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The Chinese Community in South Africa

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Editorial

The take-off of China’s economy and its rapid development since the early 1980’s would not have been possible without the Chinese diaspora. Significant repatriation of Chinese capital to the mainland economy from Hong Kong and Taiwan financed China’s economic take-off. The capital brought with it technology, employment, management expertise and also served to legitimise the Chinese Government’s reform program for the global investor community. The confidence of ethnic Chinese capital in investing in the mainland thus provided the foundation of the China’s growth success phenomenon.

The Chinese diaspora is most pronounced in Southeast Asia where the Chinese business community exerts enormous influence over the Singaporean, Malaysian, Indonesian and Thai economies. Whereas the European Community legislated integration, a type of informal Chinese ethnically based integration is fully operable in Southeast Asia. Chinese supply and distribution chain pervade the region.

South Africa has a small overseas Chinese community that has its origins from the traders and settlers who came to the country three or even four generations ago. With immigration from Taiwan and China, it is rapidly expansion in size – perhaps by tenfold in recent years. The economic result from this migration trend will be more pronounced trading links between China and South Africa. Indeed, Africa’s growing consumer product trade ties with China is being driven by Chinese migration to the continent. This emerging trend will re-direct Africa’s traditional trade networks away from Europe and toward China.

Dr Martyn J. Davies
Executive Director, Centre for Chinese Studies
Waves of migration: A brief outline of the history of Chinese in South Africa

By Karen L Harris

Over the past centuries the Chinese are believed to have immigrated to every continent in the world and by the turn of the previous century, some five decades after the Manchu government withdrew its ban on emigration, their numbers had already reached a figure exceeding 30 million. This “Chinese Diaspora” has seen different patterns of migration to Southeast Asia, the United States, Australasia, Canada, Europe and the United Kingdom, all of which included the trader, labourer, sojourner, emigrant and, more recently, the illegal migrant. Africa appears to have been the last continent the Chinese emigrated to and was the region where proportionately the smallest numbers ventured.

The first wave of Chinese to settle in South Africa arrived within the first decades after the establishment of the Dutch East India Company’s (DEIC) refreshment station in the mid seventeenth century. The number of Chinese present during the early colonial period was however always relatively miniscule, there being no more than 50 at any one time. In this early colonial phase they arrived as both free individuals and single slaves, or convicts who had been outlawed by the DEIC from their stations in Batavia. While the latter arrivals generally returned to Asia on expiry of their sentences, the former had arrived independently either migrating intentionally or inadvertently coming ashore from passing ships.

They established themselves in a variety of small-scale trades and crafts dealing in commodities such as tea, chinaware and fabrics or sold fish, fresh vegetables or small cakes. They were renowned for chandlering, the crafting of shapely candles, as well as for the establishment of small restaurants or eating houses where fish dishes were served along with tea and coffee. A number of these early migrants were reasonably wealthy as a few were both land and slave owners. Moreover, their economic success resulted in settlers petitioning against their competition and legislation being introduced to prohibit them continuing with some of these activities. A few Chinese merchants and occasional contracted artisans continued to arrive at the Cape throughout the periods of the British occupations (1795-1803; 1806-1910). Their numbers were negligible and it was only after the mineral revolution that they featured more prominently.

The second wave of Chinese immigration took place in the first decade of the twentieth century after the discovery of gold on the Witwatersrand in the interior of the region. Some 63 695 Chinese indentured labourers were imported to work on the gold mines to supplement the dire shortage of labour after the South African War. They were employed under extremely stringent regulations devised by the British authorities who had recently taken control of the region. Seventeen of the thirty-five regulations of the Ordinance governing their importation were restrictive. They were employed under a contract of three years with an option of renewal for a similar period, where after they had to be repatriated; they lived in compounds; had restrictions on their movements and could only perform unskilled work in stipulated occupations.

The experiment lasted for a period of six dozen years (1904-1910) until its termination by the newly elected responsible government of the Het Volk party. During this period, and in fact from as early as the last quarter of the nineteenth century, there had also been a small ripple of free Chinese immigrants that arrived on the newly founded diamond (1867) and gold (1886) mines. They came to establish various trade and service businesses, being prohibited by law from working the mines. It is estimated that the number of these free individuals probably never exceeded the 2 500-3 000 mark at any one time. While the latter individuals mostly emigrated from southern China, the former indentured labourers were mainly from northern China.

The third and more recent wave of immigration comprises a very diverse range of Chinese immigrants, both in terms of origin and purpose. The nature of this third wave is also made more diverse by the political developments within South Africa, as well as those in Taiwan and the People’s Republic of China (PRC) over the past half century. From the late1970s, when the then South African apartheid government developed closer economic and diplomatic ties with Taiwan, legislation restricting Chinese immigrants as “prohibited immigrants” was slightly relaxed to allow bone fide immigration from Taiwan and Hong Kong. Entrepreneurs were encouraged to settle in various regions of the country and to boost flagging economies.

However, with the demise of apartheid and the establishment of a new democratic South Africa in 1994, new diplomatic relations were established between SA and the PRC in 1998. This led to a dramatic increase in Chinese immigration – both legally and illegally – and had an enormous effect on the profile and position of the established South African Chinese community (known popularly as the SABCs -South African born Chinese or indigenous Chinese). While there are no official figures on the size of the current Chinese population in South Africa, unofficial estimates range between 100 000 to 250 000.

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Chinese communities in South Africa are divided by time, geography, national and regional-cultural affiliations and, perhaps most poignantly, by a putative common language, “Chinese”.

Very broadly, there are three groups. The self-styled SABCs – South African-born Chinese – are descendants of the original 19th-century Cantonese settlers from Guangdong province on the mainland. The first significant influx of Chinese hailing from Taiwan (until recently the Republic of China – ROC) came in the 1970s. The “New Chinese”, mostly arrivals in the last decade and a half, come from a number of provinces in the People’s Republic of China (PRC).

Three distinct Chinas – and senses of Chineseness – have sprung up in South Africa. First is the community of initial Cantonese immigrants, now third- and fourth-generation South Africans who have diversified beyond small family-run businesses. Next is the Taiwanese community, some being entrepreneurs and industrialists among other professions. Last is the burgeoning presence of Chinese from the PRC, whose effect on trade and industry and on South Africans’ perceptions of Chinese is considerable.

