



**The ‘Look East Policy’ of Zimbabwe  
now focuses on China**

**Policy briefing paper**

**Friedrich-Ebert-Stiftung**

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## 1. Introduction

Zimbabwe has officially declared a 'Look East Policy' in 2003<sup>1</sup>. Whilst initial statements about developing strong relations with Malaysia were made by the Zimbabwe government it appears that the focus is now on China. In this context, for more than a year, meetings between the Chinese and the Zimbabwean governments have multiplied. The purpose of these encounters is documented in numerous reports on the lasting friendship between Zimbabwe and China. As a result of this intensified exchanges a number of new trade and co-operation agreements were concluded.

In the following article we try to document what actually is happening and what are possible motives behind this apparent intensification of relations between China and Zimbabwe.

Accordingly, we will first present an overview of recent development in the bilateral economic relations. Then we will ponder on the possible interests that drive both parties in this venture. Finally we will try and reach some conclusion on the prospects of these relations.

We have used different sources of information. Where available we refer to official documents from governmental bodies such as trade statistics from Zimtrade, the Embassy of the Peoples Republic of China in Zimbabwe, the Zimbabwe Ministry of Trade and Industry or even the well informed French Trade Commission in Harare.

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<sup>1</sup> This is a slogan more than a genuine foreign policy doctrine and is not supported by any sort of public policy document.

We were also keen to include data generated by the private sector particularly from trade consultants and private entrepreneurs. Of course the print and electronic media provided the most material<sup>2</sup>.

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<sup>2</sup> The topic of Sino-Zimbabwean relationship has featured prominently in the Zimbabwean media. The Zimbabwean state controlled media reports with a lot of enthusiasm the evolution of the Sino-Zimbabwean relationship. It recalls abundantly that the friendship with China started during the independence war, more than 25 years ago, when China supported the Zimbabwean soldiers with weapons and military training. Referring to the successive co-operation agreements it insists that the relationship between China and the forces supporting the Zimbabwe government has been constant and solid since even before independence. Moreover, it puts particular emphasis on the fact that China disapproves the imposition of sanctions by the Western countries because it curtails the sovereignty of Zimbabwe. The state controlled media covers all official visits, comments in extenso co-operation agreements and describes in all details the benefits to be expected from these agreements.

The independent weekly press however, insists more on the disadvantages linked to the "Look East" policy and, in particular, on the negative impact more Chinese economic presence has on the country's domestic production and expresses doubts regarding the direct investments that are being promised. It has published repeatedly published information regarding the purchases of weapons and related corruption allegations.

The Chinese print media takes the line as the state controlled media in Zimbabwean. The international press reports irregularly on the evolution of the Sino-Zimbabwean relationship. It insists very often on the use of this relationship for propaganda purposes in favour of the ruling party and against the Western powers.

## **2. Recent Developments in the Bilateral Economic Relations**

### **2.1. Overall Trade Relations**

The trade between Zimbabwe and China has increased significantly in the last years, from 760 million of Zimbabwean dollars in 1997 to 6,9 billion in 2000.<sup>3</sup> Whilst there was a devaluation of the Zimbabwean dollar in 1997 the increase in US dollars is still significant. The jump came between 1998 and 1999 when Zimbabwean export to China in US\$ terms increased from 17 million to 103 million. The main export good is tobacco and it accounted for over 90% of the exports to China.(US101,5 million in 1999)<sup>4</sup> The other exported products are asbestos, iron and steel. Chrome and platinum are also being purchased by China.

Zimbabwe imports manufactured products such as machinery, electrical items, engine and motor parts, plastics, telecommunications items. Interestingly thus, the trade relations are characterised by the classical pattern of trade between developing and developed economies. There is one marked difference however, the trade balance is significantly tilting in favour of Zimbabwe. Though, recently with the fall in tobacco production in Zimbabwe from 240 million kg in 2000 to 80 million kg in 2003 the trade balance tends to even out and the overall value of trade was reduced by 2/3.

