China In Algeria: Global Economy And Local Development

Hilal Nur Haldan
Global Economy and Local Development
Algeria, China.

1. Introduction:
This paper examines the sudden acceleration of Sino Algerian economic relations and the resulting changes in the relationship between Algeria and the world. China’s presence in Algeria combines many interrelated features, which are not only distinctive, but contain their own logic and temporality: these encompass political, diplomatic, cultural, migratory, human and economic relations. This paper will mainly focus on the last category of relations; it will draw on statistical data, as recorded by international agencies, as well as data collected by national statistical agencies in Algeria and China. It will thus seek to improve our understanding of what is meant by “China’s economic presence in Algeria”.

The paper is trying to cover the analytical sub-topics of capital flows and investment, migration, and the ongoing problems inherent to working with and through those regimes in Africa that remain extraverted and highly personalized. Key questions about Chinese business in Africa, particularly in terms of natural resource acquisition, have generated the most media and policy attention.

The changes in both the scale and the visibility of China’s dealings in Africa in the last decade have been astonishing. Trade, particularly in imports of natural resources to China and exports of Chinese merchandise to Africa, has grown exponentially since 2001. Lucrative deals have been signed with a range of African governments. A Chinese merchant presence in African cities and town is increasingly visible. And China now has a high diplomatic profile in Africa, not least as a guarantor and protector to important some states.1 Although there is a range of methodological challenges and opportunities, these quickly moving developments have occasioned a first wave of comment, excitement and reflection. That what will be discussed in this paper.

2. A Brief History of the relations between two countries: Between 1949 and 1978
China and Algeria have traditional and friendly relations when the Algerian government was formed in September 1958. China immediately gave it recognition and established full diplomatic relations with Algeria on December. Since Algeria won independence in 1962, the friendly relations and cooperation between China and Algeria have developed comprehensively in the political, economic, cultural, health and military fields. Algeria once made significant contributions to restoring China's legitimate seat in the United Nations as one of the co-sponsors. In April 1997, the Foreign Ministries of the two countries signed the Agreement on Holding Regular Political Consultations. Algeria attaches great importance to developing relations with China.

We can notice that this period suffers from lack of data about the type of cooperation between the two countries, but some authors grapple with a larger question of the behavior of Chinese government in Africa as global capital started to flow within this period in general. This period also can show how much is down to norms and practices that are distinctively Chinese?

3. A Brief History of the relations between two countries: Between 1978 and 2002
The first wave of Chinese migrants reached Algeria was in the late 1990s. Some arrived as migrant workers, hired in China by Chinese enterprises engaged in the construction market in Algeria. Their contract once completed, some of them stayed in Algeria, where they opened small businesses. At the end of 2011, the total number of Chinese nationals on Algerian soil may have reached about 40

---

to 45,000 individuals, including migrant workers the manual workforce recruited for a specific job, expatriates managerial staff sent out on temporary assignments by their companies, petty entrepreneurs, shopkeepers and their families. Between 2005 and 2011, Algeria was the African country with the largest number of Chinese migrant workers, peaking at 49,631 in 2009, then falling to 36,562 in 2011, a decrease of 8,646 between 2010 and 2011, mainly due to the migrant workers’ massive return home after the completion of the projects. The construction of the West and Centre sections of the East-West Motorway, which is now completed, may alone have mobilized about twenty-two thousand Chinese workers. The decrease in the number of Chinese workers is expected to continue with the completion of major contracts. It was relatively easy for foreigners to settle down in the early 2000s, but later, administrative constraints happened. For major national projects, Algeria resorted to foreign workers with work visas not exceeding three months and temporary work permits issued by the employment bureau knowing that foreign workers must return to their home country upon the expiration of his work visa. Thus, in the 2000s, tens of thousands of Chinese workers arrived in Algeria, but only a few hundred of them could have permanently settled in the country at least legally. This influx of Chinese migrants in Algeria could therefore only have been an interlude and not a groundswell, as some have supposed. This idea was widely publicized in Algeria and abroad, sometimes to the point of feeding the fear of a Chinese invasion. However the only outstanding feature of this influx was its novelty in a country where there were very few foreigners, including Westerners, as a result of a long period of insecurity in the wake of the 1992 coup. China’s presence here thus remains marginal when compared to South Africa, where the Chinese community has been formed by numerous waves of Chinese migrants, the first one dating back to the 18th century. In the 2000s, the Algerian government had to face two pressing issues: housing and unemployment both causes of endemic social unrest. To tackle them, it adopted two distinct approaches: on the one hand, it relied on foreign companies to speed up housing construction; on the other, it promoted what in France is called “a social response to unemployment. This policy nourished criticism against Chinese enterprises, which were accused of increasing unemployment by importing their own workforce. Bound by their tender specifications, Chinese companies had no choice but to import their own labor force to meet a commitment to maintain such low costs and short deadlines. The presence of large Chinese labor forces on construction sites was not at first contested. Later, however, this was often seen as a refusal to provide employment for Algerians although few Algerians would have agreed to work at wages and under working conditions such as those offered by Chinese enterprises to their own workers.2