The most recent Chinese immigrants in South Africa have forced the SABCs and immigrants/settlers from Taiwan to reconsider fundamental questions of what constitutes Chineseness. These New Chinese have swiftly outnumbered the earlier immigrants with the result that it is the language and self-definitions of the new community that, necessarily, dominate. Chineseness in South Africa today is therefore most often associated with and defined by language. If you speak Chinese, you are Chinese; if you don’t, you aren’t: that’s the simple, if simplistic calculation and attitude of the New Chinese community.

But what is this linguistic entity, “Chinese”? When the PRC adopted – or imposed – putonghua (“common spoken language”), it was an attempt to streamline the Babel of eight major dialect groups, all divided into many more sub-dialects. But Mandarin, as it is known in the West, is itself merely Beijing dialect.

In the Chinese Diaspora, these matters of language are exacerbated. (One must note also that “Diaspora” has not found its way to an easy equivalent in modern Chinese. Instead, there is the ancient bei jing li xiang: be forced to leave one’s home.) As with the vast majority of the Chinese Diaspora, SABCs are descended from Cantonese emigrants. That province’s historical tensions with the capital, its breakaway temperament and linguistic pride, live on in the luodi shenggen (those who have planted roots in foreign soil).
An anecdote vividly illustrates this. An elderly woman attendant at Sui Hing Hong, the famous Chinese gift shop and delicatessen in First Chinatown, Commissioner Street, Johannesburg, complained to me about the “new Chinese in the second Chinatown” in Cyrildene. “Who do they think they are? They are even forcing us to speak their language.”

This is atavistic, provincial and profound. But despite the ancient North – South and homeland Chinese versus Diasporic Chinese fault-lines that it confirms, there is at least implicit acknowledgement that the parties concerned are Chinese – albeit divided by variations on a mother tongue.

Occupyng the middle ground between these communities stemming from the mainland are the Taiwanese, some of whom are naturalised South African citizens. Relations with what was then the ROC were initially kept in place by the African National Congress government that came to power in 1994. But wider global pressures as well as the prospect of bilateral trade relations with the largest market in the world, and one of its fastest-growing economies, saw Pretoria sever relations with Taipei.

The effects of the new relationship between the PRC and South Africa are perhaps most visible on the ground in certain urban areas. The mushrooming of a second Chinatown in the east Johannesburg suburb of Cyrildene attests to the third wave of Chinese immigrants.

In the early 1990s a Chinese noodle-bar owner decided to go east from his premises in Rockey Street, Yeoville, towards Bruma Lake. This visionary proprietor had an instinct about his new quarters, on Derrick Avenue in Cyrildene. The old businesses there moved on and another Chinatown established itself, seemingly in a few years, brought about by that bridgehead noodle-bar and the third wave of Chinese immigrants to South Africa. Today, many houses in the suburb are owned by Chinese, for residential and business purposes. On the Derrick Avenue strip of eating houses, Chinese grocers, market garden shops, and general dealers, putonghua dominates. Yue (Cantonese) is spoken in establishments run by immigrants from Hong Kong, some of whom arrived before its return to China in 1997, and Wu in businesses run by Shanghainese. But it is Minbei, and the people who speak it, from Fujian province and its capital, Fuzhou, that is the regional dialect most spoken.

Numbers of this Third China are difficult to pin down. Carroll casually estimates it at 160 0001, Park notes that the PRC reported 80 000 legal immigrants in 20042 and Wilhelm writes that “while figures are not known, it is estimated that between 100 000 and 200 000 legal and illegal immigrants have settled in South Africa”.3 Most recently, Park has stated that although between 10 000-12 000 Chinese South Africans and about 8 000-10 000 Taiwanese are known to be in South Africa, it is difficult to find exact figures, as even the PRC embassy has estimated up to 120 000 Chinese nationals to be in the country.4

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Just as the numbers are elusive, so are senses of Chinese identity and the Chinese Self. People who appear to all intents and purposes to be Chinese don’t form a homogenous community, nor are there strong inter-community connections. The youngest SABCs happily label themselves “bananas”: yellow on the outside, white on the inside. Park sketches them as growing up with “no real sense of disadvantage. They all attended private or government white schools, grew up in white neighbourhoods, and socialised primarily with white and Chinese friends. Many are now dating or have married white partners. Most have completed tertiary degrees and are now professionals. Their connections to China are remote. They are the most avowedly South African, yet also the ones most likely to emigrate.\(^5\)

Such absorption and acculturation have led to confusion on the part of black South Africans about Chinese identity and affiliations. It has led also, tragically for the SABCs, to Chinese being perceived as historically not discriminated against. What that has led to is a perpetuation of the inequalities and iniquities of the past. Accone and Harris sum up with the following:

“The new government, dominated by the African National Congress (ANC), was assigned the task of delivering benefits after the political transformation. The ‘legacy of apartheid was harsh’, and in an effort to rectify the inequalities and discriminatory impact of the scheme, it put a wide range of affirmative action policies in place. These related to issues ranging from land distribution to equity in employment and social concerns, such as health care and education. According to government, the blacks, Indians and coloureds qualify as beneficiaries of these policies, but the Chinese are excluded as they are apparently not regarded as ‘formerly disadvantaged’. The community argues that under apartheid they were ‘not white enough’, and now, under the post 1994 dispensation, they are ‘not black enough’, and therefore they are ‘just as marginalised as they were under apartheid’. This ambivalence and ambiguity that had permeated governmental and societal attitudes to the small South African Chinese community for over a century, therefore persist into the new dispensation. As the new democratically elected government continues to attempt to transform and reconcile this multicultural society, the Chinese remain in an interstitial position of not quite belonging”\(^6\)

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Book Review

Finding out more about the Chinese Past in South Africa

By Melanie Yap

Misconceptions continue to abound about the Chinese in South Africa – who they are, what their history is, where and whether or not they belong in the country’s present affirmative action programmes. Media such as Wikipedia still assume the first Chinese came to South Africa to work as labourers on the Witwatersrand gold mines and otherwise well-informed commentators assert the Chinese were accorded “honorary white status” during the apartheid years.