### **2.2. Sectoral Economic Co-operation**

Since independence, China and Zimbabwe have also been involved in economic co-operation. Needless to say, the co-operation was always loop-sided with China courted for support by Zimbabwe. For instance, China heavily supported Zimbabwe for the construction of sports facilities, hospitals, schools and interestingly the development of textile factories. China has also contributed to the development of steel manufacturing in Zimbabwe through its financial involvement in the construction of the blast furnace now at the *Zimbabwe Iron and Steel Company (ZISCO)*. Furthermore, China gave interest-free loans and grants to Zimbabwe for different infrastructure development projects. This has led to a situation where at present approximately 30 Chinese companies are established in Zimbabwe with a marked presence in the construction sector.

However, the sectoral spread of economic co-operation goes well beyond construction as the following paragraphs show. Extractive sectors such as agriculture and mining seem to constitute the core of the co-operation. Most recently military co-operation was revived. Yet, the developments in tourism are a completely new trend..

#### **Tourism Sector**

The tourism sector in the crisis ridden country is facing an important overall setback.. “The number of foreign tourists visiting Zimbabwe has dropped by 36% during the first half of this year in comparison with the same period of time in 2003 according to the figures collected by the Zimbabwe Tourism

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<sup>3</sup> Daily Mirror, “Look East Policy set to benefit three major parastatals”, November 3, 2004.

<sup>4</sup> Daily Mirror, “Look East Policy set to benefit three major parastatals”, November 3, 2004.

Authority<sup>5</sup>. This is the third year in a row that this once second most important source of foreign currency earner in the Zimbabwean economy is contracting. However, the number of tourist arrivals from China have increased by 245% in comparison with the same period of time in 2003.<sup>6</sup> Chinese visitors to Zimbabwe now constitute the third most important national contingent and make up 7% of total visitors. Certainly, one must carefully consider the economic significance of those figures given that a lot of visitors enter Zimbabwe with tourist visas but do spent little money in the tourism sector. A Chinese information source reports that the number of Chinese tourists in Zimbabwe rose up to 3,354 in 2003 and reached 11,584 in by end of October 2004.<sup>7</sup>

Thus, the trend is significant and Zimbabwe has recently decided to promote itself on the Asian and Chinese markets. The *Taipei Times*<sup>8</sup> reports that Zimbabwe has begun a major campaign to attract Chinese tourists as well as tourists from other Asian countries. In light of the fact that South Africa reported approximately 40.000 visitors from China in 2003 it seems that there is scope for expansion especially if one considers the possibility of package

deals. Also, Zimbabwe and China have signed a tourism agreement on June 15, 2004 allowing the Chinese population to travel to Zimbabwe.<sup>9</sup> Zimbabwe has received so called Approved Destination Status.<sup>10</sup> “This agreement will (...) allow Chinese to travel more easily to Africa.”. However, some people interviewed in the tourism sector expressed doubts on estimations by the Zimbabwean authorities of Chinese tourist arrivals. They claim that Zimbabwe is not a privileged destination for Chinese and that the new tourist routes to Africa will rather be used for informal trade purposes.

### **Textile, Leather, Clothing and Shoes Industries**

The Zimbabwean markets is being flooded with immense quantities of textiles, clothing and shoes from China sold at retail prices well below the prices of local substitutes<sup>11</sup>. Local industries complain that they can not cope with this kind of competition and are forced to close down. “A recent estimation brought to 30,000 the number of directly threatened jobs”<sup>12</sup>. This is not taking into account the effect on upstream or downstream employment. “The affected industries are weaving, spinning and clothing industries as well

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<sup>5</sup> <http://www.zwnews.com> “Zimbabwe tourism figures plummet”, Mail and Guardian, South Africa, September 25, 2004.

<sup>6</sup> <http://www.zwnews.com> “Zimbabwe tourism figures plummet”, Mail and Guardian, South Africa, September 25, 2004.

<sup>7</sup> [http://www.chinadaily.com.cn/english/doc/2004-10/13/content\\_382042.htm](http://www.chinadaily.com.cn/english/doc/2004-10/13/content_382042.htm) “Air Zimbabwe to launch flight to China”, Xinhua News Agency, October 13, 2004

<sup>8</sup> Taipei Times, “Western tourists gone, Zimbabwe banks on China, June 17, 2004, <http://www.taipetimes.com/News/world/archives/2004/06/17/2003175419>

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<sup>9</sup> Ministry of Foreign Affairs from the Popular Republic of China <http://www.chinaembassy.org.au/eng/lyt132668.htm>

