

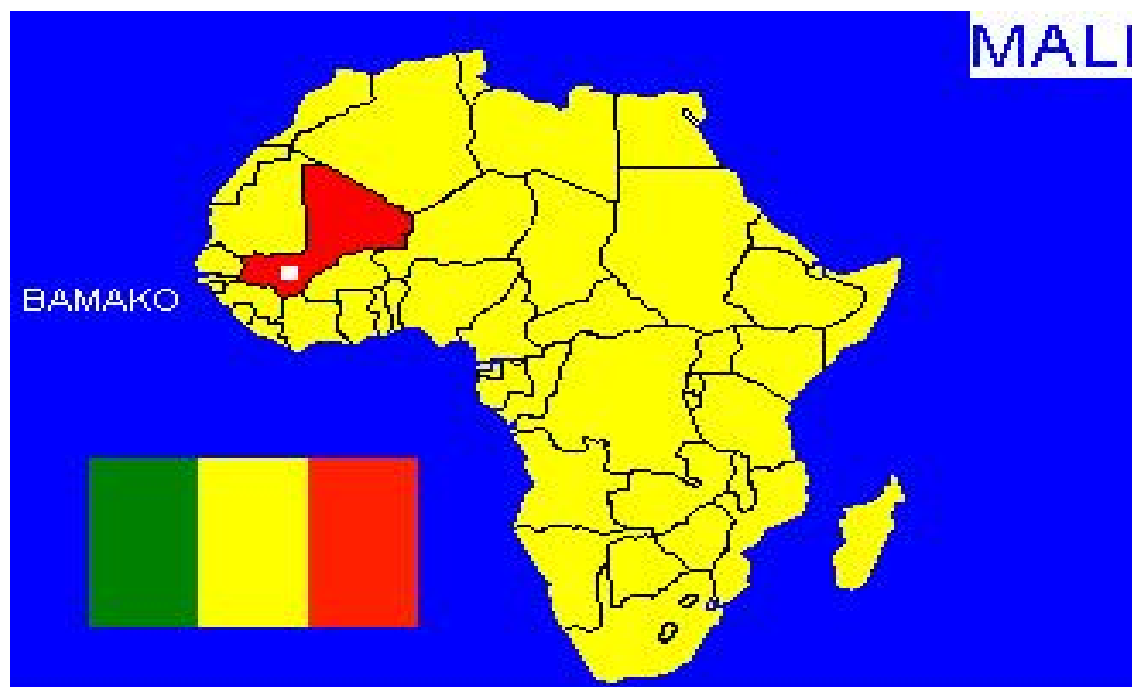
AFRICAN ECONOMIC RESEARCH CONSORTIUM
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RESEARCH REPORT

**THEME: ECONOMIC RELATIONS OF CHINA AND
SUB-SAHARAN AFRICA: THE CASE OF MALI.**

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Acronyms and abbreviations

PDA: Public development aid

DAC: Development Aid Committee

CEDEAO: Economic Community of West African States

COMATEX: Malian Textile Development Company

UNCTAD: United Nations Conference on Trade and Development

SPRF: Strategic Poverty Reduction Framework

FDI: Direct Foreign Investment

HDI: Human Development Index

OECD: Organisation for Economic Cooperation and Development

PPM: People's Pharmacy of Mali

SUKALA: Upper Kala Sugar Complex

TAMALI: Mali Tanneries

WAEMU: West African Economic and Monetary Union

UMPP: Malian Pharmaceutical Products Factory

I/ Introduction

Mali, a landlocked West African country, is one of the vastest States of Africa with a surface area of 1,241,238 km² and a population of approximately 11.5 million inhabitants. It shares borders with seven other States (Algeria, Burkina Faso, Niger, Côte d'Ivoire, Guinea, Senegal and Mauritania). The human poverty indicator (47.3%) ranks it 73rd out of 88 developing countries, whereas the human development index (HDI) positions it in the 175th rank out of 177 in 2006. Income per capita is estimated at 240 dollars in 1998, which is much lower than the average for sub-Saharan Africa (510 dollars). In 2001, 63.8% of the population lived in poverty and 21% in extreme poverty.

Real gross domestic product (GDP) growth is estimated at 5.3% in 2006 against 6.1% in 2005 and inflation was 1.5% in 2006 against 6.4% in 2005. For 2007, economists are counting on a growth rate of 5.2%.

Mali and China established diplomatic and cooperation relations upon Mali's accession to independence in the 1960s. China is today considered as a redoubtable economic power. One of the most remarkable aspects of the changes of the Chinese economy is its international opening up. In reality, China practically functioned in autarky until 1979. Since then, she has undergone a broad wave of reforms under the direction of Deng Xiaoping and under its watchword "*Enrich yourself!*" Personal enrichment (individualism) and consumption (supported by neo-Keynesian policies since 1997) has become the new economic creed.

China has taken an increasingly important place in trade since the end of the 1990s. In fact, "since the end of the 1970s, China has put the modernisation of its economy in the forefront of its priorities and it has done everything to reach that point: it has gradually abandoned planning for the market, it has mobilised its immense labour resources and openly benefited from globalisation while becoming the factory of the world ". With the opening up of China, more than 100 million industrial workers (twice as many as in the G7) have been integrated into the world economy. Thus, it has become the largest world low-cost production platform. China is managing to seriously hustle both the OECD countries both in trade in products and services and Sub-Saharan Africa, which since the colonial period has remained the private hunting ground of Europe

In 2005, China was ranked 6th at the level of GDP and it realised the best growth rate in the world. It has regularly had a two-digit growth - more than 10% per annum for a few years. Thus, some observers have described it as "the factory of the world " since it is true that China manufactures everything, cuddly toys, electronic alarm clocks, air-conditioners... Regarded as the "largest workshop of the world" it manufactures nearly 30% of the clothing sold throughout the world. At the end of 2006, the China-Africa Summit was held in Peking. This historic meeting, which was attended by nearly 47 African States, enabled China to strengthen its trade links with a continent that has become strategic for her. Thus, in a recent study (Broadman, 2006) concludes that "the scale and the pace of China and India's trade and investment flows with Africa are clearly unprecedented". To feed its growth, China needs energy resources that abound on

the black continent. Africa is also an outlet for Chinese low-priced exports of manufactured goods.

Furthermore, it is known that Africa is a provider of raw materials, whereas the appetite of China for them seems unlimited and that it seeks to acquire them at all costs. The Chinese then practise "over-payment" for access to the natural resources as well as lack of transparency in their loan policy, which undermines the recommendations of international organisations on the matter and is likely to cause a new debt crisis in poor countries. Westerners, who promised two years ago to cancel 35 billion dollars of debt of the poorest countries, are irritated to see China investing massively on the African continent and lending funds liberally, without caring much neither about the capacity of the countries to repay, nor about the nature of the political regimes. In Sudan, China is thus suspected of closing the eyes on the role of Khartoum in the Darfour genocide to be better able to benefit from the energy measures of the country.

Among other things, Chinese investments constitute a recent phenomenon in the world. In the particular area of foreign direct investments in Africa, China devoted a package of more than 1.5 billion American dollars in mid 2006 and it is maintaining its progression. With regard to development aid, China has increased its participation with a certain number of African countries, especially during the recent period. Amongst other things, China has cancelled debts to the tune of 1.27 billion American dollars for 31 African countries.

China, although itself a developing country, is quickly taking an essential role in the development of sub-Saharan Africa. Its strong growth and the oil needs and other basic commodities that it involves have stimulated trade with Africa.

In the particular case of Mali, which is the subject of our study, relations with China are underlain by cooperation in full expansion. It is, among other things, a matter of historical cooperation, because China and Mali established diplomatic relations on 25 October 1960. Since then, cooperation between the two countries in the political, economic, cultural, medical and military fields continues to develop. China is one of Mali's top partners. It has thus helped Mali to realise more than 80 projects.

The major objective of this work consists in finding brief answers to the question of the appropriateness of the intervention of China in sub-Saharan Africa, to specify in what way it is effective or not. Can Africa find in these relations (trade, investment, aid) with this country some opportunities and improve its economic situation, or is it in reality in the process of falling over another type of economic domination? To put it plainly, it is a matter of seeing whether the new Asian giant can constitute an alternative solution for sub-Saharan Africa. From this point of view, is it not in Africa's interest to turn to Asia (China) and to jumpstart this cooperation, insofar as in spite of nearly 50 years of privileged ties with Europe, the development site remains even more dilapidated and without hope of pulling Africa out of its never-ending crisis, is it not necessary to consider another way of getting out of the crisis? We will more specifically be interested in the particular case of Mali.

