Euro Asia Journal of Management
Issue 44, Vol. 25, No.1/2, December 2015, 79-103

CHINA'S SPECIAL ECONOMIC ZONE IN AFRICA: CONTEXT, MOTIVATIONS AND PROGRESS

NELSON SANTOS ANTÓNIO*

and

SHAOZHUANG MA

ABSTRACT

As more and more countries set foot in Africa, there is a growing attention on China's role and engagement in the region. The approaches are very diverse and if some are more skeptical, others praise factors that particularly shape China's current move to Africa such as a focus on development cooperation and on establishing strategic partnerships. These would also add that China has had a very positive and influential role in Africa through aiding many countries to solve imminent problems and to assist with knowledge transfer.

In this paper, we first discuss the context of the launching of Special Economic Zones in Africa by examining the historic development of the Sino-Africa relationship, and analyze China's motivations for establishing the Special Economic Zones in the continent. Finally, we present the latest progress of the Special Economic Zones' development and discuss how they contribute toward the presence of China in Africa.

Key Words: Special Economic Zones, China, China-Africa relationship

* Corresponding author, ISCTE-Instituto Universitário de Lisboa, Lisbon, Portugal. Email: nelson.antonio@iscte.pt

INTRODUCTION

Africa needs its own development model. What we could take from China is the special economic zones and try, and do the same here.

- Garth Shelton, University of Witwatersrand, Johannesburg

For long forgotten and adjourned, Africa has recently raised a new and sharp interest in the main world powers. This sudden interest, which has intensified in the last couple of years, is driven by the vast energy and mineral resources of the African continent and by its potential for development. As more and more countries set foot in the region there is new attention being paid to China's role and engagement in that part of the world. The approaches are very diverse and if some are more skeptical, others praise factors that particularly shape China's current move to Africa such as a focus on development cooperation and on establishing strategic partnerships. These would also add that China has had a very positive and influential role in Africa through aiding many countries to solve imminent problems and to assist with knowledge transfer.

For sure there is not a single motive to this relationship and to address the many angles through which it can be judged is a contribution to understanding not only the African continent but the nature of the many interests that interplay in the region. In fact, it is not only China that is interested in Africa. Beyond Europe and the United States of America, there is Japan and emerging countries such as Brazil and India, all of them with growing political and economic interests in the continent.

In this paper we first discuss the context of the launching of Special Economic Zones in Africa by examining the historic development of the Sino-Africa relationship, and analyze China's motivations for establishing the Special Economic Zones in the continent. Finally, we present the latest progress of the Special Economic Zones' development and discuss how they contribute toward the presence of China in Africa.

CHINESE SPECIAL ECONOMIC ZONES

Although special economic zones first appeared in places like Puerto Rico (1951), Ireland's Shannon Airport (1959) and Taichung, Taiwan (1965), mainland China is the world's foremost success story in using SEZs to build up industrial capacity (Knoth, 2000). China's reform program began in 1978 with the creation of special economic zones – designated geographic areas with liberal policies and tax incentives to attract foreign companies. This opening allowed the experience of capitalism and attracted new technologies and capital. The establishment of the first four Special Economic Zones (SEZs) - Shenzhen, Zhuhai, Shantou and Xiamen, in 1980 in the South (Zeng, 2011) and its increasing expansion to the East and then to all China, are good examples of this strategy. China's entry into the World Trade Organization (WTO) in 2001 means the end of this strategy and the beginning of China's complete opening to the Foreign Direct Investment.

After thirty five years, the Chinese State has become an influential player on the political, economic and cultural levels in the international community and SEZs have become an important strategy for China to build its soft power as we can see from the case of Africa.

CHINA IN AFRICA: FIVE STAGES

For a better understanding of recent political, cultural and commercial history of the relationships between China and Africa, we distinguish the following periods:

1st Period: The Chinese aid to Africa in the context of the cold war and Bandung Conference (1955-1960)

On October 1, 1949, Mao Zedong declared the founding of the People's Republic of China (PRC). China became a member of the communist world or bloc and China and the Soviet Union signed an alliance and friendship treaty in February 1950. Mao initially had no interest in Africa or Latin America and, at first, did not officially recognize African States that became independent.

Only after the Bandung Conference (April, 1955), did China gain an interest in Africa. In Bandung, Indonesia and 29 Afro-Asian countries founded what would be the Non-Aligned movement. In this conference, the leaders of the countries declared their renunciation of colonialism, refusing the logic of blocs (Soviets against the West). On this occasion, Prime Minister Zhou Enlai supported the African countries' fight against colonialism and imperialism. From 1960 (the year of the break up between China and Soviet Union), Beijing tried to infiltrate the Non-Aligned movement to guide its African diplomacy so as to support the movements fighting colonialism to gain independence. For example, by 1957 when Ghana gained its independence and Kwame Nkrumah became head of that socialist state, many visits were exchanged between Chinese and Ghanaian officials. In turn, the relationships with Tanzania, also a socialist state, has antecedents going back to the 1930s and intensified in the late 1950s and early 1960s before the country's independence in 1964.

2nd Period: The Rivalry between China and Soviet Union in Africa (1960-1974)

In 1962 the relations between China and the Soviet Union were broken. With the break up, the African continent became the stage for the fight between China and the Soviet Union. The fight against colonialism in Africa did not constitute a priority to Moscow while China supported most of the liberation movements that were fighting colonialism. China established strong links with socialist African countries that were not aligned with the Soviet Union. For example, China established alliances with Ghana, under Kwame Nkrumah' governance, with Mali, under Modibo Keita and with Guinea, under Sékou Touré. In September 1960, Sékou Touré was received in triumph in China. It was in the peak of Sino-Soviet rivalry that Zhou Enlai travelled to Africa, from 14 December 1963 to 4 February 1964 to visit ten African countries with whom China had diplomatic relationships: Egypt, Tunisia, Morocco, Mali, Ethiopia, Ghana, Somalia, Burundi, and Guinea Conakry.

Zhou Enlai signed several commercial and cooperative agreements. In Accra, Ghana, the Chinese prime minister delivered a speech on the relationships between China and Africa emphasizing that such relations were based on eight fundamental principles: equality between partners; mutual benefits; respect for sovereignty; utilization of grants and loans without interest; reinforcement of the beneficiary; supply of the best equipments produced in China; and leveling the living conditions of Chinese working in Africa to those of local population. These eight conditions have laid the foundation for all subsequent governmental interactions and development assistance programs of China in Africa.

3rd Period: Cooperation between China and the United States and the abandonment of Africa by China (1975-1989)

The beginning of 1970 was marked by a climate of cooperation between China and the United States. Mao Zedong died in September 1976 and, some months later, the Cultural Revolution was put to an end. Coming back to power in 1978, Deng Xiaoping decided to give priority to China's economy, and political issues took a secondary stance and with them the support of revolutionary movements in Africa. In the beginning of the 1980s, the Chinese adventure in Africa was a semi failure. The African liberation movements previously supported by Beijing turned to the Soviet Union and China was only able to place a foot in the African continent through its "soft power" of economic aid.

