



HAL
open science

Booming Sino-Maghreb Economic Relations: Incentives for a New European Partnership

Thierry Pairault

► **To cite this version:**

Thierry Pairault. Booming Sino-Maghreb Economic Relations: Incentives for a New European Partnership. Mulugeta Gebrehiwot Berhe and Liu Hongwu. China-Africa Relations: Governance, Peace and Security, Institute for Peace and Security Studies and Institute of African Studies, pp.96-113, 2013, 978-99944-981-1-6. halshs-00881405

HAL Id: halshs-00881405

<https://shs.hal.science/halshs-00881405>

Submitted on 8 Nov 2013

HAL is a multi-disciplinary open access archive for the deposit and dissemination of scientific research documents, whether they are published or not. The documents may come from teaching and research institutions in France or abroad, or from public or private research centers.

L'archive ouverte pluridisciplinaire **HAL**, est destinée au dépôt et à la diffusion de documents scientifiques de niveau recherche, publiés ou non, émanant des établissements d'enseignement et de recherche français ou étrangers, des laboratoires publics ou privés.

CHINA-AFRICA RELATIONS

GOVERNANCE, PEACE AND SECURITY



Editors

Mulugeta Gebrehiwot Berhe and Liu Hongwu

CHINA-AFRICA RELATIONS

GOVERNANCE, PEACE AND SECURITY

Editors

Mulugeta Gebrehiwot Berhe and Liu Hongwu

Copyright © 2013 Institute for Peace and Security Studies (Addis Ababa University) and Institute of African Studies (Zhejiang Normal University)

Printed in Ethiopia

All rights reserved. The views expressed in this book are those of the authors. They do not necessarily reflect the views of the Institutes.

ISBN 978-99944-981-1-6

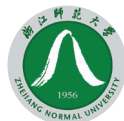


Table of Contents

Preface	iii
Acknowledgments	vi
Introduction	
<i>Mulugeta Gebrehiwot Berhe</i>	1
Section I: Dealing with Africa's Peace and Security Challenges: The Non-Interference Principle of China	
China's Evolving Policy towards Peace and Security in Africa: Constructing a new paradigm for peace building? <i>Chris Alden and Dan Large</i>	16
Africa and China's Non-Interference Policy: Towards Peace Enhancement in Africa <i>Admore Mupoki Kambudzi</i>	29
The Non-interference Dilemma: Adapting China's Approach to the New Context of African and International Realities <i>Zhongying Pang</i>	46
China and UN Peacekeeping Operations in Africa <i>Kay Mathews</i>	55
Section II: China-Africa Economic Relations: Challenges and Opportunities	
Fostering African Development, Governance and Security through Multilateral Cooperation between China and Western Donors: The Case of the China-DAC Study Group <i>Anna Katharina Stahl</i>	74
Booming Sino-Maghreb Economic Relations: Incentives for a New European Partnership <i>Thierry Pairault</i>	97
China's Global Role in the East African Oil and Gas Bonanza <i>Ross Anthony</i>	114
The Corporate Social Responsibility of Chinese Oil Companies in Nigeria: Implications for the Governance of Oil Resources <i>Wang Xuejun</i>	128

Evading Punishment: An Analysis of Zimbabwe-China Relations
in an age of Sanctions
Ronald Chipaika and Lawrence Mhandara 146

**Section III: China-Africa Political and Economic Relations: Cases
from Eastern, Southern and West Africa**

Analysing China’s Contribution to Peace in the North and South
Sudan Conflict: Pre and Post Comprehensive Peace Agreement
(CPA)
Getachew Zeru and Dawit Yohannes 166

Chinese Investment and African Peace and Security: The Case of
Ethiopia
Yejuo Kim 181

China: A Critical Factor in Zimbabwe’s Political Crisis and its
Solutions
Charity Manyeruke, Shakespear Hamauswa and Aaram Gwiza 195

Chinese Investment in Africa: Opportunities and Challenges for
Peace and Security in Zimbabwe
Lawrence Mhandara and Ronald Chipaika 211

Governance and Security Challenges Associated with China-
Nigeria Trade and Investment Relations
Adeolu O. Adewuyi and T. Ademola Oyejide 227

Conclusion
Mulugeta Gebrehiwot Berhe and Liu Hongwu 250

Short Biographies of Authors 255

Index 260

Booming Sino-Maghreb Economic Relations: Incentives for a New European Partnership

Thierry Pairault

Chinese Direct Investment in the Maghreb

In 2010, the Maghreb countries' stock of inward foreign direct investment (FDI) represented 0.6% of world-wide FDI stock, and one fifth of Africa's stock of inward FDI. In the same year Gross Domestic Product (GDP) in the Maghreb stood at around 21.7% of that of Africa as a whole. China has only played a small part in this global process since the Chinese stock of FDI in Africa equates to a mere 0.06% of the world-wide FDI stock. However, it is important to note that the Maghreb countries are receiving an increasing amount of the Chinese stock of FDI to Africa. In 2010 they received 8.2% of the pan-African Chinese stock of FDI, compared to only 2.5% in 2003 (Pairault, 2013b; 2013c).¹ Notwithstanding, this overall picture conceals profound differences between the Maghreb countries.