The following research questions are likely to be asked:

- 1.) Is China, having made an extraordinary breakthrough on the African markets, ready within the framework of a trade partnership with Africa, to become a potential market, with 15% of the world population, and particularly the crucial need for raw materials and energy-generating products? In the specific case of Mali, which primarily produces gold and cotton, is it in her interest to make this Asian giant a privileged trade partner?
- 2.) How could Mali, in the fashion of other African countries, thwart the competitiveness of Chinese products, offered at prices that defy any competition, in order to avoid the danger of disindustrialisation and unemployment?
- 3.) Is the financing of Chinese direct investments in Mali likely to contribute effectively to the growth and development of Mali? How can Mali draw maximum advantage from the low cost of the delivery of development infrastructures while guaranteeing their quality aspect?
- 4.) Isn't the Chinese aid, which consists of donations and interest-free loans, and which has the advantage of being less constraining and without strings attached, likely to be effective in the financing of growth and development in Mali? If not, is it a trap instead?

At the end of the study, the following results are likely to be achieved and we would be able to:

- 1) Say if Mali's trade with Asia through China is likely or not to guarantee her advantages in economic terms. It will be clarified if through this bilateral trade Mali can accumulate the funds necessary to finance its development process;
- 2) Clarify how China can, as regards trade, enable Mali to easily position herself in the globalisation process by buying sufficient resources from her;
- 3) Determine the phenomenon of disindustrialisation and job losses of the labour factor likely to compromise economic development;
- 4) Say if cooperation with China is truly an alternative solution after a half century of unfruitful cooperation with Europe, or if on the other hand it is a matter of another form of economic domination that does not inspire hope;
- 5) Say if Chinese investments and aid in Mali are likely to drive Mali along the path of growth and development; or if not, propose an honourable way of getting out of the crisis for Mali.

II/ China's direct investments in Mali

Over the last few years, the sustained growth of the Chinese economy has been offering conditions favourable to China's investments abroad. The Chinese government is encouraging the successful companies of the country to invest in Africa and to develop local production. Up to the end of 2005, Chinese investments in Africa reached 6.27 billion US dollars. According to the preliminary statistics, Chinese direct investment in Africa reached 370 million US dollars. The projects of Chinese investments, distributed in 49 African countries, cover various areas such as: trade, production, exploitation of resources, transport, agriculture, etc. Africans appreciate Chinese investments because

they have promoted their economic development while bringing jobs and techniques, and by strengthening their capacity for autonomous construction.

With regard to Mali, Chinese investments are in reality not as large-scale as in the West or even in other African countries like Angola, South Africa, Nigeria or Sudan. That can first be explained by the fact that Mali does not constitute a great economic stake for China. In reality, one major objective in Chinese collaboration with Africa has above all been to make the supply of raw materials and energy more secure through a series of acquisitions. However, Mali is far from being a champion on the matter. Mali is a potential producer of cotton that China itself produces, and also of gold. Another objective is that the Chinese Government wishes to build national champions - which for some companies goes through an international development to counterbalance the effects of the massive opening up to foreign investments which has led to control by foreign groups of entire sections of the local industry. Also, for reasons of power and national myth, China wishes at all costs to place its largest companies in the mythical classification of the richest. For the moment, 15 of them are in the list, the objective being to have 40 of them in the long term brought closer (the United States has 189 of them and Japan has 84). It is thus obvious that in this race to glory on the international scene, Africa is far from being concerned. It is not competitive. But, let us see the overall situation of Chinese investments abroad before tackling the African case, more specifically the Malian case.

1/ Overall situation and investment capacity

The flows of Chinese investments abroad are increasing. In 2003, the stock of Chinese foreign direct investments (FDIs) reached just 35 billion dollars. At the end of 2006, i.e. three years later, it exceeded 60 billion dollars. China's potential room for manoeuvre is undoubtedly large, with the means of a great State, if it is a matter of Chinese strategic investments. For example, Chinese oil firms did not hesitate to release more than 5 billion dollars at a go to acquire Petro Kazakhstan (and to build a pipe line). There are also 18.5 billion dollars to try to acquire Unocal in the United States. It is also known that the colossal reserves of Chinese exchange (875 billion dollars at the end of 2006 and undoubtedly 1000 dollars in December) can be used as pressure lever on the international scene: 350 billion dollars have been used to acquire American Treasury bills.

Confining ourselves to the strict destination of Chinese FDIs throughout the world, it can be noted that it is quite diversified. The considerable financial means that Chinese companies can have are in part likely to explain the capacity of the Chinese to internationalise themselves. Thus, Asia and Latin America seem to have been the principal destinations of Chinese FDIs during the period 2003/2005. On these markets, China puts a spoke in the wheels of its Western competitors. On its part, Africa is courted for its large resources of raw materials. Thus, in Africa the host countries of Chinese FDIs are particularly those rich in energy resources such as: Sudan, Algeria, Nigeria, South Africa and Zambia. Beijing's priority of the moment is to make access to primary and energy resources and essential fuel more secure to effectively support Chinese growth - of 9.5% on average per annum over the last 15 years.

However, apart from its activities concerning energy and access to raw materials with which Mali is not necessarily endowed, China, taking into account its privileged historical relations and policies with Mali, is carrying out some investments there. In reality, for China it is a matter of one of the oldest African friends that it is advisable to help to develop. Thus, though on the whole modest in relation to the economic situation of Mali, but all the same significant in the context of a poor country, the country is benefiting from some Chinese investments that should be mentioned.

2/ Status and impact of Chinese FDIs in Mali

A direct investment of a country abroad is the exportation of capital to another country in order to acquire or create a company or to acquire an interest there (the threshold is 10% of the votes). The objective is to acquire an effective decision-making power in the management of the company.

According to OECD "FDI is an activity through which an investor residing in a foreign country obtains a durable interest and a significant influence in the management of a unit residing in another country. This operation can consist in creating an entirely new company (investment, creation) or, more generally, in modifying the statute of the existing companies (through mergers and acquisitions)".

If the United Kingdom, the United States and France are still the top investors in sub-Saharan Africa, new countries of East Asia, and even South Africa and Latin America are interested in the opportunities that this region offers. Among these countries, China contributed only 0.7% of FDIs in Africa between 1979 and 2000. Nearly 10% of Chinese foreign direct investments went to the African continent between 1979 and 2002. During this period, six African countries appear among the 30 top partners of China, including two West African countries (Nigeria and Mali). Recently, the trend has developed and China could become a significant player in the future. In 2004, Chinese FDIs in Africa rose to more than 900 million US dollars out of the 15 million dollars of total FDIs.

With regard to Mali, generally, following the introduction of democracy and the rule of law, the businesses environment has developed impressively since 1995. Thus, because of this mark of confidence, foreign investments are growing substantially as can be observed on table n°1.

Table N° 1: Trend of the flow of foreign investments in Mali (in million dollars)

Country	1989-1994 Annual average	1995	1996	1997	1998	1999	2000	1995-2000 Annual- average Total	Average
Benin	56	13	36	27	38	61	30	205	34.15
Burkina Faso	7	10	17	13	10	13	12	75	12.5

Côte d'Ivoire	75	268	302	450	314	279	290	1,903	317.15
Ghana	72	107	120	82	56	63	110	538	89.7
Guinea	15	-	24	17	18	63	33	155	25.5
Guinea Bissau	2	-	1	10	-	3	5	21	3.5
Mali	2	123	47	74	36	51	56	387	64.5
Mauritania	6	7	5	3	-	2	2	19	3.2
Mauritius	24	19	37	55	12	49	277	449	74.8
Niger	17	16	20	25	9	-	11	81	13.5
Senegal	19	35	5	177	60	136	107	520	86.7
Togo	6	38	27	23	42	70	60	260	43.3
Uganda	23	121	121	175	210	222	254	1,103	183.8
Zimbabwe	13	118	81	135	444	59	30	867	144.5

Source: UNCTAD, World Investment Report 2001, p 291-298

The positive trend of foreign direct investments since 1995 is even better perceptible on the diagram that follows, constructed from the data in table 1.