The facts have been recorded in the comprehensively researched account of the origins of the community entitled Colour, Confusion and Concessions: The history of the Chinese in South Africa, written by Melanie Yap in collaboration with Dianne Leong Man. The work, published by the Hong Kong University Press in late 1996, provides an in-depth portrait of a little-known minority, outlines their first arrivals in the 17th century, settlement from the 19th century onwards and explores the factors which have shaped their development.

Chinese South Africans have not until recently, been the focus of much serious historical attention. The work dispels the popular myth that the present-day community is descended from mine labourers. From the earliest records of Chinese convicts being sent to the Cape in the 1660s to the first time Chinese were permitted to vote in South Africa’s historic 1994 all-race elections, this chronological account examines who the Chinese are, where they settled and how they adapted. The work does not cover the many changes wrought in the past 13 years with the influx of large numbers of legal and illegal immigrants from the People’s Republic of China and elsewhere.

The title “Colour, Confusion and Concessions” encapsulates the Chinese experience of South Africa where race was a key factor and where the position of this minority was anomalous. Caught in-between, the Chinese survived on the fringes of the lives of all the major population groups. Essential background reading for all who seek to understand the South African-born Chinese, it is vividly illustrated with more than 150 black and white photographs and offers numerous anecdotes on the real people behind the media stereotypes. The 528-page book, written in English, contains 13 chapters, an index and selected bibliography. It is currently being serialized in Chinese in the China News newspaper based in Midrand. It is hoped that the full Chinese translation of the book will be published once the serialization has been completed.

Synopsis

For more than 300 years Chinese have been part of the fascinating mix of people who make up the inhabitants of the southern tip of Africa. They constitute one of the smallest and most identifiable minority
groups in arguably the most race-conscious country in the world. In this divided society, they have lived in limbo, neither dark enough to be Black nor light enough to be White. Their story is one of adaptation, of trying to fit into a society which had no place for them and of striving to find some niche in today’s post-apartheid South Africa.

The book begins with earliest references to contacts between China and South Africa and outlines the arrival of Chinese in the Cape as exiles and convicts during Dutch rule in the 17th century. Although some Chinese indentured labourers were imported into the Cape and Natal, Chinese settlers in the 19th century were largely free emigrants, traders and artisans who sought to escape civil unrest in the dying days of the Ching dynasty in China.

One chapter is devoted to the mass importation of Chinese mine labourers (between 1904 and 1910) whose sojourn in the country had dramatic political and economic consequences. Another examines the part played by the Chinese in Mahatma Gandhi’s passive resistance campaign against Asiatic pass laws. Particular attention is paid to the reasons the Chinese became a very close-knit community, the formation of Chinese schools and organisations and the upheaval caused by the imposition of the Group Areas Act in the 1950s. An interesting aside to the work is the attention it pays to the position of the Japanese in South Africa. Since both groups were classified as “Asiatic”, the preferential treatment long accorded the Japanese had a significant impact on the Chinese.

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The book addresses all these questions and more:

- Why did Chinese first come to South Africa?
- From which parts of China did the 19th century settlers in South Africa originate?
- What restrictions did Chinese encounter in the independent Boer Republics in the Transvaal and Orange Free State and how did these differ from those in the British colonies of the Cape and Natal?
- Why did the mass importation of 60 000 Chinese mine labourers to South Africa between 1904 and 1907 cause such controversy?
- Why did Chinese participate in Mahatma Gandhi’s passive resistance campaign and what led to riots in Chinatown?
- How did the formation of Chinese organisations enable the community to forge a group identity?
- Why were Japanese, and not Chinese, accorded “honorary White” status in South Africa?
- What impact did apartheid have on the Chinese?
- Where did Chinese fit into South Africa’s race classification system?
- Why was the position of the Chinese so confusing during the 1960s and 1970s?
- What prompted the immigration of investors from the Republic of China on Taiwan to South Africa?
- What is the position of the Chinese minority in South Africa in the 1990s?

Melanie Yap is a South African by birth. A journalism graduate, she worked on major South African newspapers including the Rand Daily Mail and Sunday Times, and has been involved in copywriting and editing. She served for many years as general secretary of the Chinese Association of South Africa and was an active participant on the Transvaal Chinese Association. As the co-ordinator of the South African Chinese History Project, she devoted nine years to researching and writing the book.
Business Briefs

The Business Briefs section summarises key events regarding China’s economy during the month of August.

China mulls raising domestic oil prices
According to Cao Changqing, an official of National Development and Reform Commission, China is considering the domestic oil price as it aims to reduce energy consumption and greenhouse gas emissions. However this is a move that could become onerous to downstream firms and other sectors – including transportation and manufacturing. Up until now domestic oil prices have, despite soaring international oil prices, been kept 25% lower which has failed to reflect the scarcity of energy resources and has led to enormous waste.

China’s CNPC enters gas distribution business
China National Petroleum Corp (CNPC), parent company of PetroChina, has acquired a majority stake in a gas distributor owned by the Zhuhai municipal government. CNPC has reportedly bought an 85% stake in Zhuhai Piped Gas, a unit of Zhuhai Gas Group, for 57.5 million yuan. Zhuhai Piped Gas imports and distributes liquefied petroleum gas and has 12 LPG gasification stations. Zhuhai Gas Group’s annual gas sales in volume terms amounted to 250, 000 tons last year.

China to invest 21.3 billion yuan in energy-saving and pollution reduction in 2007
The National Development and Reform Commission has announced that the Chinese government plans to earmark a total of 21.3 billion yuan for energy-saving and pollution reduction programs during 2007. China planned to reduce energy consumption per unit of GDP growth by around 20% between 2006 and 2010, the 11th five-year plan period, and to cut emissions of major pollutants by 10%. Earlier this month, Premier Wen Jiabao commented that the central government would be firm in curbing the rapid growth of energy-intensive and high pollution industries as part of efforts to meet targets for energy conservation, as well as a reduction in the emission of greenhouse gases.

Expert says China should raise resources tax to encourage energy saving
China currently levies very low taxes on resources to subsidise its state-owned mine groups. According to Justin Yifu Lin, chief of the China Center for Economic Research at Beijing University, these taxes should be raised to a reasonable level to encourage efficient energy use and ease pressures on the country’s resources and environment. However, an official with the National Development and Reform Commission (NDRC) has said that increases in the prices of energy would not come easily as the possible impacts on various sectors of society would have to be considered.