There is a great inequality regarding the stock of FDI received by each of the Maghreb countries. Morocco and Tunisia have benefited the most, by far, from total FDI—which amounted to 36.7% and 24.7% respectively of FDI received by the Maghreb countries between 2003 and 2010. Algeria's and Libya's inward FDI grew significantly during the same period, but their stock remains much lower than for Morocco and Tunisia. However, the situation is dramatically different if we consider only the Chinese FDI received by each Maghreb country. Algeria alone received 87.3% of the stock of Chinese FDI to the Maghreb which equates to 7.2% of Chinese FDI stock in the whole of Africa during the same period. But Chinese stock of FDI in Algeria equals only 4.8% of its whole stock of FDI. In comparison, during the same period, 2.6% of Mauritania's total stock FDI comes from China. However, Libya, Morocco and Tunisia not only received little FDI from China (0.25%, 0.43% and 0.02% respectively of Chinese FDI in Africa) but Chinese FDI represented only a small share of the total FDI received by these three countries (0.17%, 0.11% and 0.01% respectively) (Pairault, 2013c).

It is worth looking at the FDI stock per capita, for the various Maghreb countries. On

¹
A presentation of statistical sources and their discussion as well as author's calculations are given in Pairault (2013b; 2013c).

average in Tunisia and Libya the stock of Chinese FDI per capita is well below the African average stock of FDI per capita but over the average world stock of FDI per capita. The reverse is true for Algeria and Mauritania. In order to determine whether, or to what extent, Chinese FDI could play a part in the Maghreb it is necessary to ask what impact flows of Chinese FDI have on the gross fixed capital formation (GFCF)² in these countries. Average annual flows of world FDI have contributed to the Maghreb GFCF in proportions less than half the average for Africa (12% compared to 21%) and two-thirds less when it comes to Chinese flows of FDI (2% compared to 6%) (Pairault, 2013c). The proportion of Chinese FDI in GFCF of Morocco and Tunisia is close to zero – despite the fact that these countries are generally the North African destinations most favoured by world FDI. Algeria and Libya, which have similar global stocks of FDI, experience quite different situations. Algeria relies little on FDI to finance its GFCF (5%), with a Chinese contribution much less than its average for African countries (that is, 3% compared to 6%). However, Libya relies heavily on FDI (44% of its GFCF on average), but the Chinese contribution is even smaller – only 1% (Pairault, 2013c). Obviously, this range of contributions suggests that China has no pan-Maghreb strategy regarding FDI — hence Chinese investment in the Maghreb countries must be seen as part of its more general approach to investing abroad.

The list of enterprises who aim at investing abroad, and are registered by the Chinese Ministry of Commerce (MOFCOM)³, recorded involvement in 21,487 projects abroad at the end of April 2012, of which 21,254 were for the period 2003-2012, during which the inventory was more systematic and therefore more exhaustive (Pairault, 2012). During this period, slightly over one-quarter of China’s foreign investment projects related to developed countries. Of the 15,643 projects earmarked for developing countries (73.6% of the total number of projects) only 145 projects were directed at the Maghreb; that is 0.7% of the total; 0.9% of the number of projects for developing countries; or 7.1% of the number for Africa as a whole. By comparison, 11.7% of these 15,643 projects were in Nigeria; 7.5% in

² The gross fixed capital formation, during a given period, measures the value of net additions to fixed assets (less disposals) but without deducting the depreciation of fixed assets. It is not a measure but a statistical “indicator” of (net) investment.

³ The nominative list of the enterprises aiming at investing abroad and being registered by the Chinese Ministry of Commerce is available at wszw.hzs.mofcom.gov.cn/fecp/fem/corp/fem_cert_stat_view_list.jsp.

South Africa; 6.2% in Zambia; 5.2% in Ethiopia; 4.8% in Egypt; 4% in Tanzania; 4.4% in Ghana; 4.1% in Angola; and 3.6% in Sudan (the same number as in Algeria). In the Maghreb countries, China faces a difficult problem – language. China has to conduct business in Arabic and/or French, two languages Chinese people seldom learn, preferring English. Furthermore, some countries in the Maghreb have an average living standard comparable to, or even higher than, that of China.⁴

It is also useful to consider the importance of “central enterprises”, that is publicly-funded companies under central government *direct* supervision. There are only 117 enterprises having such a status by the end of 2011 but they assumed 80% of Chinese outward investment all over the world. That is enough to assess their importance. Central enterprises are the descendants of the old industrial complexes under the branch-type agencies which emulate the Soviet Union economic administration. Today they have their own financial autonomy and legal personality; their activity is more sector-oriented, that is to say they have a core business in addition to carrying out a wide range of activities. They can hold shares in other groups and companies whose capital is therefore wholly or partly (Chinese or foreign) publicly funded and are controlling no less than 20,000 subsidiaries. These central enterprises should not be mistaken for other wholly or partly publicly-funded enterprises that are under the supervision of local government. For example, in the construction sector, the main competitors of central enterprises subsidiaries are the publicly-funded enterprises which are under local supervision.

