Arrighi on Sino-Sudanese relations: trade, investment and diplomacy in the twenty-first century

Benjamin A. Hale
Edith Cowan University

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‘Arrighi on Sino-Sudanese Relations: Trade, Investment and Diplomacy in the Twenty-First Century’

Benjamin Alexander Hale

G37- Bachelor of Arts

Faculty of Education and Arts

Edith Cowan University

Due date: 28th October, 2013
Abstract:

This research project will investigate the increasingly complex and dynamic relationship between China and Sudan from 1995 to the present within the context of Giovanni Arrighi’s understandings of World Systems Theory. In this project I will examine how the relationship between China and Sudan has manifested through trade, investment, and diplomacy since 1995. Further, this dissertation will situate Sino-Sudanese relations within the context of Giovanni Arrighi’s theories regarding the roles of China and Africa within the current world-system. As such, this study will ask how the relationship between China and Sudan reflects Arrighi’s arguments concerning core-periphery relations, declining US hegemony, the economic rise of China and its potential hegemonic challenge. In addition, the scope of this dissertation will include an examination of Sudan’s economic and political landscape prior to and after 1995, along with an overview of Arrighi’s work concerning China, Africa and Sino-African relations. Thus, this project will examine how Sino-Sudanese relations with respect to trade, investment, and diplomacy in the twenty-first century, reflect Arrighi’s understanding of the current world-system.
I certify that this thesis does not, to the best of my knowledge and belief:

i. incorporate without acknowledgment any material previously submitted for a degree or diploma in any institution of higher education;

ii. contain any material previously published or written by another person except where due reference is made in the text; or

iii. contain any defamatory material.
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### Acronyms

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<tr>
<th>Acronym</th>
<th>Full Form</th>
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<tbody>
<tr>
<td>CNPC</td>
<td>China National Petroleum Corporation</td>
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<tr>
<td>FDI</td>
<td>Foreign Direct Investment</td>
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<tr>
<td>FOCAC</td>
<td>Forum on China-Africa Cooperation</td>
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<tr>
<td>GNPOC</td>
<td>Greater Nile Petroleum Operating Company</td>
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<tr>
<td>IMF</td>
<td>International Monetary Fund</td>
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<tr>
<td>JEM</td>
<td>Justice and Equality Movement</td>
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<tr>
<td>PRC</td>
<td>People's Republic of China</td>
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<td>SAP</td>
<td>Structural Adjustment Programme</td>
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<td>SPLA</td>
<td>Sudan People's Liberation Army</td>
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<tr>
<td>UN</td>
<td>United Nations</td>
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<tr>
<td>UNAMID</td>
<td>African Union/United Nations Hybrid Operation on Darfur</td>
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<td>U.S. AFRICOM</td>
<td>United states Africa Command</td>
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Introduction
The phenomenal economic rise of China together with its growing presence in Africa has attracted much recent debate among international relations researchers and authors (Raine, 2009; Scott, 2008; Friedman, 2010; Hofstedt, 2009). China’s deepening relations with resource-rich African countries such as Sudan, despite their governments’ domestic repression, has led Western scholars such as Halper to argue that China’s global rise “poses the most serious challenge to the United States since… the Soviet Union” (2010, p. iii). Other authors such as Hanson (2008) note that Chinese engagement has increased political stability and economic growth in Africa, whilst creating infrastructure largely neglected by the West:

Africa registered 5.8 percent economic growth in 2007, its highest level ever, in part because of Chinese investment. Experts say the roads, bridges, and dams built by Chinese firms are low cost, good quality, and completed in a fraction of the time such projects usually take in Africa. (Hanson cited in Aseyehgn, 2009)

However China’s engagement with African countries varies greatly, and this dissertation will focus on their complex and multifaceted relationship with Sudan, exploring its manifestations in trade, investment and diplomacy. The diplomatic dimensions of this relationship includes high-level diplomatic meetings, solidarity between the countries' political representatives at the UN, and political engagement at China-Africa institutions such as the Forum on China-Africa Cooperation (FOCAC). Economic relations between China and Sudan include bilateral trade agreements, Chinese-funded low-interest loans and infrastructure packages, Chinese investment in Sudan’s oil and armaments industry, and Sudan’s importation of Chinese foodstuffs, technology and manufactured goods. Importantly this thesis will situate Sino-Sudanese relations within the context of Giovanni Arrighi’s understandings of the roles of China and Africa in the current world-system.

This dissertation will use various terms specific to Arrighi’s theoretical perspective, such as ‘world-system’, ‘core-periphery relations’ and ‘hegemony’. The term ‘world-system’ refers to the primary unit of analysis within World Systems Theory: an international socioeconomic system with “a single division of labor and multiple cultural systems” (Wallerstein, 1974, p. 390). The division of labour within this system divides the world into three groupings of countries: the economically dynamic industrialised ‘core’ countries; the economically dependent ‘peripheral’ countries; and
the transitional ‘semi-peripheral’ countries. ‘Core-periphery relations’ refers to the asymmetrical relationship between ‘core’ and ‘peripheral’ countries, resulting from unequal terms of trade between developed and developing countries which disadvantage those specialising in primary commodities” (Chase-Dunn & Rubinson, 1991, p. 43). Furthermore, following from Gramsci, the term hegemony refers to a state’s ability to not only dominate antagonists, but to convince aligned groups that its leadership is legitimate and mutually beneficial (Arrighi & Silver, 1999, p. 26). ¹

**Research Aims and Questions**

The overarching objective of this project is to systematically survey the literature regarding Sino-Sudanese relations since 1995, and how this reflects Giovanni Arrighi’s understandings of the current world-system. As such, this thesis will outline Arrighi’s theoretical perspectives on China, Africa, and the modern world-system, and assess how well this framework describes Sino-Sudanese relations. This study will be guided by two overarching primary research questions:

1. How has the relationship between China and Sudan manifested through trade, investment, and diplomacy since the year 1995?
2. How does this relationship reflect Giovanni Arrighi’s understandings of the current world-system?

Furthermore, as Arrighi’s interpretation of World Systems Theory places relations between China and Africa within the wider context of core-periphery relations and hegemonic transition and crises, this study will also consider what insights Sino-Sudanese relations provide regarding declining US influence in Africa, the economic rise of China and its potential hegemonic challenge.

This dissertation argues that the relationship between China and Sudan is deeply unequal, despite leverage afforded to both Sudan and South Sudan by China’s heavy oil infrastructure investment and extensive provision of loans, and is therefore typical of core-periphery relations. It is advanced that Chinese aid, infrastructure and investment in Sudan and South Sudan are primarily motivated by securing oil, and the terms of

¹ As Arrighi notes “hegemony is… the additional power that accrues to a dominant group by virtue of its capacity to lead society in a direction that not only serves the dominant group’s interests, but is also perceived by subordinate groups as serving a more general interest” (Arrighi & Silver, 1999, p. 26).
trade remain disadvantageous to Sudanese interests. Furthermore, this paper maintains that by economically and diplomatically supporting a pariah state such as Sudan, China is challenging US hegemony and the international norms which underwrite this privileged position. In addition, I will argue that China’s support of Sudan is representative of the growing relationship between China and the global South, which challenges US hegemony by reversing the outcome of the African debt crisis’ of the 1980s and the detrimental impacts of IMF Structural Adjustment Policies. However, this thesis will also argue that Chinese engagement with Africa is also changing as China finds its stance of non-interference in other states’ affairs increasingly untenable, given its deepening involvement in the continent and the growing expectation that it will behave ‘responsibly’.

This thesis will first review the literature regarding Sudan and Sino-Sudanese relations, then detail Arrighi’s theoretical perspectives on World-Systems Theory, China and Africa (Chapter One). It will then survey the general literature on Sino-African relations, and briefly examine China’s overall interests in Africa and the trends characterising their continental engagement (Chapter Two). The following chapter (Chapter Three) will specifically identify the key facets of China’s relationship with Sudan relating to trade, aid and diplomacy and how this relationship reflects wider Sino-African relations. This thesis will then explore how the manifestations of Sino-Sudanese relations reflect China’s power ambitions and conform to or vary from Arrighi’s understandings of the modern World-System.

**Methodology**

In this dissertation I will employ an interpretative methodological model which uses both historical and theoretical reasoning to examine Sino-Sudanese relations since 1995. Morehouse argues that interpretative inquiry is the study of human actions and practices “acting in and with others in the world” (2012, p. 3). In addition, Morehouse argues that an interpretative model can utilise both quantitative and qualitative inquiry so long as they work together in a logically coherent way which enhances understanding (2012, p. 4). Thus, an interpretative methodology enables the utilisation of qualitative information when there is a paucity of quantitative data, such as that concerning the secretive Sino-Sudanese arms trade. In addition, I will employ historical research methods, including a comprehensive survey of available primary research and historiographical discussion.
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and a critical examination and careful interpretation of source documents to ensure authenticity and provenance. This is critical due to the bias against Chinese involvement with Khartoum in Western and South Sudanese sources.

The analytical framework used herein examines how states, people and society operate, interpretatively synthesising relevant information through historical and theoretical reasoning. Arnold argues that historians “get it ‘wrong’ because we cannot always agree with each other…[however], we try to stick to what we think the evidence actually says, to search out all the available material, to understand fully what is happening, and we never fabricate ‘the facts’”. (Arnold, 2000, p. 12). This approach is useful as I employ factually based historical reasoning to determine the most plausible interpretations of how China and Sudan have interacted through trade, investment, and diplomacy. This is consistent with World System Theorists such as Wallerstein and Arrighi who argue that theoretical understandings must be based on historical interpretation, and that World-Systems Theory transcends the limited perspectives and scope of other models (Wallerstein, 1974).
Chapter One: Literature and Theory

Literature on Sudan

China’s engagement with African countries has generated much recent interest and an expansive body of international relations literature regarding the relationship. By comparison the body of literature analysing Sudanese society, from its pre-colonial history through to its independence in 1956 and the secession of South Sudan in 2012, is relatively small but diverse.

Following decades of British rule over Southern and Northern Sudan, independence was granted to Sudan in 1956 as a single national administration dominated by Northern Sudanese officials (Johnson, 1988, p. 4). Ethnic and religious tensions between Sudan’s Northern and Southern territories soon resulted in two civil wars, one fought primarily between Southern Sudanese militia and the Sudanese military from 1962 to 1972, and another from 1983 to 2002 between the Southern SPLM/A and government forces and allied Arab militia (Chapman, 2008; Flint and de Waal, 2008). During these periods Sudan was ruled by a series of military regimes and unstable, factionally divided democratic governments unable to effectively combat the Southern forces (Chapman, 2008). Colonel Oamr al-Bashir’s current Sudanese administration was established by a coup d’état on 30 June 1989, providing him with unfettered legislative powers and heralding a national divide-and-rule strategy that used Arab militias to repress insurgencies in troubled regions such as Darfur (Collins, 2008).

The role of successive Northern governments in provoking conflict and escalating the two Sudanese civil wars has been explored in the following texts; Johnson, “The Southern Sudan” (1988); Verney, “Sudan: Conflict and minorities” (1995); Adar, “A state under siege: The internationalization of the Sudanese civil war” (1998); and Burr & Collins, Revolutionary Sudan: Hasan al-Turabi and the Islamist state, 1989-2000 (2003). These texts are acutely critical of the Khartoum governments’ ‘aggressive’ behaviour during the civil wars, detailing the Northern regimes’ persecution of minority groups and violations of human rights, and international reactions to these offences (Verney, 1995). Furthermore, Adar (1994), Verney (1995), Burr and Collins (2003) are especially critical of the role Al Bashir’s government played in deliberately intensifying the North-South conflict in 1989, and the administration’s policies of ‘Arabisation’ and
‘Islamisation’ which provoked unrest among the non-Arab Southerners and Nuba peoples (Adar, 1994, p. 44).

Although the SPLM/A and Al Bashir’s government formally ended the war in 2005, the government’s systematic neglect of deteriorating humanitarian conditions in Darfur soon led to insurrection there and its subsequent repression by Khartoum. As the conflict in Darfur garnered increasing international attention, many texts analysing the origins of the conflict emerged, along with re-evaluations of the Sudanese civil wars. This includes texts such as Reid, *Frontiers of Violence in North-East Africa: Genealogies of conflict since 1800* (2011); Flint & De Waal, *Darfur: A new history of a long war* (2008); Collins, *A History of Modern Sudan* (2008); and Chapman, “Why a minority rights approach to conflict? The case of Southern Sudan” (2008). These texts generally view the Sudanese Civil War and conflict in Darfur as the culmination of heightened political and economic distress, stemming from Khartoum’s social and ethnic marginalisation of groups in its remote provinces. As such, these conflicts are also viewed as the expression of long-standing tensions between North and South Sudan, and central government versus peripheral autonomy, originating between 200 and 400 years ago (Reid, 2011, p. 249). In addition, texts such as: International Crisis Group, *God, oil and country: Changing the logic of war in Sudan* (2002); Chapman, “Why a minority rights approach to conflict? The case of Southern Sudan” (2008); and Simmons & Dixon, *Peace by Piece: addressing Sudan’s conflicts* (2006). These provide comprehensive analyses of the factors underlying the conflicts and preventing lasting peace, including regional underdevelopment, unequal allocation of resources, and the ethnic and religious grievances resulting from successive conflicts fought along ethnic/religious fault-lines (Chapman, 2008, p. 5).

Modern Sudan is typically characterised as a failing state, lacking the capacity to effectively govern its remote provinces and provide basic utilities for much of the population⁵. Although in the early 1970s Sudan was considered the ‘bread basket of the Arab world’, the adoption of counterproductive economic policies in line with stringent World Bank and later IMF conditions has resulted in “more scarcity, skyrocketing inflation rates, huge budget and balance of payment deficits, economic stagnation and

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⁵ Sudan scoring an ‘alarming’ 21.5 on the 2012 Global Hunger Index (International Food Policy Research Institution, 2012)
widespread poverty” (Maharam cited in Elhadary and Samat, 2012, p. 214). The impacts of Sudan’s failed developmental policies are examined in studies such as: Abdalla, “Poverty and inequality in urban Sudan: Policies institutions and governance” (2008); Elhadary & Samat, “Political Economy and Urban poverty in the Developing Countries: Lessons learned from Sudan and Malaysia” (2012); and Gibbon, *The World Bank and African poverty* (1992).