4th Period: New Chinese interest in Africa (1989-2000)

After the Tiananmen incident in June 1989, the magnitude of the international protests disturbed the Chinese authorities, who were not used to being criticized, and turned to Africa for support in international instances as, for example, African countries represented more than a quarter of the votes in the General Assembly of the United Nations. Many African leaders joined Beijing's side such as Angola's president José Eduardo dos Santos and Namibia's president Sam Nujoma while Blaise Compaoré, the president of Burkina Fasso, visited the Chinese leaders to show his support.

From 1989 to 1992, Chinese officials multiplied their visits to Africa in order to strengthen the relationships. As Deng Xiaoping continued the liberalization of the economy, Beijing quickly realized that Africa would constitute a good market for its products, in fact an opportunity for business and not only a recipient of development aid. From year 1995, China shifted the play from government to enterprises in the cooperation with Africa by diversifying the aiding modes and funds, promoting cooperation with enterprises of both sides and integrating aid, investment, and trade together (Yao, 2013).

In 1996, the Chinese president Jiang Zemin made a diplomatic trip to Africa and developed a proposal with five points as a basis for the Sino-African relationships: (a) friendship among the countries, (b) total equality between the partners, (c) non intervention in the internal affairs of the other partner, (d) international cooperation and (e) beneficial development for the two parties. After his visit, China established 11 "Investment Development and Trade Promotion Centers" in ten African countries: Mozambique, Cameroon, Gabon, Tanzania, Zambia, Nigeria, Cote D'Ivoire, Guinea-Conakri, Mali and Egypt. These centers have a commercial mission: to offer legal, accounting, financial, material and technical assistance to Chinese businesses and entrepreneurs, who want to go to Africa.

In 1998, China's State Planning Committee, for the first time, formulated African Investment Planning, based on comprehensive analysis of investment areas, scales and objectives. This marked a strategic turning point in China's influence in Africa, from an aid and trade oriented approach to a resource-based investment approach. And Africa became a strategic territory for China's "going-out" (zuo-chu-qu) strategy due to its abundant resources when the Chinese government pursued the out-reaching global strategy at the end of 20^{th} century.

5^{th} Period: Strategic Partnership in Africa (2000-present)

The launch of Forum on China Africa Co-operation (FOCAC) in 2000 in Beijing marked a new era for China's relationship with Africa. Ministers from 44 African countries, representatives of 17 regional and international organizations participated in the conference. The conference charted the direction for the development of a new, stable and long-term partnership between China and African countries. Following the 3rd FOCAC in 2006, the China-Africa Development Fund was founded in June 2007 with US$1 billion of initial funding by the China Development Bank to stimulate and facilitate Chinese investment in Africa. Alone with the strategic measures taken from China, China's foreign direct investment into Africa grew dramatically. For instance, Chinese FDI in Africa rose from 520 million US dollars in 2006 to 3.173 billion in 2011. Up to the end of 2011, China's accumulated investment in Africa had reached 16.2 billion US dollars, with 2,054 Chinese enterprises presented in 51 African countries and regions (Yao, 2013). As we can see, the Chinese diplomacy in Africa moved from a political/ideology approach to an economic approach, and the enterprises (mainly the State Owned Enterprises) were more involved.

GROWING CRITICISMS AGAINST CHINA IN AFRICA

China's growing influence in Africa accompanies criticism from the African and Western community. These criticisms can be summarized as follows.

Neo-colonialism: This claim is based on China's interest in the abundance of natural resources. China's demand for resources is seen as creating a new scramble for Africa, and is interpreted as an alternative to imperialist or colonial powers (He, 2009).

De-industrialization: For instance, Moeletsi Mbeki, the deputy chairman of the South African Institute of International Affairs (SAIIA) noted that (Mbeki, 2006),

> *Africa sells raw materials to China and China sells manufactured products to Africa. This is a dangerous equation that reproduces Africa's old relationship with colonial powers. This equation is not sustainable for a number of reasons. First, Africa needs to preserve its natural resources to use in the future for its own industrialization. Secondly, China's export strategy is contributing to the de-industrialization of some middle-income countries.*

Threat of Governance: Some critics assert that Chinese approach in Africa undermine the good governance initiatives Africans seek on the continent (Alden & Davies, 2006) due to China's non-interference of internal affairs policy and Chinese firms' lack of concern for corporate social responsibility. As White and Alves (2006) noted,

> *It is crucial that China realizes the need to become responsible stakeholders in the international political economic system. It needs to recognize that unqualified respect for sovereignty will not ensure that engagement, be it commercial or aid-related, is going to benefit the majority of Africans. …China can not disregard Africa's need for improved governance, or indeed the goals of the African Union and Nepad.*

In addition, as noted by Africa Research Institute (2012):

> *China's unwavering commitment to non-interference in the internal affairs of sovereign nations is alluring to African governments. American officials-and human rights groups—have decried the non-interference policy as a direct challenge to the development of open, democratic governments in Africa.*

The cited examples include China's cooperation with Angola (Yao, 2013).

Employment and Immigration Issue:

Chinese enterprises in Africa are accused of using their own labor, which has been noted by scholars (White & Alves, 2006) and the political leader like President Obama. It was reported that there were 40,000 Chinese in Namibia and around 100,000 Chinese in South Africa.

As he prepared to host U.S.-African Leaders Summit in Washington, DC, in August 2014, Barack Obama talked to *The Economist* by saying that (The Economist, 2014):

> *My advice to African leaders is to make sure that if, in fact, China is putting in roads and bridges, number one, that they're hiring African workers; number two, that the roads don't just lead from the mine to the port to Shanghai, but that there's an ability for the African governments to shape how this infrastructure is going to benefit them in the long term.*

Chinese government is aware of this issue. When the Chinese government media reported a 5,000 strong workforce arriving in Kenya in August 2014 to build the railway from Nairobi to Mombasa, it stressed that these workers worked with 30,000 local colleagues on the railway project (www.people.com.cn, 2014).

In summary, China´s engagement in Africa based on the "hard power" of aid, trade and investment encounters increasing challenges in the international community. There is a necessity for China to develop a new strategy that focuses more on "soft power" (He, 2009). The soft power may leverage China's experience and African's resources to develop an African capability for a more sustainable relationship between China and Africa. To achieve that, Special Economic Zones are a good starting point.