The central enterprise projects represented 7.5% of all projects in developing countries for the period 2003-2012; 18.3% of those in sub-Saharan Africa; and 26.2% of those in the Maghreb. One might conclude that it is China’s intention to impose itself on the Maghreb countries, but the sectoral data demonstrates that this is dubious. I have shown elsewhere (Pairault, 2013a) that in Africa, two-thirds of central enterprises projects during this period are linked to operations aiming at providing China with resources. These can be simple operations, for example,

⁴
According to World Bank data, the GNI per capita (converted to US dollars using the Atlas method) reached in 2011 was 4,930 for China; 4,470 for Algeria; 4,070 for Tunisia; 2,970 for Morocco; 1,000 for Mauritania; and 12,320 for *ante-bellum* Libya (data.worldbank.org). With regards to the Human Development Index of 2011, China ranked 101st; whereas Tunisia was 94th, Algeria was 96th; Morocco was 130th; Mauritania was 159th; and *ante-bellum* Libya was 64th (hdr.undp.org/en/statistics).

the exploitation of mines, oil and gas, or other natural deposits, or more complex operations, such as infrastructure construction, in exchange for the procurement of raw materials or concessions for crude oil, ores, timber.... However, it is clear — from the list of enterprises aiming at investing abroad — that investment projects to Maghreb countries are a small minority. Certainly Sinopec and CNPC operate in Mauritania; the former as an oil prospector and the latter as a project manager. Both companies invest with a view to benefiting by procuring Maghreb oil. However, generally speaking, Chinese investment undertaken in the Maghreb aims to open up new markets for Chinese products and services (that is, they are market-seeking) rather than focusing on the supply of rare resources (that is, resource-seeking).

The issue of state supervision might be sensitive for the Chinese authorities. On the one hand, the Chinese government has the responsibility for the behaviour of Chinese enterprises abroad, ensuring they adhere to the host country's FDI operating regulations – that is that they should be fair and transparent, and contribute to economic and social development. On the other hand, China arouses suspicion because it is a communist country; its enterprises are often thought to be under government control and to pursue goals beyond their regular commercial activities and to benefit from all sorts of undue advantages.⁵

Sino-Maghreb Trade Relations

Even though the total value — imports plus exports — of Sino-Maghreb trade increased tenfold between 2003 and 2010 (rising from US\$ 1.6 billion to US\$ 17.3 billion), it remained of little *quantitative* importance.⁶ Except for Mauritania, where the volume of trade with China (imports plus exports) represents 20.0% of its total foreign trade, all other Maghreb countries – particularly Tunisia (2.2%) – have a poor trade record with China. In practice, the way these countries are ranked by share of world trade is inversely related to their degree of dependence upon Chinese trade – as demonstrated by their share of trade with China compared to their total foreign trade.

With regard to trade balance,⁷ the situation in the Maghreb countries varies greatly.

⁵ A report by Mike Rogers (2012) to the U.S. House of Representatives in October 2012 illustrates this situation.

⁶ All figures mentioned in this section are from UNCTAD on-line database.

⁷ Trade balance is the difference between the value of exports and imports in an economy. A positive trade balance is known as a trade surplus and a negative balance as a trade deficit.

Solely Algeria and Libya – the two major oil-producing countries – have global trade surpluses while Libya and Mauritania have small trade surpluses with China. Algeria has a trade deficit with China equal to 9% of its global trade balance. Libya has a small surplus with China equal to 2% of its global trade balance. Morocco and Tunisia have a global trade deficit and a deficit in their trade with China, which is 10% and 14% of their global trade balance. Mauritania has a trade surplus with China which equates to 120% of its global trade balance.

Merchandise exports from the Maghreb to China are a recent (beginning in the mid-2000s), and still limited, phenomenon representing only 5.0% of total exports from the Maghreb. Mauritania is an outstanding exception, because 41.3% of its exports go to China – while Tunisia sends only 0.7% of its exports to China. Seventy-nine per cent of exports from the Maghreb to China are fuel from the three oil-producing countries: Algeria, Libya and Mauritania. However, two-thirds of Mauritania's exports to China are iron and copper. Morocco and Tunisia mainly export manufactured goods, for example, lamps and chemicals, respectively. In other words, at this stage of the development of their economic exchanges Maghreb countries have very specialised exports serving as inputs for the Chinese industry.