<sup>10</sup> <http://www.china.org.cn/english/travel/98301.htm>, “Zimbabwe opens door for Chinese tourists”, Xinhua News Agency, June 15, 2004

<sup>11</sup> The Zimbabwe Independent, Erich Bloch, “The great haul of China”, July 30, 2004

<sup>12</sup> Zimbabwe Independent, Mavis Marongwe, “Zim needs law to curb cheap goods influx”, October 15, 2004

as manufactures of shoes and producers of leather items.”<sup>13</sup>

### **Mining Sector**

The Chinese trade delegations show a growing interest in the mineral resources of Zimbabwe, in particular, iron, steel, chrome and platinum. China and Zimbabwe have recently (beginning of November 2004) signed several co-operation and trade agreements concerning this sector. One of the agreements constitutes the basis for the establishment of a joint venture with the Chinese *China North Industries Corporation* (Norinco). The other agreement provides exploration rights to a group of Chinese experts who will carry out a study on the mineral resources in Zimbabwe.<sup>14</sup>

China's economy is particularly in need of these raw materials to support its own growth and development of its own industries and infrastructures. Moreover, China together with India are the two single largest jewellery markets for gold and platinum.<sup>15</sup>

It should be noted however, that this interest is not restricted to Zimbabwe. The resources of other African states in the region and beyond have attracted the attention of Chinese mining officials. A strong foothold in the mining industry in one African country might be the gateway to more promising ore deposits yet to be tapped such as in the Congo for instance. Already now it appears that the increase of the Chinese demand for those precious metals

contributes to the increase of world prices. Hence an additional reason for Chinese manufactures to get involved in extraction activities.

### **Construction Sector**

Chinese operators are particularly dynamic in the construction sector in Zimbabwe. There is a strategic investment in cement production. Recently (September 2004) Chinese have opened a tile and brick factory. Despite the general economic crisis in the country the building sector especially private housing is not suffering. This is due to the fact that many of the over 3 million Zimbabwean working abroad, do sent remittances home, which are partly invested in new real estate. In line with this, loans and projects for joint ventures with Chinese construction companies in the housing sector have also been reported. However, an economic consultant in the private sector has expressed doubts regarding the success of the recent Chinese investment in the sector explaining that the machines the Chinese intend to use are not appropriate for the kind of clay that one finds in Zimbabwe.

Zimbabwe has also shown some interest for co-operation agreements for the construction of roads. The government would like to import equipment such as graders, bulldozers, tipping trucks and machinery for road tarring. An article in the Herald in August 2004 mentioned that these kinds of orders used to be contracted out to British and American companies. Since their respective governments have imposed sanctions on Zimbabwe these companies no longer get the necessary pre-financing credits from their

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<sup>13</sup> Zimbabwe Independent, Mavis Marongwe, “Zim needs law to curb cheap goods influx”, October 15, 2004

<sup>14</sup> Daily Mirror, “Look East Policy set to benefit three major parastatals”, November 3, 2004.

<sup>15</sup> <http://www.bdav.co.za>, Business Day, Helmo Preuss, “Metals down on China, India news”

governments for delivering on the order.<sup>16</sup>

Moreover, Chinese would also be involved in the construction of the mansion the president is currently building in Harare.<sup>17</sup>

### Transport Sector

Zimbabwe has stated its interest to associate with the Chinese in the development of the country's transport sector. Following the official visit of several Chinese delegations at the beginning of November 2004, Air Zimbabwe has reached an agreement with the Chinese company *National Aero-Technology Import and Export Corporation* (CATIC) for the acquisition of a long haul plane MA60<sup>18</sup>. This plane will be used on the new route Air Zimbabwe is flying to China and Singapore.<sup>19</sup> The acquisition of this plane should also be seen as contributing to the implementation of the tourism agreement between China and Zimbabwe signed not long ago.<sup>20</sup>

On railways, a co-operation agreement was signed beginning of November 2004 between the Zimbabwean parastatal company

*National Railways of Zimbabwe* (NRZ) and the Chinese company *China Northern Locomotive and Railing Stock Industry* (CNR).

