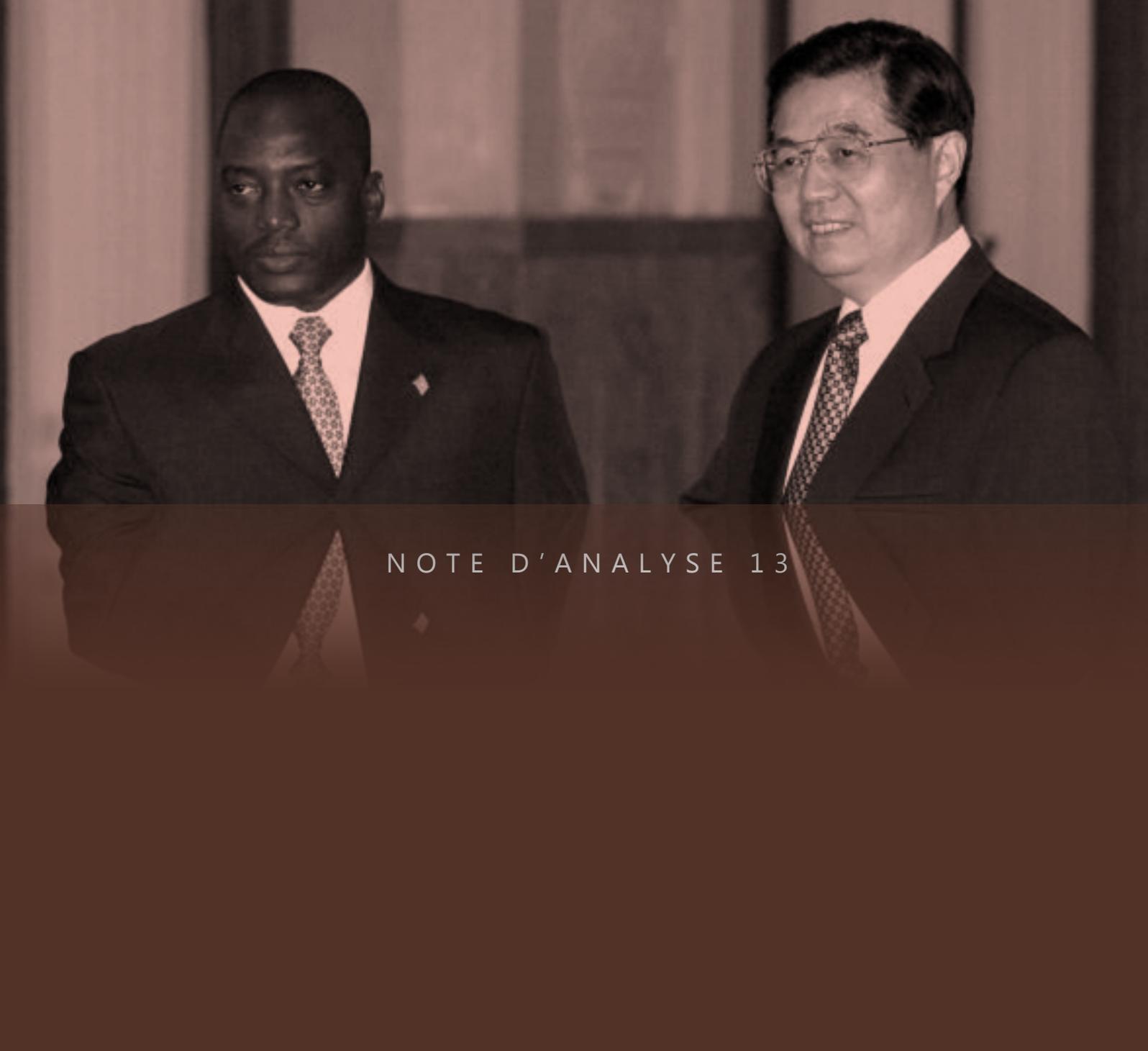


# China and DRC: Africa's Next Top Models?

Bruno Hellendorff



NOTE D'ANALYSE 13

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## Introduction

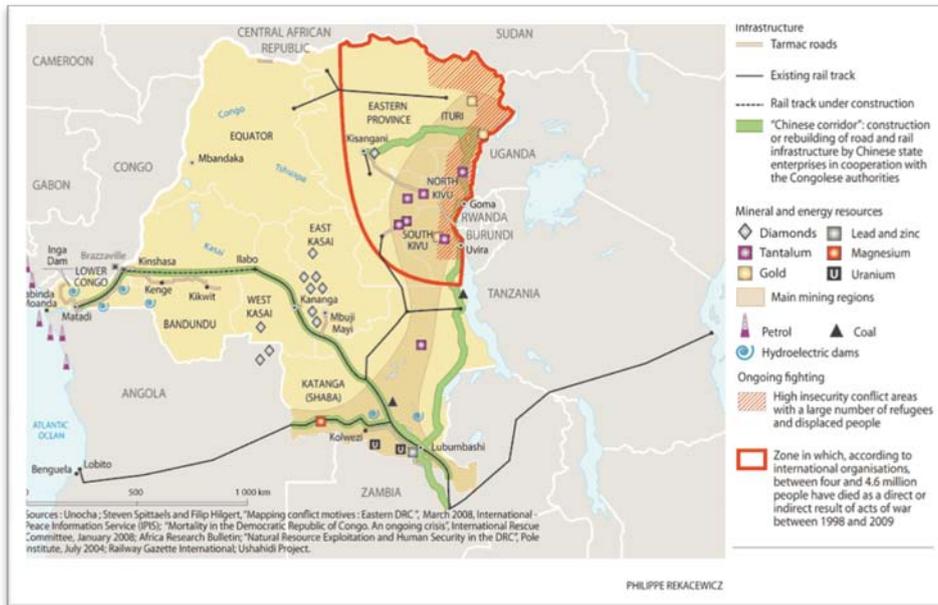
In 2008 was signed the now-famous “contrat chinois” between China and the Democratic Republic of Congo (DRC): the deal implied that in exchange for an access to 10.6 million tons of copper and 600,000 tons of cobalt in the Katanga region, China would invest US\$ 9 billion in vital infrastructures to the country<sup>1</sup>. According to China’s former ambassador in Kinshasa, Mr. Wu Zexian, this agreement was not only “a bit particular”, it was also, and more importantly, “inaugurating a new era of cooperation”<sup>2</sup>, referring to Beijing’s “new type of strategic partnership” with Africa, “featuring political equality and mutual trust, economic win-win cooperation and cultural exchanges”<sup>3</sup>. In other terms, the Sino-Congolese relationship was expected to become the prototype of a successfully implemented “win-win partnership”, to be later on duplicated in other African countries.

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<sup>1</sup> 3,215 km of railroads, around 7,000 km of roads, 177 hospitals and health centers, two hydroelectric dams, two universities and 5,000 accommodation units. Beijing would also refinance the on-the-verge-of-collapse Congolese mining sector

<sup>2</sup> “La convention minière entre la Chine et la RDC n’est pas une exclusion,” *Le Potentiel*, September 30, 2009. Accessed November 30, 2010  
<http://fr.allafrica.com/stories/200910010205.html>

<sup>3</sup> Wen Jiabao, “Building the New Type of China-Africa Strategic Partnership”, Speech delivered at the 4th Ministerial Conference of Forum on China-Africa Cooperation, November 8, 2009. Accessed November 15, 2009,  
<http://www.focac.org/eng/zxxx/t625623.htm>



Source: Le Monde Diplomatique. Available on <http://mondediplo.com/IMG/artoff5426.gif>

The subsequent evolutions of the broader China-Africa context seemed to support Ambassador Wu's argument. Chinese barter trade agreements, described as "Angola Mode" contracts, have made their way through to become a specific and major category of deal favored by African governments for their economic development. Chinese contractors and entrepreneurs have inserted themselves at an unprecedented pace in the African economic fabrics. Beijing's "aid with no string attached" policy, although disputed, has gained support in most African countries. No doubt remains on the fact that the Chinese "way" – what western scholars commonly refer to as the "Beijing Consensus"<sup>4</sup> – is successful in Africa.

However, the "mutually beneficial" label of the Sino-Congolese cooperation has nowadays become rather lackluster. Opportunities and challenges in the political, economic and reputational realms have not been similarly managed by China and the DRC, resulting in differentiated impacts which often proved more detrimental to the African country.

<sup>4</sup> Joshua C. Ramo, *The Beijing Consensus: notes on the new physics of Chinese power*. London: The Foreign Policy Centre, 2004.

Originally pre-qualified for becoming the *magnum opus* of the Chinese Diplomacy in Africa, the Sino-Congolese partnership has now turned into a baffling problem for Chinese strategists and policy-makers. Numerous markers of dissatisfaction have surfaced in both the Congolese and Chinese sides: between the 150 Congolese Parliamentarians going on strike to protest against the Sicomines deal and the Chinese entrepreneur complaining about racism and anarchy<sup>5</sup>, there is a wide spectrum of actors growingly disappointed in the turn of events.

This was expressed in somewhat softer terms by He Wenping, director of the Institute of Western Asian and African Studies at the very influential Chinese Academy of Social Sciences: "We were not well prepared to go to Africa and had to pay a high price, learning from our mistakes. But now we are consolidating our strategy and there will be a new focus on learning about Africa and speaking for ourselves."<sup>6</sup> Echoing to He's predicament, recent evolutions show that China is ever more turning to "soft power" to build a comprehensive national power and cement its influence in Africa. In a speech given during China's eleventh Ambassadorial Conference, President Hu Jintao urged the attendance to make efforts to give China "more influential power in politics, more competitiveness in the economic field, more affinity in its image," and "more appealing force in morality"<sup>7</sup>. With the emergence of morality and image as new key aspects of China's "soft power", as conceived by its leaders, the Sino-Congolese partnership became even more important to Beijing: given its global media coverage, cross-area spillovers are unavoidable. Whether this will turn out well for China remains to be seen.

Using the China-DRC partnership as a benchmark, this paper aims to assess the effectiveness and efficiency of China's *soft power* in Africa so as to figure out whether China's growing implication in the continent's

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<sup>5</sup> Marianne Meunier, "RD Congo-Chine : les liaisons orageuses," *Jeune Afrique*, July 15, 2009. Accessed October 2, 2010, <http://www.jeuneafrique.com/Article/ARTJAJA2531p033.xml0/>

<sup>6</sup> Antoaneta Becker, "China Summons Past to Advance Into Africa," *IPS News*, September 27, 2010. Accessed January 19, 2011, <http://ipsnews.net/news.asp?idnews=52972>

<sup>7</sup> Bonnie S. Glaser and Benjamin Dooley, "China's 11th Ambassadorial Conference Signals Continuity and Change in Foreign Policy", *China Brief*, IX, 22, November 4, 2009, pp. 8-12.

economic fabrics and socio-political structures is sustainable. The first part of this paper will come back on the Chinese so-called “charm offensive” toward Africa. It will further demonstrate that the Sino-Congolese cooperation is a case in point of what kind of relationship African countries can build with China. The second part will disaggregate the various opportunities and challenges faced by both partners in the economic, political and reputational fields. The third part will gauge the impacts of the growth of bilateral ties between China and the DRC on their respective economic growth, distributive policies and institutional settings. The performance of the Chinese *soft power* strategy will then be assessed by comparing the actual evolutions of the relationship with the expected opportunities and challenges faced by both partners. It is lastly argued that, in order to succeed on the long-run, China's *soft power* strategy must entail the promotion of transparency and good governance.

## Framework

### China's “charm offensive” on Africa

Chinese ventures in Africa are acknowledged to be multifaceted, multilayered and extremely heterogeneous, yet a common feature stands out. In a “trade follows the flag” perspective, Beijing's wooing of African governments – what Council on Foreign Relations' expert Joshua Kurlantzick termed China's “charm offensive”<sup>8</sup> – has heralded tremendous changes in local economic fabrics and political agendas, explaining why foreign attention has keenly focused on this particular dimension of China's “safari”. It is indeed more and more through “soft power” that China explicitly wants to address Western criticisms and foster its growing interests overseas<sup>9</sup>. In its English edition, the Chinese Communist Party (CCP) mouthpiece, i.e. the People's Daily, recently quoted an African analyst stating that “in Africa, soft power has worked

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<sup>8</sup> Joshua Kurlantzick, *Charm Offensive. How China's Soft Power Is Transforming the World*. Cambridge : Yale University Press, 2007.

<sup>9</sup> Tanguy Struye de Swielande. *La Chine et le soft power: une douce manière de défendre l'intérêt national?* Note d'analyse, Louvain-la-Neuve: Chaire Inbev-Baillet Latour, 2009, p. 9.

so well for China”<sup>10</sup>. *Soft power*, on the word of Joseph Nye, “arises from the attractiveness of a country’s culture, political ideals, and policies” and results in “a more favorable public opinion and credibility abroad”<sup>11</sup>. It is “the ability to get what you want by attracting and persuading others to adopt your goals”<sup>12</sup>, by opposition with *hard power*, which resorts to economic incentives and military strength – the famous “carrot and stick” diplomacy – to influence others’ behaviors<sup>13</sup>. And China’s endorsement of this concept in its quest for African resources and political support is now quite clear.

Firstly, China’s current African policy takes its roots in a limited corpus of policy proclamations and official principles designed from the outset to be attractive to leaders from the developing world<sup>14</sup>. In Africa, China’s “no-string attached” policy has even been labeled a “soft power comparative advantage” *vis-à-vis* the United States<sup>15</sup>. The “non-interference in each other’s internal affairs” principle exerts indeed a large deal of attraction on African leaders, by contrast with the Western “largely ineffective and often counterproductive” policy conditionality<sup>16</sup>.