Merchandise imports from China to the Maghreb countries increased eight-fold, from US\$ 1.4 billion to US\$ 11.3 billion between 2003 and 2010; they rose from an average of 3.1% to 9.1% of total Maghreb imports. Tunisia is the country that demonstrates the greatest resistance to Chinese products, as its imports relied on Chinese goods for only 4.7% in 2010.

The structure of the Chinese goods imported by the Maghreb countries does not differ significantly from that in all African countries. On average, during the period 2003-2010, around 90% of imports were machinery, transportation equipment, and other miscellaneous manufactured goods. But on closer inspection, we noted that the main categories of imported Chinese goods did not represent a considerable share of the total import into these countries. The category which had the largest share of the countries' total import was that of machinery and transportation equipment. It is also this category that represented the largest import of Chinese goods between 2003 and 2010 – on average 50% across the Maghreb countries; slightly more in the case of Tunisia (60%). In 2009 Algeria became the first overseas market for Chinese motor vehicles (MOFCOM, 2011). Algeria was first approached in 2006

by the Chinese central enterprise FAW (First Automotive Works) with a view to the installation of an assembly unit in Algeria, but its tariff and land policies made the import of finished products no more expensive than local assembly (El Watan, 2006; 2008a; 2008c; 2012a; 2012b). In the end, the Chinese automobile manufacturers decided to assemble in China and merely opened representation bureaux in Algeria. That was also true of the Shaanxi Automobile Group – a publicly funded enterprise under the supervision the Shaanxi provincial government. It initially planned to set up an assembly unit in Sétif (a town in north-eastern Algeria) and scheduled to be operative in 2010 (El Watan, 2008b) – but eventually, the following year, just opened representation bureaux in Algeria and Libya.⁸ It is also true for the two buses manufacturers Higer and JMC. So far as the import of machinery and transportation equipment is concerned it is also worth noting that:

- Around one third of all imported telecommunications equipment in Maghreb comes from China,
- Algeria and Libya import around 13% of their road vehicles from China. Algeria imports 14.7% of its civil engineering and contractors' plant and equipment from China, and Libya imports 24% of its civil engineering and contractors' plant and equipment from China,
- Mauritania imports 21% of its electrical equipment from China.

In addition to machinery and transport equipment, Chinese textiles are also imported into the Maghreb countries. Algeria, Libya and Mauritania import from China a significant share, 46%, 30% and 46%, respectively, of their total imports of textiles. However, importation of textiles, for these three countries, represents only 6%, 20% and 33%, respectively, of all Chinese imported goods. And it is important to note that, as far as Mauritania is concerned, these textiles may be re-exported to neighbouring African markets.

Competition in the Maghreb between China and European Union Countries?

The question now to be addressed is to what extent does China compete with the

⁸
According to the nominative list of the enterprises aiming at investing abroad and being registered by the Chinese Ministry of Commerce.

European Union in the Maghreb, so far as their economic relations are concerned? Indeed, French construction contractors Vinci, Bouygues and Eiffage consider their Chinese counterparts, China State Construction Engineering Corporation (CSCEC)⁹ and China Railway Construction Corporation (CRCC),¹⁰ to be strong competitors, or even “unfair” contenders. Actually, the World Bank has disbarred the CSCEC from the list of firms eligible to be awarded a World Bank-financed contract from 2009 to 2015 because it had been sanctioned under the Bank’s fraud and corruption policy (World Bank, 2012).

FDI flows from the European Union reached high levels, mainly as a result of the structure of FDI by activity. In 2010 services represented the biggest share (57%) of the European Union’s FDI stocks (outside the European Union) compared to 70% before the financial crisis in 2007. However, more than two-thirds of these stocks were related to financial intermediation, and the Maghreb countries were mainly looking for investment in other activities. Consequently, the Maghreb countries share of the European Union’s FDI stocks was no higher than 0.7% in 2010 — with half coming from France, of which about 90% was investment in the service sector, including financial intermediation.¹¹ While the nature of foreign investment demonstrates each country’s specialisation, investors from one country should be aware of the capabilities of those of other countries. Achieving success when investing abroad can prove difficult, even for veteran enterprises. It is especially challenging for Chinese enterprises because they lack experience in establishing and managing overseas units. They not only need to learn how to access foreign economies successfully, but also to operate and thrive in them as well. Hence, there is potential for cooperation between European and Chinese enterprises, regarding investment in the Maghreb. It seems an exaggeration to suggest that China might be a *strong* rival to European Union countries, with regards to FDI in the Maghreb, but when the import of Chinese goods is considered it might be somewhat different.

.....
⁹ A central enterprise in charge of constructing Algiers’ great mosque.

¹⁰ With the China International Trust and Investment Corp. (CITIC) as financier, it was in charge of constructing the central and western sections of the East-West Motorway (169 km and 359 km respectively). For more details, see JORA, 2005.