### Energy Sector

In 2000, China has supplied equipment for the utilisation of solar energy<sup>21</sup>. Under the new agreement of co-operation in the energy sector, in November 2004, ZESA Holdings Limited (*Zimbabwe Electricity Supply Authority*) received equipment mostly transformers worth 110million US dollars. Zimbabwe is dependant on imports for almost 35% of its domestic consumption of electricity at a monthly cost of at least 40 million US dollars<sup>22</sup>.

During an official visit in November 2004, ZESA Holdings Limited signed a co-operation agreement with the Chinese company CATIC for more equipment worth a total of 2.4billion US dollars. Under this agreement contracts were concluded for the development of power plants and the installation of generators worth 368 million US dollars. The agreement also provides for the expansion of the power plant in Hwange with two new production units of 300 mW each. This should reduce Zimbabwe's dependency on electricity imports from Mozambique and South Africa. The agreement does also contain provisions on financial supports for developing the domestic capacity to manufacture transmission and distribution equipment worth respectively 40 million and 143 million US dollars. Finally, co-operation on a

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<sup>16</sup> The Herald, Municipal Reporter, "Government invites China to assist in housing development", August 3, 2004

<sup>17</sup> <http://www.worldaffairsboard.com> The Australian, Gavin du Venage, "Pie in the Sky", June 15, 2004.

<sup>18</sup> <http://www.newzimbabwe.com/pages/airzim.11271.html>, "Air Zimbabwe to buy aircraft from China", 13/07/2004

<sup>19</sup> [http://www.chinadaily.com.cn/english/doc/2004-10/13/content\\_382042.htm](http://www.chinadaily.com.cn/english/doc/2004-10/13/content_382042.htm) "Air Zimbabwe to launch flight to China", Xinhua News Agency, October 13, 2004

<sup>20</sup> [http://english.people.com.cn/2000406/21/print20040621\\_146999.html](http://english.people.com.cn/2000406/21/print20040621_146999.html)

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<sup>21</sup> <http://www.english.people.com.cn/english/200002/28>

<sup>22</sup> Daily Mirror, business reporter, "Zim's flirtation with China continues", November 4, 2004

rural electrification project has been agreed in principle<sup>23</sup>.

### **Agricultural Sector**

Already in 2001, it was reported that the ambassador of China, Hou Qingru donated to Zimbabwe on behalf of his government agricultural equipment worth 241,000 dollars US in order to show support for the 'land reform program'.<sup>24</sup> Subsequently, the Chinese government made available several credit lines in further support of the 'land reform program'. These were dedicated to the purchase of Chinese agricultural equipment or food imports from China, such as 4,500 tons of maize.<sup>25</sup>

An article recently published in *The Australian* reports that a Chinese state company, *the China International Water and Electric Corporation*, concluded an agreement with the Zimbabwean government to cultivate 100,000 hectares of land that was forcefully acquired by the Zimbabwe Government in the Southern part of the country.<sup>26</sup> This project had been on the drawing board for some time now. The joint management of the project claims that they could produce up to 2.1million tons of maize per year, by producing three crops a year. Agriculture experts are sceptical of these claims. This would

imply the 21 tons yield per hectare. Even with the best irrigation system and under optimum conditions yield per hectare in this part of the country is 10 tons. Also there is no explanation by the authorities how they planned to pay the Chinese for the necessary installation of an expensive irrigation system.<sup>27</sup> The average cost per hectare is US\$ 4,000. Thus an investment of 400 million US\$ is required. Even if the plan were that payment will be made in kind out of the tobacco production this would mean that at current production and price levels roughly 15 years of tobacco crop would be mortgaged. Maybe an indication of this intention is given in the recently signed co-operation agreement when it mentions a program to expand the surface under tobacco crop for exports dedicated to China to 2,500 hectares in 2005 and 10,000 hectares in 2006. Currently an estimated total of less than 2000 hectares are under tobacco crop.