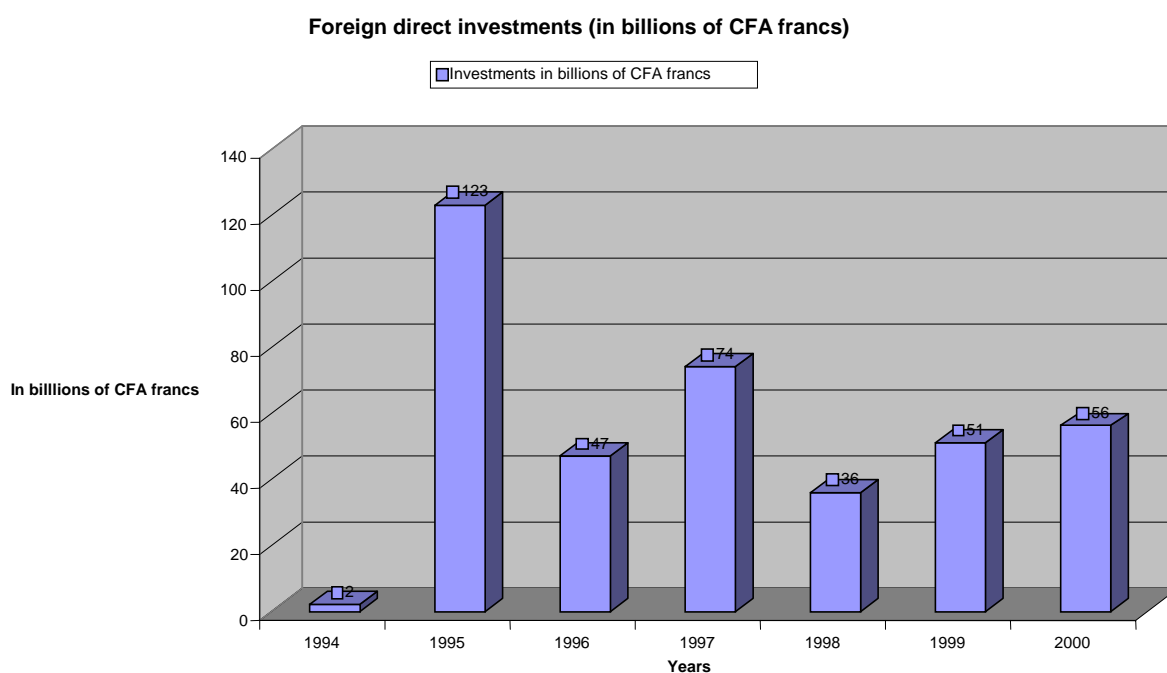


Table n°1 and the diagram that results from it show that since 1995, Mali has increasingly attracted foreign direct investments. 1995 and 1997 were relatively the periods that recorded the largest flow. The year 1998, on the other hand, certainly experienced a deceleration of investments but with immediate recovery the following year. The annual 1989-1994 average, which was two million US dollars, moved to 64.5 million US dollars between 1995 and 2000. This table certainly shows timid but all the

same regular growth of foreign direct investments in Mali. Within WAEMU (West African Economic and Monetary Union), Mali is the third country to attract the most FDIs over the period after Côte d'Ivoire and Senegal, whereas it occupied the last place until 1994 with Guinea Bissau. One can certainly not draw China's share from these FDIs, but one all the same notices a renewed confidence of foreign investors in Mali.

With regard to foreign direct investments, Mali generally counts only the achievements made following the approval of the draft investment codes in the mining, manufacturing and tourism sectors. Moreover Mali, it should be pointed out, is a place privileged to explore the regional market.

N°2 table: The Malian market and its neighbouring countries, 2001 and 2004

Country	Population Millions	GDPa Billions \$	GDPb Billions \$	Per capita GDP 2001	Per capita GDP 2004
Algeria	31	55	188	1 617	6 090
Côte d'Ivoire	16	10	24	1 490	715
Mali	11	3	9	292	810
Mauritania	3	1	8	502	1 990
Niger	11	2	10	208	890
Senegal	10	5	15	629	1 500
Sub-Saharan Africa	673	318	1 129	569	1 677

Source: UNCTAD

A/ GDP at market prices (\$ US)

B/GDP at the purchasing power parity (current \$ international)

Any investment in the country benefits from a true common market of approximately 73 million consumers within WAEMU and a vast market of approximately 220 million within the fifteen Member States of CEDEAO. Mali is in addition traditionally a country of trade and migration. The entrepreneurship of its population appeared to date manifested itself in the trade, hotel and distribution sectors. Thus, if in absolute terms foreign direct investment remains low, in relative terms they are higher than the average of the States of the sub-region. Over the last five years, foreign direct investment increased by 42.8% and was mainly directed towards mining. In 2001, this flow quadrupled.

The countries which bring the largest FDIs to Mali are France, Germany and China, which invest in particular in the manufacturing sector and food industries. FDIs in Mali were estimated at 2.3 million US dollars in 1994, at 5 million in 1995, 8 million in 1996, and 15 million dollars in 1997. They decelerated in 1998, 1999 and 2000 because of the legislative and municipal elections, the shortage of electricity and the high cost of energy in 2000. They rose again in 2001. Many investments took place in the textile, housing and food-processing sectors.

UNCTAD has confirmed the fact that foreign investment in Mali experienced positive growth during recent times according to its data. Thus, from 2001 to 2004, the situation of foreign direct investment was 63.3 billion CFA francs in 2001, 168.8 billion in 2002, 68.8 billion CFA francs in 2003 and 93.6 billion CFA francs in 2004. On the whole, foreign direct investment reached an annual average of 88.114 billion CFA francs per annum. The exceptional flow of the period 2002 comes in particular from the establishment of the mobile telephone company IKATEL and not from China.

Many projects are being implemented by China in Mali, in particular in the sectors of public infrastructures (roads, public works), of constructions of administrative or commercial buildings. They are unfortunately not taken into account in the foreign direct investments statistics. Foreign direct investments in Mali include, inter alia, five mining projects where China is not generally thought of as the favourite. They are the gold mines of Sadiola, Morila Ltd, Yatela Ltd, Kalana and the explosives company of Chemico-Mali SARL (limited liability company). These projects are in particular the work of Canada, Germany, France, Australia and South Africa, and are realising a total investment of more than 340,560,000 US dollars for more than 2,290 jobs created. Currently, Mali hosts more than 170 French companies, about thirty Canadian firms. In addition, China is present there, in particular in the sector of food-processing industry with a considerable place given its political and friendly relations with Mali.

It is from 2002 that the presence of China as regards investment in Africa rose rapidly. In 2002, total Chinese FDIs amounted to 5.083 billion US dollars with 8.7% in Africa. The principal recipients of this Chinese investment are Zambia, South Africa, Mali and Egypt. In 2004, China financed various projects in Mali, for an amount of 1,200 million CFA francs. In 2007, it financed the third sugar manufacturing plant for an amount of 75 billion CFA francs of investment. Food-processing is one of the industrial sectors that attract the most Chinese capital. This is the case of the Upper Kala Sugar Complex Ltd, which is a mixed investment company created in 1996 by the Government of Mali and the Chinese light industry company for Technico-economic Cooperation with foreign countries.

SUKALA Ltd is today one of the largest food-processing and commercial companies of Mali. This company is indisputably contributing to the reduction of unemployment of the youth, in particular by creating hundreds of jobs in agriculture and also of direct industrial employment. Its turnover reached 2 billion CFA francs in 2006. Also, in 10 years (1996-2006), SUKALA paid 17 billion CFA francs to Mali's Treasury as taxes and duties. Cumulated investments are estimated at 8.9 billion CFA francs within the framework of the technical renovation financed by China. Because of these good results, the construction of a new sugar refinery of with a capacity of 60,000 to 100,000 tons has been announced.

It should be noted that it is extremely difficult to know with accuracy the destination of Chinese direct investments abroad. On the one hand, the authorities regard these figures as confidential and only pass them on with parsimony (as well as figures relating to

international cooperation, which are completely inaccessible). In addition, the very nature of measurements makes their analysis very difficult: the principal destination of Chinese investments abroad is undoubtedly far from being Africa, Mali itself being only a very marginal beneficiary. The two principal destinations are Hong Kong (74% of the cumulated stock at the end of 2003, i.e. 24.5 billion US dollars) and the offshore centres of the British Virgin Islands and the Caimans (13% at the end of 2003, i.e. 4.3 billion US dollars). Insofar as the companies initially invest abroad to conquer new markets, they are naturally interested in the nearest markets (Japan, Korea, Southeast Asia). In spite of this situation, Chinese investment in Africa has been developing lately. The statistics of the Chinese Ministry of Trade reveal that in September 2006, its volume rose to 11 billion US dollars.