Secondly, China has now championed the ability of using rhetoric to advance its pawns overseas. To justify their dealings with Africa, Chinese officials have composed a narrative resorting heavily to a constructed “tripod of historical legitimacies”, which consists in (1) the use and interpretation of a shared past as an historical legitimacy, (2) a phraseology rooted in the concept of “South-South cooperation” as an ideological legitimacy and (3) the promotion of an alternative model of

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<sup>10</sup> “Soft power diplomacy to drive China-Africa relations in 2011,” *People’s Daily Online*, January 18, 2011. Accessed January 20, 2011

<http://english.people.com.cn/90001/90776/90883/7263743.html>

<sup>11</sup> Joseph S. Nye Jr., *Soft Power: The Means to Success in World Politics*. New York: Public Affairs, 2004.

<sup>12</sup> *Ibidem*.

<sup>13</sup> Michael Barr, “Mythe et réalité du soft power de la Chine,” *Etudes internationales*, XLI, 4 (2010) : 503-520.

<sup>14</sup> For an in-depth scrutiny of China’s policy statements and declarations with regard to Africa, see: Sarah Raine, *China’s African Challenges*. London: Routledge, 2009.

<sup>15</sup> Kerry Dumbaugh et al., *China’s Foreign Policy and “Soft Power” in South America, Asia, and Africa*. Washington : Congressional Research Service, 2008.

<sup>16</sup> Andrew Mold and Felix Zimmermann, “A Farewell to Policy Conditionality?,” *Policy Insights* 74, Paris: OECD Development Centre, 2008. Accessed January 20, 2011

<http://www.oecd.org/dataoecd/8/32/41159433.pdf>

partnership as a political legitimacy<sup>17</sup>. The alleged “win-win” character of the Sino-African cooperation has been advertized to such an extent that it has now become China's central selling point in the continent. Beijing has also been prone to blame Africa's underdevelopment on colonialism – which it reminds is part of its own history – and link neo-colonialism with Western backed neo-liberalism. In so doing, Beijing has exported quite successfully what Scott Zhou termed “a sense of moral superiority” that won “the hearts and minds of African elites”<sup>18</sup>. The large reechoing of those different elements within African circles leaves little doubt on the fact that China's adaptive phraseology – which switched from the all-out promotion of war and revolution in the 1950s to the promotion of peace and development today<sup>19</sup> – has proved to be a fruitful vector of *soft power* in the continent.

Thirdly, from the construction of a 1,860 km railroad linking Zambia's Copperbelt to Dar es Salam in the 1970s to today's concessional loans, grants, debt reliefs and state-sponsored “resources for infrastructure” deals, China has been a steady provider of aid and humanitarian assistance to the African continent. “Reflection of higher values and principles”, Beijing's aid commitments to Africa also reflect China's self-characterization as a “responsible, significant power, quick to deliver humanitarian assistance”<sup>20</sup>. Besides, the development of personal affinity between Chinese and African senior officials through high-level visits has become another fully tried and proven practice of Beijing's diplomatic corps.

Fourthly, cultural exchanges have not been put aside. In a broad-ranging literature review, Robinson enunciates that “from free Chinese language lessons in Liberia, to Chinese medicine and table tennis in the Central African Republic, and a slowly growing number of interracial marriages

<sup>17</sup> Cissé Mbaye, “L'affirmation d'une stratégie de puissance: la politique africaine de la Chine,” *Diploweb*, October, 2007. Accessed December 28, 2010

<http://www.diploweb.com/forum/chine07102.htm>

<sup>18</sup> Scott Zhou, “China as Africa's ‘angel in white’,” *Asia Times Online*, November 3, 2006. Accessed December 28, 2010

[http://www.atimes.com/atimes/China\\_Business/HK03Cb04.html](http://www.atimes.com/atimes/China_Business/HK03Cb04.html)

<sup>19</sup> Li Anshan. *Transformation of China's Policy toward Africa*. Working Paper, Hong Kong: Center on China's Transnational Relations, 2006.

<sup>20</sup> Deborah Brautigam, *China's African Aid. Transatlantic Challenges*. Washington: The German Marshall Fund of the United States, 2008.

in Africa and China, cultural interactions between these regions have great potential for development. Chinese-run Confucius Institutes (cultural centres) are springing up throughout Africa, while Chinese medical clinics have become so widespread that governments are developing new laws to regulate them. China recently hosted a China–Africa Civil Society Dialogue in Beijing to increase ‘mutual understanding’, and 300,000 Chinese tourists visited Africa in 2007. In addition, many thousands of ordinary Chinese see Africa as a world of opportunity where they can build new lives — with estimates that 750,000 Chinese have already settled in Africa over the past decade.”<sup>21</sup>

To top it all, the launching of the Forum on China-Africa Cooperation (FOCAC) not only institutionalized the relationship, it also provided Beijing with a shiny showcase to further advertise its policies and commitments to the African continent. The success of this forum, gathering over 40 African heads of state and governments in 2006, seems thus to constitute a reliable marker of China’s growing *soft power* in Africa and the confirmation that Beijing is effectively implementing a comprehensive policy of cultural and political influence in Africa<sup>22</sup>.

### **The DRC as a case in point of China’s involvement in Africa**

Yet, *soft power* only could not have brought China this far into Africa. For instance, its recognition over Taipei by many African states owes a lot to a “checkbook” diplomacy acknowledged by Senegal’s President Abdoulaye Wade in an article published by the Financial Times in 2008<sup>23</sup>. Furthermore, Beijing still has to deliver on its promises and African leaders’ expectations are on the rise. China needs emblematic examples of success to give its soft power stronger foundations. Quoting Joseph Nye again, “telling is far less influential than actions and symbols that show as well as tell”<sup>24</sup>. The DRC could be this symbol. Its relationship with China is indeed quite representative of the general

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<sup>21</sup> David A. Robinson, “Chinese Expansion and Western influence in 21<sup>st</sup> Century Africa,” *American Diplomacy*, February 1, 2010. Accessed July 15, 2010

[http://www.unc.edu/depts/diplomat/item/2010/0103/comm/robinson\\_21africa.html](http://www.unc.edu/depts/diplomat/item/2010/0103/comm/robinson_21africa.html)

<sup>22</sup> Mamoudou Gazibo and Olivier Mbabia, “La politique africaine de la Chine montante à l’ère de la nouvelle ruée vers l’Afrique,” *Etudes internationales*, XLI, 4 (2010) : 521-546.

<sup>23</sup> Abdoulaye Wade, “Time for the west to practise what it preaches,” *Financial Times*, January 23, 2008.

<sup>24</sup> Joseph S. Nye Jr., *op. cit.*

picture. In the realm of rhetoric, the abovementioned pillars of legitimacy (a shared history, a spirit of “South-South cooperation” and a model of development) are recurrent themes of Chinese and Congolese official speeches. Emphasis is regularly put on the “traditional” aspect of the “friendship” enjoyed by both countries. China’s record of aid commitments to the Central African country is frequently brought up and praised. Recently, the Congolese Minister of Infrastructure, M. Fridolin Kasweshi, has even gone as far as labeling China a “model of development for the DRC”<sup>25</sup>.

Beijing undoubtedly has a strong record of assistance to the DRC: from the establishment of a pilot farming project to the building of a Chinese-run Hospital to the construction of two prestigious edifices (National Assembly building and a 80.000 seats stadium), the granting of scholarships to Congolese students, the training of civil servants in China or the dispatching of Chinese doctors in the country<sup>26</sup>, China has reinforced throughout the years its status of “very important partner”<sup>27</sup> and “dependable friend of the DRC”<sup>28</sup>, following President Kabila’s phraseology. On the same page, high-level visits between Chinese and Congolese officials have proved to be another key component of the relationship.

On the architecture of cooperation, Chinese and Congolese officials constantly refer to the overarching principles and leanings of the FOCAC when discussing the characteristics of their partnership. Illustrating this, China’s Minister of Foreign Affairs Yan Jiechi declared in 2008 that “China and the DRC are good friends and good partners. The two countries have been constantly supporting each other on the basis of mutual understandings in issues related with national

<sup>25</sup> “Plan Marshall pour la RDC appelé de tous leurs vœux par les Congolais: la Chine se propose à le réaliser sans tergiverser!,” *Digital Congo*, July 28, 2010. Accessed July 30, 2010 <http://www.digitalcongo.net/article/68819>

<sup>26</sup> Johanna Jansson, *Patterns of Chinese Investment, Aid and Trade in Central Africa (Cameroon, the DRC and Gabon)*. Briefing paper, Stellenbosch: Centre for Chinese Studies, 2009.

<sup>27</sup> “Entretien entre le président de la RDC et le conseiller d'Etat chinois,” *Xinhua*, July 26, 2010. Accessed October 2, 2010 [http://french.news.cn/afrique/2010-07/26/c\\_13414798.htm](http://french.news.cn/afrique/2010-07/26/c_13414798.htm)

<sup>28</sup> “China, DRC agree to further strengthen cooperation,” *Xinhua*, January 10, 2008. Accessed November 30, 2010 <http://www.china.org.cn/english/international/238877.htm>

independence, sovereignty and territorial integrity”<sup>29</sup>. Other features of Beijing’s “new type of strategic partnership with Africa” are also regularly put forward by officials of both sides, such as the “win-win cooperation in economic matters” or equality in their political interactions.

Replicating the general Sino-African scheme, bilateral trade between the DRC and China has experienced a skyrocketing growth. Although distorted (China imports mainly natural resources while exporting mainly manufactured goods), these bilateral economic exchanges have a strong impact on China’s *hard power* in the Central African country: the growth of its investments in the DRC has made Beijing become “one of the most influential players in the Congolese economy almost overnight”<sup>30</sup>. China’s *soft power* strategies are therefore complementing its economic weight, i.e. its *hard power*, in the Central African country.

Lastly, other issues should be mentioned that link the DRC’s “Chinese experience” to the general encounter between China and Africa. Aside from a professed engagement for peace and security in Africa, materialized by its involvement in the MONUSCO<sup>31</sup>, Beijing is often suspected to be implicated in arms sales to the local government<sup>32</sup>. It is often mentioned in issues linked to “land grab”<sup>33</sup> or legal and illegal migration<sup>34</sup>. More than a few local and international environmental concerns<sup>35</sup> and social upheavals<sup>36</sup> target China. Beijing also plays a role in the domestic political agenda through the recuperation of Sinophobic

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<sup>29</sup> “China, DRC agree to further strengthen cooperation”, op. cit.

<sup>30</sup> Wenran Jiang, “Chinese Inroads in DR Congo: A Chine “Marshall Plan” or Business?,” *China Brief*, January 12, 2009, pp. 8-11.

<sup>31</sup> 16 experts on mission and 218 contingent troops.

<sup>32</sup> Candide Okeke, “DRC: “Joseph Kabila” intensifie l’importation d’armes de guerre de la Chine,” *Kongo Times*, December 06, 2010. Accessed December 10, 2010

<http://afrique.kongotimes.info/rdc/armee-police/kabila-intensifie-importation-armes-guerre-chine.html>

<sup>33</sup> “Congo says talking to China on land for Palm oil,” *Reuters*, July 16, 2010. Accessed October 2, 2010 <http://af.reuters.com/article/investingNews/idAFJ0E66F01920100716>

<sup>34</sup> Giles Mohan and May Tan-Mullins, “Chinese Migrants in Africa as New Agents of Development? An Analytical Framework,” *European Journal of Development Research* 21 (2009), 588–605. Accessed October 2, 2010, doi:10.1057/ejdr.2009.22

<sup>35</sup> Ian Taylor, “China’s environmental footprint in Africa,” *China Dialogue*, February 2, 2007. Accessed October 2, 2010 <http://www.chinadialogue.net/article/show/single/en/741-China-s-environmental-footprint-in-Africa>

<sup>36</sup> “Unrest in DR Congo after TP Mazembe lose to Inter Milan,” *BBC News*, December 19, 2010. Accessed December 28, 2010 <http://www.bbc.co.uk/news/world-africa-12030051>

feelings by opposition parties. All these additional elements are general features of the Sino-African relationship as much as they are characteristic of the Sino-Congolese partnership. They therefore confirm that the relationship between Beijing and Kinshasa is an excellent case study to assess the shortcomings of the Chinese engagement of Africa.

### **History of the relationship**

Diplomatic contacts between the DRC and the Popular Republic of China (PRC) can be traced back as far as in June 1960, after the independence of the former, when Chinese Premier Zhou Enlai addressed a note of congratulations and recognition to Lumumba's government<sup>37</sup>. An embassy of the PRC was even established in 1961 in Stanleyville – now Kisangani – but the murder of Patrice Lumumba and the subsequent recognition of Taiwan by the new Congolese government put an end to this early connection. During the 1960s, Mao's government even provided limited support to Congolese rebels groups trying to topple Mobutu's regime. Diplomatic relations between Kinshasa and Beijing resumed when the Congolese authorities decided to discard Taipei, on November 24, 1972.