New research says China keeps firm grip on oil industry
The Interfax China Centre for Economic Analyses explored in its new report...
“China’s Oil & Gas Industries 2007” what methods foreign energy firms can use to enter China’s energy market. They found that China will emphasise national energy security and retain firm control of its domestic oil industry. In accordance with China’s WTO commitments, the government has been moving towards further opening up China’s domestic oil and gas industries to foreign investment.

Sinopec begins building natural gas pipeline China Petroleum and Chemical Corporation (Sinopec) has begun laying a natural gas pipeline of 2800 kilometres from southwest China’s Sichuan to the eastern city of Shanghai. The new pipeline is expected to provide Shanghai with 1.9 billion cubic meters of natural gas a year upon completion in 2010. The project also includes the development of the Puguang gas field in Sichuan, the source of the pipeline. As one of China's five largest gas fields, Puguang had proven reserves of 356 billion cubic meters by the end of last year and would produce 15 billion cubic meters a year from 2009. Sinopec will invest about US$ 8.2 billion in the project.

China’s energy consumption per unit of GDP falls 2.78% China’s energy consumption per unit of GDP dropped 2.78% in the first half of 2007 compared to the same period last year. The Chinese government aims to reduce energy consumption per unit of GDP by 20% between 2006 and 2010. The industries with the highest energy consumption reported the greatest reduction of energy consumption per unit of industrial output between January and June 2007. The energy consumption per unit of industrial output fell 7.76% year-on-year in the coal industry, 6.49% in the steel industry, 7.84% among construction materials producers, 5.17% in the chemicals industry and 2.57% among power companies.

Pakistan’s OGDCL seeks joint ventures in China The Chairman of Pakistan's Oil and Gas Development Company Ltd (OGDCL) has announced that the company is in talks for its first overseas joint ventures in China with companies such as China National Petroleum Corporation International and PetroChina. OGDCL will be the first Pakistani oil firm to venture abroad. With a market capitalisation of about US$9 billion on the Karachi Stock Exchange, OGDCL holds the largest share of the country's recoverable hydrocarbon reserves, 32% of gas and 37% of oil.

Tasmanian Energy Minister Visits China Tasmania's Energy Minister David Llewellyn has visited China to open a new 49 megawatt wind farm on the country's east coast. The US$ 80 million project was built by Roaring 40s, a partnership between Hydro Tasmania and China Light and Power. The company now has seven wind energy projects commissioned or under development in China.

U.S. Far East Energy to double investment in China coal bed methane Over the past two years the company Houston-based Far East Energy Co. has invested US$ 35 million in several coal bed methane projects in central Shanxi province and south-western Yunnan province. Far East Energy has now announced its plans to double its investment in coal-bed methane exploration in China over the next two years, as it has received approval from the
Ministry of Commerce to extend its coal-bed methane exploration by two years until June 30th 2009. Far East explores the areas with its partner China United Coalbed Methane Corp.

U.S. environmental group NRDC ‘excited’ about work in China

U.S. Natural Resources Defence Council (NRDC) has been collaborating with China’s central and provincial governments on a wide range of DSM initiatives; training programs for officials, exchanges and study tours. It has now established a new non-profit organization in the United States – the China-U.S. Energy Efficiency Alliance – aiming to help China achieve its energy efficiency targets through facilitating the coordination among DSM experts, providers of energy efficiency technologies and government officials. The NRDC says it is excited to put in place energy efficiency measures in China since it sees the country as one of the most promising in the world for advances in sustainable energy and environmental policies.

China's robust economy boosts job creation

The Chinese Ministry of Labour and Social Security has announced that the country has created 6.29 million new urban jobs in the first half of the year, accounting for 70% of the year’s target. The average income of urban residents increased 14.2% year-on-year while farmers earned 13.3% more. It was reported that the total wages of urban workers in the country rose 13.5% annually between 2002 and 2006. Yet, at present, the country’s employment pressure remains heavy. The amount of newly added labourers will average 20 million between 2006 and 2010 with a surplus of some 120 million labourers in rural areas.

China plans to limit exports of inexpensive labour-intensive items

China has announced that it will curb exports of inexpensive, labour-intensive products. The Ministry of Commerce will expand a catalogue of goods subject to mandatory export limits in the second half of 2007. The measure will be undertaken in order to force manufacturers into making higher-quality goods, in a move to smooth relations with China’s trading partners and to mitigate the country’s worsening environmental crisis. China’s record US$ 112.5 billion trade surplus in the first half of this year has fanned tensions with the United States and the European Union, while flooding its economy with more than US$ 1.3 trillion in foreign currency reserves.

Beijing worried migrant workers vulnerable

China's assistant Minister of Commerce Chen Jian has asked Chinese businesses and government to improve security for their workers. In April, 9 Chinese workers were among 74 killed when gunmen attacked a Chinese run oil-field in Ethiopia. In 2004, 11 Chinese construction workers were killed during an attack on a construction site in Afghanistan, and most recently three Chinese nationals were killed at an auto-rickshaw company in Pakistan. As China steps up its investment around the world, including many poor countries that Western businesses find unrewarding or too dangerous, Chinese workers have become increasingly vulnerable.

China crackdown on biggest fakes market

China has launched a crackdown on fake goods in an attempt to counter the damage to its international reputation from a series of
scandals involving dangerous and shoddy exports. In April last year, five fashion giants - Burberry, Chanel, Gucci, Louis Vuitton and Prada - successfully sued the market for selling counterfeit versions of their products. China is under intense pressure from the U.S. and the EU to crack down on its pirate goods industry, which was worth more than £8 billion last year, according to government figures. The US claims that Chinese counterfeiters cost American businesses more than £1.3 billion a year, while 80% of all fake products seized in the EU last year originated in China.

China moves to refurbish damaged global image After years of being accused by Western nations of making only token gestures to fight fake goods and months of complaints about the safety of its exports, China is now taking extraordinary steps to change its image. Last week, Beijing unveiled new controls aimed at fighting counterfeit drugs and substandard exports. High-ranking officials and regulators vowed to strengthen China’s food safety system, tighten controls over chemical use by large seafood and meat producers, and create a system that holds producers more accountable for selling unsafe products.