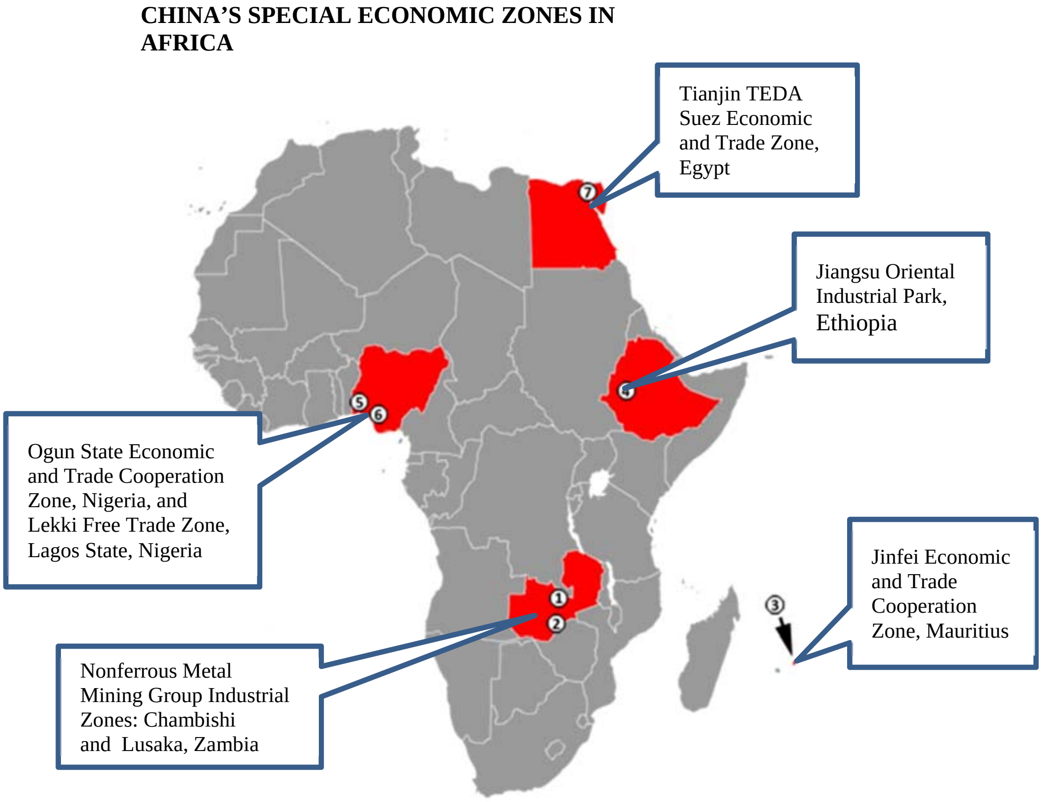
Some see that the strategy of SEZs is a natural step for the Chinese government's continued engagement in Africa due to the potential benefits (Zhang, 2011): 1) transfer China's experience and expertise of SEZs to develop African capabilities (knowledge transfer and capability building in Africa); 2) transfer and leverage African resources for local economic development, which of course will reduce the critics of China's exploration of African resources for its own benefit at home; 3) "employ local and manufacture local" will help African employment and industrialization; 4) develop industrial clusters which not only help host countries economy development, but also provide unified platforms for Chinese enterprises.

CHINESE SPECIAL ECONOMIC ZONES IN AFRICA

Under the Beijing Action Plan, from FOCAC 2006, the PRC Government announced its intention to develop between three and five SEZs on the African continent, to serve as enclaves for Chinese investment in key African states. The first two zones were established in Zambia (mining hub) and Mauritius (Ocean Rim trading hub).

It is clear that these zones were in part intended to fulfill "soft power" political goals, in particular demonstrating the efficacy of some aspects of China's development model and sharing it with friendly countries (Brautigam & Tang, 2011). For these researchers, this is not the whole picture by any means. In their opinion, the zones were also intended to help China's own restructuring, allowing the labor intensive, less competitive, "mature" industries, such as textiles, leather goods and building materials to move offshore. They reinforce their interpretation with some comments by Chinese officials. For example, the Chinese ambassador in Zambia put it thus: 'We also would like to introduce mature Chinese enterprises with comparative advantages to Zambia to help address the country's over-reliance on import and manufactured goods' (Brautigam & Tang, 2011). In other words, SEZs will serve as "one stone, two birds" by releasing the pressures of the criticisms China faced in Africa and facilitating China's economic restructuring at home (Zhang, 2011).

FIGURE 1:
China's Special Zones in Africa



Three main drivers seem to underpin China's SEZ strategy in Africa (Zncharaz & Nowbutsing, 2010):

1. The search for markets: exploring the untapped potential of African markets, where purchasing power is expected to rise in coming years due to sustained economic growth and rising per capita income. Evidence in support of this can be seen in the Chinese export flows to Africa, which have expanded tenfold from $5 billion in 2000 to $50 billion in 2008. This market seeking investment goes beyond Africa, as China also envisages processing some of China's production in the region, in order to benefit from preferential access to developed markets (US and EU).

2. The search for natural resources: not only exploring but also processing raw materials (thus addressing local concerns) and exporting to the region and to China. The creation of SEZs for this specific purpose allows Chinese enterprises to face Western competition more efficiently in a sector where they start at a disadvantage, being late comers and in general possessing inferior technology.
3. The development of Chinese logistics in Africa: supplying infrastructure across Africa that will allow China to connect its industrial production across the continent, while at the same time providing a framework minimizes risks, thus encouraging Chinese investors to venture in Africa.

TABLE 1:
Overview of China's official African trade and economic cooperation zones

Country	Area (km²)	Starting Year	Chinese Developers	Sectors of Activity	Status as of May 2014
Zambia (Chambishi)	11.58	2003	China Nonferrous Mining Group (85% share)	Copper and cobalt processing	29 enterprises registered in Zones with an actual total foreign investment of $ 169 million.
Zambia (Lusaka)	5.7, 1st Phase: 1.63	2003		Logistics, Trading, Manufacturing and processing, Real Estate	
Egypt Suez economic and Trade Cooperation Zone	9.12, 1st Phase: 1.34	2008	Tianjin TEDA 60%, China-Africa Development Fund 40%	Textiles & garments, petroleum equipment, high/low-voltage electrical apparatus, construction materials and chemistry	Accumulated investment of $ 90.66 million, and 32 enterprises registered in Zone; Agreement signed in April 2013 to expand additional 6 km² to accommodate 150-180 enterprises, creating 40,000 jobs.
Nigeria Lekki Free Trade Zone	30, 1st Phase I: 11.79, Start-up:4.2 (completed 3.12)	2006	China Railway Construction Corporation Ltd. 57.3%, China-Africa Development Fund 32.5%, China Civil Engineering Construction 17.2%, Nanjing Jiangning Economic and Technologic Development Corporation 2.6%.	Equipment & telecommunication manufacture; Transportation equipment & engineering plant assembly; Trade; Tourism and Real Estate	As of May 2014, 36 enterprises registered in Zone with actual investment of $ 126 million.
Nigeria Ogun-Guangdong Free Trade Zone	100; 1st Phase: 20, start-up:2.5	2007	Zhongfu Industrial Zone Management Company (Guangdong Xinguang International Group (51%) and Guangdong Zhongnan Chuangzhan Group (49%)	Construction materials & ceramics, ironware, furniture, hardware and electrical equipment, pharmaceuticals	As of June 2013,34 enterprises registered in Zone; As of May 30, 2012, workers in Zone 1798, including 1619 Nigerian (90.16%) and 177 foreigners (9.84%).

Country	Area (km²)	Starting Year	Chinese Developers	Sectors of Activity	Status as of May 2014
Mauritius Jinfei Economic and Trade Cooperation Zone	2.11, Start-up:0.75	2006	Shanxi Jinfei Investment Cor. (Taiyuan Iron & Steel Company 34%, Shanxi Coking Coal Group 21%, Shanxi Tianli Group 12.5% and China-Africa Development Fund 32.5%)	Products processing; Logistics and storage; Business and Trade; Training and Education; Real Estate, Tourism and Green Energy	Started construction in September 2009; Actual investment of $ 38.31 million; As of May 2014, 4 enterprises registered in Zone.
Ethiopia Eastern Industrial Zone	5; completed 2.33	2007	Jiangsu Qiyuan Group, Jiangsu Yonggang Group Co., Ltd, Zhangjiagang yangyang pipe-making company, Zhangjiagang Free Trade Zone Jianglian International Trading Co., Ltd	Metallurgy; Electric machinery, and construction materials	20 enterprises registered in Zone with an actual of $57.52 million (planning investment of $ 400 million).