From 1972 to the overthrow of Mobutu by Laurent-Désiré Kabila in 1997, Chinese and Congolese officials paid visits to each other on sixteen occasions (8 Congolese visits to China and 8 Chinese visits to then-Zaire) while several agreements on economic, technological or cultural cooperation were signed<sup>38</sup>. Throughout that era, Beijing has been a noteworthy provider of aid to Africa and the DRC: donations to the Central African country include notably the National Assembly building and the Martyr's Stadium in Kinshasa, respectively built in 1979 and 1994. Political relations between the two countries further improved under the successive rules of Laurent-Désiré Kabila and his son Joseph alongside PRC's growing involvement in the continent. The launch of the FOCAC in 2000 provided a new framework to the Sino-Congolese partnership, despite the ongoing civil war (1998-2003) in the Central African country. The forum generated a broadening of the cooperation,

<sup>37</sup> Chinese Foreign Ministry, "Congo (DRC)," *China.org*, October 10, 2006. Accessed October 2, 2010 <http://www.china.org.cn/english/features/focac/183553.htm>

<sup>38</sup> In 1973, 1980, 1983, 1986, 1988, 1989, 1990, 1994 and 1997. See: Deborah Brautigam, op. cit., p. 13. and Johanna Jansson, op. cit., p. 11.

until then essentially focused on high-level diplomatic contacts: aside from a political dialogue, “win-win” economic deals and cultural exchanges became the new key themes of the relationship.

The Sino-Congolese relationship was given dramatic momentum by two events occurring in 2006: the third FOCAC meeting in Beijing and the DRC's first democratic elections since 1962. Since then, the number of high-level official visits increased, work began on the extension of the Chinese consular services in the DRC, an experienced ambassador – Mr. Wu Zexian – has been appointed in Kinshasa, and many agreements have been signed on a bilateral basis<sup>39</sup>. The stream of such bilateral cooperation agreements led the Congolese President to hail, in his 2007 state of the nation address, the cooperation with China as “key to the reconstruction of the Democratic Republic of Congo”<sup>40</sup>.

Given that the reconstruction of the country became Kabila's warhorse in its campaign for reelection – through the “5 chantiers” policy<sup>41</sup> – and that Chinese construction companies and lending agencies were granted a major role in this policy, a new impetus was further given to the cooperation with China. Illustrating this, the 2008 Sicomines deal, also called the “contract of the century” on the word of local papers and concluded at a time when the DRC was renegotiating the terms of 61 existing mining contracts, emphasized the Chinese newfound clout with the Congolese economic and political agendas. By swapping a US\$ 9 billion investment in infrastructure for the access to mineral deposits worth US\$ 80 billion at current market prices<sup>42</sup>, this transaction went on to become one of the most commented agreement between China and an African country. Today, the Sicomines contract has become the

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<sup>39</sup> Centre for Chinese Studies, “Evaluating China's FOCAC commitments to Africa and mapping the way ahead”. Stellenbosch: Report prepared for the Rockefeller Foundation, January 2010, pp. 44-45.

<sup>40</sup> “China key to DRC reconstruction”, *Praag*, December 7, 2007. Accessed November 18, 2010, <http://praag.co.za/content/view/1215/107>

<sup>41</sup> The five undertakings concerned are as follows: (1) Infrastructure, (2) Health and education, (3) Water and electricity, (4) Housing and (5) Jobs.

<sup>42</sup> As of November 21, 2010, copper prices were at 8.380US\$/ton and cobalt at 43.000US\$/ton. However, this amount of US\$80 billion does not take the operating costs (estimated at around 3.500\$/ton in Katanga for copper) into consideration. The scraps, wastes and losses inherent to the refining process have been grossly estimated so as to match the estimates of the Congolese MP's opposed to the deal.

flagship of the Sino-Congolese relationship. Lifeline of President Kabila (its implementation is indispensable to the realization of the “5 chantiers”), the contract is now also the bone of contention between both partners and the traditional partners of the DRC (among which the IMF and the World Bank [WB] stand in importance and visibility). As such, it even grew to be the symbol of an alleged strife between concerned Western powers and a growingly assertive China over the control of the Congolese riches.

## Opportunities and Challenges

There is a broad consensus among scholars and observers that Chinese investments in Africa are vectors of both great opportunities and huge challenges. The Sino-Congolese, at a more specific level, has also crystallized many hopes on both sides: engaging prospects were predominantly economic, but they also had political and reputational corollaries, and so were the pitfalls. This chapter aims to review at length these opportunities and challenges so as to come up with the tools necessary to assess the impacts of this ever-developing cooperation on both China and the DRC.

### Economic field

#### Apparent complementarities in a growing mutual engagement

When Chinese Premier Wen Jiabao met the DRC's Prime Minister Adolphe Muzito in Sharm El-Sheikh, during the fourth FOCAC conference, he claimed: “the Chinese and Congolese economies are highly complementary and there is a bright prospect for mutually beneficial cooperation between them”<sup>43</sup>. He also added: “common efforts from both parts will lead bilateral relations to become tighter and more fruitful”<sup>44</sup>. Undeniably, there are economic complementarities

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<sup>43</sup>“Chinese premier meets with African leaders,” *Xinhua News*, November 9, 2009. Accessed January 20, 2010,

[http://news.xinhuanet.com/english/2009-11/09/content\\_12413364.htm](http://news.xinhuanet.com/english/2009-11/09/content_12413364.htm)

<sup>44</sup>“Adolphe Muzito: «La RDC souhaite maintenir des échanges de haut niveau avec la Chine», *Le Potentiel*, November 11, 2009.

between both economies, as highlighted in a 2008 World Bank report (see Table 1 below).

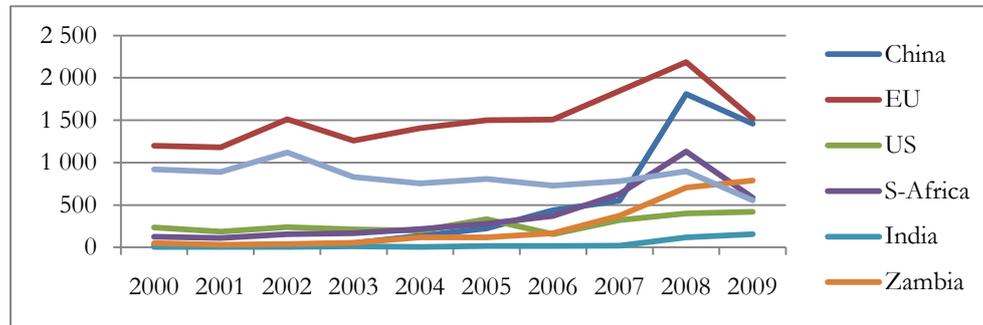
**Table 1: Economic complementarities between China and Sub-Saharan Africa**

	Infrastructure	Resources
<b>Africa</b>	Africa has a major infrastructure deficit, with unmet investments needs ~US\$10 billion per year	Africa is a major exporter of natural resources, with infrastructure bottlenecks preventing full realization of its potential
<b>China</b>	China has a large, globally competitive construction industry	China's manufacturing-based economy creates high demand for natural resource inputs, beyond those domestically available

Source: Foster et al. (2008), Building ridges: China's Growing Role as Infrastructure Financer for Africa, the World Bank, p. 23.

That explains probably why the value of trade between Kinshasa and Beijing passed from a mere US\$19.41 million in 2000 to a staggering US\$ 1.458 billion in 2009, with a peak of US\$1.811 billion in 2008 (see figure 1 below). Even if a cutback has occurred in 2009 (due to the financial crisis and the resulting downturn in commodity prices), China has become in a very short period Kinshasa's first single-country trading partner, outshining the Central African country's traditional partners and more particularly its former Métropole Belgium. This trend is outstanding, globally and relatively. Additionally, this evolution is much likely to resume its upward trend, following the broader multilateral trade between China and the African continent which is expected to bounce back to "pre-crisis levels" and reach more than US\$ 110 billion in 2010<sup>45</sup>.

<sup>45</sup> Ding Qingfen, "Trade with Africa set to achieve record high," *China Daily*, updated October 15, 2010. Accessed October 28, 2010  
[http://www.chinadaily.com.cn/china/2010-10/15/content\\_11412780.htm](http://www.chinadaily.com.cn/china/2010-10/15/content_11412780.htm)

**Figure 1: DRC's trade with its main partners 2000-2009 in millions of dollars**

Source: UN Comtrade

Although the precision of these numbers has to be tempered (since they do not take into account the amount of minerals illegally dug out and smuggled<sup>46</sup> nor do they cover all goods re-exported<sup>47</sup>), the pace at which bilateral trade has developed is remarkable. Yet, it should be noted that the bulk of this growth lies in China's imports from the DRC, 99% of which being minerals<sup>48</sup> (mainly cobalt and copper<sup>49</sup>), whose prices are highly volatile. Maybe as remarkable is the concomitant rise of the Chinese investments in the country: following Beijing's official estimates, Chinese Foreign Direct Investments (FDI) to the DRC experienced an extraordinary growth rate over five years<sup>50</sup> (see figure 2 below). Despite official statistics being notoriously inaccurate, the trend is here also undeniable. Alongside the eye-catching, large-scale, ExIm Bank-sponsored deals undertaken by Chinese transnational State-Owned Enterprises (SOEs), many smaller-scale, private entrepreneurs and companies from China have invested in the DRC in the last few years. Their activities, in both the formal and informal sectors, concentrated in the trading of natural resources and in retail services. And although the investments of those private entrepreneurs in the Congolese economic fabric cannot be accurately quantified, Chinese economic actors have, in

<sup>46</sup> "Digging in Corruption: Fraud, Abuse and Exploitation in Katanga copper and cobalt mines", *Report*, Washington DC: Global Witness, 2006, pp. 46-50.

<sup>47</sup> Jonathan Holslag, "China's new mercantilism in Central Africa," *European Strategic Intelligence and Security Center*, Briefing Document, 2005.

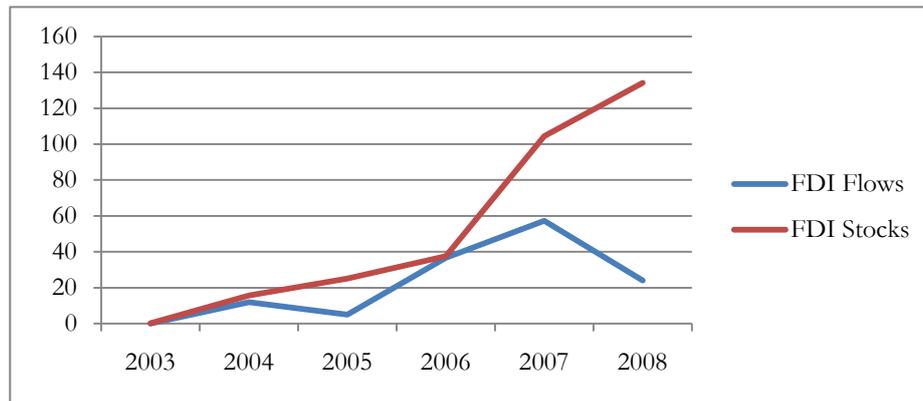
<sup>48</sup> Based on UN Comtrade data's.

<sup>49</sup> Johanna Jansson, *op. cit.*, p.13.

<sup>50</sup> "2008 Statistical Bulletin of China's Outward Foreign Direct Investment, Ministry of Commerce of the People's Republic of China," Ministry of Commerce of the People's Republic of China.

any case, become prominent investors in the DRC, as acknowledged in a recent report from the UNCTAD<sup>51</sup>.

**Figure 2: Chinese FDI in the DRC 2003-2008 in millions of dollars**



Source: 2008 Statistical Bulletin of China's Outward Foreign Direct Investment, Ministry of Commerce of the People's Republic of China.

### Chinese opportunities

This evolution has brought up many economic opportunities for the DRC and China. For China, trading with the DRC bears great potential for its own development. Most of its cobalt consumption is already sourced in the Central African country but other mineral riches critical to its manufacturing economy – such as coltan, diamonds, gold, uranium or tin – are present in the Congolese soil, along with hydrocarbons. Kinshasa's resources in terms of wood logs and arable land also seem to be of great interest to Beijing<sup>52</sup>. Then, the DRC, as the fourth most populous African country, constitutes a high-potential export market for Chinese firms. Chinese operators present in the DRC have also opportunities to yield quick profit and gain new assets, skills and competences. Furthermore, Africa and the DRC are an excellent testing ground for China's enterprises "going global", as part of an eponymous Chinese policy which aims are to develop a range of large, globally

<sup>51</sup> "World Investment Directory: Africa, Vol. X," *Report*, Geneva: UNCTAD, 2008, pp.195-204.

<sup>52</sup> Colette Braeckman, "Le Congo et ses amis chinois," *Le Monde Diplomatique*, September 2009. Accessed January 2, 2011

<http://www.monde-diplomatique.fr/2009/09/BRAECKMAN/18100>

competitive state-owned companies in sectors considered to be crucial to national security<sup>53</sup>.

### *Congolese opportunities*

On the Congolese side, the growth in the volume of goods exported to China was expected to result in rising incomes for the government and in a better current-account balance. Indirectly, the tremendous needs of China in terms of natural resources should continue to impact positively on commodity prices and consequently have the same impacts on the Congolese economy. Moreover, it has been hoped that bilateral trade with China could in the longer-run improve the terms of trade currently experienced by the DRC *via* the providing of opportunities for the private sector's development and the broadening of the country's exports portfolio. Obviously enough, the Chinese investments in the DRC were also projected to have broader positive fallouts on the development of the country, especially those dedicated to infrastructure development, which is indispensable to a sustained economic growth<sup>54</sup>. The much commented Chinese involvement in the Congolese mining sector has also opened onto great hopes, as expressed by Kabila before the National Assembly in 2008: "For the first time in our history, the Congolese people will finally be able to see what the use of their cobalt, nickel or copper will have been"<sup>55</sup>.

