

ISSUE BRIEF

No. 4895 | AUGUST 8, 2018

Chinese Corruption in Africa Undermines Beijing's Rhetoric About Friendship with the Continent

Joshua Meservey

Chinese President Xi Jinping's official remarks during his recent tour of Senegal, Rwanda, South Africa, and Mauritius were replete with references to sincere friendship between China and Africa,¹ a frequent theme of official Chinese communication toward the continent. Beijing's inaugural Africa policy paper unveiled in 2006 describes "sincerity, friendship and equality" as the first of four principles and objectives for China's policy toward Africa.²

The rhetoric, however, is inconsistent with the reality that Chinese government-owned or government-linked companies frequently use dishonest practices to gain a business advantage in Africa. Given China's control of its state-owned enterprises and influence over large private Chinese companies, it is likely that Beijing directs, encourages, or tolerates their corrupt behavior, thereby perpetuating a system of corruption in Africa that harms ordinary Africans. Until Beijing stops this practice, its rhetoric about friendship and wishing the best for African countries and their inhabitants will be insincere.

Understanding Chinese Corruption in Africa

Corruption is often a key element of Chinese economic engagement overseas, including in Africa. A 2017 survey found that 60 percent to 87 percent of

Chinese firms polled in Africa admitted to paying a bribe to get a license.³ Chinese companies scored second-worst in Transparency International's last *Bribe Payers Index* that measured perceptions of how likely companies from certain countries are to pay bribes abroad.⁴ A recent study found that corruption in general increases around active Chinese aid project sites in Africa, likely because of the Chinese effect on norms.⁵ Another study found that countries that are more corrupt attract greater non-concessional official Chinese financial flows than do less-corrupt countries; one likely explanation for the finding is that Chinese companies are comfortable playing the corruption game.⁶

Reports of Chinese corruption in Africa are too numerous to comprehensively list in a short paper. Over the past 13 years, two of China's biggest telecom companies, Huawei and ZTE, have been implicated in corruption scandals in at least 15 African countries.⁷ In 2017, the U.S. arrested the emissary, Patrick Ho, of CEFC Energy Company—a multinational Chinese company linked to the Chinese Communist Party—for bribing officials in Chad and Uganda on behalf of CEFC and the state-owned China National Petroleum Corporation. A scandal erupted in 2008 in Namibia when a Chinese company helmed by then-Chinese President Hu Jintao's son bribed Namibian officials to win a contract.

Chinese companies pay off officials at the highest levels of African governments. Patrick Ho offered inducements to the Chadian President and the now-Ugandan Foreign Minister. China Sonangol and the China International Fund bribed the Guinean Minister of Mines and Geology to steer mining contracts their way. One of the world's largest steel companies,

This paper, in its entirety, can be found at <http://report.heritage.org/ib4895>

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Shandong Iron and Steel, allegedly offered former Sierra Leonean President Ernest Bai Koroma a \$150 million sweetener to transfer to it the rights to rich iron mines from another company.⁸ ZTE allegedly bribed then-Liberian President Gyude Bryant, judges, and others to strip a U.S. company of a telecommunications contract and award it to ZTE. ZTE reportedly lavished more than \$12 million in payoffs on 29 people in Benin, including the then-president and several ministers.⁹

Chinese corruption in Africa takes more forms than paying bribes to win contracts. The Namibian government spent two years investigating more than 30 Chinese companies operating in its country over concerns they were hiding illegal earnings. The investigation bagged four Chinese tycoons who reportedly ran a \$300 million tax-fraud scheme. Chinese nationals and, allegedly, even Chinese diplomats,¹⁰ are frequently important players in the

poaching rings devastating Africa's wildlife, while Chinese companies and workers are notorious for frequently transgressing the environmental and labor standards of various African countries. As just one example, as many as two-thirds of Chinese boats fishing in West African waters do so illegally, rapidly depleting fishing stocks and costing West Africa an estimated \$2 billion a year.¹¹