In the case of Mali, in the fashion of the whole of West Africa, several large and medium-sized enterprises had to stop the production because of lack of capital, the wear and tear of equipment and poor management. Some need to renew technologies and equipment and others to carry out industrial reorganisation. Thus, in Mali the 1980s were marked by co-management where China was very much involved. The Sukala sugar complex, COMATEX, TAMALI, UMPP, PPM were subject to this type of intervention. This regime is still prevailing at UMPP, carried out and officially handed over by China on 12 October 1984. From the 1990s, within the framework of the structural adjustment programmes, companies were wound up and their capital opened up to various partners. In accordance with this policy, COMATEX was privatised in 1993 with the participation of the State (20%) and the COVEC company (80%).

With regard to investment, China is intervening in Mali in various fields. Thus, the largest companies in which the Chinese invest in Mali are in textiles, food-processing, pharmaceutical industry, public works, etc. as the table below shows.

Table n° 3: Chinese companies in Mali

Name of the company	Sphere of activity	Statute
Agency of National Construction Works Company of Henan of China in Mali "CHECEC" Mali Ltd	Public works	Limited company
International Water and Electricity Company of China (CWE)	Electricity, Water	Limited company
Malian Textile Development Company (COMATEX)	Textile industry	Limited company
General Engineering Company of China (COVEC)	Public works	
Mali Enamelling and Galvanisation Company (SEGMA)	Kitchen utensils	
QILU Construction Group (QLCG)	Construction	
QUIGDAO (QDCG) Construction Group	Construction	
Ceramic Factory of Mali (UCEMA)	Building materials	
Malian Pharmaceutical Products Factory	Pharmaceutical	

(UMPP)	products	
Tea Factory (Farako)	Food processing	
Plastic shoes factory "Société Afro-Chine Industrie", "SACI-Ltd"	Chemistry, Para-chemistry	Limited liability company
Farm equipments and Agro-industrial Manufacturing Factory, "DATONG" Company	Manufacturing industry	Limited liability company
" Sino-Malian Oil Mill " Company, "HUSIMA", Bougouni Ltd.	Food processing	Limited liability company
" Sino-Malian Oil Mill " Company, HUSIMA, Koumantou	Food processing	Limited company

It would have been interesting to see in a sectoral manner but also globally what is the weight of Chinese participation in foreign direct investment in Mali, and to learn lessons from them. However, this exercise proves to be difficult because of the unavailability of comprehensive statistical data. Nevertheless, it can be noted on table N° 3 that in 2006, Chinese direct investments in Mali are especially realised in the following five companies:

- The Société Afro Chine Industrie (plastic shoes factory) in Bamako, for an amount of 760,226 million CFA francs, with 43 salaried jobs created;
- The "DATONG Entreprise Mali" company that specialises in the production of farm and agro-industrial equipment for an amount of 803 million CFA francs, with 26 jobs;
- The Société Huilerie Sini-malienne "HUSIMA" at Bougouni for an amount of 284,271 million CFA francs and 27 jobs created;
- The Société Huilerie Sini-malienne "HUSIMA" at Koumantou for an amount of 246,258 million francs with 27 jobs;
- The "Multi ampoule" company of production of electric bulbs, for an amount of 150,443 million CFA francs with 25 salaried jobs created.

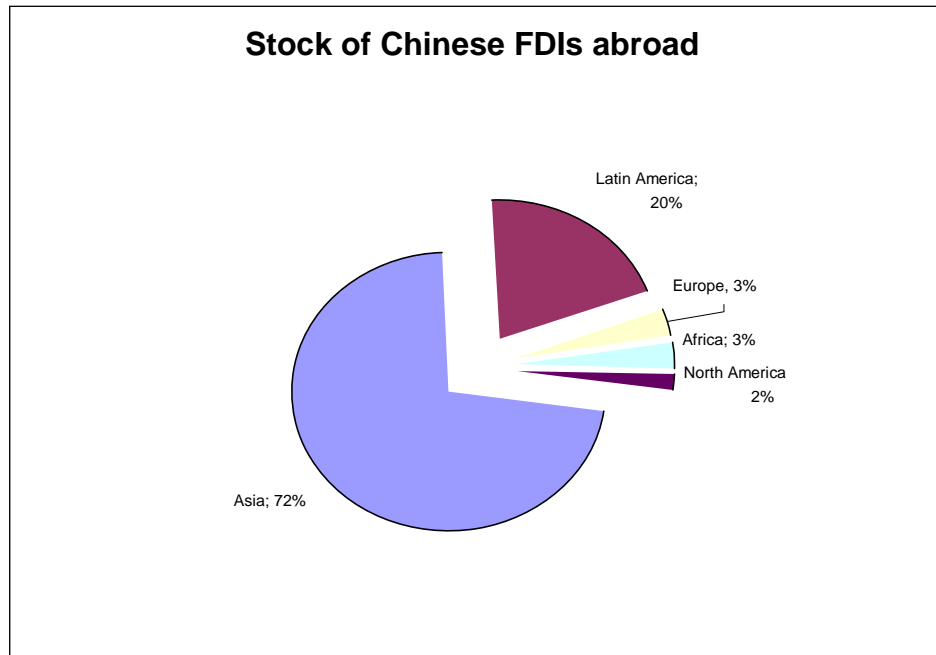
Table N° 4: Foreign direct investments in Mali in 2006 (in thousands of CFA francs)

N°	Description	Investments	Jobs created	Branch of industry	Origin of the funds
1	Manufacture of plastic shoes	760,266	43	Chemistry	China
2	"Datong" farm equipment manufacturing unit	803,000	26	Manufacturing industry	China
3	"Husima" Koumantou edible oil manufacturing unit	284,258	27	Food processing	China
4	"Husima" Bougouni edible oil manufacturing unit	246,258	27	Food procesing	China
5	"Multi Ampoule" electric bulbs manufacturing unit	150,443	25	Manufacturing industry	China
6	Centre NTIC	3,188,370	108	Non-industrial	Canada

				service	
7	"Sika Mali" shea butter industrial company	4,265,937	61	Food processing	France
8	Apparel-making workshop	62,555	11	Non-industrial textile service	France
9	Manufacturing unit for assembly and maintenance of computer equipment	151,865	40	Non-industrial service	France
10	Modern bakery Ségou Harbouk	85,774	16	Food	Lebanon
11	Scrap processing, Société "Viper Mali" Ltd	4,250,000	250	Manufacturing industry	India
12	Pharmaceutical products manufacturing unit	228,789	25	Chemistry and parachemistry	India
13	SOFA anti-mosquito serpentines manufacturing unit Ltd	369, 377	22	Chemistry and parachemistry	Côte d'Ivoire

Source: Ministry for the Promotion of Investments and Small and Medium Enterprises

The Bretton Woods experts are nevertheless formal: if growth reaches the rate of 5% in Africa in 2006, the black continent partly owes it to Chinese investments. In 2004, these investments rose to more than 900 million dollars out of the 15 billion foreign direct investments in Africa. For Jean-Marie Agboton, an economist of Beninese origin, this string of investments "can stimulate the industrialisation of Africa". However, such dynamism worries the big powers as well as many African observers. Some fear new plundering of the resources of the continent, without any technology transfer. However, we feel that this assertion must be strongly attenuated in general, and especially with regard to non-oil producing countries like Mali. In fact, the Chinese investment abroad modest and is poorly defined. Besides, from China's point of view, Africa is a marginal destination.