In Oct. 2000, Algerian President Abdelaziz Bouteflika, as a special guest of honor, attended the Beijing 2000 Ministerial Conference of the China-Africa Cooperation Forum and following the Conference paid a state visit to China and signed a joint communique together with President Jiang Zemin.

4. A Brief History of the relations between two countries: Between 2002 and the present

The total value (imports plus exports) of Sino-Algerian trade increased fourteen-fold between 2003 and 2012 (rising from 0.6 to 8.6 thousand million dollars). Negligible in the early 2000s, this trade has therefore progressively gained in quantitative importance: in 2012 it accounted for 7.2 per cent of total Algerian foreign trade. It is noteworthy that China’s rapid progress was due to two main factors. First, it was based on the originally low level of trade. Second, it was a result of the dynamics of Algeria’s economic opening, which benefited all Algeria’s partners. The balance of trade between both countries shows a growing deficit for Algeria. This fact alone suggests that Algeria may well need China more than China needs it – at least from a strictly commercial point of view.3


In this period, Chinese investors’ expectations of high growth, combined with lack of international experience and unfamiliarity with demands for transparency and stakeholder consultation have run into problems.

However, more universal frame of free market capitalism, now applied to countries and sectors in which an earlier ethic of straight aid and fraternal help was dominant.

5. What other scholars are saying or arguing?

Some authors provide detailed snapshots of a place and time. Several authors draw on a deep, long-term engagement with their respective topics, and others on decades-prior consideration of China–Africa relations (Bräutigam, Sautman). As Strauss’s intervention suggests, historicizing these relations is important methodologically as well as theoretically.

Ministry of National Defense of the People’s Republic of China has talked about China’s strategy in Africa and described the following:

**Political Interests and Behavior:**
Beijing has four principal political interests in Africa: bolstering China’s international image and influence, isolating Taiwan, countering problematic international norms, and supporting the stability of economic partners. Beijing has gone to great lengths to emphasize a “peaceful development” of Chinese power. Outreach efforts in Africa can increase the credibility of this image, as well as reap tangible diplomatic benefits through African support. While diplomatic competition with Taiwan is relatively dormant, Beijing has a continuing interest in isolating Taipei, now recognized by only three African states. With regard to international norms, African support can assist Beijing in countering precedents that China views as potentially dangerous domestically. From both a legal and diplomatic perspective, Beijing likely perceives an interest in preventing international activism on issues of democratic governance and human rights intervention in Africa that could apply equally to domestic Chinese political order. China’s stance of not interfering in domestic governance and human rights issues is often appreciated and reciprocated by African governments, even among those with democratic traditions and solid human rights practices. Finally, Beijing has a growing interest in African stability commensurate with its growing economic and political investment there and its desire to be a responsible global power. Over the past ten years, Beijing has been busier than Washington in political engagement with African states, including three times as many head-of-state visits as the George W. Bush and Barack Obama administrations during that span. While China’s relations with African states are for the most part bilateral, the triennial Forum on China-Africa Cooperation is the center piece of Chinese multilateral engagement with African states, bringing together heads of state and ministry-level leaders. Alongside senior-level engagement has been a significant increase in mid-level outreach and soft-power initiatives. This has included several notable building projects including the African Union Headquarters, and a significant expansion of Chinese state media in Africa. Contrary to much Western press reporting, African heads of state tend to make sunnier statements toward China than toward the United States, and opinion polls show generally positive views of China on the continent.

