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Insatiable Beijing scours the world for power and profit

As a voracious China scours the world for minerals, no regime is off limits

By Jane Macartney

THE Chinese Foreign Minister embarked yesterday on his first tour of a year in which he will rack up tens of thousands of air miles in pursuit of increasingly scarce natural resources to fuel the world's fastest growing large economy. Over the next ten days, Li Zhaoxing will regale the leaders of six African nations with his wit, humour and even perhaps his poetry as he seeks to consolidate relations in a continent where China's interests have become crucial to its economic might.

The Foreign Minister traditionally starts the year with a tour of Africa, not least because China is eager to court countries that have in the past recognised its bitter rival, Taiwan.

Beijing has also quietly revived the notion of Third World solidarity that dictated its support in the 1960s and 1970s for newly independent states and liberation movements across the continent.

But rather than competing for influence against old Cold War foes, China is now competing with Western businessmen for supply contracts, mineral sources and energy ventures to feed the voracious appetite of an economy growing at 10 per cent a year.

Only last week China's top offshore oil producer CNOOC agreed to pay \$2.3 billion (£1.3 billion) for a stake in a Nigerian oil and gas field — its largest overseas acquisition.

In Nigeria Mr Li will sign a memorandum of understanding on further economic co-operation. He will also visit Cape Verde, Senegal, Mali, Liberia and Libya.

Western rivals accuse China of doing deals with some thoroughly unsavoury regimes in its quest for natural resources. Chinese officials counter that Beijing's long-held policy is not to interfere in the affairs of others. It is a policy that has allowed China go to places such as Sudan, Burma and North Korea that are off-limits to many Western powers. Beijing notably rolled out the red carpet for President Mugabe of Zimbabwe last year.

Kong Quan, the Foreign Ministry spokesman, said: "China has always been opposed to some countries, people and organisations labelling other countries in this or that way."

China now obtains about 28 per cent of its oil imports from Africa — mainly Angola, Sudan and Congo. Chinese companies have snapped up offshore blocks in Angola, built pipelines in Sudan and have begun prospecting in Mali, Mauritania, Niger and Chad.

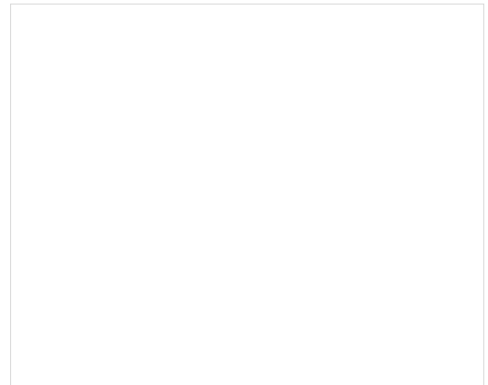
Chinese interests are not limited to energy. One of the biggest Chinese mining operations on the continent is the Chambishi copper mine in Zambia. In South Africa, China-controlled ASA Metals Ltd said last week that it wanted to triple output of ferrochrome — an alloy used in stainless steel to deter corrosion — by 2008. And Chinese investors are seeking nickel deposits in such fragile nations as Burundi.

Chinese-funded enterprises in Africa increased by 77 in 2004 to 715. The new companies invested \$135 million with plans for investment of \$432 million, a Chinese official said.

Trade has soared. Two-way trade leapt 39 per cent in the first ten months of last year to £18 billion. Exports totalled \$15.25 billion while imports reached \$16.92 billion. Between 2002 and 2003, trade soared by 50 per cent to \$18.5 billion — the fastest growth China has seen with any region.

Some African businessmen complain that China is flooding the continent with cheap goods and putting domestic manufacturers out of business.

To counter such criticisms, China ensures that its investments are accompanied by medical and other humanitarian aid, scholarships and generous construction projects. Chinese scholars bristle at suggestions that Beijing is mining the continent for resources



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