As regards Mali, the assertion of the Bretton Woods experts, which consists in explaining economic growth in sub-Saharan Africa through Chinese investments, would merit to be even more moderate, in as far as Chinese direct investments (3% of the total) is still so insufficient that they could not truly have a big incidence on growth. Mali in particular owes its growth to the major role played by agriculture (especially with cotton, white gold) and gold, for which it is in the group of the large African producers, without Chinese investments. However, we are obliged to recognise that the approximately thirty Chinese companies established in Mali contribute substantially to the reduction of unemployment and to refloating the State's accounts through taxes and duties related to production. The largest companies such as UMPP, COMATEX and SUKALA have an even more net impact as regards job creation and flow of resources in favour of the Treasury. UMPP employs approximately 171 workers. COMATEX employs approximately 1,446 salaried employees and from 1994 to 2006 paid more than 18.6 million US dollars of taxes to the State. SUKALA is today one of the largest agro-industrial and commercial companies of Mali. Its cumulated investments are estimated at 8.9 billion CFA francs within the framework of the technical renovation financed by China. The turnover reached 2 billion CFA francs in 2006, and in 10 years (1996-2006), SUKALA Ltd paid the Treasury 17 billion CFA francs as taxes and duties. The acreage under sugarcane is 1,654 hectares at Dougabouou and 3,110 hectares at Séríbalá, which indisputably creates a few thousands of agricultural jobs, and is contributing to slowing down the rural-urban migration in the Ségou region. The daily crushing capacity of the factories of the two localities is respectively 500 tons/day and 2,000 tons/day. This intense activity also constitutes a source of thousands of industrial jobs. Thus, SUKALA directly employs nearly 10,000 salaried employees.

When it is known that unemployment in Mali is structural, because of the low capacity of the economic system to generate sufficient savings and to mobilise them in favour of

productive investment, it is necessary to assess the value of foreign direct investments from China. It can thus be legitimately admitted that China helps to fight against poverty in Mali through its job creations. In addition, Chinese investments reduce the country's dependence for some basic commodities such as sugar whose production by SUKALA covers more than 20% of the national needs, the remainder being imported, and also with regard to green tea from China of which Malians are big consumers. The planned construction of the third sugar production factory at Niono by China for an amount of 70 billion CFA francs will help strengthen this capacity of domestic supply of sugar to the populations.

In reality, however, through these investments, China also seeks in Mali and almost in all African countries where it trades, to reabsorb its own unemployment. In China, unemployment moved from 8% in 1995 to 11.5% in 2000 (OECD, 2005). It reaches 20% in some provinces particularly affected by the reorganization of government enterprises in the North-East of the country. Thus, according to Chinese data, there are 10,000 departures of Chinese workers to Africa per annum.

III/Analysis of the trade relations of China and Mali

It is known that China is from now on the top trade power in Asia. It has surpassed Japan as the principal market for manufacturing industries of Asia and has almost caught up with her as the region's supplier of manufactured goods. Carried by the wave of globalisation, China has taken a prominent place in the world trade. In 2004, it became the third trade power of the world, behind Germany and the United States. Its weight in world exports of manufactured goods moved from 1% in 1980 to 4% in 1993 and to 9% in 2004.

Table n° 5: Evolution of China's exports by product category (*Structure, as %*)

Products	1993	2005
Machinery and equipment	18	46
Textiles and clothing	38	17
Various manufactured articles	11	14
Chemicals, building materials	9	7
Metallurgy, metal products	5	7
Agricultural and food products	12	2
Transport equipment	2	4
Raw materials and fuels	5	3
Total	100	100

Source: Customs statistics of the People's Republic of China.

Through the data in the above table, there is not a slight shadow of doubt that China has conquered the African continent. The place of Africa in Chinese foreign trade (3% in

2005 and 2.5 % for sub-Saharan Africa) is twice as high as its place in world trade. This trade is characterised by its asymmetry: Africa is a supplier and a modest outlet of China, whereas China is one of the principal partners of Africa

In fact, in order to secure its development, Africa needs machinery, equipment, and building materials, transport equipment, etc. The populations also need manufactured goods for their own blossoming and that Africa does not produce or produces but not sufficiently. What is more, the products in question are offered by China at prices that defy any competition.

1/ Africa: an outlet for Chinese exports

Currently, China remains the top world exporter of clothing with a world market share that exceeds 20%, and the second exporter of textiles (with 15% of the market, she is behind the European Union). Among other things, China has become a major actor in the world supply and demand of products related to new technologies (communication and information technologies or ICT). In 2004, China was one of the top producers and the top exporter of products of new technologies, of which Mali has become a potential consumer. This year, it is realising approximately 15% of the world exports of electronics.

Furthermore, it is proper to point out that China is specialised in cheap products. When one analyses international trade in terms of the price range (high, average, low), one notes that in 2004, more than 70% of its exports are in the low-price range. Even in the high-technology products, the structure of China's exports appears distorted downwards. Thus, at the beginning of the 2000s, three quarters of Chinese exports of high-technology electronic products are in the lowest price range, and only 8% in the top of the range. The low price of Chinese exports undoubtedly comes from the fact that they are mainly made up of the least sophisticated varieties of products. There is also the fact that production costs in China result in prices lower than those of the competitors with equal quality (price competitiveness). The stratum of the underprivileged and poor populations being relatively large in Mali, in the fashion of all sub-Saharan Africa, with limited purchasing power, it is obvious that the demand for Chinese products, less expensive, becomes higher. It is true that China imports raw materials from Africa. But the continent is rather an outlet where it exports its manufactured goods at low prices, in particular textiles. However, it happens that these products, very competitive, enter into competition with African products, thus involving job losses in the sectors concerned.

At present, let us see how China's trade occurs in concrete terms in the specific case of Mali.

2/ China-Mali trade relations

In the trade field, relations between China and Mali are in net progression. Mali primarily imports the following products from China: green China tea, rice, milk and other foodstuffs, textiles, hosiery, building materials, vehicles, equipment and spare parts, and

various chemicals and pharmaceutical products. The trade volume between the two countries rose to 145 million US dollars in 2005. In 2005, China exported to Mali goods worth 41 billion CFA francs in various articles, that is to say a 57% increase compared to 2002, and in 2006 goods worth 39.8 billion CFA francs.

China's imports from Mali in 2005 amounted to 16.8 billion CFA francs, that is to say a 98% increase compared to 2002. And for the first time, in 2003, China imported Malian cotton.

Thus, China has without doubt set up with force, practically in all the economic sectors of the Malian market. Mali's imports from China relate to capital goods and even the most ordinary consumer goods, as can be observed on the tables below relating to imports of Chinese products in Mali.

Table n°6: Imports of Chinese products in Mali (in CFA francs, year 2005)

Drinks, fruit juices	4,167,885
Rice	2,840,106,349
Milk	56, 359,213
Green China tea	3,396,891,884
Other teas	42,615,255
Coffee	129,827,009
Salt	51,575
Tobacco	1,549,886
Oils and edible fats	38,084,395
Pasta products	67,955,994
Tomatoes, tomato concentrates	157,297,357
Chewing-gum, sweets	2,724,114
Other foodstuffs	368, 626,888
Textile hosiery	3,458,289,350
Vehicles, equipment, spare parts	15,996,614,771
Stationery-Paper	202,917,637
Cement	396,000
Metal bars and wire	686,793,845
Other building materials	4,263,131,360
Drugs	1,399,000,825
Insecticides, fungicides, herbicides	3,336,276,878
Other chemicals and medicinal	1,689,214,526
Aviation fuel	3,861,447
Other petroleum products	103,327,447
Others	2,762,628,105
TOTAL	41,008,710,203

Source: National Department of Trade and Competition (DNCC Mali)

Table n°7: Imports of Chinese products in Mali (in CFA francs, year 2006)

Flour	137,510
Sugar	79,256
Drinks, fruit juices	30,622,258
Rice	371,271,662
Green China tea	5,261,478,639
Other teas	6,422,262
Salt	137,785
Edible oils and greases	25,688,694
Pasta products	37,998,754
Tomatoes, tomato concentrates	413,451,103
Chewing-gum, sweets	17,782,446
Other foodstuffs	195,796,305
Textile hosiery	2,391,579,640
Vehicles, equipment, spare parts	17,391,675,941
Stationery- Paper	184,922,536
Metal bars and wire	1,124,61,141
Other building materials	3,542,871,843
Drugs	1,248,022,305
Insecticides, fungicides, herbicides	624,673,212
Other chemicals and pharmaceutical products	3,592,461,850
Other petroleum products	105,245,638
Others	3,325,784,538
TOTAL	39,893,065,318

Source: National Department of Trade and Competition (DNCC Mali)

The above tables adequately show the monopolisation of all the sectors of the economy by Chinese products. They are primarily vehicles, equipment, spare parts, of textiles/hosiery, green tea and other foodstuffs. It is not surprising that green tea occupies the second position after vehicles, equipment and spare parts, because it is the preferred drink of Malians. No social, cultural or religious ceremony (marriage, baptism, funeral, birthday, etc.) is celebrated without green China tea. This product has truly entered into the daily consumption of Malians. Young and old, women and men, every Malian takes tea at any time of the day. Then, Mali buys many drugs, chemicals and building materials from China.

