

China and the central african republic



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I-Introduction

Central African Republic is a landlocked country bordered in the south by the Democratic Republic of the Congo and the Republic of the Congo, in the north by Chad, Sudan in the east and Cameroon in the west. It gained its independence in August 13th 1960 and Bangui is the capital. The two official languages are French and Sango. Francois is Yangongvouda-Bozize current the President took the power during a coup in March 2003 [The Economist US (2005)].

Since its independence, the Central African Republic has been destabilized and further impoverished due to a cycle of political-military uprisings and violence [HAC, (2011); UNICEF, (2008); The Economist, (2008)].

Constitutional order was restored in 2005[UNICEF, (2008)]; however, the overall situation until now in the country remains volatile, marked by tensions among and within political parties, a precarious socio-economic situation, deteriorating humanitarian conditions and insecurity in the north of the country due to activities of rebel and criminal groups [UNICEF, (2008)].

The United Nations implemented a Peace-building Office in the Central African Republic (BINUCA), in an attempt to promote peace and stability in the country and reduce cross-border insecurity [UNICEF, (2008)]; This was carried out to encourage national dialogue and reconciliation and furthermore to help the Central African Republic enact military reforms, implement human rights policies, train civilian police, and disarm, demobilize and reintegrate former fighters. Besides that, the CAR is surrounded by countries like Chad, Sudan and DRC, which have been destabilized for a long time by civil wars. These lead many refugees to seek for shelter in CAR [The <https://assignbuster.com/china-and-the-central-african-republic/>

Economist, (2005)]. All those characteristics create a volatile political situation and an uncertain climate for foreign investment.

The CAR is blessed with many natural resources such as diamonds, timber, uranium, oil, iron, gold and hydropower [Africa. com, (2008)]. However, it is still rated among the poorest countries in the world. Its economy is disadvantaged due to its landlocked position, which isolates it from foreign suppliers and markets and contributes to high import prices. It has the potential to become a major agricultural product exporter. It also has hydroelectric potential that could be developed for export to neighboring countries that have power shortages.

The relations between China and the CAR have evolved saw tooth since the early 60's. On several occasions, the CAR broke and re-established its ties with the People Republic of China.

Since the arrival in power of President Bozize, it seems that the CAR and China are enjoying steady and smooth relations. Yet the country is still facing to challenges regarding to its socio-economic situation.

Nothing is so much said nor written about China and the Central African Republic. What is really going on between the two countries? China has invested in it, especially in terms of infrastructure. Does the government gain from it? What about the population? Is CAR really benefited from that relation? In what extent China can help the CAR to come out from the cycle of poverty?

II-Central African Republic (C. A. R):

2. 1Facts and figures

According to the United Nations' Human Development Index, the CAR now ranks 172 out of 177 least developed countries in the world [UNDP,(2006)]. Two-thirds of the population live under the line of poverty, less than half are literate, and the average life expectancy hovers around 40 years, resulting in a very young population with almost fifty percent under the age of 18, and only four percent aged 60 and over[UNDP, (2006)]. The CAR is really affected by AIDS that is why the life expectancy is constantly falling and dropped below 40 according to the UNDP Report on Human Development 2006. Per capita income is USD 456.

POPULATION 4, 422, 000

SIZE 622, 984
km²

CAPITAL CITY Bangui

LANGUAGES French and
Sango
(officials
languages);

**TRIBAL
LANGUAGES**

**LARGEST
CITIES** Bangui and
Bimbo

RELIGION 35% Tribal
beliefs, 25%
Protestant,
25%

Catholic,
15% Muslim

**MONETARY
UNIT** Franc

**NATURAL
RESOURCES** Diamonds,
uranium,
timber, gold,

hydropower

Cotton,
coffee,
tobacco,
cassava,

AGRICULTURE yams,
millet, corn,
banana;
timber

diamonds,
timber,

**EXPORT
COMMODITIES** cotton,
coffee,
tobacco

**IMPORT
COMMODITIES** food,
textiles,
petroleum
products,
machinery,
electrical
equipment,
motor
vehicles,
chemicals,
pharmaceuti

cals

Gold and

diamond

mining,

logging,

brewing,

INDUSTRY

textiles,

footwear,

assembly of

bicycles and

motorcycles

2. 2 Political and economic situations

The CAR is blessed with natural resources to use and develop in order to come out of its cycle of poverty. However, three decades of mismanagement, from the 60's when it gained its independence until 1993 which seen the organization democratic elections for the first time, most of the time under military rule and one decade of chronic unrest and political fights (1993- 2003) led the country to bankruptcy [International Crisis Group, (2007)]. Francois Bozize gained the power in March 2003 by a coup and overthrown Ange-Felix Patasse [International Crisis Group, (2007)]. Due to the chronic instability since 10 years this makes very difficult for CAR's governments to follow-up a long term economic development strategy that is why the country is currently facing a lack of modern transportation network which represents the chokepoint for the development of its

economy. For instance, the length to reach Bangui the capital city is about 12 to 14 days of river transportation [CAR, (2009)].