The secession of South Sudan from Sudan in 2011, under the leadership of former SPLM/A leader Salva Kiir Mayardit, has also fundamentally changed the political and economic landscape of Sudan. The United States Institute of Peace’s *More than a Lind: Sudan’s North-South Border* (2010) usefully analysed the pre-secession tensions between Khartoum and the Southern administration, and their competing claims over resources such as gold, agricultural schemes, and oil fields in border areas like Heglig. Furthermore, the text by Matthew B. Arnold & Chris Alden “‘This gun is our food’: Disarming the White Army militias of South Sudan” (2007) is also relevant in its analysis of the factors preventing lasting peace and stability in the South, including the strong “proclivity of southern communities towards blood feuding and cattle raiding… [and] the continuing fluidity of the Ethiopia-Sudan border…[which is] problematic given the prevalence of armed groups and armaments on the Ethiopian side” (p. 381). In addition, after the secession of the South these tensions and drivers are further examined within the context of ongoing border conflict in articles such as Sarwar, “Post-Independence South Sudan: an era of hope and challenges” (2012), and *Sudan: Staff report for the 2012 article IV consultation* (International Monetary Fund, 2012).

**Literature on China in Sudan**

Literature about Sino-Sudanese relations is limited prior to the early 1990s, although a small body of literature developed including authors such as Larkin who described the relationship as diplomatically ‘correct’ but characterised by limited economic engagement3 (Larkin, 1971, p. 174). However, international concerns over China’s growing engagement with Sudan from 1995 onwards has resulted in a growing body of literature dedicated to analysing Sino-Sudanese relations. This body of literature includes texts by international human rights watchdogs, such as Human Rights Watch’s

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3 It should be noted, however, that limited economic and diplomatic relations were representative of general Sino-Sudanese relations at this time (Larkin, 1971, p. 174).
Sudan, oil, and human rights (2003), which criticises China’s involvement with the Sudanese regime, claiming linkages between Chinese investment in Sudan’s oil industry and Chinese arms sales to Khartoum. Influential Sudan analyst, Daniel Large also wrote a host of texts critical of China’s non-interference policy in Sudan, but acknowledged that China’s foreign policy is slowly being forced to change from one of ‘impartiality’ into a more active mediator role. These texts include “China and the changing context of development in Sudan” (2007), “China and the contradictions of ‘non-interference’ in Sudan” (2008), and “China’s Sudan engagement: Changing northern and southern political trajectories in peace and war” (2009).

In addition, papers such as Lee, Chan & Chan, “China in Darfur: Humanitarian rule-maker or rule-taker?” (2011), and Shinn, “China and the Conflict in Darfur” (2009) critically evaluate the impacts of Chinese involvement with Khartoum in relation to the Darfur conflict. These papers note that China assisted Khartoum’s escalation of the conflict through the provision of tanks, fighter aircraft and small arms, the establishment of domestic Sudanese arms production, and economic support through trade and investment. Eric Reeves is another important source of information regarding Sino-Sudanese relations, his work comprising fourteen years of extensive publication of analysis on Sudan. Texts by Reeves such as “China in Sudan: Underwriting genocide” (2006) are damningly critical of China’s involvement with Khartoum, noting that China’s “uncompromising and unqualified support for the regime at the UN Security Council” prevents a workable solution to the Darfur conflict and prevents regime change, whilst its role in expanding military infrastructure has assisted the escalation of conflict (Reeves, 2006).

Furthermore, there are a small number of texts which seek to evaluate China’s relationship with Sudan in the context of China’s relationship with other African countries. Ali Zafar’s text “The growing relationship between China and Sub-Saharan Africa: Macroeconomic, trade, investment, and aid links” (2007) compares Chinese involvement in various Sub-Saharan countries, noting that China’s overall impact was beneficial for “Oil exporters and resource-rich countries, like Angola, Gabon, and Sudan, and base metal exporters, such as Mauritania” (p. 111-112). Further texts examining Sino-Sudanese relations in comparative perspective include: Carmody & Taylor, “Flexigemony and force in China’s resource diplomacy in Africa: Sudan and
Zambia compared” (2010); Jackson, “Comparative Diplomacy: Chinese Relations with Sudan and Angola, 1959-2009” (2009); and “China’s Charm Offensive and Peacekeeping: The lessons of Cambodia – what now for Sudan?” (Hirono, 2011). Carmody and Taylor (2010) argue that China’s adaptation of their foreign policies to suit the ‘histories and geographies’ of individual states such as Sudan and Zambia has been highly successful in establishing China as an influential actor in Sub-saharan Africa. Jackson (2009) compares Sino-Sudanese and Sino-Angolan diplomacy, noting China’s increasing focus on infrastructure projects in the two countries, especially those facilitating petroleum production. Meanwhile, Hirono (2011) compares China’s economic, diplomatic and peacekeeping behaviour in Sudan and Cambodia, noting that China’s “pure state-centric approach fails to consider other important actors in the region of Darfur”, alienating locals and undermining China’s peacekeeping presence (Hirono, 2011, p. 338).

Due to the limited academic literature analysing Sino-Sudanese relations, this dissertation draws from other resources such as Chinese and Sudanese government agency reports and government-sponsored media. China’s Energy Information Administration, Ministry of Commerce, and the Ministry of Foreign Affairs provide valuable raw data concerning China’s economic engagement with Sudan. However, the accuracy of information offered by China’s state organs is dubious at best considering the extent of corruption and misinformation fostered by the CCP. Furthermore, there is a paucity of official data from China regarding trade with African countries such as Sudan, due to both a lack of transparency and Sudan’s status as a pariah state. Prominent Chinese news agencies including Xinhua, the People’s Daily, and China Daily, provide regular reports on diplomatic and economic relations between China and Sudan. However, Hassid argues that nominally independent news agencies operating within China are subject to censorship, monetary controls and overt coercion, whilst news agencies abroad such as South China Morning Post are increasingly pro-Beijing as a result of self-censorship (2008, p. 414). Furthermore, although data from the Central Bank of Sudan is highly suspicious, independent newspapers such as the Sudan Tribune, Sudan Vision, and New Sudan Vision, and the website for the Government of the Republic of South Sudan, are valuable sources of information.

Authors such as Jean-Francois Tremblay (2010) and Junguo and Hong (2009) have noted that “statistical corruption has been found in China for years” (2009, p. 675)
Although China’s pursuit of relations with the newly independent Republic of South Sudan sorely lacks literature, *China’s New Courtship in South Sudan* (2012) by the International Crisis Group provides an indispensable examination of these relations. Additional literature exploring the relationship between China and African countries is explored in chapter 2.

**Theoretical Framework**

The theoretical framework this dissertation employs is a political economy drawing on Giovanni Arrighi’s interpretation of World-Systems Theory, specifically in relation to the modern world-system. World-Systems theorists such as Wallerstein and Arrighi argue that the development of capitalism fundamentally re-structured the relationship between capital and the state, institutionally separating economics from politics whilst naturalising the ‘logic’ of capitalism (Teschke and Lacher, 2010). Although state decisions may disadvantage certain elements of the capitalist class, the state generally promotes the interests of capital-as-a-class by fostering the conditions necessary for economic growth, maintaining socio-political order, and promoting the interests of national capital in relation to other states (Chase-Dunn & Rubinson, 1991, p. 29). Furthermore, the needs of the state remain aligned with those of capital-as-a-class because of the state’s dependency on taxation revenue, the naturalisation of capitalist ideological discourse, and the institutional fostering of class consciousness (i.e. through education, professional networks, and leisure (Callinicos, 2010, p. 22; Davidson, 2010, p. 84). However, in states such as China and Sudan capitalism has not yet fully restructured the state-capital relationship, resulting in both shared personnel between state and capital, and significant interpenetration of state/capital interests. The Chinese state is still active in establishing a capitalist class, with many CCP members using state resources to establish themselves in private industry, whilst State-Owned Enterprises (SOEs) operate as private enterprises (Arrighi, 2007). However, it should be noted that sections of capital also operate independently of central state policy and that there is factionalisation within the Chinese state. Furthermore, although China’s SOEs are bound to operate in the ‘national interest’, China’s oversight agencies lack direct authority over overseas SOEs, so “Chinese companies at times operate as much from transnational commercial imperatives as from national political reasons” (Scott, 2008, p. 65).
World-Systems Theory is rooted in the Leninist analysis of imperialism, which argues that finance capital dominates industrial capital within developed countries and subsequently, as a result of the law of uneven development, developed countries “exploit… cheap labour and resources from the developing countries at the periphery of market interactions” (Isaak, 1991, p. 22). As such, World-Systems Theory proposes that the world is characterised by a global system “with a single division of labour and multiple cultural systems forming an international hierarchy in the ceaseless struggling of states and classes” divided into ‘core’, ‘ peripheral’ and ‘semi-peripheral’ countries according to the division of labour (Isaak, 1991, p. 23; Wallerstein, 1980). In addition, World-Systems theorists argue that dependent economic elites may rise to power in peripheral states who facilitate exploitation of their nation by core states, for their mutual benefit (Hahn, 2008, p. 148). Chase-Dunn and Rubinson further expand on this noting that “power block[s]… [in peripheral countries] based on an economic elite whose predominant interests have been tied to the needs of core capital” have emerged alongside power blocks in core countries “based on an alliance between manufacturing and commercial interests” (Chase-Dunn & Rubinson, 1991, p. 38).

Correspondingly, Arrighi argues that the dynamism of the core results from its dominant position over peripheral countries, as the asymmetrical exchange of commodities between core and peripheral countries transfers social surplus from the periphery to the core (Arrighi & Silver, 1999). As World-Systems theory is concerned with the interaction between groupings of capital and the state in ‘core’, ‘ peripheral’, and ‘semi-peripheral’ countries, it is especially well-suited to analysing Sino-Sudanese relations as “the outcomes of China’s involvement in Africa will primarily be shaped by state-capital dynamics” (Power and Mihan, 2010, p. 474).

Additionally, Arrighi argues that historically the capitalist world-system has been dominated by a series of hegemons, including the Netherlands, Britain and the United States. Following from Gramsci, hegemony differs from sheer coercive domination in that it consists of both domination of antagonistic groups and leadership of allied groups:

[As such] hegemony is the additional power that accrues to a dominant group by virtue of its capacity to lead society in a direction that not only serves the dominant group’s interests but is also perceived by subordinate groups as serving a more general interest… If subordinate groups have
confidence in their rulers, systems of domination can be run without resort to coercion. (Arrighi, 2005, p. 32)

Further, Arrighi notes that during periods of hegemonic transition “intensifying interstate and interenterprise competition interacts with... increasingly dysfunctional social conflict, leading to periods of systemwide rebellions, state breakdowns and revolutions” (Silver & Slater, 1999, p. 151-152). According to Arrighi, hegemonic transition between Britain and America began with the Great Depression of 1873-1896, and continued throughout two world wars and the Great Depression of the 1930s (Arrighi, 2005, p. 102). Following this, the post-war financial structures established at Bretton Woods such as the International Monetary Fund (IMF), General Agreement on Tariffs and Trade (GATT) and the International Bank for Reconstruction and Development (IBRD), along with the gold-dollar exchange standard, institutionalised American hegemony. As such, American hegemony was institutionally underpinned by both Western predominance in the United Nations and control of the global economy’s most powerful institutions, the IMF and World Bank (Silver & Slater, 1999, p. 210). Furthermore, the promotion of Keynesian macroeconomic measures backed-up by US power and prestige “in the form of military governments in the defeated countries and Marshall Plan aid for the Allies” (Silver & Slater, 1999, p. 205) pushed Third World countries to undertake nation-building programmes.

However, Arrighi argues that America entered a hegemonic crisis from the late 1960s as failure in the Vietnam War, widespread anti-systemic politics, and a growing financial crisis undermined America’s ability to either lead or coerce other states. (Arrighi, 2005; Arrighi, 2010). As this crisis states improved their economic and diplomatic power relative to the West – further undermining American hegemony and creating “simultaneously a crisis of profitability and of legitimacy” (Arrighi, 2002, p. 17). In 1979 the United States responded to this hegemonic crisis through the introduction of neoliberal policies in American and global financial institutions, which redirected capital flows back into America. The consequences of these policies included “a severe contraction in money supply, higher interest rates, lower taxes for the wealthy, and virtually unrestricted freedom of action for capitalist enterprise” (Arrighi, Silver & Brewer, 2003, p. 20). However, although this response stalled US hegemonic decline it produced a global recession by increasing interest rates, thus raising the debt-burden on loan-dependant developing states (Arrighi, 2002, p. 33). These policies culminated in a
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‘debt crisis’ among many third world countries, forcing them to acquire emergency IMF loans under new neo-liberal pre-conditions such as dismantling industrial protections, replacing public with private enterprises and devaluing local currency (Arrighi, 2002, p. 7). The results of these ‘structural adjustment programs’ included declining economic growth, widespread unplanned urbanisation, increased corruption, escalating social and economic inequality, and loss of domestic industries in African countries such as Sudan, whose pastoral economy was severely damaged (Elhadary & Samat, 2012, p. 214).

