa relations dogged by controversy and misunderstandings especially from the western counterparts are one of the major reasons why an objective study on Sino – Kenya relations was necessary.

Some critics have accused China of exploiting Africa's natural resources to fuel its expanding economy and supporting regimes that have violated the human rights of their citizens, not caring about good governance and are undemocratic. China is sometimes viewed as a potential threat to the existing relationship that African states including Kenya, have had with their colonial masters and the United States and Europe.

Kenya's relationship with China has not been exempted from criticism and careful study by the west. It appears that this Sino-Kenya relationship has been a threat to the relationship Kenya had with its former colonial master, the United Kingdom and the US. For example the purchase Toyota vehicles by Kenya for its military forces, instead of the Land Rover could be considered a signal change from the old partnerships with the west. Also the subjection of printing of Kenyan currency contract to open bidding where as, this has been conducted solely by De la Rue, a UK-based printing and security firm for years is another indication of change of tact in favour of the east.¹⁶⁵

¹⁶⁵ www.businessdailyafrica.org. East Africa: India Beats China To Top Trading Spot With Kenya.

Kenya - China bilateral relations is both interesting and intriguing despite the fact that the two countries have been associating with each other over the past 49 years. In the main Kenya has been aggressively trying to advance itself politically, socially and economically. Clearly during President Mwai Kibaki's era there was strong emphasis on economic improvement. Kenya's economy was gaining tremendous momentum in terms of growth particularly in the year preceding the 2007/2008 post election violence. But the stride the country has made since then especially in improving infrastructure has not gone unnoticed.

This study has tried to show that Kenya's development progress has improved a result of the enhanced relationship it has with China. Indeed development is the most pressing issue facing most African states, yet the weak infrastructure has been creating a bottleneck.

The first objective of this study to examine Kenya's foreign policy towards China exposes Kenya's need for open economic policy and the demand for foreign capital and investment flows. Kenya is strategically located and influences relations with other landlocked countries in the region. This has been a reason for much interest by other developed and developing nations to partner with the country and enhance mutual relationship. China has provided a good working relationship and has proved efficient in its dealings which has in turn speeded service delivery.

I also aimed to examine China's foreign policy towards Kenya covering to a large extent the analysis on the second chapter. The 'no strings' attached and principle of mutual benefit and non interference by China on the internal affairs of the country has been appealing to many African states including Kenya. This has been a key point of attraction leading to strong bilateral relations between the two countries.

Thirdly this study has analysed the bilateral relationship between Kenya and China over the past 49 years and I have come to the conclusion that theirs is a strong relationship that has to be nurtured, but also with caution and suggest the following recommendations.

Kenya needs to address the huge budget deficit it has and the issued of trade imbalances in favour of China.

Although the significant improvement in infrastructure with the construction of Thika Highway and northern and southern by-passes which indirectly affects the economy positively, policy makers needs to address the sustainability of these projects and the issues debt, corruption and poverty. This is because as China continues to expand our roads, so does the population and this will put a strain on other resources which if not addressed could lead to conflicts and poverty increase.

The immigration department in collaboration with foreign affairs should address the issue of corruption allegation in their departments and unfair allocation of work permit to expatriates. There needs to be a limit to the number of immigrants from China. This will eliminate suspicions and threats of xenophobia.

Key factors that have shaped the bilateral relations between Kenya and China include the need for both countries to advance economically. Non interference in the internal affairs of other states has been respected by both China and Kenya and this has enhanced the relationship between the two countries.

Geo political factors that have made Kenya an attractive destination in East Africa has helped to pull investors and multinational companies into the country. A good number of Chinese multinationals are involved in major investment in the country helping to boost the relationship between China and Kenya.

As a result of these findings we prove that Kenya-China bilateral relations have resulted in a small percentage to an an improved economy. To a certain extent, the sustainability of Kenya's socio economic and political development is dependent on a good relationship with PRC, but this is pegged on Kenya's government of the day addressing the issues revealed by study. An increased bilateral relationship between the two countries has positive effects on Kenya's socio-economic and political development.

APPENDICES

APPENDIX I

Interview Schedule A

For Chinese Mission in Kenya

KENYA – CHINA BILATERAL RELATIONS, 1963-2012.