### **Military Sector**

The military sector is also part of the 'Look East Policy' of the Zimbabwe government. Thus co-operation in this sector was recently intensified. China has sent military personnel to Zimbabwe. In addition an agreement on arms procurement was concluded. Some sources mentioned the purchase of fighter jets (eight or twelve) and military vehicles (100, according to certain sources). "Zimbabwe has acquired eight new jet fighters and other military equipment from China for a cost of more than 200 million US dollars".<sup>28</sup>

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<sup>23</sup> The Herald, "Chinese delegation seeks areas of co-operation", November 2, 2004

<sup>24</sup> <http://english.people.com.cn>, "China donates agricultural equipment to Zimbabwe", April 10, 2001

<sup>25</sup> The Herald, "China to release remaining \$1.6bn grant for land reform", October 9, 2003 and <http://english.people.com.cn>, "Economic, Technical Agreement signed between China, Zimbabwe", December 17, 2002

<sup>26</sup> <http://www.worldaffairsboard.com>, The Australian, Gavin du Venage, "Pie in the Sky", June 15, 2004.

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<sup>27</sup> <http://www.guardian.co.uk>, Andrew Meldrum, "Mugabe hires China to farm seized land", February 13, 2003

<sup>28</sup> <http://www.newzimbabwe.com/pages/airzim.11271.html>

However, this information was firstly contested by Zimbabwean officials and the Chinese diplomatic representation in South Africa. Then, allegedly the Permanent Secretary in the Ministry of Defence, Trust Maphosa, confirmed the arms deal during a review of the defence budget in Parliament. He is said to have stated that the purchase was necessary to replace the existing fleet, which is no longer operational because of lacking spare parts and maintenance problems due to sanctions imposed by the Western powers.<sup>29</sup> Further information was denied on the basis this being a matter of “national security”. Chinese authorities have maintained their denial of the deal.

South African sources have voiced their concern about this development and the possibilities of Chinese arms trafficking weapons in the whole region.<sup>30</sup> According to some this might even fuel an arms race in Southern Africa.<sup>31</sup>

This renewed military dimension to the co-operation between Zimbabwe and China is the cause for worry both from the economic and political perspectives. Zimbabwe admits to be spending 3.4% of its GNP in military expenses. However, if this recent deal does actually exist the figure is bound to be higher and set to grow in future. In 1998, the General-Secretary to the United Nations, Kofi Annan, had asked

all countries of the region to restrain their military expenses to 1.5% of their GNP.<sup>32</sup> Politically this development yields certain threats for the efforts to strengthen regional stability through intensified co-operation in the defence sectors. Furthermore the development needs to be seen in the present domestic context of upcoming parliamentary elections in an highly charged environment characterised by state sponsored violence against the opposition.

### **ITT and High-tech Sector**

ZWNews<sup>33</sup> reports that the president imported high-technology equipment from China worth several millions of US dollars to ensure the security of his rural home and his new mansion in Harare. Another source<sup>34</sup> reports the intention of the Zimbabwean government to acquire high-tech equipment from China to put Internet based communication under government control. The President declared this intention on the opening of the Parliament, in August 2004, by announcing the introduction of a bill that would give government the powers to control the telecommunication systems in order to “reinforce security of the State”. The President suggested that the Internet, which is well developed in Zimbabwe, was an instrument of the colonialists. A source from the BBC insisted on the fact that it would not be possible to control the Internet given the

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<sup>29</sup> <http://www.worldaffairsboard.com>, The Australian, Gavin du Venage, “Pie in the Sky”, June 15, 2004.

<sup>30</sup> The Zimbabwe Independent, Dumisani Muleya, “China denies jet fighters report”, June 25, 2004.

<sup>31</sup> <http://www.dfa.gov.za/docs/2004pq/pq9.htm>, Department of Foreign Affairs of the Republic of South Africa, August-September 2004 and <http://www.washingtontimes.com>, The Washington Times, Tom Carter, “Zimbabwe stocks up on jets, arms”, June 15, 2004

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<sup>32</sup> <http://www.washingtontimes.com>, The Washington Times, Tom Carter, “Zimbabwe stocks up on jets, arms”, June 15, 2004

<sup>33</sup> <http://www.ZWNews.com>

<sup>34</sup> <http://journalism.berkeley.edu/projects/chinadn/en/archives/002813.html>

volume of traffic involved”.<sup>35</sup> The control of the Internet also necessitates the collaboration of the Internet Service Providers.<sup>36</sup> However, it is well known that the Chinese government shares these views on the Internet and has the resources to exercise the control that the Zimbabwean President is talking about. In the telecommunications sector co-operation is being reported with respect to the purchase of equipment for the parastatal companies TelOne and NetOne

### **Wildlife Resources**

An article in the *Financial Gazette* of 2000<sup>37</sup> reported the illegal selling of ivory to China. The government is said to have illegally sold more than 8 tons of ivory to China as partial payment for the supply of weapons. In its edition of July 9, the *London's Sunday Times* has alleged that the Zimbabwean government, short of cash, sold ivory to China in May 2004 for 1 million US dollars to pay thousands of AK rifles delivered by Beijing to Harare. Other sources confirm that information insisting on the fact that the government of Zimbabwe used the product of the sale to cover expenses incurred for the preparation of the next elections.