Chinese Premier Wen calls on firms to secure reputation of ‘Made in China’ label Chinese Premier Wen Jiabao has called on domestic firms to improve product quality and build their own world-class brands in order to secure the reputation of the “Made in China” label. Only firms with good product quality are competitive and able to increase their share on the international market, he added. Wen told the meeting that China should tighten supervision of product quality by tightening market access for food manufacturers and setting up a monitoring system that covers plantations, breeding farms and production bases.

EU to lift trade charges on Chinese light bulbs despite German complaints The European Commission plans to lift antidumping duties on energy-efficient light bulbs made in China in the coming months. The duties presently raise the price by two-thirds for European customers. Germany’s light bulb manufacturer Osram AG claims that the duties are necessary since Chinese below-cost imports would be unfair to European manufacturers. An EU spokesperson has stated however that it is an issue of commercial competition between two European companies – Osram trying to damage its Dutch rival Royal Philips Electronics NV who makes bulbs in China. Shifting to eco-friendly bulbs will soon be mandatory as the EU plans to set new efficiency standards for all lights used.

American merchandise centre to open in China An American “merchandise mart” will showcase American consumer products including electronics to Chinese merchandisers. It is scheduled to open this October in the Chinese city of Yiwu. The Centre, located 180 miles southwest of Shanghai, is supported by the Chinese government. Thirty companies have already registered for the showcase that aims to facilitate the sale of American consumer products to mainland wholesalers and retailers.

China accuses U.S. of abusing trade rules after latest dumping case China has accused Washington of abusing trade rules by launching too many anti-dumping
investigations following a new US case over Chinese tire exports. The investigation follows complaints that Beijing subsidized tire exports, adding to a string of U.S. probes into Chinese exports ranging from honey to industrial materials.

China joins Barclays for biggest FDI China has set out to make its biggest-ever foreign investment by joining hands with Barclays to acquire ABN Amro. The move comes long after a Chinese firm failed to take over US energy company, Unocal, owing to strong resistance from shareholders. China Development Bank has pledged to spend 9.8 billion euros to back the takeover move by Barclays. The move would give China a strong foothold in London’s financial market and facilitate its plans to spend US$ 200 billion in financial instruments worldwide. It signifies Beijing’s willingness to invest larger sums of money in the UK and gradually dilute its focus on US markets.

China Development Bank to issue yuan debt to fund Barclays deal China Development Bank, one of the country’s three policy banks, is expected to issue yuan bonds on the country’s inter-bank market to raise funds to finance its investment in Barclays. Since the Chinese policy bank is only allowed to issue US$ 1-1.5 billion denominated bonds in 2007 it reportedly has to sell yuan debt instead and then buy foreign exchange from the central bank to fund the Barclays deal, which is worth up to € 9.8 billion. China Development Bank will ultimately resolve its lower capital adequacy ratio (CAR) resulting from the investment in Barclays with a fund injection from the central government.

Chinese top leadership calls for stable economy The Political Bureau of the Communist Party of China (CPC) has announced that the Chinese economy has to be prevented from overheating and that implementation of the central government’s policies has to be ensured at all levels. The CPC gave the call after central government inspection teams found some local governments had ignored the State Council’s decision to save energy and cut greenhouse gas emission. President Hu Jintau has also called for continual effort to tackle issues such as excessive liquidity and overcapacity.

Economists warn China’s stock market bubble poses financial risk International economists say China’s huge build-up of foreign currency reserves has contributed to the boom conditions that caused a bubble in the Shanghai stock market, which is up 400% in less than two years. Economists now believe that China has made a mistake by not allowing its currency’s value to rise faster against the dollar. The resulting build-up of foreign reserves is said to have unintended consequences that could hurt China’s domestic economy. The build-up of reserves is creating domestic liquidity that will create boom conditions in domestic markets such as real estate and might eventually a bust.

Government think tank says China’s economy on brink of overheating A key government think tank has in a report stated that China’s economy remains on the verge of overheating, with several key economic indicators hovering at alarming levels as industrial output soars and continuing to rise. China’s industrial output expanded by 18.5% in
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The first half of 2007 from a year earlier. A meeting chaired by President Hu Jintao last week put the prevention of overheating as the nation's top economic policy priority. The meeting also called for government efforts to control rising price levels and to tighten its monetary policy to curb excessively rapid growth in credit and investment activity.

Chinese economists warn of risks of continued yuan appreciation The Chinese currency has been slowing rising during the first year after the central bank dropped the peg to the US dollar in July 2005 and linked the yuan to a basket of foreign currencies. Chinese economists have warned that the continued yuan revaluation in a single direction may adversely affect the country's economic and financial security. The driving force behind the yuan appreciation was initially the economic growth itself and the progress in the financial sector. China is currently under great pressure to revalue its currency as the US blames China's currency controls for a bulging trade gap between the two countries.

China to continue active role in UN peacekeeping China will continue to play an active role in United Nations peacekeeping activities as required by the world body, Major General Liu Pei, head of the Chinese Delegation to the UN Military Staff Committee, has said. He explained that China’s active participation in UN peacekeeping missions demonstrated its support for the UN and formed part of its obligations as a major power. China now has over 1,600 military personnel serving UN peacekeeping missions in such places as Western Sahara, Ethiopia and Eritrea, the DRC, Liberia, Cote d'Ivoire, Lebanon and Sudan. China has contributed over 7,500 military personnel to UN peacekeeping operations since 1990.

Chinese auto exports surge 71.2% year-on-year to 241,000 units China's export volume of automobiles surged 71.2% from a year earlier in the first six months of 2007 to a volume of 241,000 units. In terms of value, automobile exports rose 110.7% to US$ 2.7 billion. Apart from traditional destinations including the Middle East, Africa and Asia, Europe also became a major market for Chinese auto exports.

China’s State-Owned Enterprises make more money Profits at China's State-Owned Enterprises (SOE) rose sharply in the first half of this year, rising 31.5% to US$ 99.7 billion. Profits have surged after a wrenching overhaul in recent years aimed at turning the SOE’s into efficient competitors. The changes have cost millions of jobs and prompted protests by laid-off workers. The government is trying to create an elite group of 30 to 50 national-level companies that are to be industry leaders in banking, oil and other fields.