The policies pursued by the US treasury, World Bank and IMF were instrumental in re-establishing the conditions for capital accumulation, restoring American wealth, power and prestige and rolling back Third World power (Arrighi, 2005, p. 20; Hahn, 2008, p. 144). However, Arrighi argues that this revival in US wealth and power accompanied the ‘financialisation’ of capital, or the “systemwide shift away from investment in trade and production and toward financial speculation and intermediation” (Silver & Arrighi, 2011, p. 54). Thus, although the 1980s and 1990s are characterised as an American ‘belle époque’, Arrighi argues that financialisation of the US economy during this period signalled a mounting crisis in American hegemony (Arrighi & Silver, 1999, p. 272; Arrighi, 2005). Furthermore, Arrighi argues that this crisis only deepened following the US unilateral decision to invade Iraq, which not only jeopardised the credibility of US military might5 and its capacity to lead, but “further undermined the centrality of the United States and the US dollar in the global political economy” (Arrighi, 2005, p. 1). Whereas the Vietnam war created the ‘signal’ crisis of US hegemony, Arrighi argues that the failed US attempt to dominate global oil supplies through its invasion of Iraq signalled the ‘terminal’ crisis, noting that “the Bush Administration’s bid for global supremacy is most likely to go down in history as one of the several ‘bubbles’ to have punctuated the terminal crisis of US hegemony” (Arrighi, 2005, p. 80). In addition, the US occupation of Iraq has also strengthened Chinese leadership as a credible alternative to US hegemony, as Arrighi notes “while the US was bogged down in Iraq, China continued to grow at a rapid pace, acquiring financial...

5 The restructuring of the US military following the Vietnam war in combination with significant technological improvements in US armaments transformed the US military into a far more efficient fighting force by 2003. Thus, the US failure to overcome local resistance in Iraq, despite a much greater disparity of forces between the US and local militia “definitively confirmed the earlier verdict of the Vietnam War- that is, that the Western superiority of force has reached its limits and shows strong tendencies towards implosion” (Arrighi, 2007, p. 9; Arrighi, 2005).
reserves and friends throughout the world as quickly as the United States was losing them” (Arrighi, 2010, p. 385).

Arrighi also contends that the Iraq debacle, in combination with “China’s spectacular economic advance since the 1990s,” has increased “the probability that we will witness the formation of an East Asian-centered world-market society” (Arrighi, 2007, p. 8, 7). Following the adoption of an ‘open door’ policy to international investment and trade in the 1970s China has emerged as a rising economic power with an average annual growth rate of around 10% over the last 30 years and an economy second only in size to America (Marks, 2010). Furthermore, data from UNCTAD (2008) shows that China attracted US$92.4 billion in FDI in 2008 alone whilst also increasing outward foreign direct investment by almost 55 percent a year between 2002-2007 (Sae, 2011, p. 162, 167). As such, Harvey argues that China, with its focus on ‘long-term infrastructure investment’ seems the most promising location for a successful ‘spatio-temporal fix’ to the over-accumulation crisis, that is, for absorbing over-accumulated capital:

> Since 1998, the Chinese have sought to absorb their vast labour surpluses... by debt-financed investment in huge mega-projects that dwarf the already huge Three Gorges dam... This effort...has the potential to absorb surpluses of capital for several years to come. (Arrighi, 2005, p. 39)

The global implications of this ‘spatial fix’ include a major shift of the global economy’s centre of gravity from North America to East Asia, and China’s displacement of the US as the regional hegemon (Arrighi, 2005; Arrighi, 2001; Hahn, 2008). In addition, China is also challenging US hegemony by promoting its increasingly strong yuan as an alternative to the US dollar in oil transactions, as Winter

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6 Following the end of the cold war and the transformation of the Organisation of African Unity into the African Union (AU), China aligned itself with the AU in rebuilding infrastructure in war-torn countries such as Angola and the Democratic Republic of Congo. In fact, Campbell notes that “the historic meeting between the Chinese leaders and representatives of 48 governments in Africa took place in the Chinese capital in November 2006, at the same time that USA was bogged down in a fiasco in Iraq” (2008, p. 92).

7 As a result of the intensification of competition across the globe, successful capital accumulation tends to undermine the “monopolistic privileges attached to specific locations”, thereby causing capital to accumulate “over and above what can be profitably reinvested in the production and exchange of commodities within existing territorial systems” (Arrighi, 2005, p. 36). The opening up of new spaces for capital accumulation temporarily ‘fixes’ this crisis through absorbing surplus capital.
Chinese yuan... more than 5 million barrels per day [are] traded in yuan rather than U.S. dollars” (Winter, 2013). China is also challenging US hegemony through its aggressive pursuit of energy deals in the Middle East with major energy producing countries, as Campbell notes “Saudi Arabia and small Gulf States such as Iran, are independently shifting the oil trade to China away from the US” (2008, p. 97).

China has also been incredibly successful in establishing good relations with African countries based on ‘mutual’ economic gain resulting in a booming trade between China and Africa8. Whereas America has a tarnished reputation in many parts of Africa due to the negative impacts of US-backed policies, China is widely perceived as a peaceful rising power “trying its best to please, assist, [and] accommodate its neighbours” (Perlez cited in Arrighi, 2005, p. 77)9. In addition, as a result of the popularity of China’s interest-free long-term loans and lack of conditionalities (except for recognising the ‘one-China’ principle), African leaders are increasingly looking to China for “trade, aid and political alliances, shaking up the continent’s historical links” and undermining US hegemony (Arrighi, Silver & Brewer, 2003, p. 78). China’s provision of loans with few political conditions and interest in developing African infrastructure has also decreased third world debt and consequently reduced the capacity of the IMF and other Northern-controlled financial institutions to influence global economic policy (Arrighi, 2007, p. 382)10.

The importance China has placed on enhancing South-South co-operation through trade, investment and diplomacy is also an integral part of what authors such as Taylor view as a concerted and sustained effort by China over the past 50 years to “contain the influence of hegemonic powers and also to carve out a rightful place for China in the world” (cited in Power and Mohan, 2010, p. 477). As such, China has played a leading

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8 “In 2003 alone, China-Africa trade increased nearly 50 percent to $18.5 billion” (Arrighi, 2005, p. 78)
9 “In the 2007 Pew Global Attitudes Survey... respondents in ten African countries expressed far more favourable attitudes towards China than they did towards the United States” (Jacques, 2009, p. 332)
10 Commentators such as Jacques have noted that “China’s arrival as an alternative source of trade, aid and investment has created a competitive environment for African states... [and broken dependency] on Western nations, the IMF and the World Bank” (2009, p. 327).
role in redirecting the world’s surplus from the US financial ‘entrepot’ to other Southern destinations through trade and aid, thereby undermining US hegemony (Arrighi, 2007, p. 382). 11 Deepening Chinese relations with African regimes condemned by the US and Western nations in the UN, such as Sudan, also weakens America’s coercive power and undermines its capacity to rule and lead, which has already declined following the US occupation of Iraq (Arrighi, 2005). However, it should also be noted that China only indirectly challenges US hegemony as Chinese economic growth and hence the survival of the CCP is deeply dependent on both US support for China’s economic growth and access to the US export market (Shirk, 2008, p. 28). As such, Arrighi’s understandings of China and Africa in the current world-system positions Sino-Sudanese engagement within the context of declining American hegemony, rising Chinese power, and the legacy of US neoliberal reform on African economic development. Thus, this theoretical framework is well-suited to an analysis of Sino-African relations, as Sudan was also subjected to IMF structural adjustment but rejected it in favour of its own programme largely financed by Chinese capital (Elhadary & Samat, 2012, p. 214).

11 South-South flows increased from $4.6 billion in 1994 to an average of $54.4 billion between 1997 and 2000 (Aseyehgn, 2009).
Chapter Two: China and Africa

This chapter situates Sino-Sudanese relations within the wider context of Sino-African relations, analysing China’s general motivations for expanding its engagement with the continent. Furthermore, this chapter will consider what insights Sino-African relations provide regarding core-periphery relations and the themes of declining US hegemony, the economic rise of China and its potential hegemonic challenge. Thus, this chapter’s analysis of the China-Africa relationship integrated into Arrighi’s interpretation of World-Systems Theory provides the backdrop to Sino-Sudanese relations which will be explored in chapters 3 and 4.

Literature on China and Africa

In describing the changing relationship between China and Africa Campbell (2008) quotes Gramsci, ‘the old is dying yet the new is yet to be born’, noting that “Chinese relations with Africa combine elements of the old (extraction of raw materials), yet the experience of transformation in China ensues that there are many positive and negative lessons to be learnt” (p. 89). Since the early establishment of Sino-African relations in the late 1950s, China has developed from marginal actor to influential player on the continent. Official Chinese Communist Party (CCP) documents divide economic and trading relations with Africa into three distinct periods: 1949-1978, 1979-1994, and 1995 to the present, with the emphasis shifting from ideological and diplomatic engagement to more pragmatic economic and commercial interests (Campbell, 2008, p. 93). Although literature on Sino-African relations during the 1990s was extremely scarce, China’s sustained economic growth and its deepening engagement with Africa has spurred a proliferation of analyses of China’s motivations and impacts on the continent (Large, 2008). The expanding literature on Sino-African relations reflects some concerns regarding this deepening engagement, ranging from “control over energy resources to exploitive economic practices and support of rogue or corrupt regimes, perpetuating instability and undermining international pressure for reform” (Hofstedt, 2009, p. 79).

Many Western commentators and analysts such as Pant (2008), Halper (2010) and Scott (2008) are critical of Chinese involvement in African countries, labelling Chinese foreign policy self-serving and neo-colonialist, and Sino-African economic relations as
fundamentally unequal. These authors also argue that China promotes harmful environmental practices, fosters corruption, and undermines IMF efforts to enhance transparency and combat poverty. However, many Africans view China favourably compared to the US and, given the failure of the IMF’s Structural Adjustment Programs, view China’s state-supported model of growth as an attractive alternative to neo-liberal policy prescriptions (Jacques, 2009). Relatively even-handed analyses of Sino-African diplomatic and economic engagement include texts such as: Raine, China’s African Challenges (2009); Jakobson, “China’s Diplomacy toward Africa: Drivers and constraints” (2009); Alden, China in Africa (2007); Power and Mohan, “Towards a Critical Geopolitics of China’s Engagement with African Development” (2010); and Tull “China’s engagement in Africa: scope, significance and consequences” (2006). In addition, given the importance of energy security to the CCP, some texts deal specifically with China’s energy relations with African countries such as: Currier and Dorraj, “China’s energy relations with the developing world” (2011); Hanson, “China, Africa, and Oil” (2008); and Hong, “China’s energy relations with Africa” (2011). These texts generally view energy concerns as determinative in China’s Africa strategy, although “Chinese interest in Africa extends beyond oil… [to] non-oil commodities such as timber, copper, and diamonds” along with expanding trade (Hanson, 2008, p. 2).

Many texts analysing Sino-African relations are directly situated within the context of declining American hegemony and rising Chinese power, such as: Yi-Chong, “China and the United States in Africa: Coming conflict or commercial coexistence?” (2008); Bachman, “‘Kick down the door, clean up the mess, and rebuild the house’- the Africa Command and transformation of the US military” (2010); Birchmeier, “China in Africa: Implications for the United States” (2010); Campbell, “China in Africa: Challenging US global hegemony” (2008); Foot and Walter, China, the United States, and Global Order (2011); and Hofstedt “China in Africa: An AFRICOM response” (2009). These texts analyse the consequences of deepening Sino-African relations for the US and generally argue that, though China poses no military threat, its expanding economic and diplomatic engagement undermine American influence. Critical interpretations of China as a neo-colonialist power, or as a competitor with domestic African industry which undermines development, also abound among Western commentators such as Pant (2008), Halper (2010) and Scott (2008). However, articles such as Marks, Chinese and African Perspectives on China in Africa (2010), reflect positive African perspectives on
Sino-African relations, whilst commentary such as Friedman, “How economic superpower China could transform Africa” (2010) present China as a development partner whose economic engagement benefits Africa overall. Furthermore, texts such as “China’s South-South Cooperative Investments part II” (Aseyehgn, 2009) and “China’s Africa policy: South-South unity and co-operation” (Yu, 2010) analyse relations between the China and various developing countries, noting that Chinese investment has increased South-South cash flows, and contributed greatly to rising growth rates in Africa (Aseyehgn, 2009).

**China’s interests in Africa**

Western interpretations of China’s activity in Africa largely view China as neo-realist world power “actively expanding its influence in Africa to secure supplies of natural resources, to counter Western political and economic influence while expanding China’s global influence” (Brooks and Shin, 2006, p. 1). However, although China’s theatre-level strategic objectives include “ensuring access to natural resources, expanding export markets, enhancing China’s prestige as a rising global power, and protecting its international freedom of action”, these objectives are driven by the need for robust economic growth and social stability (Hofstedt, 2009, p. 85). Furthermore, China’s phenomenal growth over the last 30 years has consolidated the middle class and created a class of ‘nouveau riche’ “who clamor for the amenities of modern life, most significant among them, private housing and automobiles” (Currier & Dorraj, 2011, p. 7). Thus, China’s domestic economic reform significantly altered its policy towards Africa from “primarily political and symbolic considerations to a focus on more pragmatic political, economic and social objectives” (Yu, 2010, p. 133), including acquiring energy resources, opening additional markets for export, and sustaining African political support in global institutions such as the UN (Jakobson, 2009, p. 410; Birchmeier, 2010, p. 7).

The importance of securing energy resources for China cannot be overstated, as sustaining economic growth is central to the CCP’s regime survival (Cornelius & Story, 2007, p. 6). China’s drive to diversify energy sources follows from its transition to a net oil importer in 1993, the diminishing output from Chinese oilfields such as Daqing, and its inability to satisfy import demand from the Asia-Pacific region (Human Rights
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Watch, 2003, p. 457; Hong, 2011, p. 106).\(^\text{12}\) China’s trade with developing counties has also grown 88 percent faster than trade with the developed world (Carmody & Taylor, 2010, p. 496), with Sino-African trade increasing by around 30 percent annually since 2002 (reaching $US114.8 billion in 2010 despite the financial crisis) and largely balancing Chinese imports raw commodities (Sutter, 2012, p.319). Another notable Chinese interest in Africa is enhancing its food security as, despite being the world’s leading grain producer, it only possesses 7 percent of the world’s arable land (Raine, 2009, p. 41; Xinhua, 2008, July 4). This is further compounded by the Chinese population’s changing dietary demands, and the steady exhaustion of water supplies beneath their fertile northern plains (Raine, 2009, p. 41; Richardson, 2008, August 14). The CCP has thus begun actively encouraging Chinese companies to buy African farmland, and shown increased interest in agricultural cooperation at FOCAC summits (Raine, 2009, p. 41).