In the Congolese government's view, Chinese investments would (1) lift up the productive capacity of the country and (2) provide in the longer-run more domestic sources of finance. Furthermore, as an illustration of the World Bank findings, China's financing to the country complements that of its traditional partners: while Belgium focus on social infrastructure projects (agriculture, dirt roads & ferries and education<sup>56</sup>), China's SOEs committed to the building of production-oriented

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<sup>53</sup> Mikael Mattlin, "Chinese strategic state-owned enterprises and ownership control," *Asia Paper* 4(6), 2009, pp. 1-24.

<sup>54</sup> Peter Heller, *People and Places: Can They Align to Bring Growth to Africa?*, Washington: Center for Global Development, 2010, p.1.

<sup>55</sup> "A survey of China's quest for resources: Mutual convenience," *The Economist*, March 18, 2008. Accessed November 10, 2010 <http://www.economist.com/node/10795773>

<sup>56</sup> "RDC: Nouveau Programme de Coopération," Agence Belge de Développement, accessed January 20, 2011

<http://www.btcctb.org/fr/news/rdc-nouveau-programme-de-coop%C3%A9ration>

infrastructure (mainly roads and mining infrastructures) and Public Private Partnerships tend to focus on information and technology investment<sup>57</sup> (such as the construction of a local fiber optic network in Kinshasa by the private company Huawei on behalf of the Congolese Ministry of Post and Telecommunications<sup>58</sup>). Chinese FDI were also expected to result in transfers of technologies, rising fiscal revenues, positive societal evolutions, increasing competitiveness of domestic firms, spreading of management or technical skills and the diffusion of an entrepreneurial spirit in the country.

To summarize these mutual economic expectations and link them to the political aspect of the relationship, the concept of “economic security” theorized by Christopher Dent is here most adapted. The central assumption of this notion is that the foreign economic policy objectives of a country are primarily determined by the pursuit of various forms of economic security so as to safeguard the structural integrity, the prosperity-generating capabilities and the interests of a politico-economic entity<sup>59</sup>. In this case, such entities would be the CCP and Kabila's regime. Under these premises, the first thing that China is looking for in the DRC is the securing of minerals and energy supply chains: a “supply security”. The second thing is commercial opportunities, i.e. a “market access security”, that provide its public firms with new assets and competences. In contrast, the Congolese demands relate primarily to the securing of foreign sources of finance – a “finance-credit security” – and to the development of infrastructure, i.e. a “techno-industrial capability security”.

### Chinese challenges

However, the Sino-Congolese relationship features also several elements that can put in jeopardy the benefits of the collaboration. Internal troubles, related to either corrupted elites or the oppositions of local communities, add up to global challenges, related to the dynamics of

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<sup>57</sup> Vivien Foster et al., “Building Bridges: China's Growing Role as Infrastructure Financier for Africa,” *Trend and Policy Options*, Washington: The World Bank/PPIAF, 2008.

<sup>58</sup> Joanna Jansson, op. cit., p. 16.

<sup>59</sup> C. Dent, « Africa and China: A New Kind of Development Partnership » in C. Dent (ed.), *China and Africa Development Relations*, Oxon : Routledge, 2010, p. 3-20.

globalization, to threaten China's interests in the DRC. To begin with, the business environment in the DRC remains one of the worst on earth<sup>60</sup>. Interviews carried out by the Oxford-based NGO RAID show that Chinese workers in Katanga complain about ineffective and corrupted local authorities and fiscal harassment<sup>61</sup>. Field researches conducted in the country in 2008-09 by experts of the Centre for Chinese Studies further corroborate those findings: the operating environment in the DRC is seen as "extremely challenging", "opaque" and "rife with corruption"<sup>62</sup>. One Chinese respondent active in the country even dubbed payoffs "structural requirements"<sup>63</sup>.

Secondly, alongside the rent-seeking behavior of Congolese elites, instability and social unrest also threaten the Chinese – public and private – interests in the country. In 2009, the Chinese company Sinohydro was attacked by armed men in North Kivu<sup>64</sup> and in December 2010, Congolese hooligans assaulted Chinese-run businesses in Lubumbashi chanting "Chinese go home", after they attributed their soccer club's defeat to the decisions of a referee they mistakenly believed to be Chinese<sup>65</sup>. RAID reports that Chinese workers also complain from racism, burglary, human rights violations and undue hatred from local communities.

Thirdly, the economic crisis reminded that these local challenges were not the only impediments for doing business in the country. In Katanga alone, plummeting copper prices resulted in the closing of 40 Chinese

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<sup>60</sup> "Doing Business 2011: Making a difference for entrepreneurs." Washington: The World Bank, 2010.

<sup>61</sup> "Chinese Mining Companies in Katanga, Democratic Republic of Congo," Oxford: RAID, 2009. Available on <http://www.raid-uk.org/docs/ChinaAfrica/DRCCHINA%20report.pdf>

<sup>62</sup> Johanna Jansson, Christofer Burke, Wenran Jiang, "Chinese Companies in the Extractive Industries of Gabon & the DRC: Perceptions of Transparency," Stellenbosch: Centre for Chinese Studies, 2009.

<sup>63</sup> *Ibid.*

<sup>64</sup> "Armed men attack Chinese firm in DR Congo," *Xinhua*, Updated October 6, 2010. Accessed November 22, 2010

[http://www.chinadaily.com.cn/china/2009-10/06/content\\_8765414.htm](http://www.chinadaily.com.cn/china/2009-10/06/content_8765414.htm)

<sup>65</sup> "Unrest in DR Congo after TP Mazembe lose to Inter Milan," *BBC News*, December 19, 2010. Accessed December 21, 2010 <http://www.bbc.co.uk/news/world-africa-12030051>

private companies and 80% of the Chinese Diaspora present in Lubumbashi prior to the crisis left the country within a few months<sup>66</sup>.

## Congolese challenges

For Kinshasa, the fiscal revenues expected from deepened commercial ties with Beijing are challenged by the tax exemptions granted to the Chinese SOEs operating in the framework of the Sicominex deal<sup>67</sup> and by Chinese private entrepreneurs operating mainly in the informal sector. Obviously, corruption is another obstacle to go around for the DRC in order to benefit from such ties. Chinese public and private investments were also intended to bring development to the country. However, the Sicominex contract, as a case in point of a state-sponsored deal, has also catalyzed angry feelings on a practice of corruption of appalling magnitude<sup>68</sup> and on the vulnerability of the country to international finance<sup>69</sup>. The eulogized Chinese-build roads are subject to a rapid deterioration and to embezzlement<sup>70</sup>. In fact, the contract in itself is often said to be severely distorted in favor of the Chinese side: the negotiations have been conducted in total opacity, the joint venture's shares are unevenly distributed and tax exonerations are excessive, if not illicit<sup>71</sup>. At last, the external financing constituted by this contract and growing Chinese aid commitments could also result in macroeconomic troubles for the country (the famous "Dutch disease"). Chinese private investments bring about their share of socio-economic challenges just as well. Congolese perceptions toward the Chinese companies' activities in

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<sup>66</sup> Jansson Joanna, op. cit., p.16

<sup>67</sup> "Convention de collaboration entre la République Démocratique du Congo et le groupement d'entreprises chinoises: China Railway Group Ltd, Sinohydro Corporation relative au développement d'un projet minier et d'un projet d'infrastructures en République Démocratique du Congo," Kinshasa, April 2008.

<sup>68</sup> "Kinshasa's missing millions," *Africa-Asia Confidential* 3(4), February 2010.

<sup>69</sup> Michael Kavanagh, "Congo, Gecamines Challenge Vulture Fund Claim to \$116 Million Unpaid Debt," *Bloomberg*, June 9, 2010. Accessed September 17, 2010  
<http://www.bloomberg.com/news/2010-06-09/congo-gecamines-challenge-vulture-fund-claim-to-116-million-unpaid-debt.html>

<sup>70</sup> Howard French, "The Next Empire," *The Atlantic*, May 2010. Accessed December 15, 2010  
<http://www.theatlantic.com/magazine/archive/2010/05/the-next-empire/8018/>

<sup>71</sup> "Les investissements privés et publics chinois dans le secteur minier au Katanga : Bonne Gouvernance et Droits de l'Homme," *Rapport sur les violations des droits des ouvriers dans les entreprises chinoises au Katanga, RDC : « Cas des entreprises Jiaying Mining, Congo Dong Fang International Mining et Lida Mining » et les déséquilibres du contrat minier RDC et Consortium Chinois*, Lubumbashi : ACIDH, 2010.

the country are mostly negative. Locals employed by Chinese firms complain about regular violations of labor rights and environmental standards, language and culture gaps, use of child labor, impunity, disregard of local communities and racism<sup>72</sup>. In the meantime, Congolese retailers and shopkeepers are quite frustrated by the influx of Chinese competitors: on Kato Avenue, in Kinshasa's marketplace, slippers sold for 12 dollars in Congolese shops can indeed be brought for only 4 dollars in Chinese shops<sup>73</sup>.

### **Political Field**

Since the ruling elites in both China and the DRC have based their legitimacy on their capability to ensure economic development, the abovementioned economic opportunities and anticipated benefits have evident political implications.

### **Chinese opportunities**

It has been argued that the Chinese approach toward Africa is characterized by “coalition engagements”, i.e. a “collaborative state-business approach to foreign policy”<sup>74</sup>. In this view, it is through Beijing's political incentives to the continent (aid programmes, diplomatic gestures) that Chinese enterprises find their way in to gain new assets in Africa, in a “trade follows the flag” perspective. As expressed by Jonathan Holslag, “aid is a political ticket”<sup>75</sup>. This greatly emphasizes the strong correlation between SOEs activities and Beijing's global aspirations. Therefore, the CCP, as a ruling constituency, has several political incentives to strengthen its cooperation with Kinshasa. Firstly, the elements of “supply security” and “market access security” that China finds in the DRC, by securing – to a limited extent – the continuous growth of its economy, positively impact on the domestic legitimacy of the CCP. Secondly, the assets, skills and experiences gained by its state-owned assets in the Central African country will boost their competitiveness on the global stage, hence contributing to the economic

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<sup>72</sup> “Chinese Mining Companies in Katanga, Democratic Republic of Congo,” op. cit.

<sup>73</sup> Marianne Meunier, op. cit.

<sup>74</sup> Martyn Davies et al., “How China delivers development assistance to Africa.” Research prepared for the DFID (Beijing), Stellenbosch: Centre for Chinese Studies, 2008.

<sup>75</sup> Jonathan Holslag, op. cit.

development of the nation and the strengthening of the Party's legitimacy. Large and extremely competitive SOEs could also be potentially used by Chinese leaders to support their ambitions, be those personal, institutional or national. Thirdly, Kinshasa's recent multilateral activism in regional institutional settings (such as the Southern African Development Community – SADC) makes it an increasingly advantageous intermediary in Central Africa for Beijing. Lastly, in the United Nations Organizations, where its diplomatic struggle with Taipei, though toned down, is still ongoing, the DRC's resilient support to the "One China" policy has proved much valuable through the years.

### Congolese opportunities

Kabila's regime has clearer political interests in cooperating with Beijing. Firstly, in the run-up to re-election, the Congolese President is in desperate need of quick and sizeable results in the framework of his "cinq chantiers" policy. And there is no other country in the world that could match what China has offered to the country for its reconstruction: billions of dollars of investments, extremely competitive construction firms and a longstanding record of aid-driven commitments to the country which totaled 1,845 billion RMB (around US\$271 million) at the end of 2008<sup>76</sup>. Secondly, China's engagement for peace and stability in the DRC also constitutes a valuable opportunity for Kabila's regime. China's support to the government – Beijing is not only active in the MONUSCO, it is also training members of the national forces (the FARDC)<sup>77</sup> – could hardly be spared in the fight against rebels in the East of the country. Therefore, it appears that the Chinese investments are not only necessary to the rebuilding of a state ravaged by decades of pillage and war, they also strengthen the ruling elite's legitimacy and authority. Additionally, as most of Beijing's aid programmes and

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<sup>76</sup> According to the official website of the Chinese Embassy in Kinshasa, China's total aid commitments to the DRC include RMB440 million (US \$65 million) in projects, RMB580 million (US \$85 million) in interest-free loans and RMB825 million (US \$121 million) in concessional loans. In the 2007-2009 period alone, China committed US \$18.3 million in donations, US \$17.6 million in interest-free loans and US \$72.8 million in concessional loans. Total bilateral debt reliefs amount to US \$65 million.

<http://cd.china-embassy.org/fra/zggx/t572022.htm>

<sup>77</sup> Mark Doyle, "DR Congo outsources its military," *BBC News*, February 27, 2009. Accessed November 21, 2010 <http://news.bbc.co.uk/2/hi/africa/7910081.stm>

commercial deals to the DRC are barter-based, they are less likely to be siphoned off in a country where corruption is ubiquitous: as expressed by a Congolese popular saying, “you cannot put a highway in a bank account”. This in fact reflects a particular view of China on development, integral part of its “soft power” in Africa, promoted as a “trade not aid” approach respectful of every country’s sovereignty. As explained by Daniel Large, this development discourse “is explicitly non-prescriptive, employing a language of 'no strings attached', equality and mutual benefit. It emphasizes the collective right to development over the rights-based approaches focused on individual rights. It stresses the importance of political stability, internally-driven development appropriate to given conditions and promotes a sovereignty-based order.”<sup>78</sup>

Lastly, cooperating with China provides Kinshasa with a valuable friend in the international arena that gives it leeway toward its traditional partners and international lenders, something Congolese political figures and civil society have long been longing for.