¹¹ Author’s calculations from Eurostat database, table *bop_fdi_pos_r2*, epp.eurostat.ec.europa.eu/portal/page/portal/statistics/search_database

From 2003 to 2010, Maghreb imports of manufactured goods¹² have experienced a rather impressive increase irrespective of whether their origin was European, Chinese or else. As a whole, the volume of manufactured goods imported by Maghreb countries was multiplied by 2.7 and that from the European Union by 2.1 — that is less than the trend but growth remains substantial (more than doubling). By contrast, Maghreb imports of manufactured goods from China were dramatically multiplied by 8.7. This significant increase enabled China to achieve sales representing over 12% of Maghreb's importation of manufactured goods — at time when the EU share fell from 71% to 55%. Within eight years the European Union's quasi-monopoly was seriously challenged by China, while its exports to Maghreb were still booming. Furthermore China was not the only country that benefited from the recent *consumption hunger* of the Maghreb countries, but it is definitely the country that benefited the most from it.

With regard to the importation of manufactured goods by degree of manufacturing,¹³ the distribution did not change significantly during the period 2003-2010. The intermediate category (that is manufactured goods which require medium skill and technology intensity to produce) was the most remarkable – because it represented 41% of all manufactured goods imported by Maghreb countries in 2010. This was also the category which provided China with its highest share of exports to the Maghreb — one-third between 2003 and 2010. China's market share has steadily increased in every category in particular in the following two. Regarding the *labour-intensive and resource-based manufactures* category, during this period, two-third of such goods were imported fabrics and clothes of which 12.5% were made in China. With regards to the *unclassified manufactures* category, between 2003-2010 more than a third of such goods imported into the Maghreb were arms and ammunition, of which two-thirds were sold by China, mainly to Morocco. The question is, to what

¹² According to UNCTAD's definition (UNCTAD, 2011a), the category *manufactured goods* includes goods covered by section 5 of the Standard International Trade Classification (SITC) (chemicals and related products); section 6 (other manufactured goods); section 7 (machinery and transport equipment); and section 8 (miscellaneous manufactured articles). This category does not include goods covered by sub-section 667 (Pearls, precious & semi-precious stones) and sub-section 68 (Non-ferrous metals).

¹³ UNCTAD named five categories (UNCTAD, 2011b): labour-intensive and resource-based manufactures; manufactures with low skill and technology intensity; manufactures with medium skill and technology intensity; manufactures with high skill and technology intensity; unclassified manufactures (including arms & ammunition).

extent Chinese goods could substitute for European goods?

Below I will examine three categories of goods which might illustrate a competition between China and the European Union (Pairault, 2013c):

- Fabrics, clothes and footwear (SITC 65 + 84 + 85): between 2003 and 2010, China gained a significant increase in market share (from 5.4% to 17.2%) of the Maghreb market. During the same time the European Union's market share decreased (from 79.2% to 59.8%) – with the exception of footwear, which increased from 37.6% to 43.0% – but it is noteworthy to observe that European exports of such goods to Maghreb countries are still increasing even if it is at a dawdling pace as compared to other countries.
- Road vehicles and other transport equipment (SITC 78 + 79): here, too, is a vivacious market experiencing the extinction of some European monopolies that certainly does not mean a decline in the European exports' value, on the contrary! Although China's success in this market is evident its overall market share is, nonetheless, still small (less than 10% in 2010. This fact should not conceal any definite multiplicity of situations. With regards to the *Motorcycles & cycles* category (SITC 785), China gained a 56% market share in 2010, but this represented only 1% of the import of the *Road vehicles and other transport equipment* category into the Maghreb that year. Conversely, regarding the *Aircraft & associated equipment, spacecraft, etc.* category (SITC 792), China's share was negligible in 2010, whilst the European Union countries had a 60% of this market which represented 13% of Maghreb's importation of the *Road vehicles and other transport equipment* category that year. With regard to the *Motor vehicles* category (SITC 781 + 782 + 783) China's market share was almost 13% in 2010 whilst the European Union countries had a 46% of this market which represented 63% of the import by the Maghreb of goods in the category *Road vehicles and other transport equipment*.
- Information and telecommunications equipment (SITC 75 + 76): in this category China's increased market share was at the *expense* of other countries. With regard to the importation in the Maghreb of *Office machines and automatic data processing machines* (SITC 75) and *Telecommunication*

and sound recording apparatus (SITC 76), China's market shares increased from 14% to 40% and from 11% to 41%, respectively. Information and telecommunications equipment imports from China represent about 16% of all imports into the Maghreb of manufactured goods.

The Maghreb countries, in particular those with an "upper middle income"¹⁴ standard of living (Algeria, Libya and Tunisia), are an attractive market for China and other emerging countries. It is clear that there has been a rapid increase in the export of goods from China to Maghreb countries (mainly since 2003), particularly in order to satisfy their growing demand for goods requiring medium skill and technology to produce (e.g. agricultural machinery, tractors, motor vehicles, steam turbines...). China's increased market share, in this area, has been at the expense of sales from European Union countries – notably France, whose market share is weakening. However, European Union countries continue to dominate in market sectors where they have technological advantage, and in markets where China has little presence (e.g. ICT goods,¹⁵ aircraft...).