Following from its increased economic and diplomatic influence on the continent, China now has greater capacity to mobilise African support in international institutions, such as the UN. According to China’s African Policy, China is willing to “coordinate positions on major international and regional issues and stand for mutual support on major issues concerning state sovereignty, territorial integrity, national dignity, and human rights” for any African state which respects the One-China principle (Hofstedt, 2009, p. 87). China has thus been highly successful in enlisting African support at the United Nations. This African support for China has been crucial in blocking eleven UN condemnations of Chinese human rights abuses, helping China win the bid for the 2008 Olympic games and stopping Taiwan from joining the World Health Organisation (Alden, 2007, p. 22; Hofstedt, 2009, p. 87). The combination of China’s position on the UN Security Council, and co-operation with African states in the General assembly, allows China to more effectively oppose UN penalties for abusive states like Sudan - undermining America’s institutional capability to ‘lead’ and ‘coerce’, and thus weakening US hegemony. China’s use of African allies to isolate Taiwan and gain support for its notion of national sovereignty as inviolable is also in their national interest, as assertiveness regarding Chinese sovereignty and territorial integrity helps

\[\text{12}\] China’s interest in African oil is also motivated by China’s perception of oil partnerships in Southeast Asia as deeply entrenched between US, Japan and Europe, and concerns about the instability of oil producing regions in the Middle East and Central Asia resulting from the War on Terror. (Hong, 2011, p. 106).
Complementing the strategic goals of securing resources and export markets is the projection of China as a “peacefully rising, constructive, and responsible major power” (Jakobson, 2009, p. 405) which is “simply interested in becoming fully integrated in the ascendant institutions of the global economy and global governance” (Currier & Dorraj, 2011, p. 3). Attempts to portray China as a non-threatening rising power began in the early 2000s when China’s economic rise was escalating concerns among its regional neighbours, with Pant arguing that “China’s recent emphasis on projecting its rise as peaceful is merely aimed at allaying the concerns of its neighbours lest they try to counter-balance its growing influence” (2008, p. 34). China enhances this image in Africa through considerable development aid, providing US$1.3 billion in debt relief to 27 countries from 2000 to 2003, and cancelling the equivalent in debt in 2006, whilst also contributing significantly to the African Development Bank (Hofstedt, 2009, p. 80-81). China’s commitment to behaving as a responsible world power was further emphasised after the 2009 global financial crisis, when despite declining economic growth, exports and imports, China “pledged to honor its aid commitments… [whilst] also encourage[ing]… Chinese domestic firms to invest abroad, even issuing a guidebook for overseas investments” (Yu, 2010, p. 140). In addition, the lack of conditionalities on Chinese loans is seen by many Africans as respecting African states’ sovereignty in comparison to intrusive Western loan schemes, as Liu Guijin, China’s special representative to Africa, noted in 2008 in a speech in Khartoum:

We [China] have never, and will never in the future, attach any kind of political conditions to these aid and development projects, because we think that providing assistance is just for the benefit of the people, it is not for political purposes, not for showing off to the outside world. (Cited in Xinhua News, 2008, February 26)

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33 China has supported its diplomatic relations with African through a number of ‘good will’ projects, as Alden notes “In addition to new public buildings serving the needs of politicians and bureaucrats in African capitals, these same construction firms were building dozens of hospitals and schools” (2007, p. 4)
China and Africa: Diplomacy

The shape of modern Sino-African relations was forged during the decolonisation period from 1950 to the early 1970s in the context of expanding co-operation between developing countries in the fight against colonialism. The 1955 Asian-African ‘Bandung’ Conference was an important step towards the formation of the Non-Aligned Movement in 1961 and a ‘psychological milestone’ in purging the “lingering sense of inferiority” (Larkin, 1971, p. 28) felt by developing countries, becoming a “symbol of Afro-Asia as a viable political concept” (Power & Mohan, 2010, p. 476). The guiding principles governing Sino-African relations can be traced to the ‘five principles of pancheela’ established between China and India at Bandung: “respect for territorial integrity; non-aggression; non-interference in each other’s internal affairs; equality and mutual benefit in relations; and peaceful coexistence” (Power and Mohan, 2010, p. 476-477; Jones, 2005, p. 851). During the 1980s China’s focus on internal reforms led to a decline in Sino-African trade and aid, with diplomatic visits becoming infrequent (Yi-Chong, 2008, p. 23; Asayehgn, 2009). However, continued African support for China following the 1989 Tiananmen Square massacre, which spurred Western powers to isolate China, led to the expansion of Sino-African diplomacy throughout the 1990s (Jakobson, 2009, p. 408).

China’s strategic interest in accessing energy resources to sustain rapid economic growth, especially once China became a net oil importer in 1993, spurred an escalation of Chinese trade and investment throughout Africa (Yi-Chong, 2008; Hanson, 2008). Although US-Africa trade was estimated at around US$71.1 billion in 2006 in comparison to China-Africa trade at US$50.5 billion, Sino-African trade is growing rapidly, and China’s economic growth and huge foreign currency reserves place it in an ever-improving position to outcompete other countries on the international oil market (Jacques, 2009, pp. 325; Hofstedt, 2009, p. 85-86). However, despite China’s inroads into the African market, they continue to purchase far less of Africa’s oil than the US and Europe (12 percent versus 31 percent each respectively in 2007), and Sino-African trade still pales in comparison to China’s trade with the US, Japan, the EU and South Korea (Jakobson, 2009, p. 410).

China’s expanded role in African politics is reflected in its extensive use of bilateral committees and political consultation among foreign ministries during negotiations, and
through institutions such as the Forum on China-Africa Co-operation (FOCAC) and the African Union (AU) (Hong, 2011, p. 120). The first FOCAC summit held in 2000 assembled representatives from 45 African countries in Beijing to discuss expanding Sino-African economic and political co-operation, at which China pledged to increase African foreign aid and write off around US$1.2 billion in debt (Chi-Kwan, 2012, p. 132). China further consolidated Sino-African diplomacy through labelling 2006 as ‘China’s Year of Africa’ in commemoration of 50 years of diplomatic relations, which it supported through personal, high-level diplomatic overtures such as extensive tours by Chinese president Hu Jintao and Premier Wen Jiabao and another FOCAC summit in November 2006 (Jakobson, 2009, p. 408; Hofstedt, 2009, p. 80). Furthermore, China confirmed its role as a constructive and important African partner through its active engagement with the African Union in summits in 2006 and 2007 in which it pledged $100 to $150 million towards the construction of a permanent AU headquarters (Hofstedt, 2009, p. 80-81).

China’s historical links with Africa and anti-colonial struggles have deeply shaped current China-Africa relations, with China the “self-proclaimed champion of the developing world” at international institutions such as the UN where it “give[s] a voice to less-developed countries in institutions largely dominated by Western interests” (Currier & Dorraj, 2011, p. 4). China emphasises these anti-colonial links to legitimise their emerging commercial interests, garner support for Chinese initiatives and position Sino-African relations as an alternative to relations with the West (Power and Mihan, 2010, p. 475-476). For example, during Chinese Premier Wen Jiabao’s tour of Africa in 2006 he emphasised that “the Chinese nation knows too well the suffering caused by colonial rule and the need to fight colonialism. This is one of the main reasons why we have supported the national liberation and resurgence of Africa” (People’s Daily, 2006, November 3). China’s position on human rights is also explicitly framed with reference to previous Western colonial abuses of China and the African continent, as Anshan

14 However, it should be noted that China continues to primarily drive the FOCAC process, meaning that “Budgets tend to be allocated to individual countries in accordance with priorities determined in Beijing, which often bear little relation to the needs and economic realities on the ground” (Raine, 2009, p. 81).

15 Jakobson (2009) notes that “In articles by Chinese academics and observers about China’s relationship with Africa, a predominant theme is the common heritage of struggling to eradicate poverty and colonialism which China and African nations share” (p. 405).
notes “talking about abuse of human rights… it is almost shameful for these countries to accuse China of human rights abuses, when they have committed much more atrocious acts in the past” (cited in Power and Mohan, 2010, p. 482). Thus, China emphasises its historical connections with Africa and the shared history of colonialism through state-to-state diplomacy to strengthen Sino-African relations, challenge Western norms and, by providing an alternative to Western frameworks, undermine US capacity to ‘lead’ African states.

**China and Africa: Trade**

Chinese officials eagerly emphasise the complementary nature of Sino-African relations noting that “Africa is short of investment capital, has a low manufacturing base, and is highly import-dependent. China can easily make capital, manufactured goods and markets available” (Yi-Chong, 2008, p. 27). However, while Chinese and African leaders maintain that their countries are “equal partners in the developing world”, many commentators view the relationship as “deeply unequal” (Jakobson, 2009, p. 406; Clapham, 2006, p. 363). China’s economy dwarfs the economies of Africa, and the disparity is only increasing, as Jakobson notes “excluding South Africa, there is no African economy that can even begin to engage with China in the way that China is engaging with Africa” (2009, p. 406). Despite the rapid growth in Sino-African trade in recent years, escalating from US$5 billion in 1995 to US$10 billion in 2003 and over US$100 billion in 2008, trade between China and the African constituted less than 5 per cent of China’s overall foreign trade in 2008 (Yu, 2010, p. 140). Furthermore, the configuration of China’s relationship with African countries is overwhelmingly based on China’s needs rather than any mutually developed China-Africa policy, as Jakobson notes “African nations have no real plan as to how to maximize the relationship with China for Africa’s long-term development” (2009, p. 406). This asymmetrical Sino-African relationship reflects Arrighi’s understandings of core-periphery relations as an exploitative process, whereby the overwhelming economic strength of core powers such as China, compared to peripheral countries in Africa, enables them to structure relationships entirely in service of their own interests.

Although Chinese government officials stress the ‘complimentary’ nature of Sino-African economic engagement, the overall structure of exports of African oil and primary commodities and imports of Chinese manufactured goods now concerns
Western commentators and African leaders alike.\textsuperscript{16} Sino-African trade is concentrated among a small number of resource-rich countries whose exports consist of either raw materials and/or oil, with South Africa, Sudan, Angola, and Nigeria constituting over 75 percent of Sino-African trade. While pro-China authors such as Wang and Bio-Tchane argue that “the similar composition of goods traded… largely reflects the comparative advantages of each partner, given their stage of economic development” (Cited in Hofstedt, 2009, p. 81), Western commentators such as Tull (2006) view China’s Africa policy as “essentially mercantilist in nature” (Cited in Pant, 2008, p. 37). Following the closure of local textile mills under the onslaught of cheap Chinese imports, Moeletsi Mbeki, deputy chairman of the South Africa Institute of International Affairs, stated “Africa sells raw materials to China and China sells manufactured products to Africa. This is a dangerous equation that reproduces Africa’s old relationship with colonial powers” (cited in Jacques, 2009, p. 330).

Thus, the exchange of commodities between China and Africa not only reflects Africa’s historic relationships with Western powers but also the fundamental inequality of commodity exchange between the ‘core’ and the ‘periphery’. Demand for primary commodities such as oil and minerals from the periphery is growing alongside demand for industrial goods produced in the ‘core’ in contradiction to the expectations of World-System theorists that demand for industrial goods would outpace demand for primary commodities (Isaak, 1991, p. 88). However, core countries derive more benefits from this exchange due to their position in the world-system as increases in productivity in core nations creates constant “upward pressure on wages and other input costs, keeping…[the price of manufactured goods] constant or pushing them up”, whilst productivity increases in peripheral countries “do not translate into wage increases or constant prices given weak labor organizations and disguised unemployment” (Isaak, 1991, p. 89). In addition, increasing economic disparity between China and African states is largely the result of the intensely competitive environment fostered by the success of many African countries in industrializing, which reduces the advantages afforded to each state in advancing economically in relation to each other. (Arrighi, Silver and Brewer, 2003, p. 19).

\textsuperscript{16} Despite recent growth in Chinese imports of African manufactured goods, oil still constitutes over 80 percent of African exports, followed by other African commodities such as timber, copper and diamonds, with manufactured goods comprising less than 10 percent (Yu, 2010, p. 140; Zafar, 2007, p. 115-116).
The spread of small Chinese retailers in the wake of large State-Owned Enterprises (SOEs), also faces growing criticism among African populations who argue that “These supporting networks frequently undermine the local economy and drive out traditional suppliers with low-cost, low-quality goods” (Halper, 2010, p. 120). The number of Chinese nationals working or living for a prolonged period of time in Africa has grown remarkable in recent years, reaching 750,000 in 2007 (Raine, 2009, p. 26). Although the majority of this population is employed by Chinese corporations, this figure also reflects the growing number of small entrepreneurs and traders who migrate or travel to Africa, utilising networks and supply chains back to China to outcompete local competition (Alden, 2007, p. 43; Aseyehgn, 2009). Another key concern among international commentators is China fostering corruption among its African partners through its negligent attitude towards “matters of resource transparency and mechanisms of oversight” (Zafar, 2007, p. 106). The lack of transparency concerning the allocation, effectiveness and overall amount of Chinese aid is criticised by authors such as Lancaster (2007) who notes that “the volume of Chinese aid is often regarded as a state secret” (cited in Power and Mohan, 2010, p. 483).