Source: All from official website of the Ministry of Commerce of the People's Republic of China (http://www.mofcom.gov.cn/) except Nigeria Ogun-Guangdong Free Trade Zone from the zone's official website (http://www.zfnig.com); for Chinese developer, the data adopted from Yao (2013).

The Chinese government claimed that at the end of 2011, the above SEZs had achieved the accumulated production value of $4.52 billion and contributed to the host countries with taxes of $143 million and employment of 11,761 local employees (Yao, 2013).

The establishment of SEZs in Africa: an overview

Launched as a diplomatic commitment, the onus to vet and direct the establishment of Chinese SEZs in Africa remains with the Ministry of Commerce of the People's Republic of China (MOFCOM), PRC. MOFCOM runs the tender process aimed at identifying the appropriate Chinese companies to be delegated the task of deploying the agreed SEZ plans. Following this, the Chinese government, through its various ministries, funds and sub-bodies, grants the developers foraying into Africa with these pilot zones, numerous supports. According to Brautigam and Tang (2011), the list of fiscal measures includes:

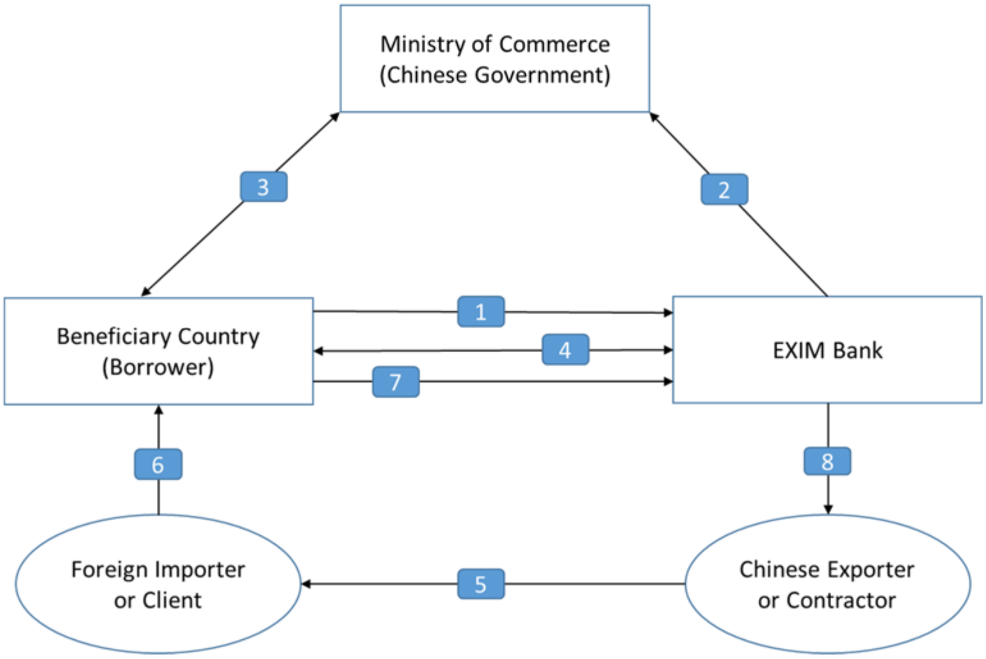
- up to a US$44 million grant from MOFCOM;
- up to US$294 million long-term loans from MOFCOM;
- 30% subsidies to cover the cost of feasibility studies, travelling, market studies, initial land rent from Trade and Economic Cooperation Zone Fund of MOFCOM.

The Chinese state is also supportive to investing companies from China which settle into these SEZs in Africa:

- reimbursement of half of their moving expenses;
- export and import tax rebates on materials sent for construction;
- ease of access to foreign exchange;
- eligibility to apply to MOFCOM's Special Fund for Economic and Technological Cooperation granting a rebate of up to 100% of interest paid on Chinese bank loans for five years.

Certain provincial governments also add to the incentives and give away additional financial aid and assistance. China Africa Development Fund (CADF), an off-shoot of China Development Bank (CDB) too, provides loans and partnership investment opportunities to Chinese SEZs in Africa. Currently, CAD Fund supports LTFZ, Nigeria and Egypt TEDA SEZ. Similarly, set up in 1994, EXIM Bank has among its tasks, to financially assist overseas. Similarly, set up in 1994, EXIM Bank has among its tasks, to financially assist overseas Chinese export, investment and construction projects. Since SEZs are essentially infrastructural development, Chinese developers are therefore eligible to seek grants or loans from EXIM Bank. For example, for the Zambia-China Economic & Trade Cooperation Zone (ZCCZ), Zambia received a concessional loan of US$208 million from EXIM Bank in order to finance the construction of its mining plant. As he describes this move of financial assistance by EXIM Bank to Chinese SEZs in Africa as "development assistance" due to SEZs' large infrastructural component, Davies links the two concepts (i.e. Chinese SEZs in Africa and Development Assistance) to a similar outcome. Development assistance by China, which mainly comprises of concessional loans, involves a distinct procedure and consequence whereby the country seeking financial aid for an infrastructural project becomes a debtor of a Chinese state without having received any tangible loan. The following diagram explains the process (Davies et al., 2008).

FIGURE 2:
Structure of concessional loans by EXIM bank China

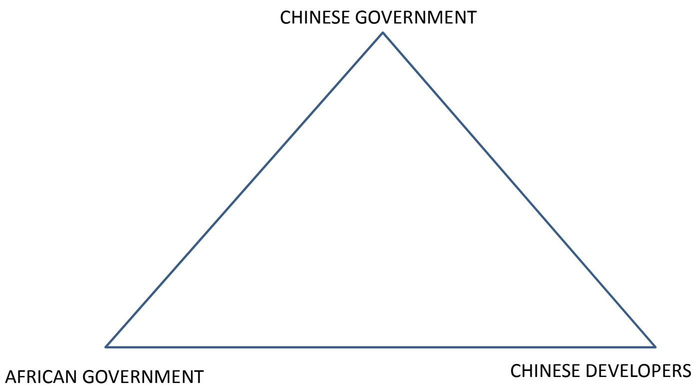


Source: Davies et al, 2008.

Therefore, if Chinese SEZs in Africa are receivers of concessional loans, this indicates towards the possibility that the zones subject the African host states to further indebtedness vis-à-vis China; especially in cases where the Chinese SEZ developer has the African state as a joint venture partner.

The pilot zones, on the SEZs, involve three parties: Chinese developers, African governments and the Chinese government. The Chinese enterprises have been the primary actors in the development stage. African governments sometimes partner the Chinese firm, as noted below in Nigeria. Although it does not take a direct role in developing the pilot projects, the Chinese government has provided various forms of assistance to the Chinese companies who initiated these projects and won the official tenders.