Conclusion

By way of conclusion, two main points should be stressed. Firstly, it is the early days of Sino-Maghreb economic relationships. And, secondly, although these relationships are rapidly gaining in importance, they still remain relatively underdeveloped. It is also important to mention that the Sino-Maghreb economic relationships should not be seen as being the result of a specific Chinese strategy towards the Maghreb as a whole. Rather China tailors its relation with individual Maghreb countries on a bilateral basis even after the creation in 2004 of the Sino-Arab Cooperation Forum. Looking at the autonomy gained by Chinese enterprises abroad and more specifically by the central enterprises that achieve 80% of the Chinese FDI, it is obvious that there is not one unique strategy but a plurality of strategies (as much as actors). Therefore, conflicts are bound to happen, conflicts between the Chinese government

¹⁴ "For operational and analytical purposes, the World Bank's main criterion for classifying economies is gross national income (GNI) per capita. [...] Based on its GNI per capita, every economy is classified as low income, middle income (subdivided into lower middle and upper middle), or high income." (data.worldbank.org/about/country-classifications).

¹⁵ In 2011, European ICT exports to Maghreb countries are three fold those of China, European exports of electronic components to Maghreb countries are 37 fold those of China, European exports of computers and peripheral equipment to Maghreb countries are 6 fold those of China... (UNCTAD on-line database).

and the Chinese enterprises (with regards to policy and financial objectives), and conflicts between host country governments and the Chinese enterprises (with regard to development and financial objectives). The latter type of conflicts finds its most favoured expression with the use of Chinese labour.

The Chinese labour presence in the Maghreb has not yet been addressed in this paper. Information on this situation is extremely sparse. By the end of 2010, Algeria and Libya utilise 40% of Chinese labour in Africa, and 11% of the Chinese workforce abroad (MOFCOM, 2012). This workforce is comprised of temporary workers, with fixed term contracts, and expatriate salaried workers in Chinese enterprises operating civil engineering projects overseas. The former are workers provided by China at the request of a foreign employer, while the latter are workers employed by Chinese enterprises that carry out work abroad, as the result of tendering for contracts or the signature of a package-deal which has come to be known as the “Angola Model” — raw and unprocessed resources in exchange for building infrastructures (Corkin, 2012; Dzaka-Kikouta, 2012). Generally in Africa, and in Algeria and Libya in particular, most Chinese workers are those employed by Chinese enterprises (195,584, 40,625 and 40,080 workers respectively for Africa, Algeria and Libya, that is to say 85%, 90% and 86%, of the jobs held by overseas Chinese workers in late 2010). These figures do not include Chinese people who emigrated (some with their family) as individuals or who decided to remain abroad at the end of their contract.

So far as Algeria is concerned, the article 33 of a decree promulgated in 1993 to promote foreign investment, determined that foreign enterprises investing in free zones¹⁶ could recruit as many foreign technical and managerial staff as they saw fit. To hire foreign workers in free zones, a foreign enterprise only needs to report to local authorities (JORA, 1993; 2001). Without doubt this provision has encouraged Chinese investors, such as that of the CITIC-CRCC consortium — responsible for the construction of part of the East-West motorway in Algeria (see above) — to consider that they had equal latitude when hiring Algerian employees. There is no doubt either that the corruption of the Algerian regime could incite some Chinese enterprises to take further liberties with regard to labour law and others laws as well.¹⁷

¹⁶ These free zones (zones franches) are what we would call today special economic zones (Aidoud, 1996).

¹⁷ The fortunes and misfortunes of the CITIC-CRCC consortium in Algeria are explained in articles published by the daily El Watan (www.elwatan.com).

The Chinese presence in the Maghreb seems less reminiscent of a South-South cooperation strategy and more like the traditional economic relationships between developed and developing countries (manufactured goods in exchange for raw and unprocessed resources) as Lamido Sanusi (Governor of the Central Bank of Nigeria) bitterly complains in a recent issue of the *Financial Times* (Sanusi, 2013). If this is, indeed, the case, traditional partners of developing countries – such as those of the European Union – face even greater challenges. China would no longer be the *workshop of the world*, purchasing in Africa to feed the factories that developed countries relocated in China. Rather, China would be a competitor in sectors such as transportation and telecommunications – using the Maghreb as a springboard, first, to the African markets and then to Europe and the USA (Nicolas, 2010, p. 50; Schiere & Gu, 2011, p. 17; World Bank, 2008, pp. 25-34). China's expectations will be fuelled by the Maghreb countries' desire to increase their economic activities by fostering their relationships with China. In such circumstances, European Union might have to rebuild its political and economic partnership with Maghreb countries.