Malian exports to China relate primarily to agricultural products such as cotton and shea tree seed, and skins and leathers.

Table n°8: Mali's exports to China in 2003 (in CFA francs)

Products	Value
Ginned cotton	6,405,626,629
Others	41, 686,498
Shea tree seeds	500,000
TOTAL	6, 447, 813, 127

Source: National Department of Trade and Competition

Table n° 9: Mali's exports to China in 2005 (in CFA francs)

Products	Value
Ginned cotton	16 546 960 956
Others	265 699 060
TOTAL	16 812 660 016

Source: National Department of Trade and Competition

Table 10: Mali's exports to China in 2006 (in CFA francs)

Products	Value
Fruits	17,600,000
Sesame seeds	270,372,250
Oilseeds	91,431,741
Others	141,141, 000
TOTAL	520,544,991

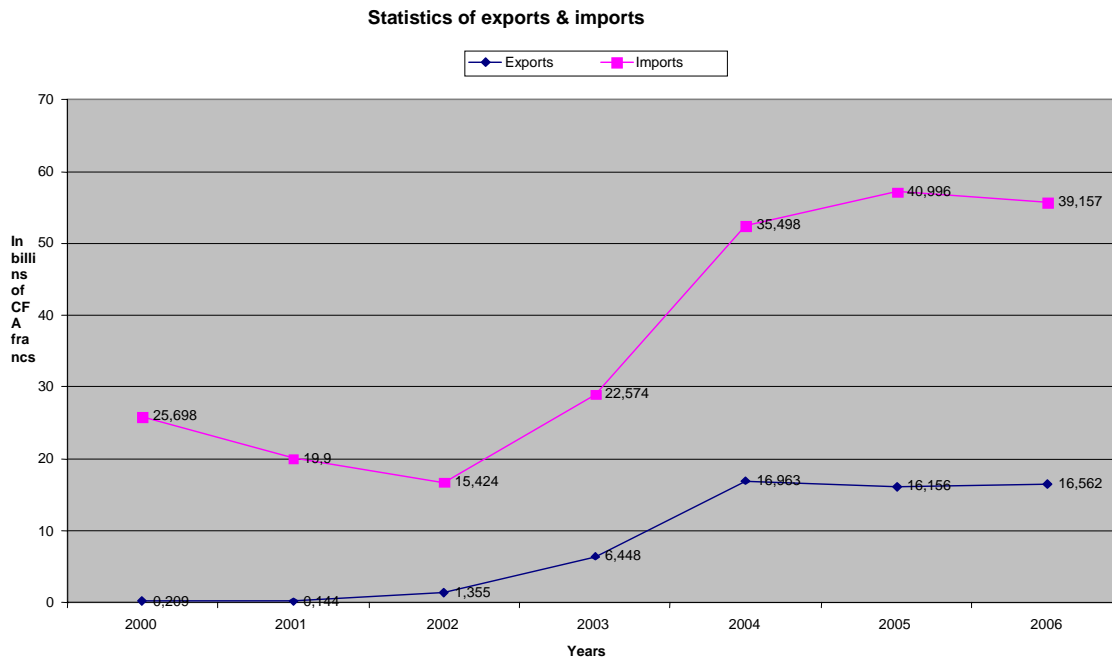
Source: National Department of Trade and Competition

By comparing Mali's imports and exports from and to China, Mali's dependence appears clearer. This situation impacts negatively on the Mali's balance of trade.

Table n° 11: Statistics of Mali's imports from and exports to China (figures in billions of CFA francs)

Year	2000	2001	2002	2003	2004	2005	2006
Exports	0.209	0.144	1.355	6.448	16.963	16.156	16.562
Imports	25.698	19.900	15.424	22.574	35.498	40.996	39.157
Balance	-25.489	-19.756	-14.069	-16.126	-18.535	-24.840	-22.595
Market share	4.48%	2.74%	2.39%	3.05%	4.91%	-7.61%	4.11%

Source: National Department of Trade and Competition.



It indisputably emerges from the above table (n° 11) that trade between China and Mali took a decisive turn from 2000, with consolidation of trade between the two countries. Bilateral trade evolved exponentially between the two countries, which became true partners. The situation has improved considerably for Mali since 2004 and it regularly realises an annual turnover of more than 16 billion CFA francs in China. If Mali thus finds opportunities in China, in the same manner China is able to firmly penetrate the Malian market, thus selling a large volume of goods and recovering up to more than 40 billion CFA francs in 2005. However, in any event, even if the trade balance of Mali constantly remains negative with regard to trade with China, it is undeniable that its stimulation is a glimmer of hope for the economic growth of the country. This improvement of the Mali's trade with China comes rather at a moment when there is undoubtedly a deceleration of Mali's exports to the West because of the subsidies which rich countries give to their cotton farmers. The improvement of access to the Chinese market is boosting Mali's exports. However, the latter must undertake reforms to produce more, to diversify its production and to exploit all its economic potential.

Taking into account the evolution of the two economies, the signature of an agreement on encouragement, guarantee and protection of investments and removal of double taxation could prove useful. It should besides be recalled that Mali has already signed with China the "zero tariff" agreement in accordance with which China accepts the entry of more than one hundred Malian products on her territory without customs duties.

The first observation with regard to this bilateral trade is undoubtedly that China seems to be an opportunity for hundreds of thousands of Malians because of the relatively low price of its products. In reality, the purchasing power of Malians is very low and the proportion of the poor very high (61%), so that households likely to be equipped with

imported products from Europe (television sets, stations radio, refrigerating, computers, telephones, ventilators, air-conditioners...) are very few. The Chinese presence in trade is thus a true windfall and makes it possible to reduce poverty. Malian households that are equipped in durable goods do it today thanks to China, which offers cheap goods. It is a matter here of responding to one of the essential concerns of the Strategic Poverty Reduction Framework, namely, *"To improve the economic, political, legal, social and cultural environment in favour of the poor"*.

Conversely, China is a new market for Mali which, it can be seen, sells part of its cotton and its skins and leathers in this country, and thus increases its export revenues.