### Chinese challenges

The challenges faced by China in the political sphere relate to how its actions in the DRC are perceived in the international stage, how its ruling elite interact with both the Congolese and Chinese populations and how its state-owned assets are managed. Firstly, as explained by He Wenping, Director of African Studies in the Chinese Academy of Social Sciences, “with its rapidly growing economy, China has begun to cultivate the attraction of its language, culture, political values and diplomacy around the world. Africa is perhaps the most important testing ground for the promotion of Chinese soft power.” Therefore, depending on how China manages the challenges following from its growing presence in the DRC, its status and normative power on the global stage will either be reinforced or jeopardized. Challenges at the international level include pressures and expectations over Beijing to

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<sup>78</sup> Daniel Large, “As the Beginning Ends: China's Return to Africa” in Firoze Manji & Stephen Marks (ed.), *African perspectives on China in Africa*. Oxford: Fahamu Books, 2006, pp. 153-168.

comply with a number of international standards related to either security (such as illegal arms sales), environmental damages (such as pollutions resulting from Chinese mining operations) or socio-economic considerations (such as lack of transparency).

Secondly, the unconditional character of Beijing's support to Kabila's regime is creating tensions in a Congolese civil society anxious to see the government persist in restricting the political space in the country<sup>79</sup>. China's unwillingness to require engagements from Kinshasa in the fields of democratic reforms or transparency is in fact a double-edged sword: while ingratiating itself with the Congolese elite, China is gradually ill-considered by local communities and international NGOs. Concomitantly, China's reluctance to include civil society and labor unions representatives in its dealings with the DRC has more or less the same differentiated impact. Problematically, Chinese leaders are concomitantly concerned about what their own population might think of its dealings with Kinshasa; more precisely, giving aid to an African country may not be perceived too well by a large portion of Chinese citizens still struggling with poverty. Being more transparent may thus result in a growing domestic awareness – and discontent – over the CCP's dealings in Central Africa.

Thirdly, the interconnection between China's foreign policy goals and its SOEs' actions overseas should not be overestimated: the Chinese companies investing in Africa, private and state-owned, all abide by a narrow profit-driven logic. And although Chinese SOEs are undeniably constituents of a larger political-economic nexus, the argument according to which they seek political returns to their investments "that further Chinese foreign policy goals"<sup>80</sup> is more and more challenged as they gradually find themselves competing against each other in foreign markets<sup>81</sup>. The increasingly fragmented structure of power within China

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<sup>79</sup> "'We will crush you': The Restriction of Political Space in the Democratic Republic of Congo," Report, New York: Human Right Watch, November 25, 2008.

<sup>80</sup> Drew Thompson, "China's Global Strategy for Energy, Security, and Diplomacy," *China Brief* 5(7), 2005.

<sup>81</sup> Erica Downs, "The Fact and Fiction of Sino-African Energy Relations," *China Security* (7), 2007. Accessed June 9, 2010

[http://www.chinasecurity.us/index.php?option=com\\_content&view=article&id=106&Itemid=8](http://www.chinasecurity.us/index.php?option=com_content&view=article&id=106&Itemid=8)

and the CCP<sup>82</sup> has indeed resulted in a blurred distribution of responsibilities and allegiances in the policy-making apparatus and in the scattering of many of those public companies' ownership structures, consequently granting those firms a relative though undeniable autonomy *vis-à-vis* the central government. Therefore, what is commonly used by many scholars as a proof of subordination of these firms to the CCP, that is their high tolerance to risk as compared to their Western alter egos, finds a better explanation in their state-sponsored access to capital and in their monopolistic strategies than by their handling as a foreign policy tool by one center of power in Beijing.

### Congolese challenges

In his latest State of the Nation speech, President Kabila hailed five priorities: peace, state building, good governance, economic growth and reconstruction<sup>83</sup>. This denotes an acute awareness of the gigantic political challenges facing the Congolese government in the country's road to recovery. Kinshasa is struggling with a dreadful internal political situation: its regalian prerogatives are not enforced, its sovereignty is blatantly weak and patronage networks, corruption and opacity remain key features of its political system. Therefore, not only is the rebuilding of the state an imperative for the President with regard to its electoral promises; it is also a mandatory step toward the effective framing of China's activities in the country, since a transparent and enforced regulatory policy is required in order for a country to benefit from the exploitation of its resources. The current malfunctions of the diverse administrative bodies adding to widespread corruption, poverty, unemployment and instability are tremendous challenges for the Congolese authorities should they want to reach autonomy, effectiveness and development. They are also challenges to the promotion of a more positive image of the DRC at the international stage, still widely perceived as a "failed state".

<sup>82</sup> See: Jeremy Paltiel, "Structure and Process in Chinese Foreign Policy: Implications for Canada," *China Papers* (8), Toronto: Canadian International Council, 2010.

<sup>83</sup> "Discours de Joseph Kabila sur l'Etat de la nation, le 8 décembre 2010," *Radio Okapi*, December 16, 2010. Accessed December 17, 2010  
<http://radiookapi.net/docutheque/2010/12/16/discours-du-president-joseph-kabila-le-8-decembre-sur-l%E2%80%99etat-de-la-nation/>

## Reputation Field

### Chinese opportunities

Reputation matters. And China's endorsement of this axiom is very clear in its charm offensive toward Africa<sup>84</sup>. Beijing has added to its "business is business"<sup>85</sup> stance a comprehensive public diplomacy agenda aimed to foster its reputation and image abroad. In the case of the Sino-Congolese relationship, this resulted, according to China's Ministry of Foreign Affairs, in "exchanges and cooperation in health, culture, education, media and other fields [yielding] fruitful results"<sup>86</sup> in addition to expanding bilateral business cooperation. In other terms China is nurturing its image of "partner in development" in the DRC through aid programmes, "health diplomacy"<sup>87</sup>, cultural exchanges<sup>88</sup>, scholarships and trainings, etc. Furthermore, whether other African countries perceive the impact of the Chinese investments on the socio-economic development of the DRC as positive or negative will clearly impact on their image of China and on their behavior toward Beijing. Therefore, it is clearly in the interest of China to bolster a high-quality reputation in the Central African country so as to benefit from a "spillover effect".

Concomitantly, its newfound clout on the Congolese socio-economic fabric and political agenda has resulted in the labeling of China by a Congolese Minister as "the most prominent of all bilateral and multilateral partners of the DRC" and as "a giant in all aspects, a global

<sup>84</sup> Joshua Kurlantzick, op. cit.

<sup>85</sup> Zhou Wenzhong, China's deputy foreign minister, quoted in: Howard French, "China in Africa: All Trade, With No Political Baggage," *The New York Times*, August 8, 2004. Accessed October 12, 2010 <http://www.nytimes.com/2004/08/08/international/asia/08china.html>

<sup>86</sup> "Congo(Kinshasa)," Ministry of Foreign Affairs of the People's Republic of China, last updated August 12, 2010. Accessed October 7, 2010 <http://www.fmprc.gov.cn/eng/wjz/zjg/fzs/gjlb/2959/>

<sup>87</sup> Beijing has sent 14 medical teams to the DRC through the years. The establishment of a relationship between Chinese doctors and millions of ordinary Africans has in fact proved to be a longstanding and influential instrument of "soft power" for China in Africa. See: Drew Thompson, "China's soft power in Africa: from the "Beijing Consensus" to Health Diplomacy," *China Brief*5(21), 2005.

<sup>88</sup> Aside from academic exchanges, there are plans to build two Confucius Institutes in Kinshasa and Lubumbashi.

economic power and a traditional ally of the DRC”<sup>89</sup>. In a country courted by the US and the EU (among many other powers), given the strategic value of its minerals for their economies<sup>90</sup>, such a statement is utterly meaningful. China seems in fact to have supplanted today's established powers – the “western world” – in the heart of Africa.

Since, in the words of Men Honghua, Secretary-General of Peking University's Center for International Organizations, “China has undergone a socialization process to the extent that it is sensitive to the normative image effects generated by participation in international institutions”<sup>91</sup>, its involvement in the MONUSCO is also clearly aimed toward the promotion of a more positive reputation of China at the international stage. Chinese officials indeed regularly stress that China's growing national strength is complemented by its “constructive role in international affairs” and its shouldering of “due international responsibilities and obligations”<sup>92</sup>. In other terms, what reputation China will earn from its cooperation with the DRC will greatly determine not only the sustainability of its interest in Central Africa but also its image on the international stage. At a time when China's global image is said to be “on the decline”<sup>93</sup>, the expected reputational spillovers of the “double status of both a developing country and a great power able to punch its weight in the arena of world politics”<sup>94</sup> that Beijing endorses in the DRC may even turn out to be more important than ever before to Chinese leaders.

<sup>89</sup> Nicole Lidimbo, “Ouverture des travaux de la 8<sup>ème</sup> Commission mixte RDC-Chine : Kinshasa et Pékin déterminés à renforcer leur coopération,” *La Prospérité*, May 28, 2009. Accessed June 7, 2010 <http://www.digitalcongo.net/article/58398>

<sup>90</sup> “Nouvelles révélations de Wikileaks - Le cobalt congolais sous surveillance américaine,” *Le Potentiel*, December 7, 2010. Accessed January 7, 2011 <http://fr.allafrica.com/stories/201012070452.html>

<sup>91</sup> Men Honghua, “Learn to Play by the Rules: China's role in International Institutions,” *IRChina*, 2004. Accessed December 15, 2010 <http://www.irchina.org/en/pdf/mhh3.pdf>

<sup>92</sup> “Foreign Ministry Spokesperson Ma Zhaoxu's Regular Press Conference on February 9, 2010,” Press Release of the Chinese Embassy in Libya, February 10, 2010. Accessed October 9, 2010 <http://ly.china-embassy.org/eng/fyrth/t657528.htm>

<sup>93</sup> David Shambaugh, “Coping with a conflicted China,” *The Washington Quarterly* 34 (1), Winter 2011.

<sup>94</sup> Valérie Niquet, “La stratégie africaine de la Chine,” *Politique étrangère*, 2006. Available on : <http://www.diplomatie.gouv.fr/en/IMG/pdf/0805-Niquet-ANG.pdf>

## Congolese opportunities

The way Kinshasa will mitigate the negative effects and distribute the benefits of such strengthened cooperation will impact on its image abroad and on how credible its efforts to appear as an effective and operational government will be.

## Chinese challenges

In Kinshasa, it is not uncommon to hear natives nickname Chinese people “cinq chantiers”, in reference to the role of China in the delivering of the President's now famous electoral promises. This anecdote highlights the link between reputation and accomplishments. Should high-visibility Chinese activities be considered harmful by local communities, the perception of the Chinese Diaspora as a whole will suffer, damaging at the same time Beijing's “soft power” in the country. And yet, Chinese private investments in the Congolese mining sector have yielded very few benefits for the population: the Chinese foothold on transparency, democracy, good governance, human rights or environment in the DRC is as a matter of fact seen as quite destructive<sup>95</sup>. And so is Beijing's impact on the country's debt sustainability: the IMF indeed conditioned the relief of most of Kinshasa's debt, under the Heavily Indebted Poor Country (HIPC) initiative, to the amendment of the Sicominex deal. This amendment downsized the Chinese investment in infrastructure from US\$ 6 billion to US \$3 billion<sup>96</sup>.

## Congolese challenges

The main challenge faced by the Congolese authorities in their attempts to build up a reputation of self-confidence, reliability and solvability is failing to “plan and implement a comprehensive national strategy to

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<sup>95</sup> “Les investissements privés et publics chinois dans le secteur minier au Katanga : Bonne Gouvernance et Droits de l'Homme, ” op. cit. and “Chinese Mining Companies in Katanga, Democratic Republic of Congo,” op. cit.

<sup>96</sup> “Democratic Republic of the Congo: Staff Report for the 2009 Article IV Consultation, Request for a Three-Year Arrangement Under the Poverty Reduction and Growth Facility, and Request for Additional Interim Assistance Under the Enhanced Initiative for Heavily Indebted Poor Countries,” IMF Country Report No. 10/88. Washington: IMF, March 21, 2010. Accessed December 24, 2010

<http://www.imf.org/external/pubs/cat/longres.aspx?sk=23772.0>

facilitate and co-ordinate disarmament, demobilization and reintegration (DDR) and security sector reform (SSR) effectively”<sup>97</sup>.

## Impacts

Though opportunities for both partners proved to be substantial, challenges and pitfalls were also considerable. Beyond this “world of possibilities”, the strengthening of the cooperation has actual impacts on both China and the DRC. Firstly, the growth of both economies is influenced by the strengthening of bilateral ties. As both countries experience economic growth, the impact may appear as unquestionably positive. Yet, doubts remain, especially when considering issues such as growth sustainability, export diversification and specialization or (de)coupling. Secondly, whether the benefits of cooperation are widely spread or concentrated in the hands of a “happy few” will also determine the durability of the dynamics, at least in its current form. For that reason, impacts on the distributive policies within China as well as within the DRC need to be considered. Thirdly, as cooperation grows, so do domestic and foreign expectations; therefore, the adhering of the population to both governments’ policies is critical to a sustainable partnership. It should then be answered as whether or not the Sino-Congolese cooperation brings political benefits to people *via* institutional change and political transition. Only then can the assessment of China’s soft power in the DRC be made.

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<sup>97</sup> Laker Joyce, Dzinesa Gwinyanyi, “DR Congo: Pitfalls on road to recovery,” *The Star*, July 21, 2010.