An article in the *Zimbabwe Independent*<sup>38</sup> in turn states that

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<sup>35</sup> BBC News Online, Patrick Jackson, “E-mail controls loom in Zimbabwe”, May 31, 2004.

<sup>36</sup> Zim Online, “Zimbabwe Government prepares to bug Internet”, July 30, 2004, <http://www.zimonline.co.za>

<sup>37</sup> *Financial Gazette*, “Zim probed for illegal sale of ivory to China”, July 20, 2000,

<http://zimbabwesituation.com>

<sup>38</sup> *Zimbabwe Independent*, Godfrey Marawanyika, “Zim to Export Wildlife to China”, July 2, 2004

Zimbabwe intends to export wildlife to China. This will be part of an exchange programme in the sector. Zimbabwe had asked Chinese authorities for four tigers and assistance to breed them on an experimental basis. Whether this is intended for a export oriented project is not clear.

### **3. The Interests of the Zimbabwean and Chinese Governments**

It is clear that there is sufficient commonality of interest between both governments to conclude comprehensive agreements that are reaching into sectors core to national security as illustrated by the initiatives in military co-operation. However the relative importance each side attaches to this relationship differs greatly.

#### **3.1. The Government of Zimbabwe**

Its principal co-operation partners have suspended the government of Zimbabwe from accessing most development facilities. This came as a reaction to the forceful land redistribution programme and the fraudulent presidential elections in 2002. The international donor community now only provides assistance that is of immediate and direct benefit to the people of Zimbabwe. Under the present conditions of recurring deficit in the agricultural production the bulk of the assistance is humanitarian in form of food aid. In principle no support is given to government programmes.

However, the government of Zimbabwe is primarily seeking support for its land programme, which should come in form of financial, material and

technical assistance.<sup>39</sup> Since the Zimbabwean economy does not have the capacity to generate the resources required and assistance is being denied by the western donors, the government has to look for help from elsewhere. Hence the 'Looking East Policy'.<sup>40</sup>

In this context, China presents a series of features that make it very attractive to the current government of Zimbabwe. China is already an important economic partner for Zimbabwe since it is the single most important importer of Zimbabwean tobacco. China's recent economic successes has made the Chinese economy an important provider of foreign direct investment so much needed in Zimbabwe. But most importantly, unlike western governments China does not consider issues of political governance when engaging in economic co-operation agreements. Also historically, the Chinese authorities have been associated with segments of the Zimbabwean liberation movement. This should be a facilitating factor for the reorientation of Zimbabwe's external alignment. Finally, the relativist approach the Chinese government is taking with respect to human rights and

democracy provides an opportunity to the ZANU-PF government to break out of international isolation and to establish an ideological alliance with a permanent member of the UN Security Council. At home, the intensification of the relations with China provide a powerful addition to the ongoing propaganda against alleged Western imperialist strategies and neo-colonial intentions to bring about political change.

The prospects of further export opportunities that are offered by the fast growing vast Chinese economy certainly do also come into consideration. Yet, given the obvious supply side constraints and ongoing economic downturn of the Zimbabwean economy and mostly the *ad hoc* approach adopted by the Zimbabwean authorities to the economic crisis such considerations are second ranking.

### 3.2. The Government of China

From Harare it is much more difficult to capture what motivates the seemingly receptive attitude of the Chinese authorities. There is presumably a mix of interest, some of which are specific to Zimbabwe but other are related to a broader strategy of the Chinese authorities towards the region and Africa as a whole.