**China and Africa: Investment and Aid**

Chinese investment throughout Africa is fundamentally driven by domestic development interests, primarily the need to secure raw materials and energy resources. Although China funds infrastructure projects in 35 African countries (such as dams, railways and roads), around 70 percent of Chinese aid is directed towards four resource rich countries: Sudan, Nigeria, Angola, and Ethiopia (Foster, Butterfield, Chen & Pushak, 2008, p. vi). Powerful Chinese institutions such as the Export-Import Bank of China (EXIM Bank), the China Development Bank (CDB), and the China-Africa Development Fund (CADF) are at the forefront of China’s push to enhance trade and diplomacy with resource-rich countries (Raine, 2009, p. 72-74). Thus, the overwhelming majority of Chinese aid in Africa appears to be aimed towards “smoothing the transit of resources for export… or towards providing infrastructure in

17 However, it should also be noted that whereas Western aid is usually assigned to national budgets, Chinese aid is usually “assigned to designated projects…. [mostly] infrastructure related… and is therefore harder to siphon off” (Power and Mohan, 2010, p. 484).
accordance with the host-government agendas in return for licenses for mines and oil blocs” (Raine, 2009, p. 42-43).

Chinese aid has assisted the acceptance of wider Chinese investment in African states, with its lack of conditions seen as respecting African sovereignty and avoiding lengthy negotiations (Hofstedt, 2009, p. 82). This aid is an important element in China’s bid to establish itself as an alternative to the West, “whose aid is also perceived as frequently paternalistic and as tending to impose Western values” (Hofstedt, 2009, p. 82). However, China’s indifference to human rights, civil liberties and democratic governance has led to soured relations with some African populations and “a widening gap in China’s popularity between popular and official levels in Africa” (Halper, 2010, p. 120). China has also met with severe criticism from the World Bank and IMF who argue that China’s unrestricted lending undermines Western attempts to increase accountability, fight corruption and ‘repair’ African economies (Yi-Chong, 2008, p. 30). Furthermore, China’s willingness to engage and support dictatorial regimes in countries such as Sudan and Zimbabwe not only hurts China’s international image but compromises China’s long-term interest of being seen as a responsible world power and constructive African partner (Scott, 2008, p. 85, 104). Thus, while ‘unconditionality’ and non-interference in internal affairs are pillars of China’s foreign policy in Africa, and are also important factors in challenging US hegemony and Western norms, the untenability of maintaining this position is becoming increasingly apparent given China’s vested interest in long-term stability in Africa (Karumbidza, 2007, p. 100-101).

Despite the ‘unconditionality’ of Chinese aid and its commitment to non-interference in African national affairs, China’s position “at the forefront of Africa’s political scene” has made non-interference untenable, as demonstrated through China’s increased willingness to support peacekeeping operations (Holslag, 2009, p. 33). This is also evident in the official explanation of China’s support for a French draft resolution for intervention in Chad in 2007; “our support for the resolution on Chad shows… that our awareness on the increasing complexity of violent conflicts in Africa grows” (Holslag, 2009, p. 31). Furthermore, China has deployed non-combat support personnel for

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18 For example, a candidate in Zambia’s 2007 presidential election ran on a platform of forcibly removing China from the Zambian economy as a result of ill-treatment at Chinese mines and poor remuneration (Pant, 2008, p. 38).
initiatives such as the joint United-Nations-African Union Mission in Darfur (UNAMID) and a number of UN peacekeeping operations in Africa, suggesting a conscious policy of “demonstrat[ing]... support for Africa without appearing militarily threatening” (Hofstedt, 2009, p. 84). In fact, the scale of China’s financial support for AU peacekeeping missions and military support for UN peacekeeping operations reflects China’s growing desire to be seen as a responsible power and, through its trumping of US personnel numbers, its commitment to multilateralism.

Though China is largely expanding its trade in Africa through transnational companies (TNCs), these companies are often motivated as much by commercial interests as foreign policy considerations. Despite escalating levels of official development assistance (ODA) to Africa from $US310 million in 1989-92 to $US1-1.5 billion in 2004-2005, the ratio of ODA to trade has plummeted from 20 to 3-4 percent, resulting in decreased government influence and the growing primacy of TNCs (Hofstedt, 2009, p. 90). Furthermore, although Chinese TNCs were of paramount importance to China’s ‘going out’ policy, the internationalisation of these companies has made it increasingly difficult for the CCP to constrain their behaviour overseas (Power and Mohan, 2010, p. 484). In addition, many TNCs such as Petro-China are supported by very powerful interest groups making them stronger than the government agencies tasked with regulating them, while as Hanson notes, “China’s oversight agencies - including the Ministry of Foreign Affairs and the Ministry of Commerce - do not have authority over Chinese corporations overseas” (Hanson, 2008, p. 3). Despite the belief among Chinese leaders that Chinese corporations overseas improve oil security, many do not put national interests over commercial imperatives, often selling most of their oil on the global market for higher profits. Furthermore, commentators such as Xin Ma and Phillip Andrews-Speed argue that the Chinese government is doing very little to encourage the expansion of SOEs overseas, stating “in most cases, there is little

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19 Between January and August 2010 China committed between 1995-2137 personnel per month to peacekeeping operations in Africa, exceeding the level of support of any other permanent member of the UN security council. During this period Chinese personnel accounted for 1.97-2.13 percent of total UN forces, beating out France which committed between 1.61-2 percent, and representing far more than Russia, the UK and the US combined (UN Peacekeeping, 2010; Lee, Chan & Chan, 2011, p. 424).

20 Representatives of the powerful NOC Sinopec note that “only around 1 per cent of their own particular external oil purchases go back to China, with most of it instead traded on the international market” (Scott, 2008, p. 65; Lee, Chan & Chan, 2011, p. 431).
evidence to suggest that the government is doing [anything] other than support an initiative led by the NOC, develop associated economic activities and provide a coordination role” (cited in Zweig, 2010, p. 44).

‘The Beijing Consensus’: Undermining US Hegemony

China’s sustained economic growth, willingness to engage ‘unconditionally’ with African nations and emergence as, according to Arrighi, “the true winner of the… War on Terror” has resulted in the advent of what Ramo dubs ‘The Beijing Consensus’ (Arrighi, 2007, p. 379; Scott, 2008, p. 83). According to Ramo, China “finds itself now not only in possession of the economic tools to help the world, but the tool of its example as well” (Ramo, 2004, p. 60) providing “a path for other nations around the world…to fit into the international order in a way that allows them to be truly independent, to protect their way of life and political choices” (Ramo cited in Arrighi, 2007, p. 379). In this sense China not only stands as a model for developing states throughout Africa that ‘peripheral’ nations can overcome the legacy of colonial exploitation, but promotes a “brand of capitalism and a Chinese conception of the international community, both opposed to and substantially different from their Western version” (Halper, 2010, p. 3–4). Two features of this ‘consensus’ which are especially significant throughout Africa include tailoring development to local needs” and a form of multilateralism which recognises “the importance of interstate cooperation in constructing a new global order based on economic interdependence but respectful of political and cultural differences” (Arrighi, 2007, p. 379). However, many Western commentators have been critical of the notion of a ‘Beijing Consensus’ noting that “the Consensus as ingested by African state elites is that you can do whatever you like, as long as you are open to Chinese trade and investment and support Beijing at international fora” (Carmody & Taylor, 2010, p. 511).

The willingness of Chinese policymakers to “adapt their strategies to suit the particular histories and geographies of the African states with which they engage” has been a critical factor in China’s success in forging Sino-African relations (Carmody and Taylor, 2010, p. 497; Jakobson, 2009, p. 406). Thus, as per World-Systems Theory, through the process of bilateral negotiations between China and African countries, influential ‘power blocks’ within the Chinese economy associated with manufacturing
are able to establish mutually beneficial relations with complimentary ‘power blocks’ in African countries oriented towards resource extraction, or “tied to the needs of core capital” (Chase-Dunn & Rubinson, 1991, p. 38). Furthermore, the flexibility of Chinese aid and trade agreements in comparison to World Bank or IMF prescriptions, which can threaten the class interests of African elites especially in countries such as Sudan, has allowed China to displace US influence throughout many regions of Africa (Arrighi, 2007). Thus, China’s flexible approach to African relations undermines US hegemony through its capability to adapt to national conditions and align complimentary national power blocs without the threat of political reform, thereby weakening the economic influence of Western financial institutions.

**China and Africa: Relations as Beneficial/Harmful**

China’s relationship with Africa has been economically beneficial for much of Africa, as Hilsum notes “as a result of intensified trade links with China, Africa has enjoyed higher growth rates, better terms of trade, increased export volumes, higher public revenues” (cited in Friedman, 2010, p. 140). Despite widespread criticism of China’s practices in Africa by Western-dominated institutions, the World Bank begrudgingly acknowledged the positive economic impacts of China in Africa in a July 2008 report, noting “China’s investments ease Africa’s poverty” (Miller, 2008, July 12). Meanwhile, authors such as Jacques have noted that the GDP of Sub-Saharan Africa as a whole has risen from 2.6 percent on average in 1999-2001 to around 4.4 percent in 2001-2004, and 5-6 percent in 2005-6 largely as a result of China’s growing consumption of commodities such as oil (2009, p. 327). China’s growing demand for oil accounted for 18 percent of overall growth in oil demand globally between 2000 and 2005, and positively affected the terms of trade for countries rich in oil and/or natural resources such as Sudan, Angola, Gabon and Mauritania (Zafar, 2007, p. 111-113). China has also had a negative impact on the relative strength of countries which either do not export natural resources or are actively competing against Chinese manufactured exports, such as South Africa (Jacques, 2009, p. 327). However, the increase in African economic growth to as high as 5.8 percent in 2007 is partially the result of Chinese investment (Hanson cited in Aseyehgn, 2009), but breaks African dependency on Western loans and aid packages, reducing the relative strength of US-controlled institutions to influence African policymakers, ultimately eroding its hegemonic position.
Chapter Three: Sudan and China

This chapter identifies and analyses key manifestations of China’s relationship with Sudan from 1995 onwards with regards to trade, investment and diplomacy. Given China’s heavy investment in Sudan’s oil industry and oil-related infrastructure much of this chapter explores the Sino-Sudanese oil trade. In addition, this chapter will examine the Sino-Sudanese arms trade and China’s important role in undermining UN sanctions, as well as the immediate effects of the secession of South Sudan on Sino-Sudanese relations. This section’s overall aim is to identify the manifestations of Sino-Sudanese trade, aid and diplomacy since 1990, which will then be analysed using Arrighi’s understanding’s of World System’s Theory in Chapter Four.

The Changing Nature of Diplomatic Engagement

Although the Chinese Communist Party (CCP) may be an ‘old friend’ of Sudan, with diplomatic relations dating back to 1959, China has only recently became important for Sudan’s foreign relations (Large, 2008, p. 87, 95). Between 1959 and 1989 Chinese relations with Sudan remained limited to ‘cordial’ diplomatic relations and minor economic involvement, with China only offering its first comparatively small loan and aid packages in the 1970s (Shinn, 2009, p. 87). From the early 1990s Sino-Sudanese relations developed from limited diplomatic connections and trade in Sudanese cotton to more intensive engagement focused on Sudanese oil exports, leading commentators such as Deng to classify China as a ‘new actor’ in Sudanese politics (Cited in Large, 2008, p. 87). These economic relations are now complimented by extensive political contact, involving regular tours by leading CCP officials (including former President Hu Jintao and former Premier Wen Jiabao), an official ‘cooperative agreement’ between the CCP and Sudanese National Congress Party (NCP), and “high-level links between key members of the Sudanese and Chinese governing elite and business executives” (Large, 2007, p. 58). China also evokes shared historical connections fighting colonialism’ during the 1950s (International Crisis Group, 2012, p. 27).

China’s support of Sudanese interests in global institutions, and willingness to use its UN Security Council seat to block or dilute resolutions, was vital in obstructing official international condemnation and sanctions against Khartoum (Halper, 2010, p. 100). In return, Al-Bashir’s administration favours Chinese construction companies when
awarding lucrative contracts and supports China at international forums by publicly backing China’s Tibet and Taiwan policies (Shinn, 2009, p. 91). However, China’s growing concern about being seen as a responsible rising power together with growing criticism of China’s conduct by Western and African commentators, has made China’s non-interference policy increasingly untenable. As a result China’s policy towards Sudan has undergone slight changes resulting in “the first instance where China actively lobbied an African government to permit a UN mission on its soil… via active brokering and indirect pressure” (Hol slag, 2009, p. 30).