China and India becoming leaders in world economic growth China and India are the new engines of world economic growth, replacing the United States and other developed countries, IMF managing director Rodrigo Rato has said, stating that China overtook the United States this year to become the biggest contributor to world economic growth. Rato said that China would grow by
more than 11% and India by around 9% this year, with almost equal rates in 2008.

**Chinese Government cracks down on fake news reporting** The three government departments that control the Chinese media, the Communist Party's Propaganda Department, the State Administration of Radio, Film and Television, and the General Administration of Press and Publications have announced that journalists and news media that fabricate stories will be severely punished. The three institutions said that the media must ensure the truthfulness of sources and facts and control the manner of news editing. Editors are not allowed to publish or broadcast pieces that are not verified.

**Foreign media in China say freedoms still lack** 95% of foreign journalists in China think reporting conditions in the country don't meet international standards according to a survey, suggesting Beijing may need to do more ahead of the 2008 Olympics to convince the international community of its openness. The study conducted by the Foreign Correspondents Club of China, is based on responses of 163 members from foreign media in the country. The Chinese government has, starting this year, lifted some restrictions on foreign reporters to give international media "complete freedom to report" as it hosts the Olympics. According to the survey, 43% of respondents said conditions have improved this year.

**Indonesian Government extends ban on Chinese imports** Following last month's ban on Chinese-imported candies after they were found to be contaminated with formaldehyde, the Indonesian government has now announced a new list of banned imports from China. The Indonesian Trade Minister Mari Elka Pangestu said the bans were not in retaliation to the Chinese government's decision last week to ban temporarily the import of seafood from Indonesia, but were aimed squarely at protecting Indonesian consumers. The new ban list, issued by the Food and Drug Monitoring Agency (BPOM) included 26 cosmetics products imported from China, Taiwan, South Korea, Thailand and the Philippines.

**Airbus rejects China Aviation Industry's offer to buy European plants**

A planned bid by China Aviation Industry Corp I (AVIC I) to purchase Airbus' European plants has been rejected by Airbus as AVIC I reportedly late in submitting its bid application. It was at the Paris air show last month that the state-run AVIC I aircraft manufacturer announced it was considering investing in some of Airbus' European plants. Airbus plans to dispose of some of its six European sites under its Power8 restructuring plan.

Niger seeks Chinese aid to raise uranium and oil profit
Niger wants to break effective French control of its mining sector and enlist Chinese aid in extracting more wealth from uranium and oil reserves in its remote northern desert. The country contains some of the world’s biggest uranium reserves, as well as deposits of iron ore, silver and platinum. French nuclear giant Areva is currently the main stakeholder in the country’s mining industry. However over the past month the government of Niger has granted uranium exploration permits to Chinese and other foreign firms. Niger is hoping to cash in on strong world demand for uranium particularly from the booming economies of India and China.

Dubai’s Kampac Oil and Chinese partner signs US$ 1.6 billion Ghana rail contract
China National Machinery Import and Export Corporation is a partner of the Dubai-based consortium Kampac Oil Company that recently signed a 35-year concession agreement with the Ghana Railway Corporation as it won a US$ 1.6 billion railway project in the western part of Ghana. The project involves the construction of 800 km of new rail line and the rehabilitation of 400 km of existing line. Construction will commence from December 1, 2007. The new rail line will run from the town of Takoradi to Hamile in the Upper West Region, while the existing line from Takoradi to Kumasi will be redeveloped.

Somali government to be paid bonuses from China oil discoveries
The Somali government will reportedly receive bonuses from CNOOC from any significant discoveries of oil it made in the country. A production-sharing contract signed in May last year entitles the transitional federal government to US$ 50 million in bonuses for any wells yielding over 200,000 barrels a day for 75 consecutive days. Through the agreement the Chinese CNOOC and its partner, China International Oil and Gas, gain the right to 49% of the profits from any oil they find, with the remainder going to the interim government.

Sudan oil minister says energy cooperation with China fruitful
The Sudanese Minister of Energy and Mining, Awad Ahmed Al-Jaz has remarked that the energy industry is the most important and fruitful areas of bilateral cooperation between China and Sudan. China National Petroleum Corporation (CNPC) has actively invested in Sudan and made important contributions to Sudan’s economic development and social progress. Sudan’s overall economy is developing vigorously and entering a phase of economic boom. To date, cooperation between China and Sudan covered multiple sectors, including energy, human resources development, and engineering projects.

Sudan assigns Chinese CNPC offshore oil block
Sudan has signed a deal with China National Petroleum Co. (CNPC) to take a majority stake in the Block 13 Exploration Site
located off the coast of the Red Sea. CNPC will have a 40% stake, while 15% will be assigned to both an Indonesian state firm and the Sudanese state oil firm Sudapet respectively. Nigeria’s Express and AfricaEnergy firms and Sudanese Dindir Petroleum International will each take 10%. The 38,200 square kilometre block will require an initial exploration investment of US$ 25 million. This leaves two current blocks still to be assigned in Sudan. Block 12b covers the war-torn western Darfur region and the eastern Block 10.

**Chinese Sinohydro Co. wins irrigation contract in four Angolan regions**
The Angolan government has contracted the Chinese Company Sinohidro Corporation to carry out irrigation projects in the four Angolan regions of Caxito (Bengo), Gandjelas (Huila), Luena (Moxico) and Wako-Kungo (Kwanza Sul). The contract was signed between the Ministry of Agriculture and Rural Development and Sinohydro, with costs to be included in the credit line with Eximbank.

**Chinese Firm secures Ethiopian contract worth over 848 million birr**
The Chinese contractor Sinohydro Co. has won the international bid for three road construction and upgrading projects worth over 848 million birr with the Ethiopian Roads Authority. The three contracts, expected to be completed in 36 months are to be constructed using credit secured from the World Bank, are Assela-Dodola junction with a cost of over 399 million birr; Sherkole - Blue Nile with over 200 million birr, and Blue Nile - Guba with over 240 million birr.