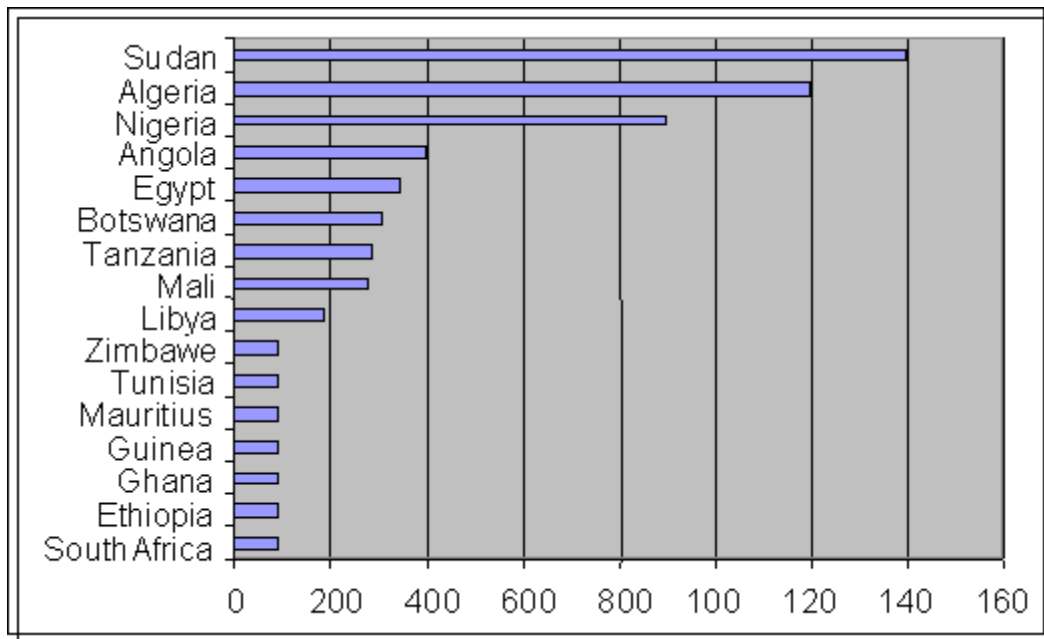
However, it is necessary to face the facts and to recognise that the opening Mali's borders to China does not support in integrally favour the dynamic integration of the country into the world process. The liberalisation of trade between the two countries has contributed to a massive disappearance of manufacturing activities in Mali, and consequently a rapid increase in the unemployment of craftsmen. This is particularly manifest in the area of the textiles. This is the observation made by Jean Pisani Ferry, according to whom "it is theoretically indubitable that globalisation reduces employment". A manifest example of this situation in Mali is the decline of the activity of thousands of small tailors and dressmakers who are victims of the competition of the large Chinese textile companies whose clothes of any kind saturate the market. These clothes, which are varied and are sold at prices that defy any competition, lead Malian consumers to break with the small tailors, considered to be slow and not very qualified. During festivals, thousands of children clothed by Chinese companies criss-cross the streets of all the large towns and even villages. The populations themselves are in search of these imported and available goods. Thus, in the face of this situation, thousands of small tailors who do not have sufficient customers even at the approach of festivals gradually have given up the trade. The same applies to most of the manufacturing activities which are in the process of disappearance because of the wild competition imposed on them by Chinese companies. Thus, the Sino-Malian trade is a double-edged blade because Mali is certainly managing to gain new markets, to seize opportunities within the framework of the globalisation process, to increase its exports and to stimulate its growth. However, on the other hand, Chinese imports are causing the disappearance of entire sections of the economy and generate unemployment, partly killing the economic initiatives of the country. In addition, given that optimum technical conditions have not been put together to guarantee Malian companies certain productivity and beyond competitiveness, it goes without saying that globalisation is not completely advantageous. The proliferation of cheap goods from China is not likely to create among potentials Malian businessmen the taste for risk and for investment. In reality, the crucial question of competitiveness arises for them. Being thus afraid to face the Chinese entrepreneurs on their own market, they prefer instead to buy Chinese products and to resell them than to invest. Thus, given that a solution has no yet been found to the economic whims of Europe, another way of smothering the economic future of Mali is opened. And as if to repent for it and to repair the injustice, the solution for China itself consists in making substantial aid efforts.

IV / China's aid to Mali

China has considerably increased the aid which it provides to Africa in various forms: technical aid, focused on training in Chinese institutions, donations, interest-free loans, loans with preferential conditions comprising an interest rebate and debt relief. However, China is not a member of the Development Aid Committee of OECD, which follows up the international aid granted by its members, and it does not yet publish the amount and the conditions of its aid. Data on this issue are therefore fragmentary.

China's aid in Africa is substantial. Chinese cooperation in Africa goes to the countries with which China maintains privileged economic or historical relations and policies.

Chinese cooperation which countries?



The residue obtained perusing Chinese data is an imperfect approximation of bilateral (without being able to assess the value of the concession, one cannot determine if it concerns the Economic Partnership Agreement as defined by the Development Aid Committee of OECD). Thus, it emerges from the above graph that the countries with which Chinese cooperation is well established are Sudan, Algeria, Nigeria, Angola and Egypt. Mali, in spite of the small economic stake, is nevertheless placed in 8th position. This benevolence of China to Mali seems instead to result from the privileged diplomatic relations that the two countries established in 1960.

For 2006, total loans and credit lines are estimated at approximately 19 billion dollars. The principal recipients are Angola, Equatorial Guinea, Gabon, Nigeria and the Republic of Congo, with credit lines granted to Angola and Equatorial Guinea alone reaching approximately 14 billion dollars. The share of donations is low but China recently

cancelled an amount of debt estimated at 260 million dollars for the Democratic Republic of Congo, Ethiopia, Mali, Senegal, Togo, Rwanda, Guinea and Uganda.

Aid consists particularly of financing of projects in energy, telecommunications and transport. It is mainly provided in kind, generally by Chinese companies, and it usually takes the form of turn-key projects, especially using Chinese inputs, in particular labour. The projects are concentrated on economic and social infrastructures such as roads and hospitals, on the productive sector, in particular agriculture, and on other constructions such as public buildings and the stadiums.

With regard to Mali, China maintains a favourable climate as regards aid. After the establishment of diplomatic relations between the two countries on 25 October 1960, the visits of Zou Enlai, Chinese Prime Minister, to Mali in January 1964 and of the late President Modibo Keita to Beijing the same year, consecrated the beginning of political relations between the People's Republic of China and the Republic of Mali with the signature of the " Friendship Treaty ", the legal framework of cooperation between the two countries. It is actually since that date that China has been giving and strengthening its support for Mali, in the economic, military, cultural, medical, tourism and the craft industry sectors.

The relations of cooperation between the two countries appear in various forms, in particular in the form of interest-free loans with a high element of a generous donation and a largely concessional nature. If this cooperation is already rather old, is today undergoing innovations with new niches such as co-management or participation in the capital of mixed companies.

From June 1966 to December 2003, Mali benefited from various donations from China whose total amount is approximately 14 billion CFA francs. Over the same period, China granted Mali approximately 61 billion CFA francs in interest-free loans out of which 37 billion were cancelled in December 2006. On 4 December 2003, Mali's debt to China stood at 33.6 million dollars, i.e. approximately 19 billion CFA francs.

China's aid to Mali is constant both with regard to donations and loans as observed in the following table.

Table n°12: Status of Chinese loans and donations during the period 2002-2006 (in US dollars)

N°	Wording of the loan	Date of signature	Amount	Currency	Type
1	Economic and technical cooperation agreement	2002	2 440 000	Dollar	Donation
2	Economic and technical cooperation agreement	2002	2 440 000	Dollar	Donation
3	Economic and technical cooperation agreement	2003	1 220 000	Dollar	Donation
4	Economic and technical cooperation agreement	2003	3 660 000	Dollar	Donation
5	Economic and technical cooperation agreement	2004	4 880 000	Dollar	Donation
6	Economic and technical cooperation agreement	2004	2 440 000	Dollar	Donation
7	Aid without compensation in foreign currency to control locusts	2005	12 200	Dollar	Aid without compensation in foreign currency
8	Emergency food security aid	2005	36 600	Dollar	Aid without compensation in foreign currency
9	Economic and technical cooperation agreement	2005	3 660 000	Dollar	Interest-free loan
10	Economic and technical cooperation agreement	2006	3 660 000	Dollar	Donation
11	Economic and technical cooperation agreement	2006	2 440 000	Dollar	Donation

Source: Department of International Cooperation.

During the first quarter of 2007, China granted the sum of 1.2 billion CFA francs to finance more infrastructures (renovation of the International Conference Centre, extension of the offices of the Presidency of the Republic, construction of the Bougouni, Koutiala and San stadiums). One of the characteristics of this cooperation is its flexibility and great adaptability to time and to the context.

Cooperation in the area of public works is in full expansion too: the International Conference Centre, the March 26 Stadium, the Modibo Kéita Memorial, the Ministry of Foreign Affairs building and other road infrastructures are visible signs.

With regard to health, China is also present in Mali. A Chinese medical mission made up of about thirty specialists, is working in Kati, Markala and Sikasso hospitals which regularly receive donations of drugs, equipment and financial aid.

Since the establishment of Malian diplomatic relations in 1960, China helped Mali to implement projects such as sugar, textile, drug manufacturing, tea, cigarette and match and rice husking factories, without counting the realisation of infrastructures.

1/ Financial aid

In the fashion of many African countries, China provides constant financial support to Mali. Thus, for example, after the cancellation of approximately 37 billion CFA francs from which Mali benefited on 4 December 2001, Mali's bilateral debt to China amounts to about 20 billion CFA francs.

The loans granted from 1967 to date have allowed the realization of infrastructures among which can be cited Mali's very first manufacturing units and state companies and enterprises of Mali. The management of the enterprises created within the framework of Chinese cooperation moved from technical aid to co-management, then to the transfer of these units to Chinese companies.

The financial aid granted by the People's Republic of China has also allowed the realisation of recent infrastructures such as the International Conference Centre, the 26 March Stadium and the Modibo Keita Memorial. Among the new ongoing projects, there is the project of extension of the offices of the Presidency, the construction of three stadiums respectively in San, Koutiala, and Bougouni.