**China and Sudan: Investment and Aid**

China’s investment in the Sudanese oil industry during the 1990s completely changed the nations’ relationship, converting the fledgling industry into the driving force behind Sudan’s remarkable economic growth, and turning Sudan into a net oil exporter. Although the American company Chevron initially invested millions of dollars in oil exploration projects in Sudan throughout the 1970s, domestic pressure eventually forced its withdrawal from the region, which was soon followed by US sanctions (Yi-Ching, 2008, p. 20). Consequently, the Canadian company Arakis purchased Chevron’s lost concessions in 1992, forming the Greater Nile Petroleum Operating Company (GNPOC) in 1996, and thereby providing China with an opportunity to enter the Sudanese oil industry (Yi-Chong, 2008, p. 20-21). Initially the consortium was established between Arakis, China National Petroleum Company (CNPC), Petronas Carigali Overseas Sudan Berhad (a subsidiary of Malaysia’s nationally owned petroleum company), and Sudan’s national oil company Sudapet Limited, with China owning the largest share of 40 percent”. However, the purchase of Arakis by Talisman Energy in 1998 and its consequent withdrawal under increased domestic pressure, left the three state-owned companies in charge of operations (Human Rights Watch, 2003, p. 47). China complimented its entry into the Sudanese oil industry by employing CNPC’s ‘construction arm’, the CPECC (China Petroleum Engineering & Construction Corporation, in the establishment of a refinery close to Khartoum, the construction of a 1500 km pipeline stretching from its oil acquisitions to the Red Sea, and by engaging in “10 million tons [of] oilfield surface engineering” (Human Rights Watch, 2003, p. 458-459).
China’s investment in the oil industry only increased during the 2000s as a result of both government-led encouragement of SOEs to invest in Sudan (although financial incentives were halted in 200721) and the industry’s growing profitability (Lee, Chan & Chan, 2011, p. 432). In 2001, China deepened its investment in Sudanese oil by acquiring 47 percent ownership over the Petrodar Operating Company through CNPC and Sinopec which was tasked with developing blocks 3 and 7, whilst also purchasing 95 percent of block 6 through CNPC (Large, 2007, p. 59). Although the total value of China’s investment in Sudan is difficult to determine, Omer Mohamed Abel Salam, the former Sudanese Director General of International Financial Cooperation, Ministry of Finance and National Economy, places total Chinese oil investment at around US$4.7 billion, although it is likely much larger (Shinn, 2009, p. 88). Furthermore, Chinese companies are now Sudan’s biggest investors, with between 65 to 82 percent of Sudan’s oil exports bound for China (International Monetary Fund, 2008, p. 467). As a consequence the number of Chinese workers living or working for prolonged periods of time in Sudan, including those involved in the oil industry, increased threefold between the early 1990s and 2006 reaching a peak of around 24,000 (Hong, 2011, p. 105). In addition, the Chinese government has promoted investment in the oil industry through agreements such as that signed in 1995 which provided the CNPC with a preferential credit line amounting to 1.15 billion Renminbi for oil exploration projects (Hong, 2011, p. 109).

Alongside Chinese investment in the oil industry, Chinese economic cooperation in Sudan has grown remarkably with Sudan receiving 46 percent of China’s “net non-financial overseas direct investment to Africa in 2004” and around 22 percent of China’s “accumulated net overseas direct investment to Africa at the end of 2005” (Large, 2008, p. 99). Chinese companies have successfully secured contracts for large infrastructure projects such as hydro-electric facilities, the Khartoum airport, textile plants, the (environmentally deleterious) Merowe and Kajbar dams (Reeves, 2007), “a $345 million pipeline that will channel water from the Nile River to Port Sudan, and a $325 million water system” (Sutter, 2012, p. 321). Furthermore, Chinese firms have constructed much needed infrastructure such as railroads, bridges, and communications networks, supplying Sudan with a large amount of information and communication.

21 “Beginning in 2007 China no longer offers financial incentives to its oil companies to invest in Sudan” (Lee, Chan & Chan, 2011, p. 432).
equipment between 2001 and 2007 (Foster, Butterfield, Chen, & Pushak, 2008, p. vii-viii). However, much of China’s infrastructure in Sudan is oriented towards facilitating oil extraction, including the construction of all-weather roads and airstrips, and the Khartoum refinery, in which China has a 50 percent stake (Hong, 2011, p. 105).

**China and Sudan: Trade**

Sino-Sudanese trade has also grown remarkably since 1999, as the booming oil based economy has resulted in increased demand for Chinese manufactured goods in Sudan (Large, 2008, 58). China not only constituted around 75 percent of total Sudanese exports, but accounted for 20.8 percent of the Asian share of Sudan’s total imports in 2006 (Large, 2008, p. 94).

China’s role as Sudan’s leading trading partner is indisputable with bilateral trade estimated at around US$2.56 billion in 2004, US$3.9 billion in 2005, and US$5.7 billion in 2007 (Large, 2007, p. 58; Large, 2009, p. 616). Furthermore, the IMF calculated that in 2007 alone China imported US$7.3 billion worth of commodities (mostly primary) from Sudan, and exported around US$2.4 billion in manufactured goods, which is around 30 percent of all Sudanese imports (International Monetary Fund, 2008, p. 467).

The Sino-Sudanese arms trade is another important component of bilateral trade between the two countries which also reflects wider Chinese behaviour in the developing world. China first became a significant source of antipersonnel and antitank mines for Sudan in the 1980s, and a major supplier of ammunition, helicopters, military aircraft and armoured vehicles in the mid-1990s (Human Rights Watch, 2003, p. 457). Furthermore, although the Soviet Union and later Russia had historically provided around 75 percent of Sudan’s ‘major weapon systems’, China has sold military aircraft to Sudan since the 1960s, selling Sudan six to seven F-7M fighter aircraft in 1997, twenty A-5C Fantan fighter bombers in 2003 and six K-8 advanced trainer aircraft in 2006 (Shinn, 2009, p. 90). In addition, China supplied around 90 percent of the Khartoum government’s small arms purchases from 2004-2006, averaging US$14

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22 However, it should be noted that these figures were drawn from a report issued by the Bank of Sudan which are inconsistent with other estimates by both the IMF and Chinese Ministry of Commerce (Large, 2008, p. 105).

23 Carmody and Taylor note that “at a global scale there appears to be a positive correlation between levels of Chinese investment and arms sales to recipient countries” (2010, p. 497)
million each year between 2003-2006 (Jakobson, 2009, p. 419; Shinn, 2009, p. 90). From the late 1990s China also helped Khartoum establish what would become the third largest domestic arms industry in Africa, including three weapons factories, one of which was designed for assembling Chinese tanks (Shinn, 2009, p. 89; Sutter, 2012, p. 321). Following talks between the Sudanese Armed Forces (SAF) and PLA in Beijing in March 2002 military relations rapidly deepened. This manifested in high profile state-to-state diplomatic relations including talks between senior military figures at the Sudanese Ministry of National Defence in October 2005, and the Chinese tour of the SAF Chief of Joint Staff in April 2007 (Large, 2008, p. 98).

**China and South Sudan: Diplomacy and Investment**

The succession of South Sudan in 2011 fundamentally changed China’s diplomatic and economic relationship with Sudan as, although Sudan has the necessary refineries and pipelines, South Sudan possesses around 75 percent of the oil reserves and is deeply embittered against the Khartoum government (Sarwar, 2012, p. 174). Furthermore, China’s involvement with the Khartoum regime and complicity in ‘state-sponsored violence’ has undermined China’s perceived legitimacy among local populations, especially in the war-ravaged South (Hirono, 2011, p. 339). However, despite this ‘lingering uneasiness’ among the southern population, the South Sudanese government is taking a pragmatic stance towards Chinese investment, looking forwards to important Chinese economic engagement in “energy, infrastructure, telecommunications, and agriculture” (International Crisis Group, 2012, p. 4). South Sudan’s need for Chinese investment to upgrade its woefully inadequate road network, develop agricultural irrigation systems, and create a public water supply system overrides past feelings of animosity (Sarwar, 2012, p. 177). Furthermore, following the announcement in 2012 of

24 Chinese investment in the Sudanese oil industry, readily available capital, and diplomatic support has been crucial in maintaining NCP rule and preventing foreign intervention, whilst its provision of arms and assistance in developing arms factories has greatly facilitated Khartoum’s persecution of minorities (Large, 2009, p. 618). In addition, CNPC’s complicity in the Sudanese government’s aggressive pursuit of oil sources during the 1990s has politicised China’s position among armed factions opposed to the government, as Taban notes “while the Nuer nationality was being depopulated and its villages razed to the ground in Unity State in the relentless search and exploitation of oil, the Chinese continues their work as if nothing was happening” (Cited in Large, 2008, p. 97).

25 South Sudan’s road network spans just over 12,600 km of which 8,600 km is unsafe or undrivable and much more impassable during the rainy season (Sarwar, 2012, p. 177; International Crisis Group, 2012, p. 16).
Juba’s ambitious ten-year plan to develop 12,000 km of new roads to create national roads and connect state capitals, estimated to cost $US6 billion, China’s Exim Bank was one of the largest financiers to offer its services to the road ministry, replicating previously successful road-building efforts throughout Africa (International Crisis Group, 2012, p. 16-17).

Since South Sudan’s independence in 2011 tensions with Khartoum have remained at boiling point, with border skirmishes, air raids and the continued threat of all-out war\textsuperscript{26} (Sarwar, 2012, p. 177). Despite attempts between November 2011 and February 2012 to establish transitional financial arrangements and oil deals between the two countries “dramatically different proposals, heightened hostilities along the border, brinkmanship and dangerous unilateral actions… caused the talks to end without agreement and ultimately led Juba to shut down its oil production” (International Crisis Group, 2012, p. 26). Although China’s investment in Sudanese oil and military involvement with Khartoum would make them a logical mediator in this dispute\textsuperscript{27}, “Beijing’s influence, and readiness to employ it, appeared to be overestimated” (International Crisis Group, 2012, p. 26). Despite criticism of the export shutdown as “very serious and unjustified” by Beijing’s ambassador to Khartoum Luo Xiaoguang, China maintained a neutral stance throughout the crisis, refusing to either support its old political ally or back the oil-rich South Sudanese regime, as Beijing’s ambassador to Juba Li Zhiguo noted “the issue is an internal affair of the two brothers of Sudan” (Xinhua, 2011, July 11).

Although the impasse between Sudan and South Sudan was finally overcome almost 15 months later as a result of African Union-mediated negotiations, China’s lack of action frustrated the two neighbours (Bariyo, 2013). In addition, China’s passive role emphasised its diplomatic limitations as a world power unable to abandon an ‘old ally’, especially given Sudan’s status as the first site of China’s ‘go out’ policy, but unwilling to exert pressure against South Sudan which would be counter-productive to its economic interests.

\textsuperscript{26} An attack by South Sudanese armed forces on the disputed Heglig region in South Kordofan in April 2012, precipitated an aggressive response from the Sudanese parliament which labeled South Sudan an ‘enemy state’ and mobilized the armed forces (Al-Jazeera, 2012, April 17).

\textsuperscript{27} In November 2011, in the context of heightened tensions between North and South Sudan, the vice chairman of China’s Central Military Commission pledged to increase military cooperation with Khartoum during a visit by the defence minister to China (Sudan Tribune, 2011, November 16).
Chapter Four: China, Sudan and Arrighi

This chapter will investigate the degree to which relations between China, Sudan and South Sudan confirm and/or challenge Arrighi’s conception of the modern World-System. It also analyses trade, investment and diplomacy between China and Sudan within the context of core-periphery relations, declining US hegemony and China’s potential hegemonic challenge. As such, this chapter situates Sino-Sudanese relations within the context of rising Chinese political and economic influence on the African continent and the impact of this on US hegemony. It also details the ways in which China’s economic involvement with Khartoum and support for Sudan at international institutions undermines the financial and diplomatic institutions underpinning US hegemony. This chapter will also examine how the increased untenability of conflicting strands of China’s current policy towards Sudan is damaging China’s influence in South Sudan and wider attempts to undermine US hegemony.

The Failure of the West in Sudan

China’s relationship with the newly independent republic of South Sudan is clearly motivated by economic interests, with diplomatic relations “at best complimentary to economic pursuits” (International Crisis Group, 2012, p.2). Likewise, Sudanese and South Sudanese motivations in deepening engagement with China are primarily economic, although China’s political support at multinational organisations such as the UN is also an integral factor. During the 1970s and 1980s IMF Structural Adjustment Programmes (SAPs) led to an increase in poverty and food insecurity within Sudan – beyond the already inequitable distribution of wealth between North and South, and state elites and citizens – thus leaving Sudan more willing to adopt China’s development strategies (Abdalla, 2008, p. 18).

The stringent IMF/World bank conditions imposed on Sudan under the SAPs included liberalisation and privatisation of the economy, a decreased exchange rate and anti-inflationary policies which resulted in devaluation of the national currency, elevated inflation, a steeply increased financial deficit, and economic stagnation (Abdalla, 2008, p. 18). Western institutions consequently lost legitimacy both in Sudan and across Africa, confirming Arrighi’s

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28 Between 1989 and 1993 the government budget deficit rose from 9 to 68 billion Sudanese pounds, whilst food prices increased by a mind-bogglingly 2,280 percent (Abdalla, 2008, p. 18)
argument that the failure of SAPs “posed increasingly insurmountable problems of social and political legitimacy for the reproduction of Northern domination” (Arrighi, 2007, p. 95).

Arrighi’s argument that the SAPs “restrain[ed]… the growth of agricultural productivity and domestic markets … [and thereby] perpetuated the dependence of African economies on the growth of world demand for primary products” astutely summarises Sudan’s experience of structural adjustment (Arrighi, 2002, p. 11). World Bank loan conditions that required agrarian modernisation greatly damage subsistence agriculture in Sudan. The shift to mechanised cash crop production, in a context of internal conflict and natural disasters, undermined traditional land tenure, markets and farming methods, thus weakening the “adaptive mechanisms of rural people and limited their resistance to poverty” (Elhadary and Samat, 2012, p. 213). The subsequent decline in agriculture also greatly reduced food security within Sudan transforming the “bread basket of the Arab World” into a country heavily dependent on food imports29 (Elhadary and Samat, 2012, p. 215). Forced acquisition of vast tracts of land from traditional producers by Khartoum resulted in substantial rural-to-urban migration, contributing towards unplanned urbanisation and thereby raising poverty levels30 (Elhadary and Samat, 2012, p. 216).

**Challenging US Hegemony**

China’s key role in Sudanese economic recovery during the 1990s is an important element in their erosion of US hegemony in the region, as Arrighi notes “China has played a leading role… in rerouting the Southern surplus to Southern destinations… thereby relaxing the hold of the IMF and other Northern-controlled financial institutions on Southern countries” (2007, p. 382). The significant improvement in Sudan’s economy was largely the result of Chinese-led foreign investment in the Sudanese oil industry, with GDP increasing by an average of 6 percent each year from 1997 onwards.

29 According to the Central Bank of Sudan, over one third of Sudan’s imported goods in 2009 were foodstuffs (Elhadary and Samat, 2012, p. 215).