FIGURE 3:
Partners Involved on the Pilot Zones



The Chinese government provided material and networking support for the zone developers. The winners of the tender competition – the official pilot zones – were eligible for government support through special funds. In addition, the China Africa Development Fund (CADF), an equity capital instrument set up by one of Beijing's official policy banks, China Development Bank (CDB), decided to invest in at least three of the seven pilot zones (Nigeria Lekki, Mauritius and Egypt) for a total of US$100 million. Some provincial and municipal governments in China provided additional funds for the pilot zones. For example, Jiangsu province and Suzhou municipality announced that they intended to provide a subsidy to the Ethiopian Oriental zone of over RMB 100 million. Furthermore, in November 2009, the Chinese government announced a $1 billion fund for African small and medium enterprises, which could be used to help some of them to invest in the new zones.

The Chinese developers of the seven pilot zones in Africa include both state-owned and private enterprises from China. The ZCCZ agreement was negotiated between the CNMC (supported by the Chinese Ministry of Commerce, the Association of Chinese SEZ and the local embassy) on the Chinese side and the Zambian Development Agency (ZDA), the Ministry of Commerce, Trade and Industry and the Ministry of Finance on the Zambian side within the framework of the Multi-Facility Economic Zones (MFEZ) Act. According to the ZCCZ management, the land lease is for 76 years in Chambishi and 80 years in East Lusaka. Secrecy surrounding the negotiations has resulted in strong criticism of the agreement and a widespread belief that the land was free of charge. Although both ZDA and the ZCCA management have denied this, the amount paid by the Chinese remains undisclosed and is believed to be very low. The preferential policies to be implemented inside the zone have been far less controversial, as they follow closely the incentives stated in the MFEZ Act. Investment incentives in the Chambishi and East Lusaka ZCCZs are the same. These are exemption from tax on dividends for five years from the year of first declaration of dividends; 0% corporate tax for five years from the first year profits are made, with 50% of profit to be taxed in years six to eight, increasing to 75% in years nine to ten; 0% import duty rate on raw materials, capital goods and machinery for five years; and deferment of VAT on machinery and equipment imports. The developer is responsible for providing the on-site infrastructure, including roads; telecommunications; electricity and water supply; and facilities for administration, commerce, exhibitions and training. Although designed to attract primarily Chinese private capital, the zone is open to other foreign investors as well as local entrepreneurs. There is, however, an investment threshold of USA$500,000. All foreign investors are required to register in Zambia.

African host governments regulate the zone's activities and promise to provide incentives for their development. Most of the pilot zones are governed by standard packages of incentives offered by host governments, without special additions. These usually include tax holidays, and waivers on import tariffs for raw materials and inputs, along with restriction on strike activity. Some host governments, like Egypt and Zambia, consider the Chinese SEZs as an essential parts of their countries' new economic strategies. In each, new regimes for special economic zones or multi-facility economic zones were developed separately from the Chinese investments, and the Chinese developers were among the first to take advantage of the new incentives.

More than six years since the launches and still awaiting benefits out of their investments (Cowaloosur, 2012), it cannot be denied that the African governments are very much aware of the forthcoming result of the gamble they have played by welcoming the Chinese zones on the current terms and conditions. As the concerned African leaders try to suppress their anxiety and seek new ways to resuscitate the zones, their strategies indicate towards the realization that their principal fault is: to not have been an active, maybe even, an equal shareholding partner in the Chinese SEZs in their country.

The correct answers to why the African states chose to end their role in the Chinese SEZs established in their countries at the gate of these zones, can only be given by those actors who participated in the negotiations of these bilateral agreements. Nevertheless, an understanding of the larger context points towards two possibilities: (1) the consciousness of the host countries regarding their own lack of experience in zone management as compared to China's successful SEZ history, (2) the African governments conceded to demands for a maximum control of the zone which the Chinese developers may have requested. However, the possibility of the latter scenario is reinforced through the story of China-Jiangling Free Trade Zone, Algeria. This project was initiated under the same SEZ in Africa concept, but was cancelled after the Algerian government enacted reforms requiring foreign investors to form partnerships with local firms, whereby the Algerian partners must hold the majority of the shares. Even now, there are several elements of the Chinese SEZs in Africa concept that allows for a rectification of affairs – as has been pursued by Nigeria. For instance, the fact that Chinese SEZs develop in phases, whereby the master plan of each phase has to be approved by the host country, leaves room for the host African countries to renegotiate and bring the development of the SEZs to match their expectations and development objectives.

While there has been substantial infrastructure investment in SEZ regions, it can be regarded as "development assistance", as far as it aids economic development in the region. Yet this is not necessarily "aid", as the type of the financing is not clear, and may well be predominantly commercial in nature. These SEZs focus on strategic industries and provide liberalized investments environments. The model of dedicated geographic zones where investing companies enjoy preferential economic policies is by no means unique. Numerous African governments are establishing such zones in their countries as an attempt to attract foreign direct investment especially in labor-intensive manufacturing industries (Kenya, Egypt and Mauritius).

What makes this development unique is that it has been initiated by the Government of the People's Republic of China. Rather than being initiators of this process, African governments are rather recipients of Chinese-initiated special economic zones. These SEZs will require large amounts of investment in infrastructure, both within the zones and linking them to ports and the regional markets. If completed as envisioned, the infrastructure corridors will provide the essential linkages between the fragmented African markets and have a positive impact upon regional integration. The SEZs are positioned to become Africa's new economic nodes, with one established in each region of the continent.

Chinese Special Economic Zones in Africa: the progress

As said above there are, nowadays, seven Chinese Special Economic Zones in operation. In this point, we will give a brief introduction of all them, plus the one in Algeria, that didn't start the operations due to some problems between the Algerian government and the Chinese enterprises involved in the project.

1. Nonferrous Metal Mining Group Industrial Zones Chambishi and Lusaka, Zambia

China's first SEZ in Africa is to be in Chambishi, Zambia's copper belt region. In February 2007, President Hu Jintao paid an official to Zambia. Hu stayed in Zambia for three days, the longest of any state during his African visit. This was interpreted by many observers as a clear indication of the importance China attributes to its relations with Zambia. Behind the usual rhetoric and the different measures and assistance packages announced, designed to further boost bilateral relations, the most important announcement was the establishment of the SEZ focusing on the mining sector in Chambishi, in the heart of Zambia's copper belt. The Chinese government has committed US$800m in investment credit for its firms to tap into. The zone's anchor investment will be a US$250m copper smelter for local beneficiation. In 2007 China EXIM bank granted a US$208 million concessional loan for the construction of plant infrastructure. This can be regarded as "developmental assistance". Up to 60,000 jobs will be created in the SEZ that enjoys duty and tax incentives for Chinese firms. China's strategic supply line of copper will be secured through the investment. The region is a commodity rich strategic center of the African mining industry. Not only does China seek to secure a supply line of copper from the SEZ but other commodities are plentiful in the region, including cobalt, diamonds, tin and uranium.