**Chinese Gezhouba Group wins massive road projects in Ethiopia**
China Gezhouba Group Corporation (CGGC) has signed an agreement with the Ethiopian Roads Authority for the construction of the northern Shire-Adi Abune road worth over US$ 49.2 million. Some 70% of the cost of construction will be obtained through a loan from the World Bank, while 30% will be allocated by the Ethiopian government.

**Kampac wins US$ 1.6 billion railway deal in Ghana**
A consortium led by the Dubai-based Kampac Oil Company has signed a US$1.6 billion contract with the Ghana Railway Corporation for a railway project in western Ghana. The 35-year contract involves the construction of 800 kilometres of new railway line and the rehabilitation of 400 kilometres of existing line. The construction of the new line between Takoradi and Hamile in the Upper West Region will begin in December. Kampac has secured mineral and mining rights for proven reserves valued at more than US$2 billion as part of the concession. The consortium includes China National Machinery Import and Export Corporation among others.
Sudan and China to build US$ 860 million Mauritania railway
Sudanese Danfodio Holding and the Chinese Transtech Engineering have signed an agreement to build a railway that will link Mauritania’s capital Nouakchott with the southern phosphate deposits in Bofal. The railway line will run close to the Islamic Republic’s southern frontier with Senegal and will allow the exploitation of Bofal deposits.

Bui dam project to take off
Construction of a dam that will generate 400 mega watts electricity to Ghana will commence shortly. A US$ 562 million loan agreement was approved by the Government of Ghana and the Chinese for the construction of the project. In addition, Ghana is to provide counterpart funding of US$ 60 million, bringing the total funds requirement for the project to US$ 622 million. The dam will be used for energy irrigation, fisheries and eco-tourism.

Delays threaten major Chinese construction project in Angola
Hangxiao Steel Structure of China has won a 34.4 billion yuan public works contract in Angola involving 32 buildings valued at around 1.2 billion yuan. However, the project has run into difficulties due to lacking steel supplies and therefore might not enter its second phase. The project requires 3.3 million tons of steel and many analysts doubt that the provincial Chinese company, which produced a mere 300,000 tons of steel last year, will be able to carry out such a large-scale undertaking.

Zimbabwe Government Buys 200 Buses From China
The government of Zimbabwe has ordered over 200 buses and 100 engines from China to refurbish the old fleet of Zupco, the state-owned public transport provider. The Zimbabwe Independent reports that the Reserve Bank will finance the purchase of the equipment and that Zupco will use the engines to refurbish its grounded AVM and DAF buses used in the rural areas.

Zambia on brink of boom as copper price soars
Standard Chartered Bank comments that, with copper prices expected to soar, Chinese investment could set the foundation for the Zambian economy to treble its size in 20 years. Standard Chartered Bank reported that investors were wondering how the relatively small economy would handle the large growth potential. In 2005, Zambia’s GDP was estimated to be in the region of US$ 10,3 billion. The annual GDP growth rate is now over 5% a year and the growth in fixed investment, coupled with portfolio investment, will reportedly ensure a GDP growth rate of close to 6% by the end of the year.

Western mining companies to introduce ‘mark of excellence’
Western mining companies are to introduce a “mark of excellence”, introduced by the International Council on Mining and Metals and backed by the UN and the World Bank, for meeting the best environmental and ethical performance standards in their operations in Africa. Critics say the special badge is only a belated attempt to stave off growing Chinese investment in Africa, but the mining companies say it will clearly demonstrate their commitment to good wages, working conditions, safety and environmental standards.
Zambia approves over 50 investment licenses

The Zambia Development Agency (ZDA) has recently approved over 50 investment licenses in various sectors of the economy including the Chambeshi economic zone. The licenses were issued to companies in the agriculture, tourism, mining and manufacturing sectors. To qualify for operating in the Chambeshi industrial zone, a company must invest over US$ 500,000 and demonstrate that the investment will provide technology transfer and utilize local materials.

Chinese firms eye overlooked parts of Angola economy

China has previously invested several billion dollars in the Angola economy through an oil-backed credit loan. Most of the money is tied to large infrastructure projects to rebuild the country after the 27 year long civil war. However Chinese firms are diversifying in Angola, seeking out investments in overlooked sectors of the Angolan economy. There has also been a substantial increase in private investment in non-infrastructure projects in 2007 according to Ari de Carvalho, Director of ANIP, Angola's private investment institute.

China-Africa Development Fund will not focus on resource investment

The China-Africa Development Fund will reportedly not regard the return on investment as their primary goal, Gao Jian, President of the China-Africa fund, has stated. Nor will it increase the continent’s debt. Instead, it will finance Chinese firms that have set up operations in Africa and provide advice for those planning to invest there. Its investment will mainly support the development of Africa’s infrastructure, its industries as well as housing, water conservancy and industrial parks. However the fund will, if properly managed, reap excellent investment returns although it will not pursue the average profit rate of international industrial funds.

Madagascar and China sign deals worth US$ 78 million

China and Madagascar have recently signed four deals worth an estimated US$ 78 million covering partial debt cancellation, an agreement on economic and technical cooperation, a preferential loan for the construction of a five-star hotel, and a deal for the donation of medicines. The deals confirmed agreements made at the China-Africa summit in Beijing last November. An incipient mining boom on the island is set to include nickel, cobalt, bauxite and ilmenite in the coming years. Explorers are also looking for oil, gold, coal, chromium, gemstones, and uranium.

South Africa’s first-half trade deficit with China cut to US$ 200 million

China imported US$ 3 billion worth of goods from South Africa in the first half of 2007, up 65% from 2006, while its exports to South Africa rose 40% to US$ 3.2 billion. The relative strength of the flows almost eliminated the previous notorious trade deficit with China, a political sore point. However, according to Ron Sandrey from the Trade Law Centre of Southern Africa, it is difficult to draw accurate conclusions owing to discrepancies between different trade data.

South Africa moves to develop clothing industry and save jobs

The South African Trade and Industry Minister Mandisi Mpahlwa has announced that measures to develop the textile and clothing...
industry are being put into place and that these will help to save jobs. The immediate focus is to stabilise the industry and upgrade its capital equipment and skills. The South African government has previously been successful in developing the automotive, tourism and upstream sectors. One of these measures was the quota that reduced greatly the imports in 31 products of clothing, home textile and fabric from China that was agreed upon voluntarily in January after negotiations between the governments of South Africa and China.