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### **Growth**

Economic growth is a major concern for both China and the DRC: as developing countries, it is through economic development that they see their welfare-producing capacities, internal stability, political legitimacy and international weight best protected and augmented. Economic growth is subject to exogenous stimuli (such as the evolution of market prices for a range of products/commodities) and to the effectiveness of domestic economic policies (such as the enforcement of a regulatory framework conducive to foreign investments).

### **For the DRC**

Between 2003 and 2008, the DRC's economy has experienced an average annual growth rate of 6.1%, boosted by the end of the war and a sustained rise in commodity prices. According to the African Economic Outlook, after a downturn experienced in 2009 (2.7%), economic growth should recover to 6.5% in 2010 and is expected to reach 8.8% in 2011, owing to the Chinese investments in infrastructure as much as to structural reforms and the reaching of the HIPC initiative completion point<sup>98</sup>. A recent report from the IMF expects the DRC's economic growth to reach 5.4% in 2010 and 7% in 2011<sup>99</sup>.

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<sup>98</sup> African Economic Outlook, Country Profile: Democratic Republic of Congo. Accessed December 23, 2010  
<http://www.africaneconomicoutlook.org/en/countries/central-africa/congo-democratic-republic/>

<sup>99</sup> "Regional Economic Outlook, Sub-Saharan Africa: Resilience and Risks," World Economic and Financial Surveys, Washington: International Monetary Fund, October 2010. Accessed December, 20, 2010

Considering the DRC's heavy reliance on minerals for its exports, it appears that it is from the impact of the Chinese economy's growth on commodity prices that the DRC benefits most in terms of economic growth. Globally, the commodity terms of trade have indeed remarkably improved between 2001 and 2006 for the resource-exporting countries<sup>100</sup>, the DRC included<sup>101</sup>. This in turn reveals that the structure of trade between China and the DRC bears little incentive to the implementation of successful export diversification (ED) strategies by Kinshasa; in 2006, resource-based exports still constituted over 90% of the country's total exports. Furthermore, World Bank statistics reveal that the DRC's export sophistication (ES) is also declining<sup>102</sup>. Yet, "ED and ES are linked to growth stability in Sub-Saharan Africa"<sup>103</sup>: historically, "the lack of diversification and Africa's resource dependence has many times over resulted in adverse effects for economies, due to the cyclicity of resource booms and the inability of countries to hedge against exogenous shocks as a great share of revenues is dependent on the natural resources sector"<sup>104</sup>. Besides, bearing in mind that there is a "negative relationship between volatility and growth in resource dependant countries"<sup>105</sup>, the current situation – in which the prices of the DRC's two main exports to China (cobalt and copper) are highly

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<http://www.imf.org/external/pubs/ft/reo/2010/AFR/eng/pdf/sreo1010.pdf>

<sup>100</sup> Jian-Ye Wang, Abdoulaye Bio-Tchané, "Afrique-Chine: des liens plus étroits. Comment tirer parti de l'engagement économique croissant de la Chine en Afrique," *Finances & Développement* 45(1), March 2008, pp. 44-47.

<sup>101</sup> However, it has to be noted that rising food prices have concomitantly negatively impacted on the DRC's current-account balance, costing the country 1.5% of GDP, given the Congolese reliance on large imports of food products. See: Ahmed Masood, "Nouvelles Frontières : Les pays à faible revenu se mondialisent, mais restent confrontés à d'importants défis," *Finances & Développement* 45(3), September 2008, pp. 8-14.

<sup>102</sup> The measure of export sophistication (EXPY), expressed in \$ PPP, passed from a value of 5196 \$ in 2003 to 4160 \$ in 2006 in the case of the DRC. In comparison, China's scores in 2003 and 2006 were respectively 12387 \$ and 13006 \$. Data's retrieved from: World Bank Economic Diversification and Growth in Developing Countries Toolkit. Available on: <http://info.worldbank.org/etools/prmed/CountryScorecard.aspx#>

<sup>103</sup> Manuel H.C. Cabral, Paula Veiga, "Determinants of export diversification and sophistication in Sub-Saharan Africa," FEUNL Working Paper Series, Lisbon: Universidade Nova de Lisboa, 2010.

<sup>104</sup> Hannah Edinger, Ron Sandrey (2010), "What role can China play in diversifying African exports?," *China-Africa Business Frontier*, August 2010, p. 4.

<sup>105</sup> Tiago Cavalcanti, Kamiar Mohaddes, Mehdi Raissi, "Commodity Price Volatility and the Sources of Growth," *Workshop paper*, Oxford: CSAE University of Oxford, p. 10.

volatile<sup>106</sup> – is not likely to result in a sustained growth for the Central African country. Albeit the IMF considers that trade with Asia is likely to be an “increasingly important factor for maintaining growth for [Sub-Saharan Africa] on its current trajectory”, it also reminds that “the key drivers of African growth are likely to remain: political stability; the business climate, including the prudent exploitation of natural resources; and the quality of economic management”<sup>107</sup>. In Martyn Davies’ words, “while trade is an agent of development, it does not automatically facilitate development, which cannot take place sustainably without capacity building, succession planning and systematic training”<sup>108</sup>. The relative importance of the “Chinese factor” in the implementation and development of local growth-oriented policies is therefore more decisive to the sustainability of the DRC’s economic growth than Beijing’s impact on commodity prices.

As a matter of fact, the DRC was expected to benefit from Chinese investments and aid programmes in various sectors of its economy. Yet, data’s from the Standard Bank’s Annual Economic Outlook for the DRC 2010 show evidence that there is a wide discrepancy between expectations and outcomes<sup>109</sup>. In terms of diversification, the Congolese primary sector (mainly agriculture and mining) still constitutes 50% of the country’s GDP<sup>110</sup>: no tangible progress has been recorded in the development of an export-oriented manufacturing sector. While there is an acknowledged broad potential for agricultural cooperation<sup>111</sup>, only limited initiatives have been implemented, *via* China’s aid programmes (a

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<sup>106</sup> See for instance: Jens Glüsing, Alexander Jung & Thomas Schulz, “How Speculators Are Crippling the Copper Industry,” *Spiegel Online International*, October 21, 2010. Accessed October 22, 2010 <http://www.spiegel.de/international/business/0,1518,724140,00.html>

<sup>107</sup> “Sub-Saharan Africa’s Economies Set for Broad-based Growth,” *IMF Survey Online*, October 25, 2010. Accessed November 1, 2010

<http://www.imf.org/external/pubs/ft/survey/so/2010/car102510a.htm>

<sup>108</sup> “The New Coupling between China & Africa: Trade, Growth and Sustainable Development,” Meeting Report from the 23-24 November 2009 conference in Johannesburg, Geneva: International Centre for Trade and Sustainable Development (ICTSD), 2009, p. 11.

<sup>109</sup> Yvonne Mhango, “Democratic Republic of Congo: Annual economic outlook. A debt-lite Congo,” Johannesburg: Standard bank, March 2010.

<sup>110</sup> “Democratic Republic of the Congo: Statistical Appendix,” IMF Country Report No. 10/11, Washington: the IMF, January 2010. Accessed November 12, 2010 <http://imf.org/external/pubs/ft/scr/2010/cr1011.pdf>

<sup>111</sup> Victoire Eyobi, “A Coeur ouvert avec l’Ambassadeur de Chine en RDC,” *Entreprendre*, November 10, 2010. Accessed November 12, 2010 <http://www.entreprendre.cd/les-revelations-de-l%E2%80%99ambassadeur-de-la-chine-en-rdc/>

pilot farm in N'Djili) but never on a commercial basis<sup>112</sup>. In the mining sector, while the government has launched several actions to improve the quality of management of its resources<sup>113</sup>, China's private and public mining investments have been said to be more detrimental than positive to good governance in the mining sector in the DRC<sup>114</sup>. Between 2005 and 2008, the construction sector recorded decreasing growth rates, but China's large investments in infrastructures are expected to boost it from 2010 onwards. A correlation could also be reasonably drawn – although there is no statistical evidence proving it – between the development of the Congolese wholesale and retail trade sector and the growing shares of private, smaller-scale, Chinese companies in it, as they are more competitive than their local counterparts<sup>115</sup>.

**Figure 3: Real growth of the Congolese economy's largest sectors (2005-2008)**



Source: Yvonne Mhango, "Democratic Republic of Congo: Annual economic outlook. A debt-lite Congo," Johannesburg: Standard bank, March 2010.

<sup>112</sup> An investment of about US\$ 1 billion by China's large telecom company ZTE in a projected joint oil palm venture in the vicinity of Kinshasa, announced in 2007, is still on hold.

<sup>113</sup> Most notably the implementation of a new mining code, a review of over 61 existing contracts - suspected to be inequitable - and the suspension of mining activities in the provinces of both Kivus and Maniema so as to fight illegal exploitation and smuggling.

<sup>114</sup> "Les investissements privés et publics chinois dans le secteur minier au Katanga : Bonne Gouvernance et Droits de l'Homme," op. cit.

<sup>115</sup> Marianne Meunier, op. cit.

Stemming from this, albeit deepened economic ties with Beijing have softened the consequences of the global economic crisis on the Congolese economy, they have not yet resulted in the tangible development of endogenous drivers of development. The DRC's economic growth remains thus highly vulnerable to exogenous shocks and fluctuations of commodities prices.

## For China

According to South Africa's President Jacob Zuma, "Africa's growth is underpinned by Chinese demand, and China's growth will become more dependent upon Africa's resources"<sup>116</sup>. Martyn Davies even found a correlation coefficient of 0.919982 between the respective growths of both the Chinese and the African economies in the 1999-2008<sup>117</sup>. This so-called "new coupling" of the Chinese and African economies has resulted, in the case of the DRC, in the development of a particular interdependency. 67.5% of China's cobalt production relies on concentrates imported from the DRC<sup>118</sup>. Therefore, the sustainability of China's growth, at least in several of its higher-technology segments, appears to be linked to the evolution of the DRC's economic situation. Should the Central African country's mining outputs be reduced, insecure and increasingly expensive cobalt supplies would add to the production costs of several large-scale Chinese companies and hamper consequently their competitiveness on the global stage. As a result, China's economic growth as a whole would be affected. China's copper supply sources being more diversified, a downturn in the DRC's production would have a less significant direct impact on China's growth, yet it would undoubtedly result in rising copper prices on international markets. This in turn would indirectly weigh down the Chinese economic growth. It is this growing interdependency between China and Africa that explains "the roll-out of Chinese-funded

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<sup>116</sup> Martyn Davies, "China's Africa goals more than just natural resources," *FOCAC*, December 22, 2009. Accessed September 7, 2010 <http://www.focac.org/eng/jlydh/xzhd/t647090.htm>

<sup>117</sup> Martyn Davies, "Will China Influence Africa's Development?," *OECD Global Development Outlook 2010 – Shifting Wealth*, Paris: OECD, May 10, 2010. Available on: <http://www.oecd.org/dataoecd/50/54/45182621.pdf>

<sup>118</sup> "Africa: Environmental Impact - More of the Same?," *Illegal-Logging.info*, December 14, 2006. Accessed November 9, 2010 [http://www.illegal-logging.info/item\\_single.php?it\\_id=1844&it=news](http://www.illegal-logging.info/item_single.php?it_id=1844&it=news)

infrastructure across the continent in a bid to ease supply-side constraints”<sup>119</sup>.

## Distribution

### Within the DRC

China's impact on the redistribution of wealth within African countries is a critical aspect of the broad-spectrum encounter between Beijing and the continent. As a matter of fact, aside from the expansion of productive capacities, a more balanced distribution of resources is crucial to the sustainability of the economic growth of resource-exporting countries such as the DRC. According to Giles Mohan and Marcus Power, “a key feature of the ‘who benefits?’ question is the politics of redistribution. Rents from minerals in Africa often tend to accrue to elites and fail to ‘trickle down’”<sup>120</sup>. Expressed by Richard Goode, the issue of redistribution in Sub-Saharan mineral-exporting countries is as follows: “How will natural resource rents be apportioned between the state in its capacity of custodian of the natural patrimony for current and future generations, commercial entities exploiting the resources and other stakeholders as making up interested and affected parties. Further, within the range of claimants on resource rents, how will the proceeds be apportioned between current consumption and investment in physical capital for the sustainable exploitation of natural resources on an environmentally sustainable basis.”<sup>121</sup> Evidence shows that China plays a great role in the constant growth recorded in the Congolese central government's revenues since 2003<sup>122</sup>: its contribution to the DRC's revenues rose to 2.3% of the country's GDP (one quarter of all external contributions received by Kinshasa)<sup>123</sup> in 2009. However, public spending focuses almost entirely on current consumption and the central government's allowances to

<sup>119</sup> Martyn Davies, “The new coupling,” *Emerging Markets*, October 5, 2009. Accessed November 7, 2010

<http://www.emergingmarkets.org/Article/2346316/The-new-coupling.html>

<sup>120</sup> Giles Mohan, Marcus Power, “Africa, China and the ‘new’ economic geography of development,” *Singapore Journal of Tropical Geography*, 30, 2009, pp. 24-28.

<sup>121</sup> Richard Goode, “Impact of China and India on Sub-Saharan African Metals, Ores and Minerals – Issues and Challenges,” *AERC scope studies*, 2006, p.14. Available on: [http://www.aercafrica.org/documents/asian\\_drivers\\_working\\_papers/GoodeR\\_MetalsOresMineral.pdf](http://www.aercafrica.org/documents/asian_drivers_working_papers/GoodeR_MetalsOresMineral.pdf)

<sup>122</sup> “Democratic Republic of Congo: Statistical Appendix,” op. cit.