The idea of establishing a SEZ ostensibly surfaced in 2004, initiated by Non-Ferrous Metals Corporation Africa (NFCA). The NFCA is the Zambian subsidiary of China Non-Ferrous Metal Mining Group Company (CNMC, a mining SOE), which had been exploring Chambishi copper mine in Zambia's Copper belt since 1998. The NFCA approached the Zambian government with a proposal to set up an industrial park for copper processing in Chambishi. Lusaka responded to the idea with great enthusiasm. However, an ongoing review of the legal framework in Zambia delayed the project's commencement. The new Multi-Facility Economic Zones (MFEZ) regulations envisaging the provision of a competitive environment for investors to process Zambia's natural resources within its borders, was issued finally in 2006 (the Zambia Development Agency Act nº 11 of 2006). That same year, as we refer, China announced its intention to establish three to five economic and trade co-operation zones in Africa as an instrument to promote economic development within the framework of the Forum on China-Africa Cooperation.

The East Lusaka ZCCZ covers an area of 5.7 square kilometers adjacent to Lusaka's international airport. Taking advantage of its proximity to the airport facilities, this subsection was designed to work as an international commercial hub. It aims to create a light industry cluster (manufacturing, assembly and packing of goods) that is connected to non-ferrous metals (household appliances) as well as other sectors (garment and food processing), wholesale facilities, logistics and real estate.

The ZCCZ agreement was negotiated between the China Non-Ferrous Metal Mining Group Company (CNMC) (supported by the Chinese Ministry of Commerce, the Association of Chinese SEZ and the local embassy) on the Chinese side and the Zambian Development Agency (ZDA), the Ministry of Commerce, Trade and Industry and the Ministry of Finance on the Zambian side within the framework of the MFEZ Act. According to the ZCCZ management, the land lease is for 76 years in Chambishi and 80 years in Lusaka East. Secrecy surrounding the negotiations has resulted in strong criticism of the agreement and a widespread belief that the land was free of charge. Although both ZDA and the ZCCA management have denied this, the amount paid by the Chinese remains undisclosed and is believed to be very low. The preferential policies to be implemented inside the zone have been far less controversial, as they follow closely the incentives stated in the MFEZ Act. Investment incentives in the Chambishi and East Lusaka ZCCZs are the same. These are exempt from tax on dividends for five years from the year of first declaration of dividends; 0% corporate tax for five years from the first year profits are made, with 50% of profit to be taxed in years six to eight, increasing to 75% in years nine to ten; 0% import duty rate on raw materials, capital goods and machinery for five years; and deferment of VAT on machinery and equipment imports. The developer is responsible for providing the on-site infrastructure, including roads, telecommunications, electricity and water supply; and facilities for administration, commerce, exhibitions and training. Although designed to attract primarily Chinese private capital, the zone is open to other foreign investors as well as local entrepreneurs.

The Chambishi ZCCZ is currently China's only ETCZ in operation in sub-Saharan Africa and, even then, only partially so. The on-site infrastructure (phase 1) was finished at the end of

2011. The master plan has been designed to accommodate 50 to 60 companies. Most of these can be traced back to the CNMC, as a significant number of the investors are subsidiaries of or companies affiliated with the CNMC. Most of the remaining companies are Chinese construction companies carrying out infrastructure projects in the zone. They have registered inside the zone to enjoy the incentive it provides. The biggest showpiece inside the zone is the copper smelter, recruiting nearly half of the 6 658 employees working inside the zone (934 of whom are Chinese).

There appears to be some policy uncertainty between PRC and Zambian Governments over which firms are permitted to invest in the zone and qualify for investment incentives. The lack of clarity over policy from both governments is of concern and needs to be addressed in order to maximize the local developmental benefits that SEZ will offer to the African private sector.

For example, the Zambia Environmental Management Agency (ZEMA) has re-opened, on 13 February 2013, the Chambishi Copper Smelter (CCS) which was ordered to shut down for allegedly polluting the environment. According to ZEMA principal information and communication officer Irene Lungu-Chipili, the agency had permitted CCS to reopen the plant under specified conditions. Ms Chipili said the agency would continue to monitor CCS to ensure compliance of the Environmental Management Act. She said also, that SEMA's inspections had revealed that CCS had put in place adequate rehabilitation and operational measures to reduce sulphur dioxide emissions to the satisfaction of the agency. The firm had put in place logistics for compensating affected farmers and was making consultations with Kalulushi Municipal Council and other Government departments. Ms. Chipili explained that ZEMA received complaints in January, 2013 from several farmers in the Chambishi area of Kalulushi district that a variety of their crops had been damaged by acid rain caused by sulphur dioxide fumes suspected to have come from CCS Limited.

According to MOFCOM, as of May 2014, a total of 29 Chinese enterprises worth US$ 169 million have been set up in the Zambia MFEZ (including Chambishi and Lusaka).

2. Jinfei Economic and Trade Cooperation Zone, Mauritius

The next Chinese SEZ was announced in July, 2007 and was located in Mauritius, which provides a strategic destination for a Chinese investment hub. The US$500 million manufacturing zone will house 40 Chinese businesses, creating 5,000 jobs for locals and 8,000 for Chinese contractors. Key infrastructure projects to be built include the construction of a fishing port, a dam, a roads project from Verdun to Terre Rouge near Port Louis as well as a new town development at highlands. It is well-situated in the Indian Ocean rim region; it is an offshore financial center with attractive investment laws. Mauritian firms are well integrated into the economies of South Asia. Mauritius is also a member of the Southern African Development Community (SADC) and the Common Market for Eastern and Southern Africa (COMESA), a market of 350 millions, and thus enjoys preferential market access into the African region. Finally Mauritius has a sizeable ethnic Chinese community (around 40,000 in a population of 1.3 million) that is active in trading with China.

Although this agreement contains a confidentiality clause as requested by the Chinese, most details became public. Five hundred million US dollars in investments were pledged – the largest single foreign direct investment (FDI) project in Mauritius (Alves, 2011). Land was leased for 99 years ($3 ha/year, to increase by 50% after 20 years and by 50% every 10 years thereafter).

This can be said to have been the highest concession made compared to other foreign investors, but, notably, the land was not given for free, as originally requested by the Chinese. Subject to 15% corporate tax, the Chinese requested a zero tax concession, but no concessions were made, and the Mauritian authorities maintained the same tax treatment as for all other foreign investors. Provision was made for Mauritian passports for a limited number of Chinese investors (one passport for every US$500,000 of investment), which was another important concession. Free port status was conferred, which meant developers were exempt from customs.

One of the PRC Government's leading policy banks, the China Development Bank will be the main financier of the project and the majority of Chinese firms will have their origin in the Chinese provincial economy of Shanxi. One of the zone's main investors is Shanxi Tianli Enterprises Group – a diversified and state influenced industrial group with its roots in Shanxi province. Investment will be in manufacturing with specific sectors targeted that include light industrial goods, medicine production, textiles and electrical goods.