30 According to Mahran (2006) more than half of Sudan’s urban populace are living in poverty, whilst 90 percent of Sudan’s population is classified as ‘poor’ (Cited in Elhadary and Samat, 2012, p. 213, 217). Furthermore, Musa (2002) notes that the adoption of the SAP not only left five million employees’ ownership destitute but, as a result of sharp increases in the cost of living, also pushed many former government officials into poverty (Cited in Elhadary and Samat, 2012, p. 214).
(Abdalla, 2008, p. 19). Whereas between 1986 and 1996 the urban population below the poverty line increased from 52.9 to 84.6 percent, Chinese-led economic growth led poverty to decline from 64 to 46 percent between 2005 and 2009 (Abdalla, 2008, p. 13; Elhadary and Samat, 2012, p. 218). Drastically improved economic growth rates and a powerful new political ally enabled Khartoum to cut ties with Western financial institutions in the 1990s and pursue a state-sponsored economic reform program supported by Chinese investment (Elhadary & Samat, 2012, p. 218).

China’s discussions with Sudan and South Sudan about expanding agricultural cooperation have enhanced Chinese influence in the region, as agriculture still comprised 42 percent of Sudan’s GDP in 1999 and employed around 66 percent of the population (Abdalla, 2008, p. 17). Thus, China’s mutually profitable relationships with Sudan and South Sudan, alongside bitter disillusionment with Western financial institutions, foster hostility towards Western-style reform in favour of Chinese-backed financial growth. Thus, China has not only broken Sudan’s dependency on Western financial institutions but, as Arrighi argues, also redirected a portion of the world’s surplus away from the US ‘entrepot’ and into Sudan, “diminish[ing]… the IMF’s influence over global economic policy” (Arrighi, 2007, p. 382). Furthermore, the reduction of urban poverty and growth in Sudan’s GDP in recent years because of its relationship with China has further confirmed Ramo’s notion of China as a model state, promoting economic growth in developing nations without exerting undue influence (Arrighi, 2007, p. 379). As such, African leaders are increasingly drawn towards China as both an alternative to Western models and a source of readily available money with few preconditions. This supports Arrighi’s assertion that Sino-African linkages are “shaking up the continent’s historical links with Europe and the United States” and thereby undermining US hegemony (Arrighi, Silver & Brewer, 2003, p. 78). In addition, given sustained US efforts in recent years to isolate Sudan, China’s willingness to economically engage with Sudan has undermined America’s international sanctions regime, providing an additional blow to US hegemony.

China’s willingness to sell arms to pariah states such as Sudan, and their reluctance to enforce UN prohibitions on their use in regions like Darfur, decreases international confidence in the UN Security Council’s coercive powers and consequently the United States’ capacity for international leadership. The Sino-Sudanese arms trade diverts
significant funds away from productive areas of the Sudanese economy, but is an integral aspect of the nations’ economic relationship. This, together with China’s support for domestic Sudanese arms production, is also a challenge to US hegemony through its undermining of the UN embargo on arms transfers to state and non-state entities fighting in Darfur (Shinn, 2009, p. 90). Although China continued to sell weapons, military equipment and ammunition to Sudan, in line with UN sanctions China stipulated that “weapons sold to the Sudan government… [were] not to be used in Darfur and… [did] not sell arms to non-state entities” (Shinn, 2009, p. 90). However, in 2006 a UN panel’s identification of 222 military vehicles and vast numbers of Chinese shell casings used in Darfur provided “compelling evidence” of Chinese complicity (Shinn, 2009, p. 90). Furthermore, although Chinese authorisation of the use of its armaments in Darfur has not been proved, and it remains possible that Chinese “arms ended up in Darfur via a third country or middleman-merchant” (Jakobson, 2009, p. 420), there is also “no indication that it has tried hard to prevent its use there” (Shinn, 2009, p. 98). By undermining US sanctions China is reducing international confidence in America’s ability to effectively lead other states, thus weakening US hegemony. And as Arrighi notes, when “confidence in their rulers… wanes… systems of domination can [no longer] be run without resort to coercion” (Arrighi, 2005, p. 32).

China’s support for Sudan at multinational institutions such as the UN is an important aspect of their relations that undermines the capability of the UN to resolve national conflicts and challenges UN humanitarian norms. Between early 2004 and late 2006 China played a critical role in obstructing UN resolutions that could effectively relieve conflict in the Darfur region. Through a combination of blocking resolutions and threatening to use its veto, China forced the UN Security Council to remove all enforcement mechanisms from proposals such as UN Security Resolution 1556, which initially demanded that Khartoum dissolve the janjaweed and allow humanitarian assistance in Darfur: “rendering the resolution essentially useless” (Halper, 2010, p. 100). However, although China abstained on most UN resolutions against Khartoum until 2007, Beijing began to tentatively adopt a more accommodating stance on Darfur from 2005 onwards (Carmody & Taylor, 2010, p. 501).31 China’s shift in policy from

31 In the adoption of three resolutions during March 2005, China struck a more “conciliatory tone” showing “greater willingness to discuss the resolutions provided that the integrity of the country [Sudan] would be guaranteed” (Carmody & Taylor, 2010, p. 501).
unconditional support and obstructionism towards limited support for UN intervention resulted not only from mounting international pressure in the run up to the 2008 Beijing Olympic Games, but China’s anxieties over its international image (Shinn, 2009, p. 91). The appointment of special Chinese ambassadors to Sudan and Africa in 2007 to mitigate damage to its international image, alongside greater willingness of CCP officials to express guarded criticism of Khartoum, demonstrated China’s desire to appear as a responsible rising power and the growing untenability of its position in Sudan (Scott, 2008, p. 32). However, continued Chinese hostility towards UN attempts to ‘violate’ Sudanese sovereignty implicitly challenges Western rules and norms as institutionalised by the UN Charter, and undermines confidence in UN Security Council members’ capacity to mobilise consent and cooperation internationally. Furthermore, as Arrighi argues that “voting rights [in the UN] were skewed in favour of the Western great powers” institutionalizing US hegemony, failure to mobilise consent among the Security Council directly undermines US hegemony (Silver & Slater, 1999, p. 210).

The inability of the US to mobilise support for militarily intervention in Sudan and China’s key role in acquiring Khartoum’s consent for foreign intervention in Darfur has reduced international confidence in US capacity to lead, a key component of what constitutes Gramsci’s notion of hegemony (Arrighi & Silver, 1999, p. 26). China’s changing diplomatic engagement with Sudan constitutes a major departure from the established norms of Chinese overseas engagement with African countries in its use of hard economic power to pressure Khartoum to comply with UN requests. High-level diplomatic visits to Sudan by leading CCP officials such as Chinese president Hu Jintao in February 2007, in which he pledged to deepen economic commitment, were employed to pressure Khartoum into implementing “its commitment to support, protect, and facilitate all humanitarian operation in Darfur” and accept “a UN-AU peacekeeping mission in Darfur”(Shinn, 2009, p. 92, 91). Chinese moves to press Khartoum into complying with international requests at international forums were instrumental in persuading Al-Bashir’s regime into allowing a joint UN-African Union peacekeeping
mission into the Darfur region (Shinn, 2009, p. 92). Acknowledgement of the key role played by China in encouraging China to accept a UNAMID force by important figures, such as US Special Envoy to Sudan Andrew Natsios, has also led to increased international awareness of China’s immense influence in Sudan (Raine, 2009, p. 186). However, this acknowledgement also amounts to recognition of the limitations of the Western powers in mobilising cooperation and enforcing coercive measures in Sudan, especially that of the US which was the key agitator for international intervention.

The Limits of the China’s Hegemonic Challenge

Despite growing economic engagement with Sudan, China’s political presence remains comparatively far less sophisticated as a result of its statist approach to diplomatic relations. Whereas China has engaged diplomatically with Khartoum and the SPLM in a number of ways, Chinese peacekeepers have not interacted with local rebel groups such as the JEM and Sudan Liberation Army, reinforcing a negative perception of China as a friend of the regime (Hirono, 2011, p. 338). Chinese intervention is thus often regarding with hostility in areas governed by non-government factions marginalised by Khartoum (Hirono, 2011, p. 329-330, 338). Furthermore, despite expanded economic relations between China and the Republic of South Sudan since 2005 tension between the two allies remains high, with South Sudan accusing China of under-reporting oil well numbers during the oil shutdown, and consequently expelling the president of Petrodar Liu Yingcai (International Crisis Group, p. 30-31). More recently, relations between Juba and Beijing were further strained by CNPC’s rejection of South Sudan’s proposal to construct an alternate oil pipeline to Kenya that would render the existing pipeline obsolete (the cost of which has not yet been recouped) and disencourage negotiations with Khartoum (International Crisis Group, 2012, p. 25; The Oil Daily, 2012). In addition, despite deepening economic engagement between China and South Sudan, heightened concerns in the south regarding dubious Chinese practices and increased US investment in road-building threatens to undermine China’s influence in the region (International Crisis Group, 2012, p. 17). Thus, although China has carved out a sphere of influence in Sudan and South Sudan, as part of its theatre-level strategy in Africa of

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33 Millions of dollars in government revenue has already disappeared, whilst senior officials have also expressed displeasure over attempts by Chinese companies to ‘court’ government officials in order to secure lucrative land deals (International Crisis Group, 2012, p. 12).
containing US hegemony, China’s lack of a sophisticated political presence threatens to undermine Chinese influence in South Sudan and marginalised areas of Sudan.

Chinese willingness to economically and diplomatically support regimes such as Sudan and Zimbabwe has garnered criticism among both the Western powers and throughout the global South, as Alden notes “by actively courting ‘pariah regimes’… [China has] found itself at odds with an emerging consensus on the necessity of good governance within Africa itself” (2008, p. 21). Although China presents a challenge to US hegemony in the region, China’s inability to “lead society in a direction that …is … perceived by subordinate groups as serving a more general interest” also threatens to undermine Chinese attempts to gain influence (Arrighi, 2005, p. 32). China’s indifference to human rights abuses and responsible governance was the subject of discussion at the 2008 Sino-African Business Forum, where it was noted that “China’s involvement with African regimes in trouble spots reduced pressure on combatants to make compromises and address causes of the conflicts” (Yu, 2010, p. 146). Furthermore, Chinese support for Khartoum and concern over Chinese interest in long-term growth in Africa also led South Africa and Senegal to develop the New Partnership for African Development (NEPAD) which obliged participating African and G8 countries to “agree to adherence to ‘best practice[s]’ in pursuing democratic governance and liberal market criteria” (Alden, 2007, p. 98). China’s adherence to the policy of non-interference in Sudan ran contrary to the expectations of other African nations that China would help resolve the conflict, undermining the image of China as a responsible world power (Holslag, 2009, p. 25). Although China’s belated use of indirect influence to reduce violence in the Darfur region largely redressed the damage to its image, China’s reluctance to interfere in Sudan revealed the limitations of China’s policies of non-interference, and undermined China’s attempts to tempt African nations away from their traditional Western trading partners with low-interest long-term loans.

Core-Periphery relations

The Sino-Sudanese relationship reflects Arrighi’s notion of the asymmetrical and exploitative hierarchy between core and periphery, structured against the interests of peripheral states so as to largely benefit core powers and elites in peripheral countries. Many authors have been critical of Chinese investment in the Sudanese oil industry noting that although “the new and expanding wealth of the Khartoum boom may have
been a reality in the capital… very little of this new wealth ‘trickled down’ into the countryside” (Collins, 2008, p. 238). Despite an economic growth rate of around 8 percent between 1991 and 1997, poverty increased between 1990 and 1996 by almost 20 percent, largely as a result of the concentration of wealth in the hands of privileged state elites who benefit directly from the expanding oil industry (Abdalla, 2008, p. 13). Although the discovery of oil greatly enhanced government revenue and generally improved the economy, the allocation of resources away from productive enterprises and towards non-productive economic sectors, such as arms purchases and expanding the bureaucracy, has contributed to high levels of unemployment (Elhadary & Samat, 2012, p. 216). Furthermore, oil development became “deeply interwoven in patterns of conflict in Southern Sudan” (Large, 2007, p. 59), as grossly enlarged government oil revenues facilitated the development of the Sudanese arms manufacturing industry and the expansion of the Sudanese war machine (Large, 2007, p. 59). In addition, the reorientation of the Sudanese economy away from agriculture and towards the exportation of oil degraded the livelihood of remaining traditional land-owners whilst also consolidating the Khartoum’s resource base and reinforcing its military power (Large, 2008, p. 98). Thus, the disadvantageous outcome of oil development for much of the Sudanese population, the benefits of which are siphoned directly to local elites and Chinese businesses, conforms to Arrighi’s interpretation of core-periphery relations.