**Zambia’s consumer body flexes muscles over cheap imports** Concerned with the increasing numbers of sub-standard imports into the country, the Zambia Competition Commission (ZCC) has announced it will step up enforcement of standards in the country. Local manufacturers have also called for an end to the indiscriminate imports of these goods, saying their arrival had seriously affected local production. The trend has recently taken a turn for the worse as some of the imported products are of poor quality, while others such as foodstuffs and medicines have instructions in languages not spoken in the country.

**Ghana Investment Promotion Centre closes Chinese retail companies** Following concerns from the Parliamentary Select Committee on Trade and the Ghana Union of Traders’ Associations (GUTA) over the increased presence of foreigners working illegally in the retail sector, Ghana Investment Promotion Centre (GIPC) conducted a crackdown in the central business district of Accra, closing down at least eight foreign trading companies, among which at least three were Chinese. According to the GIPC, illegal business operations had been run by these companies. The Inter-Agency Task Force proved that a number of non-Ghanaians were not complying with the legal requirements of the GIPC in establishing businesses in the country.

**‘Invasion’ of Chinese cars continues in South Africa** GoNow Auto South Africa has become the latest South African importer and distributor of car and commercial vehicle manufacturers from China. Launching its first series of light commercial vehicles for the South African market after four years of sourcing, local testing and development, GoNow Auto SA has appointed 44 dealers that will offer full showroom and service facilities all over the country. This includes dealers in the Southern Africa Region, including Mauritius.

**China identifies Kenya as market for automobile sale** China has reportedly identified Kenya as an emerging market for the Chinese automobile industry since the automobile parts industry in East Africa, especially in Kenya, has begun to develop at an increasing speed. Chinese Ambassador to Kenya Zhang Ming has noted that besides its increased growth in demand for automobiles, Kenya was well positioned as a hub to the Common Market for Eastern and Southern Africa (Comesa). Zhang said the bilateral trade agreement between China and Kenya has created a favourable market for the Chinese automobile industry and investment.

**South African Delta staggers as China flattens battery market** South African Delta Electrical Industries has announced losses in sales volumes in the battery market.
due to cheap Chinese imports. These losses are set to continue according to Delta's CEO as long as Chinese battery imports are not subject to antidumping duties. Meanwhile, Delta is facing antidumping charges itself, since the Greece-based Tosoh Hellas, controlled by Tosoh Corporation of Japan, asked the European Commission to initiate an antidumping investigation into EMD produced by Delta in April this year.

**Mandarin-language schools to open in Nigeria** In order to further cement relations between China and Nigeria, a Chinese university plans to start teaching Mandarin at the Lagos State University, Guo Kun. The Chinese government will reportedly guarantee the arrangement and plans to open Mandarin-language schools in other Nigerian cities, similar to the French and German language schools that have reached an advanced stage.

**China grants scholarships to 52 Ethiopian students** The Chinese embassy in Ethiopia has announced that China has granted scholarships to 52 Ethiopian students in civil engineering, architecture and political science. The Ethiopian students will be attending courses in undergraduate, postgraduate and PhD degrees in China. The scholarships represent a significant step taken by the Chinese government to honour its commitments made at the Beijing Summit in November last year. China pledged at the summit to increase the number of Chinese government scholarships to African students from 2,000 per year to 4,000 per year by 2009 as part of China’s commitment to strengthening cooperation with Africa.

**Sudanese vice president ends China tour.** During his official visit to Shanghai, Sudanese First Vice President Salva Kiir Mayardit expressed Sudan's hopes to strengthen friendly cooperative relations with China and to borrow successful experiences from Shanghai in developing its economy. President Hu Jintao and Vice President Zeng Qinghong both reiterated China’s willingness to help resolve the crisis in Darfur.

**Chinese Company to construct first private industrial zones in Ethiopia** Chinese Jiangsu
Qiyaan Investment Group is to construct Ethiopia’s first private industrial zone in Dukem, Oromia Regional State. The Ethiopian industrial park will cover five square kilometres and seek both local and foreign investment in textile, garment, leather products, construction machineries and steel manufacturing sectors. Jiangsu plans to attract 80 Chinese companies once its US$ 500 million project is completed.

The China Forum

Recent Events

 CCS at Afrodad Advocacy Strategy Meeting – Harare – 4-5th August
Hannah Edinger, Research Manager at CCS, participated in an expert panel session hosted by Afrodad in Harare, Zimbabwe, to review the outcomes of the research project entitled “A critical assessment of Chinese development assistance in Africa” and to strategise on advocacy initiatives.

 China Forum Event– 15th August
On 15th August the Centre for Chinese Studies hosted Prof Raphael Kaplinsky, Professor of International Development at the Open University, UK. Prof Kaplinsky presented a lecture on the impact of the Asian Drivers on the development strategy of sub-Saharan Africa. The lecture will be made available on the CCS website.

 CCS hosts Agricultural Delegation – 16th August
On 16th August the CCS hosted a delegation from the PRC Meteorological and Environmental departments attending a set of talks on issues of climate change. Dr Brian Mantlana, from the South African National Biodiversity Institute, provided a global overview on future trends in climate change and its implication for the agriculture sector, while Prof Timm Hoffman from the University of Cape Town focused on drought and desertification from a South African perspective.

 China Forum Event – 29th August
On 29th August the CCS hosted Dr. Vivek Arora, IMF Senior Resident Representative in Beijing. Dr Arora headed a discussion on China’s current macro-economic situation as well as potential problems in the economy’s short and medium term.

 Royal Geographical Society Annual International Conference- London- 29th- 31st August
Dr. Martyn Davies attended the 2007 Royal Geographical Society Annual International Conference in London from the 29th to 31st August. The theme of the conference was ‘Sustainability and Quality of Life’ where Dr. Davies made a presentation entitled ‘China’s Infrastructure Corridors in Africa’ under the theme ‘New imperialism or ‘south-south’ co-operation? China and India’s growing role in world development’. Ms Sanusha Naidu also contributed a paper to the same panel entitled: ‘India’s Growing African Strategy: Competing with China’, which Dr. Davies delivered on her behalf.