China's economic development depends on importation of most minerals, energy products and agricultural commodities. Whilst Zimbabwe can provide exports in two of these three categories, it is not key to Chinese economic interests in Africa. The countries topping the list are the African oil giants Nigeria and Angola followed by Sudan. In Southern Africa it is clearly South Africa that China has identified as its privileged partner with the intention to treble the volume of

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<sup>39</sup> There is a social rationale behind this policy. Due to its disastrous economic policies in the 90's the ruling party has lost the political support in the urban centres. Its rural constituency also challenged it for not redressing the inequitable land distribution. However, the 'people orientation' of the forceful land acquisition programme was purely demagogic and today the rural folk are worse off than before the programme started. ZANU-PF must fear losing the support it still has in some rural areas. A genuine agrarian reform that benefits the majority requires massive investments.

<sup>40</sup> Before the 'Look East Policy' was declared Libya was being portrayed as the new strategic ally. Since the rapprochement between Tripoli and London this alliance has been given up on.

trade between the two countries over the next five years<sup>41</sup>.

Nevertheless, Chinese economic officials probably consider the current downturn in Zimbabwe's economy and in particular in its agriculture sector as a transitional crisis. China as a major consumer of tobacco as an interest in restoring the once world class production capacity of Zimbabwean tobacco farming. Also, there is potential in the development of the mineral sector in certain key products such as platinum.

On the export side, China benefits from economies of scale, cheap labour as well as from an undervalued currency that makes its production even more competitive. The African continent has got an important poor population. It constitutes therefore an appropriate market for cheap Chinese products.

In the case of Zimbabwe, the Chinese benefit from strained relations with the traditional Western suppliers and can provide cheaper substitute products that are affordable despite the devaluation of the Zimbabwe dollar.

### **3.3. Perceptions of the private sector in Zimbabwe**

The private sector holds the most sceptical attitude towards the intensification of economic co-operation and conclusion with China. The view is that the countries economy is being subjected to new forms of dependency<sup>42</sup>. An important factor contributing to this attitude is the fact that Chinese exports are considered to constitute unfair competition and to cause prejudice to the

Zimbabwean manufacturing sector. Private sector operators in Zimbabwe regard exports as subsidised through government policies of social dumping and various forms of state export incentives which conflict with the rules of the WTO.

One of the most affected sectors is the textile sector. Chinese residents in Zimbabwe are suspected of engaging in informal trading activities and importing clothes and other cheap low-quality goods without paying taxes or duties. "The Zimbabwean industries, weakened by consequences of the political and economical crisis can not and will not be able to face the competition from Chinese products under such conditions and will be destroyed unless corrective measures are implemented by competent authorities".<sup>43</sup> There is indeed strong evidence that important quantities of Chinese goods enter Zimbabwe through the operations of cross-border traders rather than direct illicit import from China.<sup>44</sup>

As far as the potential benefits to be derived from the recently signed co-operation agreements, the majority of private sector operators is not very optimistic. Their perception is that these agreements will mostly benefit businesses that are well related to the political establishment in Zimbabwe.

## **4. Conclusions**

The 'Look East Policy' of the Zimbabwean government is both politically motivated and responds to economic necessities in the absence of donor support from the West. The

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<sup>41</sup> "China through the Third Eye – South African Perspectives", p20, Institute for Global Dialogue, South Africa 2004

<sup>42</sup> The Zimbabwe Independent, Godfrey Marawanyika, "Zimbabwe under new colonialism", October 8, 2004

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<sup>43</sup> Zimbabwe Independent, Mavis Marongwe, "Zim needs law to curb cheap goods influx", October 15, 2004

<sup>44</sup> The Zimbabwe Independent, Erich Bloch, "The great haul of China", July 30, 2004

Chinese authority's responsiveness has to be understood in the broader initiative that was undertaken by China's launching of the China-Africa Co-operation Forum in 2000. This itself is part and parcel of a global strategy that emphasis multilateralism and see South-South coalition building as a path to achieve reforms in the international system. Zimbabwe as a country is not a key partner in these considerations. However, the Zimbabwean government expects to benefit in political terms internationally and domestically by engaging with China on a bilateral basis in this context. Economically the expectation is that China will replace Western donors and play substitute for the resources that are no longer coming from them. Such optimistic expectations do possibly neglect the fact that unlike Western co-operation, the Chinese approach does not come shrouded in moral principles and universal values but is rooted on clear defined economic objectives. The co-operation will only be sustained if Zimbabwe can deliver on what it promises it has to offer.

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