6. Obstacles, Challenges and Opportunities

The African Development Bank noted the Chinese enterprises’ low propensity for providing work that could absorb youth unemployment, especially that of graduates. This social discontent might explain why the brawls that broke out between Algerians and Chinese during the summer of 2009 in Algiers’ suburbs were interpreted as the anger and hostility of the young unemployed towards Chinese

---

4Hughes and Alden on foreign policy, Jiang on Chinese energy policy, Large on Sudanese politics

workers. The Algerian government did impose a quota of 20 percent Algerian workers in Chinese construction projects. It is not clear whether this measure applied to all construction sites and, when it did, to what extent it was implemented. It is difficult to fight unemployment and at the same time to engage in the construction of housing. This should be kept in mind when interpreting the contract signed with Beijing Liujian Construction Corp (BLCC), a Chinese public company under the direction of Beijing municipality. BLCC was founded in 1958 and was authorized to recruit manual labor, skilled workers and executives to supply various construction sites abroad. BLCC was chosen to build 4,000 dwellings in Saida. The agreement signed with the employment services provided that BLCC must recruit 3,724 local workers; in return it was allowed to hire 1,197 Chinese workers to ensure proper supervision. The agreement also stipulated that BLCC was required to promote training operations for young recruits in the various specialized sectors of building and construction. When the agreement was signed, work had already been in progress for almost one year. One year after its signature by both parties, BLCC was employing just 300 local workers, i.e. about 8 per cent of the figure originally put forward. Even if it is possible that there might be a reflux, the presence of Chinese migrants and expatriates in Algeria is probably not a cyclical phenomenon, but rather fits into a basic trend in Africa that should gain momentum with ever closer Sino-African economic relations.

9. Future Trajectories and Conclusion

We can discuss this issue according to these following dimensions:
- Economic and Trade Relations and Economic and Technical Cooperation:

   The bilateral trade between China and Algeria developed quickly in the early 1980s. In 1982, the bilateral trade volume reached US$170 million. In 2000, the trade volume between China and Algeria totaled US$198.85 million. The bilateral trade volume between China and Algeria in 2001 was US$292 million. Cooperation of contracted projects between China and Algeria began in 1980, including building projects in agriculture, water conservancy, hotels, and restaurants and so on.

   The Mixed Economic, Trade and Technological Committee between the Chinese and Algerian governments have held four sessions up until now.