<sup>123</sup> African Economic Outlook, op. cit.

public institutions at the infra-national level (regions and districts) are often reduced or delayed. In the meantime, field researches and official reports have established that natural resource rents benefit in fact primarily to local elites, foreign companies, unscrupulous middlemen or neighboring countries<sup>124</sup>. Besides, although 33.8% of the national territory has been sold to mining companies, the mining sector's contribution to the government's budget as well as to the wellbeing of the population remains extremely low<sup>125</sup>. In the mining sector, which is supposed to be the locomotive of the DRC's growth, "while [non-transparent economic relationships between civil servants and Chinese investors] are beneficial to both parties involved, the outcome of this form of collusion is that in reality these investments have brought little to no tangible benefits to the impoverished local population, beyond the temporary employment opportunities offered"<sup>126</sup>. In view of that, the benefits of the Sino-Congolese cooperation seem to be distributed unequally and be concentrated in the hands of a few businessmen or corrupt political leaders.

In a broader perspective, Chinese companies operating in the DRC are nevertheless creating a lot of jobs, directly and indirectly, for the local population: field researches showed that the ratio of local employment by Sino-Congolese enterprises amounted to 76.5%<sup>127</sup>. This ratio reached even higher levels when only older or larger companies were considered<sup>128</sup>. The concerns relative to violations of safety and labor regulations by Chinese companies, brought forward by RAID or ACIDH among other NGOs, have also been somewhat softened by

<sup>124</sup> See for instance: "Digging in Corruption: Fraud, Abuse and Exploitation in Katanga copper and cobalt mines," op. cit. pp. 46-50; "Rapport final du Groupe d'experts sur la République démocratique du Congo," S/2009/603, New York: United Nations Security Council, November 23, 2009; "Compte rendu de la rencontre des organisations de la société civile œuvrant dans le domaine des ressources naturelles," SARW, April 9, 2009. Accessed July 8, 2010

[http://www.sarwatch.org/sarwadocs/RAPPORT\\_ATELIER\\_SARW\\_du\\_19\\_MARS\\_final.pdf](http://www.sarwatch.org/sarwadocs/RAPPORT_ATELIER_SARW_du_19_MARS_final.pdf)

<sup>125</sup> See: Colette Braeckman, "Copper Colony in Congo," *Le Monde Diplomatique*, July 2008. Accessed September 25, 2010 <http://mondediplo.com/2008/07/05congo>

<sup>126</sup> Johanna Jansson, "DRC: Chinese investment in Katanga," *Pambazuka News*, April 1, 2010. Accessed December 9, 2010 [http://www.pambazuka.org/en/category/africa\\_china/63573](http://www.pambazuka.org/en/category/africa_china/63573)

<sup>127</sup> Xiaoyang Tang, "Bulldozer or Locomotive? The impact of Chinese Enterprises on the Local Employment in Angola and the DRC," *Journal of Asian and African Studies* 45 (3), 2010, pp. 350-368.

<sup>128</sup> *Ibid.*

other field researches of the Centre of Chinese Studies of Stellenbosch. The latter indicated that “there seems to be little to no differences *per se* between Chinese corporations and other international actors operating in the DRC. Instead, the factors size, time perspective and vision have been identified as more important independent variables determining operational behavior and capacity”<sup>129</sup>. It has also been argued that, in the DRC, “the booming markets in clothes, electronics and cars, imported or manufactured by Chinese companies, not only benefit the consumers, but also stimulate growth of distribution, transport and other related sectors”<sup>130</sup>. The Sicomines contract is also expected to yield benefits for larger parts of the Congolese population, owing to its barter-based terms and its provisions in terms of local employment, transfer of technologies and training. Still, instances of Chinese negative impacts on the Congolese economic fabric outside of the extractive sector can easily be found: as a case in point, all the 800,000 loincloths ordered by the DRC's government for the celebration of 50 years of independence were outsourced in Asia, at the expense of the only domestic textile company: the Sotexki<sup>131</sup>. Depending on the economic sector, the region, the level of interaction and the characteristics of the Chinese operators considered (size, structure of ownership, experience in the market, etc.), the impacts of the Chinese presence on the distribution of wealth in the DRC can therefore greatly vary: negative effects on resource governance, labor rules and safety standards are commonly mixed with positive effects on local employment and external financing<sup>132</sup>. Furthermore, with Chinese unconditional funding, the Congolese ruling elite has proved not to be inclined to better redistribute wealth to its population.

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<sup>129</sup> Johanna Jansson, Christofer Burke, Wenran Jiang, op. cit., p. 39.

<sup>130</sup> Xiaoyang Tang, op. cit., p. 364.

<sup>131</sup> “Pagnes du Cinquantenaire: la Sotexki sur la touche, ” *Radio Okapi*, May 28, 2010. Accessed November 10, 2010 <http://radiookapi.net/economie/2010/05/28/pagnes-du-cinquantenaire-la-sotexki-sur-la-touche/>

<sup>132</sup> See for instance: Raphael Kaplinky, Dorothy McCormick & Mike Morris, “The Impact of China on Sub-Saharan Africa,” Cape Town: IDS Sussex/IDS Nairobi/School of Economics, 2006; Helmut Asche, “Contours of China's “Africa Mode” and Who May Benefit,” *Journal of Current Chinese Affairs* (3), 2008, p. 169.

## Within China

In 2003, China made public its policy on minerals. In this white paper, China pledges to “increase the economic returns, social benefits and environmental benefits of the mineral resources to the full by implementing an effective policy concerning mineral resources”<sup>133</sup>. Mineral supply sources are seen as key not only to China's economic growth *per se*, but also and more importantly to the development of subsequent welfare-producing capacities. The Chinese concepts of “*li min*” and “*jun fu*” – which respectively encompass the notions of “benefitting the people” and “equality of wealth” – have long been instruments of legitimation for Chinese rulers<sup>134</sup>, yet they gained tremendous momentum in the last decade: nowadays, the CCP's legitimacy has little foundation other than a rapidly developing economy yielding profits for the population as a whole<sup>135</sup>. And this economy now relies on Congolese supplies of minerals, tangible and expected.

Therefore, as a resource-providing partner, as an export outlet and as an entry point for spanning Chinese interests in Central Africa, the DRC is gaining importance over the years for Beijing. Two declarations adequately illustrate how pressing the need to access the country's resources has become for Chinese leaders: firstly, on the occasion of a China-Africa forum in January 2009, Cui Yongqian, a former Chinese ambassador to the DRC, stated that the financial crisis constituted “a powerful opportunity for Chinese businesses to expand their investment and market share in Africa”<sup>136</sup>. This can be linked to Ian Taylor's analysis, following which “China takes the long-term view vis-à-vis [supply] security, rather than the short-term view of private Western companies – a view necessitated by considerations of profits and

<sup>133</sup> “China's policy on minerals,” White paper 2003. Available on: <http://www.china.org.cn/e-white/20031223/index.htm>

<sup>134</sup> Baogang Guo, “Political Legitimacy and China's Transition,” *Journal of Chinese Political Science* 8 (1-2), Fall 2003, p. 6.

<sup>135</sup> Jin Gu, John Humphrey, “The Impact of Africa on China,” *AERC working papers*, 2006. Available on: [http://www.aercafrica.org/documents/asian\\_drivers\\_working\\_papers/JHumphreyJingGuTheImpactof.pdf](http://www.aercafrica.org/documents/asian_drivers_working_papers/JHumphreyJingGuTheImpactof.pdf)

<sup>136</sup> Jeroen Cuvelier, “The impact of the global financial crisis on mining in Katanga,” *Report*, Antwerp: IPIS, 2009.

shareholders”<sup>137</sup>. Secondly, during his recent visit to Kinshasa, China's vice Premier Hui Liangyu declared that the “DRC has become one of China's important cooperation partners in Africa”, wishing additionally to see the bilateral relationship between both countries “further enhanced”, notably in resources development and infrastructure construction<sup>138</sup>. Yet, the Chinese operations in the DRC still suffer from many drawbacks, linked primarily to the numerous dysfunctions of the Congolese administration, to insecurity and lack of capacity. So, it is in the face of both external and internal disturbances that Chinese officials keep expressing their interest in deepening ties with Kinshasa, hence contributing to the materialization of Jacob Zuma's prediction.

### **Institutional Change**

At this point, it is interesting to engage on a brief reflection over the drivers of institutional changes present in the developing Sino-Congolese relationship as they add a bit of prospective thinking to the present analysis. Models and theories of political transitions could indeed help in understanding how statecraft in both countries will be affected by the previous sections' findings.

### **Within the DRC**

Resorting only to the classic “Lipset hypothesis” – for which there is a direct relationship between rise in GDP and democratic governance<sup>139</sup> – it could be argued that China's positive impact on the DRC's economic growth, no matter how it is exerted (*via* international market conditions or domestic drivers of economic development), can only result in better governance and democratic change. Yet, the Congolese democratic agenda has been described as “stalled” by International Crisis Group in April 2010, arguing that “today checks and balances barely exist, [...] civil liberties are regularly threatened, and key institutional reforms –

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<sup>137</sup> Ian Taylor, “Unpacking China's Resource Diplomacy in Africa,” *Working Paper No. 19*, Hong Kong: Center on China's Transnational Relations, 2006.

<sup>138</sup> “China, DR Congo see great potential for further co-op,” *Xinhua*, January 13, 2011. Accessed January 14, 2010 [http://news.xinhuanet.com/english2010/china/2011-01/13/c\\_13688064.htm](http://news.xinhuanet.com/english2010/china/2011-01/13/c_13688064.htm)

<sup>139</sup> Seymour M. Lipset, “Some Social Prerequisites of Democracy: Economic Development and Political Legitimacy,” *American Political Science Review* (53), 1959, pp. 69–105.

decentralization and the security sector – have made no significant progress”<sup>140</sup>.

Nevertheless, for analytical purposes, given the DRC's particular settings, positive institutional change could be here equated to “statebuilding”. Therefore, analyzing the prospects of institutional changes brought by China in the Central African country could be done through the assessment of the Chinese influence over the five central dimensions of statebuilding, as depicted by the OECD: (1) the endogenous political processes that drive statebuilding; (2) the legitimacy of the state in society; (3) the relations between state and society; (4) the expectations society has of the state; (5) and the capacities of the state to perform its basic functions (security, the rule of law, taxation, management of economic development and the environment, and the delivery of essential services)<sup>141</sup>.

Firstly, as mentioned above, China's inroads in the DRC are mainly resource-driven. This is part of Beijing's pursuit of a relative “supply security”, which in turn is constitutive of its own developmental agenda shaped by the global “peaceful rise” policy. China is thus facing a “strategic dilemma”, following the OECD's terminology, whereby its own strategic objectives trump statebuilding objectives in Africa. Additionally, the Sicominex contract has resulted in a plethora of lively debates among political figures, foreign diplomats, academics, civil society representatives throughout the country and even within Diaspora circles abroad. As reported by Hannah Edinger and Johanna Jansson, “when the deal was announced to the DRC Parliament in early May [2008], the 150 Parliamentarians representing the main opposition party, the Movement for the Liberation of the Congo, rose from their seats and walked out in protest [...]”<sup>142</sup>. Accordingly, China has a clearly negative impact on endogenous political processes and settlements in the DRC: in November 2008, a spokesperson of the former rebel group CNDP –

<sup>140</sup> International Crisis Group, “Congo: A stalled democratic agenda,” *Africa Briefing* (73), April 8, 2010.

<sup>141</sup> “Do No Harm, International Support for Statebuilding,” Paris: OECD, 2010. Available on: <http://browse.oecdbookshop.org/oecd/pdfs/browseit/4310041E.PDF>

<sup>142</sup> Hannah Edinger, Johanna Jansson, “China's Angola Model Comes to the DRC,” *The China Monitor* (34), p. 4.

which is now integrated in the country's armed forces (FARDC) – even stated that the central government had “sold out its underground resources to China”, considering this as “scandalous”<sup>143</sup>. Comparatively, China's impacts on the state's legitimacy are of much smaller scope. Still, China was part of the International Committee Accompanying the Transition (CIAT), responsible for the supervision of the 2006 electoral process, and was also included in the Country Assistance Framework (CAF), which was “a common strategic approach to recovery and development assistance agreed by a broad group of international partners in the postelectoral period from 2007 to 2010”<sup>144</sup>. It could also be argued that the Chinese officials' penchant for diplomatic high-level visits and their overlook of non-state actors, though bolstering Kabila's international legitimacy, also result in domestic contestations relayed by the political opposition.

Thirdly, China's impacts on the Congolese state's relationship with the society are, on the contrary, quite stirring. The Sicomines contract, as a working example, provides many instances of negative effects on the state's accountability to society, on the capacities of the state to respond to social demands and on the capacities of society to make demands on the state. Opaque negotiation process, retention of information, lack of transparency on the exact terms of the deal, delayed presentation to the Legislators, disrespect of national regulations requiring tenders before the attribution of mining licenses, evidences of embezzlement, enduring fears of “white elephants” all illustrate this trend. In this particular case, public dialogue has been reduced to the unilateral imposition of the deal, and the society input in the policy-making process has been minimal.