The Costs of Corruption

These companies' practice of using corruption to gain advantage in Africa further entrenches a system taking a tremendous toll on ordinary Africans. A 2002 African Union report estimated that corruption costs Africa \$148 billion annually, about three times the amount the continent received in net overseas development assistance in 2015.¹² Corruption correlates with state failure and conflict,¹³ and chil-

1. In Senegal, Xi wrote of "good friends and partners who trust and help each other with sincerity." In Rwanda, he spoke of how "China-Africa relations have always been defined by sincere friendship, unity and cooperation." In South Africa, he wrote of his wish for the two countries to "stay forever as each other's reliable good friend, good brother and good partner." Senegal: "Full Text of Chinese President Xi's Signed Article on Senegalese Media," Xinhua, July 21, 2018, http://www.china.org.cn/world/2018-07/21/content_57808284.htm (accessed August 6, 2018); Rwanda: "China, Rwanda Vow to Write New Chapter in Bilateral Ties," Xinhua, July 24, 2018, http://www.china.org.cn/world/2018-07/24/content_57815923.htm (accessed August 6, 2018); and South Africa: Xi Jinping, "For a New Era of China-SA Friendship," *IOL*, July 22, 2018, <https://www.iol.co.za/sundayindependent/for-a-new-era-of-china-sa-friendship-16176566> (accessed August 6, 2018).
2. Government of China, "China's African Policy (Full Text)," January 2006, http://www.gov.cn/misc/2006-01/12/content_156490.htm (accessed August 6, 2018).
3. Irene Yuan Sun, Kartik Jayaram, and Omid Kassiri, "Dance of the Lions and Dragons," McKinsey & Company, June 2017, <https://www.africa-newsroom.com/files/download/aa9f2979a3dc18e> (accessed August 6, 2018).
4. Deborah Hardoon and Finn Heinrich, *Bribe Payers Index 2011*, Transparency International, 2011, http://issuu.com/transparencyinternational/docs/bribe_payers_index_2011?mode=window&backgroundcolor=%23222222 (accessed August 6, 2018).
5. Ann-Sofie Isaksson and Andreas Kotsadam, "Chinese Aid and Local Corruption," *Journal of Public Economics*, Vol. 159 (March 2018), pp. 146-159, <https://www.sciencedirect.com/science/article/pii/S0047272718300021> (accessed August 6, 2018).
6. Axel Dreher et al., "Apples and Dragon Fruits: The Determinants of Aid and Other Forms of State Financing from China to Africa," *AidData Working Paper* No. 15, October 2015, http://docs.aiddata.org/ad4/pdfs/wps15_apples_and_dragon_fruits.pdf (accessed August 6, 2018).
7. The countries are Algeria, Benin, Cameroon, Ethiopia, Gabon, Gambia, Ghana, Kenya, Liberia, Nigeria, South Africa, South Sudan, Uganda, Zambia, and Zimbabwe. Variety of sources compiled by author. See also Andy Keiser, "ZTE: A Threat to America's Small Businesses," testimony before the Committee on Small Business, U.S. House of Representatives, June 27, 2018, https://smallbusiness.house.gov/uploadedfiles/6-27-18_keiser_testimony.pdf (accessed August 6, 2018).
8. Howard W. French, *China's Second Continent* (New York, NY: Vintage Books, 2015), p. 131.
9. Tara Francis Chan, "Trump Wants to End a Trade Ban on ZTE, the Chinese Company that Reportedly Had an Entire Department Devoted to Paying Foreign Bribes," *Business Insider*, May 14, 2018, <http://www.businessinsider.com/zte-had-a-system-for-paying-bribes-2018-5> (accessed August 6, 2018).
10. Environmental Investigation Agency, *Vanishing Point: Criminality, Corruption and the Devastation of Tanzania's Elephants*, November 2014, <https://eia-international.org/wp-content/uploads/EIA-Vanishing-Point-lo-res1.pdf> (accessed August 7, 2018).
11. Andrew Jacobs, "China's Appetite Pushes Fisheries to the Brink," *The New York Times*, April 30, 2017, <https://www.nytimes.com/2017/04/30/world/asia/chinas-appetite-pushes-fisheries-to-the-brink.html> (accessed August 6, 2018).
12. Brookings Institution Africa Growth Initiative, *Foresight Africa: Top Priorities for the Continent in 2018*, https://www.brookings.edu/wp-content/uploads/2018/01/foresight-2018_full_web_final2.pdf (accessed August 6, 2018).
13. Carnegie Endowment for International Peace, Working Group on Corruption and Security, "Corruption: The Unrecognized Threat to International Security," June 2014, http://carnegieendowment.org/files/corruption_and_security.pdf (accessed August 6, 2018).