Despite this favorable investment environment and the historical and cultural links stemming from its long established Chinese minority, China's investment in Mauritius has been relatively small and very irregular over the years (Alves, 2011). In the 1980s and 1990s, a number of textile companies from Hong Kong relocated to Mauritius, lured by the preferential access to US and EU markets and other trade preferences, as well as the fiscal and EPZ incentives that the government had put in place to revitalize the sector. However, these companies fled the country when the third-country fabric derogation under the African Growth and Opportunity Act (AGOA) was not renewed in 2003 and apparel quotas came to an end in 2005. By 2008, only two Chinese textile companies remained in Mauritius: Hong Kong–Shanghai Co. Ltd and Tianli Spinning Co. Ltd, a company from Shanxi province that had been present on the island since 2001. In October 2006, Tianli proposed the development of an integrated industrial zone in Mauritius, after which the Mauritian government ignited the process of establishing the Chinese SEZ in Mauritius at the FOCAC III meeting in Beijing in December 2006.

Against all odds, the Mauritian government vigorously pushed the project. Despite lacking natural resources and a large market, Mauritius pursued this objective by emphasizing: a) its consolidated soft infrastructure that is absent in most African countries; b) its social and political stability, economic freedom and rapid move to free trade and a friendly business environment. Among the other aspects highlighted were the rule of law, transparency, accountability, independent judicial power and a very appealing investment legal framework; its privileged position as a gateway to the Southern African Development Community and the Common Market for Eastern and Southern Africa of which it is a member-state, as well as its preferential access to markets in the US (AGOA, over 6,400 products duty free) and the EU (Economic Partnership Agreement); its strategic geographic location, not only as a business/services platform between Asia and Africa, but also a critical route for Chinese merchant ships in the Indian Ocean; its historical links with China and long-standing support for the one China policy since 1972.

The first stage in this process was to locate the project. After identifying a few possible plots, the final choice was 211 hectares in Terre Riche, on the outskirts of Port Louis, which was justified by its proximity to the port, since this zone had initially been projected to be an industrial zone for exports to Africa. The land plot is prime land, strategically located near the port and beaches, and between Port Louis (capital) and Grand Baie, the main tourist hub; it is an ideal location for the hospitality, housing and services sectors. The negotiations between the Board of Investment (BOI) and Tianli (with MOFCOM support) led to the signing of a framework agreement between Tianli and the Mauritian government in March 2007 for the establishment of an SEZ, which became known as Tianli project.

The SEZ was to be exclusively for Chinese investors, a request by the Mauritian government, which was justified by the perception at the time that the arrangement would ensure the full commitment and responsibility of the Chinese. It would also avoid the diversion of other FDI flows that Mauritius would receive anyway. The agreement also established that the Mauritian government was responsible for providing the offsite infrastructure: roads, water, electricity and telecommunications, while Tianli would be in charge of developing the onsite infrastructure over the subsequent five years, which had a much higher estimated cost (MUR24 20 billion). The zone was expected to create 40 000 direct, indirect and multiplier jobs. Tianli later revised the original plans to establish a free port zone for light manufacturing and trading, to create an industrial and service zone so as to align the project with the government's aim of becoming a service bridge between Asia and Africa.

By 2007–2008, the project came to a halt due to a number of reasons. Firstly, the allocated plot was agricultural land, which was being leased to private farmers (107 in total). Some of the farmers refused the compensation offered by the government, which meant that the relocation process took much longer than predicted. Further contributing to the project's delay were environmental concerns and operational constraints such as the disagreement between Mauritian and Chinese architects and Tianli awaiting clearance from Chinese authorities. Finally, with the onset of the financial crisis in 2008, a number of concerns arose regarding the feasibility of the project. These included the ability to attract investors in such an unfavorable environment, and Tianli's reduced financial capacity to develop the project on its own. The project was finally unblocked following President Hu Jintao's visit to Mauritius in February 2009. During the visit, the Mauritian prime minister expressed his concerns to Hu Jintao about the uncertain future of the SEZ. Upon his return to China, Hu Jintao gave instructions to the Shanxi Provincial Government to try and solve the problem. It was in this context that two major companies (SOEs) from Shanxi Province joined Tianliin early 2009, as master developers of the SEZ project in Mauritius: Taiyuan Iron & Steel Company (TISCO), currently the world's largest producer of stainless steel, whose turnover is double the GDP of Mauritius; Shanxi Coking Coal Group, a major coal producer in China, whose turnover is 150% larger than the GDP of Mauritius. TISCO, Shanxi Coking and Tianli are registered in China as the JinFei Investment Company, hence the SEZ name change from Tianli to JinFei. These three companies joined CADF, the fourth equity partner registered in June 2009 in Mauritius under the name of JinFei Economic and Trade Co-operation Zone (JFET) with financial capital of $80 million. As of May 2014, there are four enterprises registered in the zone with an actual investment of US$ 38.31 million.

3. Lekki Free Trade Zone, Nigeria

The Lekki Free Trade Zone (LFTZ) is located 60 kilometers east of Lagos alongside a new planned deep-water port. The project is a joint venture between a consortium of four Chinese companies and Nigerian interests, including the Lagos state government. The government of Lagos state provided 165 square kilometers (16, 500 hectares) of land –of which 30 square kilometers (3,000 hectares) has been officially transferred to the joint venture so far – and the right to a 50 year franchise.

The project was initiated in 2003 by China Civil Engineering Construction Corp. (CCECC), which has been operating in Nigeria for more than a decade. The current shareholders include China Railway Construction Corporation, CADF, CCECC and Nanjing Economic and Technologic Development Corporation. In November 2007, the Lekki zone won support in the second MOFCOM tender.

The zone are divided into six sections: a) Transportation equipment, b) Textile and light industry, c)Home appliances and communications, d)Warehousing, e) Export processing and communications, and f) living and business. The first phase of the project will serve only or mainly Chinese companies (Brautigam & Tang, 2011). But according to the same authors, a Nigerian partner, however, indicates that the zone is open to all investors, and the list of investors that have signed the MOUs includes mainly non-Chinese companies.

As of May 2014, there are thirty six enterprises registered in the zone with an actual investment of US$ 126 million.

4. Ogun State Economic and Free Trade Zone, Nigeria

Ogun State Economic and Free Trade Zone is located in the Igbessa region of Ogun state, 30 kilometers from Lagos International airport. Its shareholders include Guangdong Xinguang International Group, China-Africa Investment Ltd., Chinese CCNC Group, and the Ogun state government. The project originated from a 2004 study of South China University of Technology on the feasibility of setting up a Guangdong economic trade cooperation zone in Nigeria. This report was used for the successful bid by Xinguang International Group in the first MOFCOM tender in 2006. By July 2009, several Chinese enterprises had begun to build staff housing. In 2013, Xinguang International Group transferred its equity (51%) to Zhongfu Corporation and the zone is under the administration of Zhongfu Industrial Zone Management Company.

The zone has a total area of 100 square kilometers, which will be developed into two phases. Phase I utilizes 20 square kilometers (2,000 hectares) with an estimated investment of $500 million; within this, the start- up zone will be developed on 250 hectares, with an investment of $220 million. The zone will focus primarily on light manufacturing, including construction materials and ceramics, ironware, furniture, wood processing, medicine, small home appliances, computer, lighting, and paper. The developers aim to attract more than 100 enterprises to the zone within five years, and 700-800 companies within 10 years. According to news released on the zone's website on June 24 2013, the first phase of the zone covered 2.5 square km² with an investment of $200 million, and so far 34 companies have registered to invest in the zone.