China and Kenya have had bilateral relations since Kenya's independence in 1963

1. Do you have a list of all the Chinese representatives in Kenya and under what capacity?
2. What are the agreements that have been signed between Kenya and China for the past 50 years
 - a. Between 1963 – 1978 Jomo Kenyatta era
 - b. Between 1978-2002 Daniel Arap Moi era
 - c. 2002 – 2012 – President Mwai Kibaki era
3. What is China's foreign policy towards Kenya?
4. What has China gained from the bilateral relationship with Kenya during the past 49 years?
5. Various Kenyan representatives have visited China mainly for economic and cultural exchanges. Why are these visits important to China? /
6. What are the benefits of these visits?/ exchanges?
7. What does China hope to gain now and in the near future?
8. What steps has China taken to address the existing trade imbalance between the two countries? (Which is currently in favour of China)
9. How would you address the question of influx of cheap imports into Africa and Kenya?

10. What about counterfeits?
11. How would you rate the success of investments China has in Kenya.
12. How many Chinese companies are operating in Kenya?
13. Which are the main Chinese multi-nationals operating in Kenya?
14. There are critics who say that China is trying re-colonise Africa—How would you address this allegation?
15. As a member of the UN Security Council how would you address issues of human rights, good governance and democracy in Kenya?
16. What comments would you make about corruption in Africa and Kenya?
17. How has corruption been addressed by China in relations to its interactions with Kenya?
18. Was the relationship between Kenya and China affected during 2007-2008 post election violence. How and why?
19. How would you address complaints of the influx of Chinese small scale traders living and working in the country?
20. What about Chinese tourists to Kenya who do not go back to their country, but rather stay and work?
21. The United States and perhaps some European countries appear to be skeptical about China's involvement in Africa – are there steps you have taken to address this?
22. You have a policy of 'no strings' attached to the aid you offer to African states i.e no conditionalities when compared to aid from the West. Is this statement true and what do you gain from this policy?
23. Kenya will be celebrating 50 years of independence from December 12th, 2012. How does China plan to celebrate 50 years of its relationship with Kenya?

APPENDIX II

Interview Schedule B

1. There are increased numbers of Chinese nationals in Kenya. Has this been your observation? If so, since when?
2. Who do you attribute the current infrastructural (roads, e.g Thika Highway and other link roads upgrade to?
3. Have these affected your life in any way? Explain
4. Have transport fares become improved, or worsened as a result of improved infrastructure? explain
5. Have the shops and businesses the Chinese are operating affected your business and how?
6. How has competition between Kenyan and Chinese products and businesses affected you?
7. Have you ever interacted with Chinese nationals? If so what language was used?
8. Chinese have won numerous government contracts for example the upgrade of JKIA – does this mean anything to you and what?
9. How have the Chinese contractors affected real estate in Kenya? (Apart from roads, they are also constructing apartments / homes?)
10. In your view has China affected the price of commodities, rent, transport, school fees, food in Kenya? If yes how?

APPENDIX III

Interview Schedule C (Foreign Affairs)

1. Does Kenya have a foreign policy document and what does it stipulate?
2. What is Kenya's foreign policy towards China?
3. How is Kenya benefitting from the bilateral relations with China?
4. What has Kenya gained as a result of the bilateral relations with China since the start of the official relations in 1963?
5. How is Kenya addressing the imbalance of trade between the two countries?
6. What process is used to award contracts to Chinese companies?
7. Are there records on the number of Chinese tourists in Kenya over the past years and how has this affected Kenya's economy?
8. How has Kenya addressed grievances in relation to unfair competition with China?
9. How has the bilateral relation between Kenya and China changed with the different regimes – President Jomo Kenyatta era, President Moi and President Kibaki?
10. Has the bilateral relation between Kenya and China affected Kenya's relations with the US, or UK.?
11. Comments on the relations with China and Kenya as a member of the East African Community

APPENDIX IV

Tourism Sector

1. Where do you work?
2. What role do you play in the tourism industry?
3. Have you noticed any increase in the number of Chinese tourists? If so since when?
4. How has the increased number of tourists impacted your life? (socially, economically)
5. What language do you use to interact with the Chinese?
6. Have you attempted to learn the Chinese language and why?
7. How would you rate the Chinese tourists in terms of quality, quantity?
8. What are your comments on the reported increase in ivory trade?
9. What are your comments on the future of tourism industry in Kenya as one of the important tourist destinations in Africa?

APPENDIX V

List of interviewees

1. Traders along Thika Highway
2. Passengers in public transport
3. Pedestrians
4. Professionals
5. Contractors
6. Entrepreneurs
7. Tourism stakeholders

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