Why is CAR's economy always under threat of strangulation? Geographically, the CAR is trapped in an unstable triangle and surrounded by the Democratic Republic of the Congo, Sudan and Chad that which are destroyed by many years of civil wars [IMF, (2010); The Economist, (2008); UNHCR, (2000)].

Furthermore, shipment arrivals are often delayed or canceled because of rebels' attacks [HAC, (2011)] that are causing so much trouble in the region.

The nation of CAR is principally agrarian [International Crisis Group, (2007)].

In 2003, agriculture accounted for 60.8% of the country's GDP [UNCTAD, (2005)]; crops primarily including cotton, food crops such as cassava, yams, bananas, maize; coffee and tobacco. In 2004, the agricultural labour force accounted for 69% [UNCTAD, (2005)]. The population of CAR is engaged in subsistence farming with 56% attributed to the agricultural sector in 2006. In 2002, timber accounted for about 30% of export earnings. The CAR is blessed with a huge unexploited natural resources in the form of uranium, gold, diamonds and others minerals [Investment Climate Report, (1995)]. In 2010, its main exports were diamonds, cotton, timber, coffee and tobacco. Diamonds are the main natural resources being currently developed [Investment Climate Report, (1995)]: in 2002, the CAR was able to export 50% of its diamonds earnings [Crisis Group Africa, (2010)].

In 2003 and 2006, industry contributed for respectively 24.9% and 15% for the latter of the country's GDP; breweries, diamond mining and sawmill represent the bulk of the sector. Due to the oversized government

bureaucracy and its landlocked position, services accounted only for 29% of GDP in 2006. The same year, its main importer of goods was France and represented for 17.6% and they mainly exports goods toward Belgium (40.4%) [Investment Climate Report, (1995); UNCTD. (2005)].

In 2000, the percentage of population with access to electricity accounted for 5% only [UNCTAD, (2005)]. The CAR really lack of electricity supply. The main and only hydroelectric plants are based in Boali. Mostly, fuel supplies are transported in via the Ubangui River or trucked through Cameroon, resulting in frequent shortages of gasoline, jet fuel and diesel. The country's transportation and communication network is limited; it does not possess a railroad, however it has only 650 kilometers of paved road. It does not possess any domestic air service, except charters, so very limited internationally. Furthermore, commercial traffic on the Ubangui River is very rough even impossible from December to May or June, due to ongoing conflicts in the region that sometimes prevented shipments from moving between Kinshasa (capital of DRC) and Bangui. The telephone system functions, albeit imperfectly. The CAR possesses only one television station that has been built since the independence, and four radio stations are currently operating in the country. Numerous newspapers and pamphlets are published on a regular basis, and at least one company has begun providing Internet service.

In terms of economic, the C. A. R. has made slow progress; its budget and external trade are deficiency due to many constraints like the poor infrastructure that it is facing, economic mismanagement and scarce private investment, as well as a limited tax base and adverse external conditions

have led the country to a desperate situation. Its debt burden is considerable, as well as its per capita gross national product (GNP). The World Bank and the International Monetary Fund (IMF) have implemented some structural and interest-free credits as well to support investments in the agriculture, livestock, and transportation sectors, unfortunately these have had limited impact. The World Bank and IMF are now encouraging the government to concentrate exclusively on implementing much-needed economic reforms to jumpstart the economy and defining its fundamental priorities with the aim of alleviating poverty. As a result, many of the state-owned business entities have been privatized and limited efforts have been made to standardize and simplify labor and investment codes and to address problems of corruption. The C. A. R. Government has adopted the Central African Economic and Monetary Community (CEMAC) Charter of Investment, and is in the process of adopting a new labor code. Furthermore the CAR received debt relief in June 2009 by the World Bank and the IMF [IMF, (2010)]. It reached the final completion-point stage of the Heavily Indebted Poor Countries Initiative [IMF, (2010)].

Since its independence, the CAR has been unstable and endured several coups; David Dacko ended the Bokassa era in a coup in 1979 [International Crisis Group, (2007)]. David Dacko was overthrown by a coup led by the General Andre Kolingba two years later. For the first time, he allowed multi-party presidential elections in 1993 and was defeated in the first round by his successor Ange-Felix Patasse. However, 1997 the discontent of unpaid soldiers resulted in a successive wave of strikes and uprisings from the latter [International Crisis Group, (2007)]. . The same year the French troop pulled

out and Paris financed a group of French-speaking African countries to create a peacekeeping force. This leads to the creation of the UN Mission to the Central African Republic, or Minurca [International Crisis Group, (2008)]. In 1999 Ange-Felix Patasse won the elections a second time however there were allegations of electoral fraud. He went into exile in Togo after being overthrown in a coup in 2003 by General Bozize the current president of the CAR.

The legacy of years of unrest has generated an illegal weapons proliferation across the CAR. Rebels' armed groups are active in the volatile north. The unrest has displaced tens of thousands of Central Africans; many of them have crossed the border into Chad. Under Bozize era, some progress towards ending the conflict was made in 2008, when peace talks led to an agreement committing two of the main rebel groups to disarm [IMF,(2010)]. The process culminated with the creation of a national unity government incorporating two rebel leaders in early 2009.