Although China is notably the largest provider of aid to Sudan, usually in the form of oil-oriented infrastructure projects, Chinese aid to Sudan is also instrumental in maintaining the status quo of core-periphery relations. Armed conflict in the Western Upper Nile/Unity State region escalated dramatically following the arrival of Talisman Energy in 1998, as Sudanese military forces freely used the all-weather airstrip at Heglig and expansive road system constructed by the oil companies to transport heavy equipment, enabling “armoured personnel carriers… to reach the government’s targeted

34 The amount of revenue garnered from oil sales constituted 42 percent of total government revenue in 2001 (Human Rights Watch, 2003, p. 59).
36 The contribution of revenue generated by oil exports to the GDP increased 32 percent between 1998 and 2000, whilst the contribution of agriculture decreased from 50 percent in 2000 to 34 percent in 2009 (Elhadary & Samat, 2012, p. 215).
villages… in much less time than before” (Human Rights Watch, 2003, p. 66). Human Rights Watch argues that CNPC shares complicity with Talisman, as they “laid the groundwork for the project that Talisman then completed” (Human Rights Watch, 2003, p. 67). Furthermore, when the Sudanese military and Baqara Murahiliin began to forcefully depopulate the regions in West Nile to expand oil production in 2001, armed Chinese workers and Mujahidin assisted in the process (Collins, 2008, p. 233). More recently, the Power Construction Corporation of China (PCCC) began work on a $US63 million road project, financed by China’s Exim Bank, which was identified by the Sudan Revolutionary Front and the US-based Satellite Sentinel Project as intended for ‘military purposes’ (Anonymous, 2012, p. 19178). As such, the way Chinese aid is allocated towards facilitating trade and bolstering Khartoum’s military and political foundations accords well with the World-Systems Theory interpretation of aid as a means of promoting the “interests of core capitalist states… by ensuring functional military structures, and the maintenance of law and order” (Hahn, 2008, p. 148)

Economic relations between China and Sudan also conform to Arrighi’s notions of core-peripheral relations as exploitative through the redirection of the overwhelming amount of economic gains towards China and elites within the Sudanese government. Although the “dictatorial, corrupt and centralizing” behaviour of Khartoum has played a key role in rising unemployment and high poverty levels in Sudan, the extensive use of Chinese labourers by Chinese SOEs has also channeled wealth towards Khartoum elites instead of the population (Mendes & Nascimento, 2009, p. 15). Although the CNPC has employed over 4,000 Sudanese and 7,000 contract workers, almost 50 percent of the revenue of the ‘Sudan project’ went directly to the Sudanese government (Hong, 2011, p. 111). For example, although the CPECC claims that it made no profit on the pipeline, refinery and two oil well projects it constructed as part of the GNPOC project, the use of 10,000 skilled Chinese labourers largely reduced the costs and kept the money circulating within the Chinese economy (Human Rights Watch, 2003, p. 459-460). The extensive use of Chinese labour by Chinese SOEs, alongside indifference to worker’s rights has drawn increased criticism among local populations especially throughout the South (Hofstedt, 2009, p. 88). China’s economic relationship with Sudan vis-à-vis investment in the oil industry is consistent with that of core and peripheral countries according to Arrighi in that power blocks within China tied to “manufacturing and commercial interests” have formed relations with elites in Sudan “tied to the needs of
core capital” for mutual economic benefit (Chase-Dunn & Rubinson, 1991, p. 38). Furthermore, in accordance with World-Systems Theory this relationship has mostly benefitted the economic interests of China as the alliance between domestic elites in both countries has not only ensured Chinese access to natural resources and “traditional modes of surplus extraction” but offers a site to absorb China’s vast labour surpluses and manufactured goods (Hahn, 2008, p. 148).

The asymmetrical economic relationship between China and Sudan based on Chinese interests, wherein the importance of Chinese investment and trade to Sudan exceeds the importance of Sudanese oil to China is also representative of core-periphery relations (Large, 2009, p. 616). Although both India and Malaysia have invested in the Sudanese oil industry and established limited trade networks “No country’s trade ties with Sudan come close to the importance of China’s” (International Monetary Fund, 2008, p. 467). In addition, although China’s goal in diversifying its economic activities in Sudan may indeed be “to create a level of economic interdependence that will lead to greater trade, including the purchase of oil and gas supplies” (Hong, 2011, p. 111), Chinese investment remains heavily concentrated in the oil industry. Furthermore, the proliferation of Chinese small entrepreneurs and traders capable of employing supply chains back to China to outcompete Sudanese business has created tension especially among local traders and craftsmen (Alden, 2007, p. 43). Thus, Chinese economic involvement in Sudan and South Sudan is almost entirely based on commercial profitability, in the pursuit of which it employs hard economic power to negotiate contracts based exclusively on Chinese interests. As such, the unequal economic relationship with respect to the oil trade between China and Sudan, and China and South Sudan, also confirms Arrighi’s understandings of core-periphery relations as an exploitative process which overwhelmingly benefits core powers such as China.

China’s relationship with Sudan and South Sudan has recently undergone changes, due the secession of South Sudan and the increasingly strong position of Sudan and South Sudan vis-à-vis China, which challenge the assertion within World-Systems Theory that

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Although Sudan exports around 65 percent of its oil to China, totalling approximately 10.3 million tonnes in 2007, Sudanese oil represents only 6.32 percent of China’s net oil imports (Hong, 2011, p. 106, Ministry of Commerce cited in Lee, Chan & Chan, 2011, p. 431).
the “core systematically underdevelops the dependent periphery areas both politically and economically” (Isaak, 1991, p. 23). Although China’s preferential credit line to Khartoum is expansive, officially amounting to around US$1.9 billion in 2010\(^{38}\), and thereby providing China with economic leverage over the GoS, such extensive lending also “makes Beijing a hostage… as it will lose its credibility and influence if it overreaches politically” (Hong, 2011, p. 118). Furthermore, given the CNPC’s heavy investment in the oil industry China is bound to continue lending money even though Sudan is unlikely to be in a position to repay the extensive loans, as International Crisis Group notes “the concession that the North would not have to make repayments for five years was in effect a recognition of reality, since Khartoum was unlikely to have been able to do so in any event” (2012, p. 27). In addition, the renegotiation of oil contracts between South Sudan and China following its succession in 2011 considerably strengthened Juba’s control over the oil industry and “previously neglected social, environmental and employment standards…bring[ing] oil company interests in line with its own” (International Crisis Group, 2012, p. ii). Thus, although China’s extensive economic investment in Sudan and South Sudan fosters economic interdependence, and aligns Khartoum and Juba’s interests with its own, consistent with its policy of “shaking up the continents historical links” (Arrighi, Silver & Brewer, 2003, p. 78), it also makes Beijing a hostage whose influence can only be exerted sparingly.

**SOE’s and State/Capital Interests**

The escalation of Chinese investment in Sudan not only reflects the belief among Chinese officials that national oil enhances national energy security but also confirms Arrighi’s argument that Chinese SOEs largely operate independently of state policy as private enterprises. However, Chinese officials have become increasingly disenchanted with the notion of Sudanese equity oil as a cheaper and more secure alternative to the international market as Chinese SOEs have transitioned towards selling national oil on the world market for a much higher price, often to competitors in energy security\(^{39}\). Furthermore, the lack of adequate oversight agencies capable of exerting direct authority over SOEs in Sudan has meant that Chinese companies have continued to invest in Sudan long after China has ceased financial incentives for investment, and

\(^{38}\) However, actual debt owing to China is thought to be much higher than what has been acknowledged (International Crisis Group, 2012, p. 27).

\(^{39}\) In 2006, it is estimated that only 24 per cent of Chinese equity oil in Sudan was sent back to China, whilst 65 percent was sold to Japan (Tunsjø, 2010, p. 34).
have indeed escalated the level of engagement\textsuperscript{40}. The escalation of investment in Sudan against the wishes of many leading Chinese officials has led to criticism of the conduct of SOEs in Sudan as having “hijacked China’s foreign policy in Sudan” (McGregor, 2008, March 17), pursuing “profit at the expense of broader national interests” (Power and Mohan, 2010, p. 485). Thus, although within China there is significant interpenetration of state/capital interests, SOEs generally operate as private enterprises bound to the national interest but often acting independently of central state policy in accordance with Arrighi’s theoretical framework (Arrighi, 2007).

\textsuperscript{40} For example, from 2003 onwards Sudan was not only the country CNPC most heavily invested in, but of all overseas Chinese investments represented the company’s “single greatest commercial success” (Carmody & Taylor, 2010, p. 509; Jakobson, 2009, p. 418).
The relationship which has emerged between China and Sudan since the early 1990s is complex, multifaceted, and fundamentally different from that which preceded it. The deepening of Chinese investment in the oil industry from the late 1990s onwards has resulted in far more significant Sino-Sudanese economic and diplomatic relations. While Chinese involvement in Sudan is primarily driven by economic considerations, the Sudanese government is also motivated by its need for military armaments and diplomatic support in multinational institutions. The secession of South Sudan in 2011 further complicated the relationship between China and Sudan, as China is unwilling to abandon its ‘old friend’ in the North (and its large and as yet unredeemed investments there), but has considerable economic interest in building good relations with the newly independent South. The emergence of friendly, albeit tense, diplomatic relations between South Sudan and China based on pragmatic economic considerations supports the assertion by Western commentators that “China is actively expanding its influence in Africa to secure supplies of natural resources, to counter Western political and economic influence while expanding China’s global influence” (Brooks and Shin, 2006, p. 1). However, many African states view rising Chinese influence with ambivalence, weighing the benefits of China’s long-term low-interest loans against its complicity in supporting authoritarian regimes and human rights violators.

As per Arrighi’s understandings of World-Systems Theory, the adoption of neoliberal economic policies in the late 1970s by US policymakers to reverse declining US hegemony resulted in the rollback of third world power and escalating African debt. However, the transition towards neoliberalism in the World Bank and American-dominated financial institutions also signalled the beginning of the period of financialisation characterised by the increasing dominance and favouring of finance capital over productive sectors of the society, which Arrighi claims marked the ‘autumn’ of US hegemony. Furthermore, US difficulties in Iraq signalled the ‘terminal crisis’ of US hegemony, “further undermin[ing]… the centrality of the United States and the US dollar in the global political economy; and… [strengthening] the tendency towards the emergence of China as an alternative to US leadership in the East Asian region and beyond” (Arrighi, 2005(2), p. 1). Within this context then, does China’s relationship with Sudan provide insights into the ways in which China challenges US
hegemony, and furthermore whether African states view China as a more viable political and economic model than the US? (Friedman, 2010, p. 148). Given Arrighi’s definition of hegemony as the capacity to dominate antagonistic groups and lead society in a direction that is “perceived by subordinate groups as serving a more general interest” (Arrighi, 2005, p. 32), US hegemony is absent in Sudan. The economically deleterious consequences of Sudan’s adoption of World Bank loans and the later imposition of SAPs has left a legacy of economic stagnation and widespread poverty creating hostility towards Western policy prescriptions, and increased willingness to cooperate with other countries of the global south such as China. Furthermore, the instrumental role played by China in boosting Sudanese GDP and reducing poverty supports the view among African nations that the Chinese model presents a viable alternative to neoliberalism, and a source of developmental assistance without economically disadvantageous conditionalities (Arrighi, Silver & Brewer, 2003, p. 78).

In addition, China’s economic relationships with Sudan and South Sudan are largely consistent with the relationship between core and peripheral countries outlined by World-Systems Theory. These relationships overwhelmingly benefit’s Chinese economic interests as although China imports more than it exports from both countries, the alliance between each country’s domestic elites ensures the maintenance of “traditional modes of surplus extraction” through Chinese access of natural resources in return for manufactured goods (Hahn, 2008, p. 148). As such, although China provides Sudan with infrastructure and wealth, only a small section of society aligned with the predominant elites reap the benefits of this relationship. Conversely, Sudan offers China a site to absorb surplus labour, offload manufactured goods and secure access to oil.

Furthermore, the foundations of Chinese relations with both countries are based on pursuing China’s needs, which reflects Arrighi’s understandings of core-periphery relations as an exploitative process overwhelmingly benefiting core powers. In addition, Chinese SOEs in Sudan act in accordance with Arrighi’s theories concerning the interpenetration of state/capital interests (Arrighi, 2007), while the allocation of Chinese aid towards facilitating trade and strengthening the dominance of Al-Bashir’s regime is consistent with the interpretation of aid as a means of promoting ‘core’ interests (Hahn, 2008, p. 148). However, the strengthened position of post-independence South Sudan vis-à-vis China and the economic leverage Sudan employs over China challenges Arrighi’s conception of the core-periphery relationship.
China’s readiness to sell arms to Sudan despite UN sanctions, and continued hostility towards attempts by the UN to effectively intervene in Darfur undermines international confidence in the capacity of the members of the UN Security Council to mobilize consent and cooperation internationally. Furthermore Chinese reluctance to uphold, and allow others to uphold, the articles of the UN Charter concerning human rights implicitly challenges Western rules and norms and decreases international confidence in the collective coercive powers of the UN Security Council. Growing discontent with the capacity of the UN to achieve results in Sudan undermines the prestige of the dominant Western nations whilst undermining belief in the capacity of the US to lead and/or coerce fellow members into pursuing a general interest. However, China’s reluctance to interfere in Sudan despite Khartoum’s egregious human rights offences, and only belated use of indirect influence to reduce violence thereafter, deeply damaged its image among African countries and undermined China’s ‘soft’ diplomatic attempts to draw African nations away from their traditional trading partners. Furthermore, China’s lack of a sophisticated political presence in Sudan threatens to weaken Chinese influence in disaffected regions of both South and North Sudan, and undermine the longevity of Chinese involvement. The divergence in enthusiasm for Chinese investment between Sudanese elites and the general population, resulting from the redirection of the economic benefits of Chinese involvement to government elites, also provides a challenge to Chinese influence in the region. For example resistance to Al-Bashir’s regime, such as recent riots in Khartoum over the elimination of government subsidies on fuel and other basic necessities, could overturn China’s status as Sudan’s main trading partner (Associated Press, 2013, October 6).

The relationship between China and Sudan, and South Sudan, countries which bear the legacy of economic stagnation and escalating poverty as a result of Western financial institutions, reflects Arrighi’s argument that “US hegemony…has already ended” (Arrighi, 2007, p. 384). Although China’s relationship with an authoritarian regime such as Sudan may not be typical of overall China-African relations, especially in regards to the arms trade, China’s success in developing economic and diplomatic relations with Sudan is reflective of a wider trend among African countries of looking towards China for aid and investment. Although China’s lack of a sophisticated diplomatic apparatus in Sudan, failure to uphold Western human rights norms and exploitative form of
economic engagement, threaten to destabilise Chinese influence in the region, Sudan’s sustained economic growth serves as an indicator to other impoverished African nations of the advantages of engaging with China. As such, although the US remains the world’s only ‘superpower’ with an unparalleled military apparatus, its power is waning as a result of the declining capacity of the US to prescribe economic policies and mobilise consent at international institutions. Thus, China’s success in wooing both Sudan and South Sudan is reflective of China’s growing influence in the region and declining US hegemony in Africa more generally.
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