While defending its security interests and disseminating its model of democracy, the European Union has created a great opportunity for China to enter, without “conditionality”, the markets of the Maghreb. The enduring financial crisis has also created opportunities which Chinese companies are taking advantage of. China cannot simply be seen as a *white knight* lending a helping hand to its underdeveloped African *brethren* – because it has its own vested interests; that is protection of investment and trade opportunities. In this China is no different from European, Asian or American countries engaging with the continent. Protecting China's economic security (*weihu guojia jingji anquan*), by opening China up to the outside world, was the catchword of Jiang Zemin's report to the 16th Party Congress on 8 November 2002 (Renmin ribao, 2002). China has obviously successfully adopted this directive but, despite significant achievements, the future is not set yet. It should be noted that, firstly, the Arab Spring has reshuffled the cards (popular protests, new leaders, new ideologies...). And, secondly, there is a new focus on security issues (that is dealing with the threat of terrorist networks) which was adopted by the Arab Maghreb Union Foreign Ministers Council while meeting in Algiers on 9 July 2012. After the failure of the Barcelona Process, launched in 1995, and that of the Union for the Mediterranean in 2008, there might now be an opportunity for the European

Union to rebuild its partnership with the Maghreb¹⁸ — and better deal with Chinese economic competition.

The growing economic importance of China should not conceal the on-going economic and political importance of the Maghreb's (and to a larger extent Africa's) traditional partners — chiefly the European countries — which still generate most of Maghreb's foreign economic exchanges. At the same time this conjunction of circumstances stresses the complementarity of emerging partners such as China. Nevertheless, to increase its political influence China must be more willing to exert a leadership role, not solely to achieve its own economic objectives but to demonstrate its readiness to proactively engage in world affairs. This primarily means that China must give up its policy of alleged non-interference. Anyhow non-interference has proven to be interference as well. Leadership generates interference and conditionality, as well as governance — which is nothing more than a list of so-called best practices laid down by a state, a group of states, or an institution. As Professor Zhang Baohui stated it, China will not succeed in promoting its national interests if it continues to confine itself to confrontation with the European Union and the United States. Instead, a more sensible strategy for China would be the promotion of its national interests through cooperation (Zhang, 2004). Since 1998, the European Union's policy is to convince China that it can promote its legitimate interests through the current world system (CEC, 1998; EP, 2012). In Maghreb, seeking more actively enhanced cooperation with Maghreb traditional partners could not but assist in the strengthening of regional security and peace.

¹⁸ The Barcelona Process (or Euro-Mediterranean Partnership) is an initiative, which lays the foundations of a proposed new relationship between European Union, Mashriq and Maghreb. It was re-launched in 2008 as the Union for the Mediterranean (www.eeas.europa.eu/euromed/index_en.htm).

References

Accessibility to all electronic documents was verified on the 4th of October 2012 or later.

Aidoud, M. (1996). La création de zones franches en Algérie. *Revue internationale de droit comparé*, 48(3), 668-671.

Chima, O. (2013). Nigeria: Sanusi - China Is Major Contributor to Africa's De-Industrialisation. *allAfrica*, 13 March 2013, allafrica.com/stories/201303130168.html.

CEC [Commission of the European Communities]. 1998. Building a Comprehensive Partnership with China. COM(1998) 181 final. eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:1998:0181:FIN:EN:PDF.

Corkin, L. (2012). L'Exim Bank à Luanda : modèle angolais? *Revue Outre-Terre*, 30, 227-240.

Dzaka-Kikouta, Th. (2012). L'investissement chinois en Afrique centrale. *Revue Outre-Terre*, 30, 208-215.

El Watan. (2006, March 14). Elsecom signe un contrat de partenariat avec FAW. www.elwatan.com/archives/article.php?id=38181.

El Watan. (2008a, August 12). Une usine de montage de véhicules chinois en Algérie : Quand le foncier industriel fait défaut. www.elwatan.com/archives/article.php?id=101491.

El Watan. (2008b, December 4). Les Chinois fabriqueront la première voiture algérienne. www.elwatan.com/archives/article.php?id=110655.

El Watan. (2008c, December 7). Industrie automobile : La riche moisson chinoise en Algérie. www.elwatan.com/archives/article.php?id=110888.

El Watan. (2012a, March 21). Le géant chinois revient en Algérie : le «come-back» de FAW. www.elwatan.com/hebdo/auto/le-giant-Chinese-comeback-in-algerie-the-come-back-of-faw-21-03-2012-163626160.php.

El Watan. (2012b, April 25). Comment l'Algérie organise le transfert de ses richesses. www.elwatan.com/economie/comment-l-algerie-organize-the-transfer-of-his-wealths-25-04-2012-168197_111.php.

EP [European Parliament]. (2012). On EU-China relations. 10 December 2012, www.europarl.europa.eu/sides/getDoc.do?type=REPORT&reference=A7-2012-0434&language=EN.

JORA [Journal officiel de la République algérienne] (1993). Décret législatif n° 93-12 du 19 RabieEthani 1414 correspondant au 5 octobre 1993 relatif à la promotion de l'investissement. *Journal officiel de la République algérienne*, n° 32(64), 3-7.