2.3 A Modest recovery

Since 2004 the Central African Republic has been able to achieve a modest economic growth [IMF, (2010)]; firstly, it gained full debt relief from the IMF and the World Bank in June 2009. Secondly it concluded a current Poverty Reduction and Growth Facility programme in June 2010. This successfully led to the achievement of a three-year programme with the IMF especially after the success of the Emergency Post-Conflict Assistance Programs.

Furthermore, the CAR's government implemented a macroeconomic management policies and necessary structural reforms that led to a modest

recovery from the economic shock in 2009. The government worked hard to further strengthen the credibility of public financial management, enhance public infrastructure, and intensify foreign donors and the private sector investment climate [US department, (2010)] as well.

Since President Bozize leads the CAR some encouraging result has been noticed by the International institutions like IMF or World Bank.

The CAR's government understood that it was its priority to restore security and peace in the country. The government established what it called the "inclusive political dialogue" that gathered the political opposition and the government together to seek for security and peace for the country. That initiative was successful in the extent that it was part of the demobilization, the disarmament and reintegration program which led to the smooth conduct of the elections in 2010 [IMF, (2010)].

In terms of building infrastructure and climate investment the CAR's government has a lot to do in order to unlock the country's economic situation. The government has no other choice than on the one hand relying on foreign partners and on the other hand must engage coherent and firm policies over the long term to come out of its cycle of poverty [IMF, (2010)].

III- Chinese engagement with the CAR

3. 1- The political relations

At many occasions the CAR cut off and resumed its diplomatic relations with the PRC and Taiwan. The diplomatic ties between China and the Central African Republic experienced ups and downs: In 1962, the CAR recognized Taiwan as part of China's territory and established for the first time

diplomatic ties with the island. Two years later, it broke off its diplomatic link with Taiwan and established diplomatic relations with China. The CAR resumed diplomatic ties Taiwan third times.

Leaders of both side exchanged high levelcontacts. These underline the importance a state attaches to its relations with another.

3. 2 Trade and Economic Relations

In November 2000, China and Central Africa Republic signed an agreement on trade, economic and technical cooperation [Chinese Foreign Ministry, (2006)]. In August 2004, both countries signed a bilateral cooperation agreement in fields such as energy, infrastructure and agriculture[Holslag, (2006)].

Today, China is an important commercial partner for the CAR. In 2002, trade volume between both nations accounted for US\$ 1. 944 million with US\$ 0. 687 stemming from China's export and US\$ 1. 257 million from the China's import. The CAR mainly exports timber and cotton to China and imports principally footwear, textiles and electrical and mechanical products from China [Chinese Foreign Ministry, (2006)].

China has been an active investor in the Central African Republic, especially in construction, and has been involved in a number of joint cooperative ventures with the government, covering health, agriculture, stock-breeding, communications and trade . It undertook numerous projects in CAR and built for instance the Boali agricultural technological station, a training center for straw-bamboo weaving handcrafts, the new stadium, a clinic in the presidential house, the Bangui hospital and agricultural project, the

extension work of the Pingpo Radio Transmitting Station, etc[Chinese Foreign Ministry, (2006)].

During his visit in China in 2009, President Francois Bozize called on China to invest in its country

3. 3 Exchanges in other fields

After signing a joint communiqué in August 20th, China and the CAR signed in November 1976 an agreement on sending Chinese medical teams to Central Africa Republic.

In June 1980 both countries signed an agreement on cultural cooperation and renewed it in June 1998 look for the number of students in China. Since 1997, China has begun to accept Central African students for study and on the job training. Today both parties acknowledge the necessity for the CAR to enhance its self-development ability as well as its local Human Resources training

IV- China- CAR: Why the slow progress?

One wonders what is happening in Central African Republic as the country is blessed with natural resources but still ranking as one the poorest in the world. International news portrays it as a “ phantom state” [African report, (2007)].

Since the resuming of bilateral cooperation with China in 1998, the relation is experiencing smoothly and slowly evolution. In 2009, during a high level visit to China President Francois Bozize spoke to his Chinese counterpart Hu Jintao and expressly called for Chinese investment in its country [BBC, (2009); AFP, (2009); China consulate, (2011)]. China is now an important <https://assignbuster.com/china-and-the-central-african-republic/>

economic partner for the CAR [BBC, (2009)]. However in an article published in 2009, the BBC wrote that the “ CAR is a much less valuable economic partner to China”. Considering that statement one wonders whether China really considers the CAR as a less valuable partner. How the Chinese governments perceive the CAR? How does the CAR perceive the Chinese involvement in the country?

The CAR's government welcomes the Chinese aid in spite the political instability in the country, especially in the north [African Report, (2007)]. However, China doesn't deter to invest in it by building the new 20. 000 seats-stadium, schools, hospitals, etc. Regarding to that assistance, can it be stated that the CAR is “ a much less valuable” for China?

The CAR's situation is peculiar and really needs from the scholars, journalist, central African leaders, the civil society, all the stakeholders as well, further attention.