An economic and technical cooperation agreement relating to an interest-free loan of 30 million RBM Yuans, i.e. approximately 1,800 billion was signed on 29 July 2005, which raises the amount currently available among loans and donations granted by the People's Republic of China to Mali to 80 million Yuans, i.e. approximately 4.8 billion CFA francs. China also gave a donation of 30 million Yuans whose agreement had been signed on 15 January 2006 by Li Zhaoxing, the Chinese Foreign Minister, during a visit to Mali.

2 /Military cooperation

The Malian army benefits from financial and technical aid of the People's Republic of China through the granting of donations and sending of technicians for the training, in particular on ZA 9 helicopters acquired from China Aero-Technology Import and Export Corporation and in the area of e transmissions and training in military music.

3/Cultural cooperation

Cultural cooperation is governed by the Scientific and Technical Cooperation Agreement signed on 15 July 2004 between the two countries.

Cultural cooperation with the People's Republic of China is articulated around the training of trainers, teaching and organisation of training courses and other cultural exchanges. During the year 2004-2005, fifty-three (53) Malian managerial staff and technicians participated in training courses in the People's Republic of China. This programme continued in 2006 and could still intensify as announced during the Beijing Summit.

4/ Medical cooperation

Under the provisions of the Memorandum of Understanding signed on 16 July 2001 between the Government of the People's Republic of China and the Government of Mali, a Chinese medical mission made up of about thirty specialists visits Mali every 2 years to work in the Kati, Markala and Sikasso hospitals. Mali regularly benefits from donations of medical equipment and other emergency financings, the last one of which took place in February 2007 with the supply of anti-malaria drugs.

5/ Cooperation in the tourism and craft industry sectors

Mali and China signed a cooperation agreement in the area of tourism in Beijing on 15 July 2004. A memorandum is being negotiated between the two parties relating to the privileged tourist destination. The implementation of this agreement will have the advantage of supporting mutual understanding and the bringing together of the Chinese and Malian people in addition to the positive impact on the economic and social development of the country.

However, in reality, it is the Beijing Action Plan which is the crucible of the current and future cooperation of China with Mali. It is for this reason that the Chinese Government has undertaken to carry out large projects indispensable for an economic takeoff of Mali: construction of the third bridge of Bamako on the River Niger, the construction of a modern hospital and schools.

China's aid in Mali as we have presented it contributes to the improvement of the living conditions of the populations and to poverty reduction. This is all the more true as China is intervening massively in the basic social sectors (schools, health centres, drinking water, energy, etc.) and also in the realisation of essential infrastructures to underlie economic and social development. She is thus contributing to pro-poor growth and to the strengthening of institutional capacities (public works, buildings, stadiums etc.) and human capacities (training). However, in spite of this participation in economic and social development, and the fact that China prides itself in not attaching political conditions to its aid, it is far from not being disinterested, and is tied.

Aid is tied in the sense that technology is imported from China and is thus imposed, so that Mali will depend on it for a long time. In addition, there is in many cases a strong involvement of Chinese labour in the realization of infrastructure works. This is partly a matter of finding a solution to the unemployment of the Chinese. China's aid to African

countries is generous, but also controversial. Thus, it disburses - in the name of the "win-win" principle - hundreds of million dollars in countries which open to it in exchange the valves of their natural resources. This Chinese financial aid comes in a variety of forms - technical aid, donations, interest-free loans, loans with preferential conditions comprising an interest rebate, debt relief (when it is not completely removed). The principal recipients of China's generosity of which Mali does is not part (she does not have known potential natural resources) are Angola, Equatorial Guinea, Gabon, Nigeria and the Democratic Republic of Congo (DRC) which have massive oil deposits. However, China recently cancelled an amount of debt estimated at 260 billion US dollars from which Mali also benefited.

From the point of view of specificities and stakes, it should be noted that Chinese aid is granted especially in the form of loans, whereas the countries of the Development Aid Committee give donations. By creating new debts for countries whose debt was cancelled (Highly Indebted Poor Countries initiative) China has a "free rider" attitude and this the more so since it does not require any conditionality.

It offers loans that are sometimes pegged to resources. Chinese aid attaches greater importance to infrastructures, buildings and railways, which enter into gross fixed capital formation and to be used as productive capacities and as powerful means of poverty reduction.

In addition, Chinese aid is linked to Chinese goods and services (manpower). Also, Chinese companies make very few local purchases. For example, the two buildings of the faculties of economics and management, of legal and political sciences of the University of Bamako in the completion phase were entirely financed and built by the Chinese company known as COVEC. All the building materials (tiling, painting, medical equipment, furniture and other equipment) were imported from China. Only the gravel and cement were acquired locally.

Conclusion

At this point, we can ask the question of knowing if China's relations with Africa generally do not consist in plundering the African economies, or rather exercising a transfer of resources, altogether beneficial for Africa.

Chinese economic penetration in Africa is multiform. Chinese companies get off lightly because nearly 1,000 Chinese companies operate in Africa. Their strength comes from their particularly low costs, the supply of a wide range of products, and practices that do not always comply with the market rules, granting them an additional comparative advantage. Finally, thanks to the presence of a Chinese diaspora in petty trade, 130,000 Chinese nationals work in Africa, a figure that could double in the next five years. According to OECD, "the Chinese diaspora, by investing in the informal sector with its numerous products, is creating frightening competition in a sector that is the livelihood of 85% of the African population".

This rise to power of China in Africa corresponds to a clear political goodwill of this country to take a stand. The objective is to ensure its economic takeoff while diversifying and by making secure its supply of energy and raw materials. The Chinese offensive is intended to strengthen its diplomatic influence in Africa in order to establish its status of super power (Africans account for more than a third of the workforce of the United Nations).

Mali, in the fashion of all sub-Saharan Africa, certainly needs additional resources to move more quickly today towards the Millennium Development Goals, whose achievement has taken time, and to raise its standard of living. Increase in trade and direct investment could create employment opportunities and facilitate technology transfers. However, to best benefit from the opportunities offered by China, Mali must also strengthen its policy as regards trade and the use of aid.

Justifying French colonization in Africa, Jules Ferry said in substance: " colonial policy is the daughter of industrial policy". This adage seems to justify Chinese intervention in sub-Saharan Africa because in reality China intends to be established in Africa and to supplant the old colonial powers. She could thus become the master of raw materials and especially energy, which it needs. In fact, the objective of China in Africa to invest there in order to acquire energy resources – because Mali does not have oil, it does not receive large investments - and to find potential markets for its exports of manufactured goods.

However, it should be recognized unlike the French colonisation, Mali benefits from its relations with China. First, investments and aid in its specificities really enable her to improve the living conditions of the poor populations through the realisation of many basic infrastructures. Moreover, the fact that China has become a prospective customer of Mali with regard to some products is a serious opportunity for growth.

However, in reality, it is by offering products with higher value that its traditional exports (cotton, skins and leather, the shea tree seed, etc.) based on agriculture and raw materials that Mali would increase the value of its exports and would benefit better from their preferential access in China.

With the new partnership between China and Africa for the development of aid and trade, Mali, like the other countries of the sub-region, can hope to improve its situation. In fact, improvement of access to the Chinese market can boost Africa's exports. However, she must be vigilant and in particular undertake reforms to exploit her economic potential. China, with 1.3 billion people, is incontestably a potential market for Africa, which can and must make use of it to secure its growth through exports. However, above all, it is necessary for her to increase and improve its production. Well-oriented Chinese investments can in fact support this production.

With regard to aid, it would be useful for China to reveal its aid in a transparent way to the other donors and development partners, in particular those which are present in Mali.

To preserve budgetary and external viability, the amount and the conditions of the loans must be compatible with the framework of viability of the debt of the low-income countries instituted by the IMF and the World Bank. Aid must also be aligned to the national priorities of Mali as they are formulated in the poverty reduction strategy.

In the medium term, in order to benefit to the maximum from Chinese projects, Mali, like any other African country, must endeavour to train more qualified workers, which will develop employment.

Investments must especially aim at the key sectors and particularly those likely to drive the rest of the economy such as the agricultural, mines, energy and telecommunications sectors. Amongst other things, particular emphasis must be also laid on the manufactured goods sector in order to limit the country's dependence and to create jobs for the youth.

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