JORA [Journal officiel de la République algérienne] (2001). Ordonnance n°01-03 du AouelJoumadaEthania 1422 correspondant au 20 août 2001 relative au développement de l'investissement. *Journal officiel de la République algérienne*, n° 40(47), 3-6.

JORA [Journal officiel de la République algérienne] (2005). Décret exécutif n° 05-271 du 18 Joumada Ethania 1426 correspondant au 25 juillet 2005 portant déclaration d'utilité publique l'opération portant réalisation de l'autoroute Est- Ouest. *Journal officiel de la République algérienne*, n° 53, 14.

MOFCOM (Ministry of Commerce). Duiwai zhijie touzi tongji gongbao [Statistical Communiqué of China's Outward Foreign Direct Investment], the eight communiqués (from 2003 to 2010) are available on MOFCOM website at various addresses.

MOFCOM (Ministry of Commerce). Jingwai touzi (jigou) minglü [On-line nominative list of the enterprises aiming at investing abroad]. wszw.hzs.mofcom.gov.cn/fecp/fem/corp/fem_cert_stat_view_list.jsp.

MOFCOM. (2011). A'erjiliya chengwei wo diyi da qiche chukou shichang [Algeria became China's first major auto export market]. xyf.mofcom.gov.cn/aarticle/h/201106/20110607592932.html

MOFCOM. (2012). Zhongguo fuwu maoyi tongji [Statistics of China Trade in Services]. tradeinservices.mofcom.gov.cn/a/2012-01-18/95917.shtml.

Nicolas, F. (2010). Le Maghreb dans son environnement régional et international: la présence chinoise et indienne au Maghreb, Paris: IFRI. www.ifri.org/downloads/noteocpfnicolas.pdf.

Pairault, Th. (2010). Les chiffres de l'investissement direct chinois en Afrique. *Dounia*, 3, 15-34.

Pairault, Th. (2012). L'investissement direct chinois en Afrique. *Revue Outre-Terre*, 30, 89-114.

Pairault, Th. (2013a). Les entreprises chinoises sous tutelle du gouvernement central et leur investissement direct à l'étranger. *Revue de la régulation* [en ligne], | 1^{er} semestre / Spring 2013 [forthcoming].

Pairault, Th. (2013b). Chinese direct investment in Africa: a state strategy? ». *Région et développement*, n° 37 [forthcoming].

Pairault, Th. (2013c). Economic relations between China and Maghreb countries. In Burnay, M., Defraigne, J.-C. and Wouters, J. EU-China and the World : Analyzing the relations with Developing and Emerging countries. Cheltenham (UK)/Northampton (USA), Edward Elgar Publishing [forthcoming].

Renmin ribao. (2002). Zai Zhongguo gongchandang di shiliu ci quanguo daibiao dahui shang de baogao (5) [Report to the Sixteenth National Congress of the Communist Party of China (5)], cpc.people.com.cn/GB/64162/64168/64569/65444/4429120.html.

Rogers, M. (2012). Investigative report on the U.S. National Security Issues Posed by Chinese Telecommunications Companies Huawei and ZTE, U.S. House of Representatives, Washington, October 8, 2012, [intelligence.house.gov/sites/intelligence.house.gov/files/documents/Huawei-ZTE Investigative Report \(FINAL\).pdf](http://intelligence.house.gov/sites/intelligence.house.gov/files/documents/Huawei-ZTE%20Investigative%20Report%20(FINAL).pdf).

Sanusi, L. (2013). Africa must get real about Chinese ties. Financial Times, 11 March 2013, www.ft.com/cms/s/0/562692b0-898c-11e2-ad3f-00144feabdc0.html#axzz2NakBiVXb

Schiere, R. & Gu, J. (2011). Post-Crisis Prospects for China-Africa Relations. Working Paper Series, n°124. African Development Bank Group.

UNCTAD. (2011a). Classification – SITC Revision 3 – UNCTAD Product groupings. unctadstat.unctad.org/UnctadStatMetadata/ClassificationsMethodology&Classifications.html.

UNCTAD. (2011b). Classification – SITC Revision 3 – UNCTAD Manufactured goods by degree of manufacturing. unctadstat.unctad.org/UnctadStatMetadata/ClassificationsMethodology&Classifications.html.

World Bank. (2008). Strengthening MENA's Trade and Investment Links with China and India, Washington, DC. siteresources.worldbank.org/INTMENA/Resources/MENA_India_Sept08.pdf.

World Bank. (2012). World Bank Listing of Ineligible Firms & Individuals. web.worldbank.org/external/default/main?contentMDK=64069844&menuPK=116730&pagePK=64148989&piPK=64148984&querycontentMDK=64069700&theSitePK=84266.

Zhang, B. 2004. American Hegemony and China's U.S. Policy. *Asian Perspective*, 28(3), 87-113.