dren are five times more likely to drop out of primary school—and the infant mortality rate is nearly twice as high—in highly corrupt countries than in countries with little corruption.¹⁴

Such corruption gives Chinese companies an unfair advantage over competitors, and—since a fair bidding process is usually the best way to secure the most cost-efficient delivery of a project—robs Africans of receiving maximum return on the investment of public money paying for Chinese-built projects. Corruption also subverts governance that is accountable to the people, as bribed leaders become more responsive to their patrons than to their citizens.

What the U.S. Can Do

Beijing seeks to supplant U.S. influence on the increasingly important African continent as it pursues its goal of becoming a global power at least on par with the United States. The U.S. should resist corrupt Chinese practices as one way of defending its national interests in Africa. To do so, the U.S. should:

- **Prioritize the fight against African corruption.** Ideas include helping countries strengthen their civil societies, promoting economic freedom, and elevating the fight against graft as part of U.S. development assistance.
- **Push back on Beijing's false narratives in Africa.** The U.S. should point out to African publics and leaders the routine corruption in which many Chinese companies engage, despite the frequent Chinese rhetoric about pursuing a sincere friendship with Africa. This effort should include seeking, compiling, and publicizing reports of Chinese corruption scandals in Africa.

- **Call on China to abide by its commitments agreed to in the U.N. Convention Against Corruption** that requires countries to establish laws criminalizing bribing foreign officials to gain business advantage.¹⁵ Beijing is unlikely to heed such calls, but they are another avenue by which the U.S. can demonstrate China's lack of commitment to fighting corruption in Africa.

- **Leverage technology and the power of crowds.** The greatest potential check on corruption is its foremost victims, ordinary Africans. The use of social media and other technologies is booming across Africa, and the United States should help civil society organizations create tools to track and publicize corruption. Apps similar to Waze, which uses crowdsourced information to monitor traffic, could track corruption, and even create heat maps and lists of particularly corrupt government offices.

Beijing wants Africans to believe that it has their best interests at heart, but the frequent use of corruption by some of its state-owned or government-linked firms to gain unfair advantage demonstrates otherwise. It is in America's interest to encourage the development of peaceful, free, and prosperous African countries. Pushing back on Beijing's false narratives while strengthening African countries' ability to resist corruption would be one part of doing so.

—*Joshua Meservey is Senior Policy Analyst for Africa and the Middle East in the Douglas and Sarah Allison Center for Foreign Policy, of the Kathryn and Shelby Cullom Davis Institute for National Security and Foreign Policy, at The Heritage Foundation.*

14. Sanjeev Gupta, Hamid Davoodi, and Erwin Tiongson, "Corruption and the Provision of Health Care and Education Services," *IMF Working Paper* No. WP/00/116, June 2000, <https://www.imf.org/external/pubs/ft/wp/2000/wp00116.pdf> (accessed August 6, 2018).

15. The relevant article reads: "Each State Party shall adopt such legislative and other measures as may be necessary to establish as a criminal offence, when committed intentionally, the promise, offering or giving to a foreign public official or an official of a public international organization, directly or indirectly, of an undue advantage, for the official himself or herself or another person or entity, in order that the official act or refrain from acting in the exercise of his or her official duties, in order to obtain or retain business or other undue advantage in relation to the conduct of international business." United Nations Office on Drugs and Crime, "United Nations Convention Against Corruption," September 2004, https://www.unodc.org/documents/treaties/UNCAC/Publications/Convention/08-50026_E.pdf (accessed August 6, 2018).