   Dr. Brautigam is no stranger to the region and is a longtime observer of both China and Africa and China in Africa. The author of several books on aid and development, she has again produced a well-researched, well documented, and well-organized book. It walks the difficult tightrope between being substantive and overly analytical and engaging a non-specialist who is intrigued by the headlines found in today’s newspapers. This book seeks to dispel the myths about what China’s presence in Africa means for the continent while elucidating what China’s tactical and strategic aims are and speculating about what they mean for the West. She does that by examining several case studies primarily through the lens of project-based analysis about China’s engagement in a host of African countries such as Mauritius, South Africa, Zambia, Zimbabwe, Mozambique, Angola, Tanzania, and Sierra Leone. Rest assured that this is a very comprehensive book. It is true that for the most part what we read in the news and see on TV regarding China’s engagement on the continent comes off as rather alarmist. Headlines like “How China’s Taking Over Africa and Why the West Should Be very Worried” or “How China Has Created a New Slave Empire in Africa” or “Money and Mandarin Lessons Fuel China’s African Invasion” paint two simultaneously ominous and threatening pictures. First, China is purported to have imperialist designs on Africa, and second, China is perceived to have swooped in suddenly and seemingly without warning to gobble up everything in its path mostly natural resources and especially oil. Dr. Brautigam claims otherwise, at least to a certain extent. First, she asserts that when it comes to the topic of “China in Africa” there is a lack of empirical data; in some cases even fallacious data often coupled with false assertions based on second-hand claims are presented. For example, one of the most oft-quoted figures, namely that China provided $44 billion (USD) in total aid to Africa in 2007, a claim that caused a panic in certain circles, was patently wrong. It was a misquotation of a statement made by Chinese Premier Wen Jiabao who was speaking not in
terms of U.S. dollars but in terms of Renminbi (RMB). That clarification drastically changed what China’s aid landscape looked like. Second, the author spends a great deal of time differentiating between the Western based model of aid and development in Africa versus the China-based model—a model that she continuously points out is based on China’s own historical experience with aid and development programs both as a donor and as a recipient. That distinction, Dr. Brautigam believes, gets lost in the shuffle. China’s engagement in Africa often repeats patterns established by the West and draws on its considerable. An experience as a recipient of aid, primarily from Japan. The Chinese government learned long ago that such models could help to serve its own vast development goals. Lest we forget, China is still a developing country in its own way. Therefore, as opposed to Western-based aid models and those of the International Monetary Fund (IMF), there are no structural conditions attached to Chinese aid. What we often witness is a business-driven model of development that provides opportunities to previously ignored African nations that can serve as productive trading and investment partners. China is searching for win-win scenarios in Africa opportunities for development that serve the interests of both China and Africa. Third, the book debunks today’s popular perception that China has only recently shown up in Africa where, driven by its enormous appetite for oil and natural resources, it is perpetuating a pattern of pillaging the continent, offering enormous multibillion dollar aid packages in return for access to oil. Although some may argue credibly that that is exactly what China is doing, what should be noted is that China did not ‘‘suddenly’’ arrive on the scene. China has been engaged in Africa for decades, going back to the Mao era. It is true that since Deng Xiaoping’s reform and opening up policies beginning in the late 1970s and extending into the 1980s, China has been much more outward looking and its aid and development efforts in Africa and elsewhere have expanded and matured exponentially. The book does a very good job of communicating China’s involvement on the continent and the depth, breadth, and history of its experience in Africa. In the final analysis, however, it seems to me that the author tended to look at the situation through rose-colored glasses. To be fair, this book centers on China’s economic engagement and development and aid initiatives within Africa and leaves out some of its more nefarious pursuits on the continent such as the selling of arms and light weapons and so on. However, even though China maintains that it wants to ‘‘do well by doing good’’ and now, in the twenty-first century, is making a concerted effort to go global, at the end of the day it has done some highly suspect things largely because of its mantra of noninterference in the internal affairs of sovereign states. That point should not be forgotten. That is not meant to suggest that the West and Western donor countries should not shoulder their fair share of blame when it comes to the present state of many African countries, and it would be hypocritical to claim that our involvement on the continent has not left numerous tales of mismanagement, exploitation, and outright neglect in its wake. However, though she attempted to challenge conventional wisdom, it is not 100 percent clear that Dr. Brautigam answered the $64,000 question: namely, will China’s experiment in Africa achieve results like its own domestic miracle? Over the last three decades China has succeeded in raising hundreds of millions of people out of poverty, which is nothing short of a miracle. Will China’s actions in Africa implementing its business-driven development model that seeks to upgrade infrastructure, technology, and know-how while simultaneously looking for opportunities to feed its own relentless domestically driven need for economic development, energy, fuel, and so on have similar effects in Africa? Only time will tell.6

visited Algeria and signed the Agreement on Medical and Health Cooperation Between Chinese and Algerian Government. China and Algeria have altogether signed nearly 20 exchange programs and cooperation agreements on culture, education, sports and the press. Currently, there are 23 Algerian students studying in China.\(^7\)

Obama’s administration responded to this decision by granting China an exemption from U.S. sanctions. Hence, Sinopec preserves all its chances of expanding in the United States where it has already signed a deal to invest in shale assets. The presence of the Chinese auto makers in Algeria tells a story of the same sort for their activities mainly go through imports of Chinese vehicles whilst investments are limited to the opening of commercial bureau despite initial plans to install assembly lines. Chinese vehicles’ exports to Algeria point out China’s incapacity to secure a medium- or long-term investment its enterprises would have otherwise favored.

We can conclude with that the Chinese involvement in Africa is about China’s own development and how well regions within China integrate into a progressive, distinctly modern form. This can see clearly within the observations from the authors, and the Chinese knowledge base about the diversity itself, and finally the dynamics of modern contemporary Africa. however, how quickly and in what way that will be proved remains to be seen in coming years.

References:


9- Once upon a time, Africa and China... », in Julien Bokilo, China in Africa: Competition between China, traditional trade partners of Africa et BRIC countries, Paris, L’Harmattan, 2011, p. 9-16.


14-https://www.rand.org/content/dam/rand/pubs/research_reports/RR900/RR905/RAND_RR905.pdf