Fourthly, China also impacts negatively on what the Congolese society expects from its state. Infrastructure projects carried out so far have in some cases proved to be low-quality, unfit and unsuited – when work is not simply stopped – and have therefore caused disillusion and

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<sup>143</sup> “DR Congo's Nkunda attacks China to boost political kudos: analysts,” *AFP*, November 19, 2008. Accessed November 10, 2010

<http://www.google.com/hostednews/afp/article/ALeqM5g46hr8I4livXoIREvisopojyNkA>

<sup>144</sup> “The DRC's Country Assistance Framework: A ‘Big Tent’ built from ‘Big Ideas’?,” Joint UN-Bank Review of the DRC CAF, May 30, 2008. Available on:

[http://www.peacekeepingbestpractices.unlb.org/PBPS/Library/MONUC\\_CAF\\_LL\\_2008.pdf](http://www.peacekeepingbestpractices.unlb.org/PBPS/Library/MONUC_CAF_LL_2008.pdf)

resentment in the local communities over the capacity of the state to respond to their demands. For instance, Kinshasa's main artery, the Boulevard du 30 juin, has been refurbished between 2009 and 2010 by the Chinese Railway Corporation (CREC), a Chinese SOE, for an initial price tag of US\$ 13 million<sup>145</sup>; it soon became the flagship of all public works undertaken by Chinese firms in the country, yet it already has potholes<sup>146</sup>. Summarized by Claude Kabemba, "in general, most Congolese citizens appreciate the contribution of China [to the country's development] and welcome the [Sicomines] agreement, but at the same time criticize the secrecy and lack of preparedness that accompanied its signing by the Congolese government. Criticism is therefore directed more at the Congolese government than at the Chinese"<sup>147</sup>.

Finally, it is as a matter of fact on specific aspects of local capacities that China has the greater impact in the DRC. In addition to its participation to the MONUSCO, Beijing is stepping up its military assistance to the FARDC<sup>148</sup>. Thereby, it impacts positively on the Congolese state's capacity to ensure security. China has not committed to the strengthening of the rule of law in the DRC, but has launched a legal forum in the framework of the FOCAC in 2009, so as to promote and strengthen China-Africa legal exchanges. Taxation is another realm of multilateral and bilateral cooperation, as acknowledged in the Sharm El-sheikh Action Plan 2010-2012<sup>149</sup>, but fiscal revenues are, in the case of the DRC, systematically siphoned into the informal sector. Chinese investments are in fact a disincentive to the building of tax-collecting capacities as they represent additional windfalls to corrupt local, regional or national civil servants. Beijing's "non-interfering" approach has long been the justification for the Chinese operators' lack of attention concerning the management of economic development and environment

<sup>145</sup> "L'entreprise chinoise CREC parie de réhabiliter en 90 jours l'artère principale de Kinshasa, le Boulevard du 30 juin," Digital Congo, January 23, 2009. Accessed July 1, 2010 <http://www.digitalcongo.net/article/56048>

<sup>146</sup> Interview of the author with a Congolese scholar, Louvain-la-Neuve, December 2010.

<sup>147</sup> Claude Kabemba, "The Dragon is not green enough: the potential environmental impact of Chinese investment in the DRC," in: Axel Harneit-Sievers, Stephen Marks & Sanusha Naidu (ed.), *Chinese and African Perspectives on China in Africa*. Oxford: Pambazuka Press, 2010, pp. 139-154.

<sup>148</sup> Jonathan Holslag, "China's True Intentions in Congo," *Harvard International Review*, April 19, 2010. Accessed April 19, 2010 <http://hir.harvard.edu/china-s-true-intentions-in-congo>

<sup>149</sup> Available on: <http://et.china-embassy.org/eng/zqxx/t626494.htm>

in host countries. Yet, China has readjusted its policy in an attempt to compel Chinese companies operating abroad “to abide by local laws, bid contracts on the basis of transparency and equality, protect the labor rights of local employees, protect the environment, implement corporate responsibilities, etc.”<sup>150</sup>. Then again, enforcement of regulation is sporadic at best in the DRC: the real impact of China on business and environmental practices in the country is in that way more negative than positive. Lastly, from frequent donations of medical equipments to the upcoming construction of a hydroelectric dam, Beijing has been and remains significantly involved in the providing of essential services to the Congolese population. As a result, its impact on the capacities of the state to ensure basic services to the society is positive. Emerging from this, a rapid assessment of the Chinese impacts on the DRC statebuilding capacities can only lead to the conclusion that Beijing is not pushing the Central African country toward democracy, or regime change. For China, it is indeed up to Kinshasa to use the resources generated by deepened bilateral economic and political ties in order to ensure stability, sustainable growth to the country and equitable distribution: aid programmes should increasingly be complemented by market-driven projects, which are seen as the real vectors of development.

### Within China

On the other hand, although it seemed very unlikely at first glimpse that the Sino-Congolese partnership could result in any kind of institutional change in China, evidence shows that China's diplomacy has experienced a shift lately: Beijing realized that increased investments in unstable environments, such as in the DRC, required “a more sophisticated approach to protecting its assets and its citizens abroad. It no longer sees providing uncritical and unconditional support to unpopular, and in some cases fragile, regimes as the most effective strategy”<sup>151</sup>. Moreover, as described by Chatham House expert Tom Cargill, “Chinese regions, sectors and industries all have distinct and often competing interests. All

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<sup>150</sup> Scott Zhou, “China as Africa's ‘angel in white’,” *Asia Times*, November 3, 2006. Accessed January 10, 2010 [http://www.atimes.com/atimes/China\\_Business/HK03Cb04.html](http://www.atimes.com/atimes/China_Business/HK03Cb04.html)

<sup>151</sup> Stephanie Kleine-Ahlbrandt, Andrew Small, “China's New Dictatorship Diplomacy: Is Beijing Parting With Pariahs?,” *Foreign Affairs* 87 (1), January/February 2008, pp. 38-56.

are engaged in a multiplicity of deals with private companies and governments across Africa. As a consequence, China's desire to promote a strategy of non-interference has quickly unravelled, and there is an increased (though not yet entrenched) realization that political engagement is an important guarantor of sound business deals and the stability they need."<sup>152</sup>

Another consequence of China's deepening ties with African countries has been further explained by Chris Alden, reader at the London School of Economics and Political Science: "in spite of its protestations, China's longstanding identity claims that it belongs to the Third World [...] sits uneasily with its contemporary international recognition as an economic superpower. While African leaders may nominally accept this formulation, the rationale that they give for co-operating with China more often reflects their acknowledgement of China's status as an emerging global power with superior capital, technology and political resources"<sup>153</sup>. The Sino-Congolese relationship *per se* is not a key driver to institutional changes in China. However, the growing interdependency between the Chinese and African economies, increasingly complemented by an interconnection of political interests, is opening onto substantial modifications of Beijing's strategic thinking. Undoubtedly, China's self-characterizing rationale, its perceptions of the international environment and its definition of national strategic objectives as well as the means to reach them are gradually put to the test by this dynamic. Adaptation to fast-developing challenges in Africa as a whole, and in the DRC more specifically, will therefore become significantly more critical to Beijing for the pursuit of its broader developmental objectives as years pass by.

## Conclusion

This paper has discussed the actual impacts of Beijing's soft power strategy on the DRC and their consequences for China as compared with the opportunities and challenges both partners expect and face in

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<sup>152</sup> Tom Cargill, *Our Common Strategic Interests. Africa's Role in the Post-G8 World*. Report, London: Chatham House, June 2010.

<sup>153</sup> Chris Alden, "Is Africa changing China?," *SALIA Diplomatic Pouch*, August 22, 2008. Accessed September 9, 2010 <http://www.saiia.org.za/diplomatic-pouch/is-africa-changing-china.html>

cooperating. It has been found that structural unbalances exist between what China and the DRC respectively expect and face: in both the economic and political spheres, the potential for profits is larger for the DRC than for China. Should Kinshasa succeed in creating a bidding war between China and the West for access to its resources, trade deals and aid programmes would become larger and less binding. Yet, the challenges faced by Kinshasa are also higher. In the reputational field, while the Central African country has little prospects, China sees huge potential in their collaboration. Achievements could spread out, set a precedent for deepened partnerships elsewhere in Africa and sanction the success of Beijing's African policy. Yet, symbols of failure could also spread, jeopardizing future progresses in the region or the continent. In such a framework, Beijing's increasing reliance on comprehensive *soft power* strategies, encompassing relatively new components of public diplomacy, namely morality and image, seemed to be the most adapted answer to make its influence over the DRC durable. Yet, these efforts could only modulate the framework of understanding of local communities over the actual impacts of China on their socio-economic environment. Tangible accomplishments and symbols could not be overlooked. And still, the only thing the DRC's economic growth owes to China so far is its impact on commodity prices: the bilateral trade is comforting the current scheme in which Kinshasa rely almost exclusively on resource-based exports for incomes and development. Beijing's unconditional funding is also somewhat supportive to a lopsided distribution of wealth within the Central African country. Lastly, while contributing positively to the strengthening of some specific capacities of the Congolese state, China impacts, in a broader perspective, quite negatively on the political transition of the country. The key ambition of the DRC government is to reach development, by way of economic growth. The Congolese population expectations principally relate to the distribution of wealth. International concerns primarily focus on institutional concerns. Yet, it is only in the first field (economic growth) that China has had a positive impact on the DRC. From an opposite point of view, it stems from the above chapters that China now depends – though on a very limited basis – on the DRC for its economic growth, which in turn is indispensable to the building up of its welfare-producing

capacities, fundamental vector of political legitimacy for the CCP. Its cooperation with the DRC has also partially contributed to shifts in its foreign policy with regard to Africa, alongside an increasing awareness of the negative implications of its “hands-off” approach, attractive to leaders but detrimental in most cases to local communities. So far, China’s *soft power* policy has yielded few tangible results with regard to its goals (gain the support of local communities and address international concerns). When negotiating mining deals, Congolese officials give the priority to the highest bidder, not the best package<sup>154</sup>, therefore it is by the use of its economic clout (which is an element of *hard power*) that Beijing gained access to the DRC’s mineral wealth: only Chinese SOEs could gather US\$ 12 billion in one single contract. The sustainability of China’s Congolese “safari” is therefore function of Kinshasa’s capacity to “weigh its needs for post-conflict reconstruction against the enormous value of its natural resources”<sup>155</sup> and make the best use of the opportunities provided by Beijing. However, out of the six domestic economic policies needed to benefit from China’s growing investment in the continent identified by Wang and Bio-Tchané<sup>156</sup>, the DRC has recorded progress in only two (see Table 2).

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<sup>154</sup> Interview of the author with a former Congolese official, Brussels, July 30, 2009.

<sup>155</sup> Martyn Davies, Johanna Jansson, “Are African Governments Ready for China?,” *Open Space* 2(4), May 2009, pp. 40-47.

<sup>156</sup> Jian-Ye Wang, Abdoulaye Bio-Tchané, op. cit.

**Table 2: The DRC's domestic developmental policies with regard to China's growing investment in the country**

Domestic objectives	Main indicators	Evolution	Main causes
Lower the costs of investment	Doing Business ranking, Trade and Business freedom indexes.	Positive	Reforms in the fields of trade and business, implementation of a new mining code.
Ensure fair competition	Herfindahl index <sup>157</sup> , competitiveness indicators, attribution of mining concessions.	Stagnant	<u>Positive</u> : Non discriminatory regulations, competition among foreign firms for access to market and resources. <u>Negative</u> : shadowy attributions of mining deals, obscure handling of the First Quantum dossier <sup>158</sup> .
Rational use of public finances	Fiscal Freedom index, Corruption Perception Index (CPI).	Negative	Recurrent lack of transparency, corruption, overlook of Public Financial Management (PFM) systems
Debt sustainability	IMF press releases	Positive	Amendments to the Sicomines contract, successful implementation of the 2009 economic program
Preserve the environment	NGO's field researches	Negative	Corruption, lack of enforcement, operators' misconducts and unawareness of regulations.
Go up the value chain	Composition of exports.	Stagnant	DRC's exports remain mostly resource-based

<sup>157</sup> The Herfindahl index is an index of market concentration and an indicator of the amount of competition among firms. Between 2003 and 2006, the Herfindahl index in the DRC passed from 0.43 to 0.19.

<sup>158</sup> Global Witness relates that "within Congo's lucrative mining and oil sectors, various shadowy deals have been signed in recent months without any public scrutiny. The ownership of companies gaining rights to important resources is kept hidden behind offshore companies. The transfer of oil and mining rights without clear international bidding raises questions about respect for due process" in: "More transparency in resource sector is vital for Congo to benefit from debt relief," Washington: Global Witness, July 7, 2010. Accessed July 9, 2010 <http://www.globalwitness.org/library/more-transparency-resource-sector-vital-congo-benefit-debt-relief>

Sources: Author's own calculations, drawn from OECD, UNCTAD, IMF, the World Bank and Global Witness data's. The African Economic Outlook 2010 and the 2011 Index of Economic Freedom of the Heritage Foundation have also been used. To assess the progresses in environmental policies, field researches from NGOs RAID and ACIDH have been used.

Whether Beijing will succeed in making its soft power strategy work in the DRC, and in Africa, will depend on its capacity to adapt the promotion of transparency and good governance into its Diplomatic toolkit. For China, benefits of cooperation with international partners with regard to the DRC would include “know-how” transfers, experience and improved negotiating skills in multilateral forums, serious reputational boost and increased bargaining power. Promoting accountability over non-interference would benefit China by increasing its support and appreciation from local populations, civil societies, opposition parties and international NGOs. It would also result in a morality no-longer questioned at different stages. Only then would the support of local communities and international partners be secured in the long run, without having to resort to the classic “carrot and stick” diplomacy and “zero sum game” perspective. Only then could the Sino-Congolese partnership turn into a “top model” for the rest of Africa and beyond.