5. Tianjin TEDA Suez Economic and Trade Zone, Egypt

Tianjin TEDA Suez Economic and Trade Zone, is a state-level overseas economic and trade cooperation zone approved by the Chinese government. Its development, construction and operation are undertaken by Egypt TEDA Investment Company that was set up in Egypt by China-Africa TEDA Investment Co., Ltd. a company that was jointly incorporated by Tianjin TEDA Investment Holding Co., Ltd which dominates the construction of Tianjin Development Area and China-Africa Development Fund. The cooperation zone is located at the junction of Europe, Asia and Africa to the northeast of Egypt, situated at the Red Sea Suez Gulf northwest economic region, south of Suez Canal, 120 km away from Cairo, and 40 km away from Suez City. It covers a total area of about 9.12 km², and it has completed 1.34 km² of the first phase.

In 1994, Egypt initiated discussions with the Chinese government with the hope of learning from China's SEZ development experience. In 1998, the two governments signed a memorandum of understanding (MOU) to construct a joint industrial zone in one of the thirteen blocks of the North-West Suez Economic Area (NWSEA), located just below the southern entrance of the Suez Canal. After the MOU was signed, the Chinese government appointed TEDA Investment Holdings to carry out the task. TEDA and four Egyptian partners, Arab Contractors Co., National Bank of Egypt, National Investment Bank and the Suez Canal Authority, formed a joint venture, Egypt-China Corporation for Investment (ECCI), in which TEDA held 10% of the shares. TEDA found that its minority share did not give it the clout to see its ideas and proposals implemented. Frustrated by the joint venture, TEDA decided to experiment by starting a new and more successful zone focused on small and medium Chinese firms, and without Egyptian partners.

In 2000, TEDA set up a new corporation, Suez International Cooperation Company, which bought one square kilometer of the land held by ECCI to develop an industrial park for small and medium enterprises, focusing on Chinese clients. By late 2009, this zone was fully developed and the spaces were completely rented out.

TEDA's original investment in the SME industrial park was modest and there were no plans for expansion. When the first MOFCOM tender for overseas cooperation zones took place in 2006, TEDA did not participate. However, when MOFCOM announced the second round of tenders for 2007, TEDA decided to submit a proposal. They subsequently won support for their proposal to expand the SME park into the Egypt Suez Cooperation Zone (ESCZ). In July 2008, TEDA established a joint venture with Egyptian interests (Egypt TEDA) to develop the zone, but this time TEDA held the majority of the shares. In October 2008, the China Africa development Fund also agreed to invest in the ESCZ.

The start area of the cooperation zone is divided into the textile and garment industrial area, oil equipment industrial area, automobile industrial area and electric industrial area. The cooperation zone is now building a comprehensive service center of about 100,000m², including one-stop service center, business hotel, apartment and commercial facilities and the first phase of the project has been completed and put into use by the end of 2009. At present, the Chinese enterprises covering the industries of oil equipment, light industries, textile and garments have been settled in the cooperation zone and showed a satisfactory result in business performance. The ESCZ planned to foster four clusters: textiles and garments; petroleum equipment; automobile assembly; and electrical equipment.

Companies located on the new Egyptian SEZ, where a Chinese company is constructing an overseas zone, enjoy a new incentive package of lower taxes, but perhaps more importantly, they can also obtain Egyptian certificates of origin for their products, and thus take advantage of Egypt's various international trade agreements. The cooperation zone will become a bridgehead of Chinese enterprises to have a foothold in Egypt and access to Africa, the Middle East and European markets, a new overseas processing and manufacturing base of Chinese enterprises, and a stage to carry out bilateral and multilateral economic and trade cooperation.

According to China Daily (28 April 2013), the Egyptian government signed an investment with TEDA Corporation to develop part of a joint industrial zone near the Suez Canal. Egypt's economic authority and TEDA signed the 45 year contract under which investment projects will be established in an area of six square kilometers in the industrial zone. TEDA chairman Liu Aimin said his company aims to invest $500 million in the area and bring in $2 billion in the near future. He noted also that: "We already brought investments of about $600 million thorough 38 investment projects in the China-Egypt Suez Economic and Trade Cooperation Zone".

As of May 2014, there are thirty two enterprises registered in the zone with an actual investment of US$ 90.66 million.

6. Jiangsu Oriental Industrial Zone, Ethiopia

China will invest to build Ethiopia's first industrial park at Dukem, 37 km from Addis Ababa. Construction of the industrial park began in 2009 and is expected to be completed in 2014. The industrial park will be built on a 2 square km plot and financed by the China-Africa development Fund. Qiyuan initiated the idea of building an industrial zone in Ethiopia and the participation of Yonggang, a much larger conglomerate, guaranteed financing so that it won the second MOFCOM bidding in 2007. Later, two additional Zhangjiang companies, Jianglian and Yangyang Asset Management joined the project. When completed, up to 80 companies involved in textiles, leather and manufacturing construction equipment are expected to invest in the industrial zone, which is intended to help Ethiopia to emulate China's pattern of accelerated development. The industrial zone is also expected to create 20,000 local jobs. Zhangjiang Free Trade zone was brought in as a technical partner, but not as a shareholder. Because of the Chinese partners' financial difficulties the area of the zone has been reduced from 5 to 2 square kilometers (500 to 200 hectares) and the investment from RMB 1 billion to RMB 690 million. The start-up area is 100 hectares. The first project in the zone, a cement plant began production in 2010.

As of May 2014, there are twenty enterprises registered in the zone with an actual investment of US$ 57.52 million.

7. Algeria-China Jiangling Free Trade Zone

Algeria-China Jiangling Free Trade Zone will be developed by Jiangling Automobile Group from Nanchang, Jiangxi province and Zhongding International Group. Jiangling Automobile, one of China's flagship companies, has more than 40 sales agents in Algeria and by 2007, had taken one-third of Algeria's automobile market. Zhongding International Group is the arm for overseas construction and engineering of Pingxiang Coal Group (PKCC). PKCC has been operating in Algeria for more than 17 years and constructed dozens of medium and large projects there. Responding to MOFCOM's call for applications, the Jiangsu provincial government coordinated an effort to link PKCC and Jiangling Automobile Group, both based in Jiangxi, to establish a platform for the enterprises of Jiangxi to go global. They won in the second MOFCOM bidding round in 2007.

The Algeria zone was projected to have a total investment of US $556 million and a land area of 500 hectares, with a first development phase on 120 hectares. It planned to attract 30-50 Chinese enterprises into an industrial park focusing on automobiles and construction materials. Due to some conflicts between the developers and the Algerian government the SEZ is still under discussion.

CONCLUSIONS

In the last decade, many things have been written about China's role in Africa. Approaches to this subject range from a skeptical position to an encouraging one. According to the skeptics, China is only interested in African resources (oil, minerals, and agricultural products) and in the African market in order to sell its products; hence, it is occupying the place of the former colonialists. Once satisfied, China will leave Africa. For the optimistic perspective, China has developed a positive role in Africa, helping African countries solve their problems and transferring helpful Chinese-based knowledge.

The SEZs are one product of the Chinese based knowledge and as we saw they were offered by the Chinese authorities. Their implementation has raised many problems, from land possession to pollution and labor conditions. It is our opinion that China is learning to deal with the outside world, but they are good learners.

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