



INSTITUTE FOR PUBLIC POLICY RESEARCH



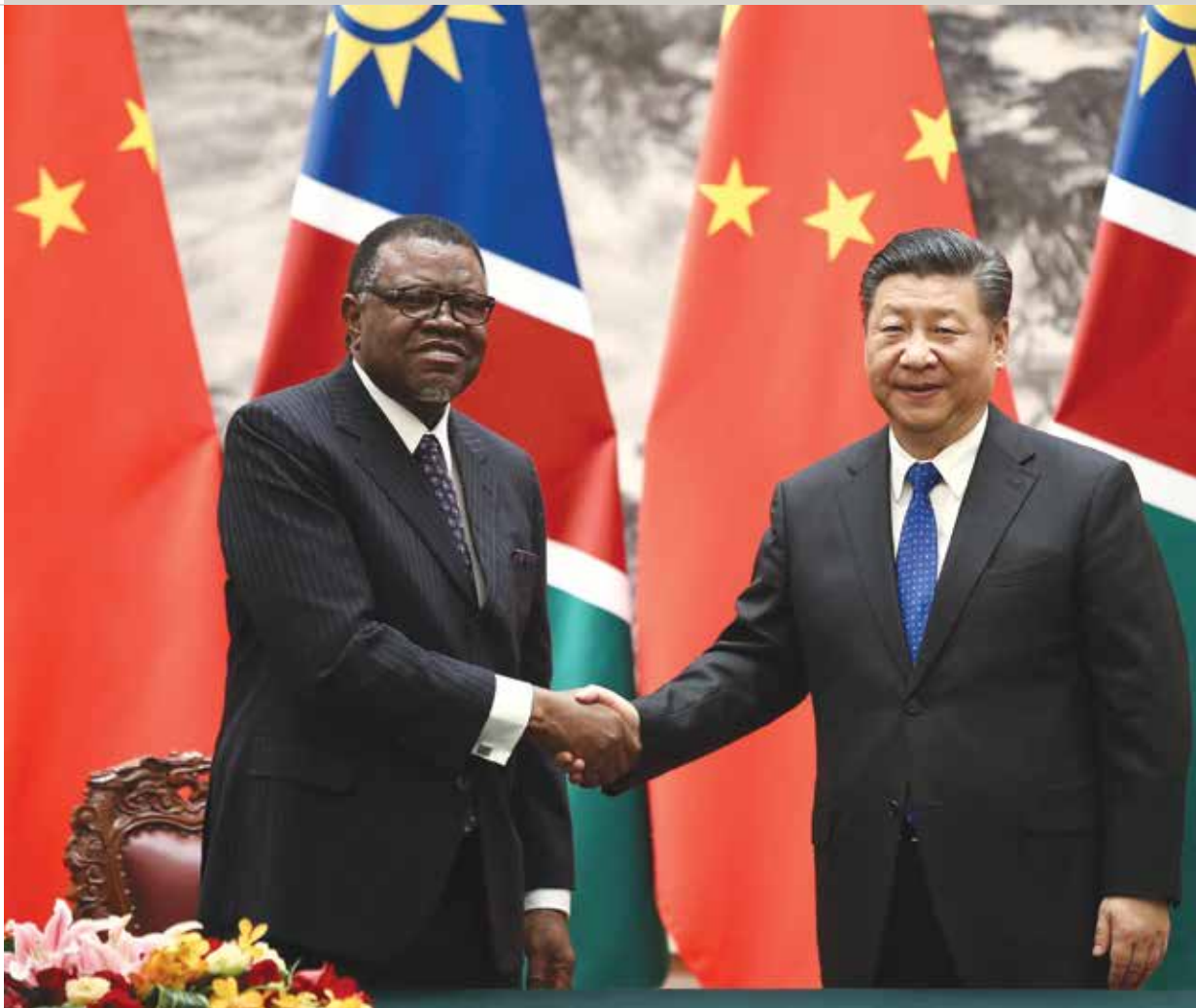
Hanns
Seidel
Foundation

**OCTOBER
2019**

BRIEFING PAPER

RISKS AND REWARDS

MAKING SENSE OF NAMIBIA-CHINA RELATIONS



President Hage Geingob meets with Chinese President Xi Jinping. Photo: Reuters

BY DIETRICH REMMERT & RAKKEL ANDREAS

INTRODUCTION - CHINA IN THE WORLD

Table 1: Namibia and China compared

<u>Namibia</u>	<u>China</u>
Population: 2.5 million	Population: 1.4 billion
Land Area: 825,419 km ²	Land Area: 9.6 million km ²
Size of GDP: 14.5 billion U\$ (2018)	Size of GDP: 13,608.2 billion U\$ (2018)
GDP per capita: 5,227 U\$ (2017)	GDP per capita: 8,827 U\$ (2017)
GDP per capita rank: 94th (nominal, 2018)	GDP per capita rank: 2nd (nominal, 2018)
Unemployment Rate: 33.4% (2018)	Unemployment Rate: 3.6% (2019)
Life Expectancy: 64 years (2016)	Life Expectancy: 76 years (2016)
Ease of Doing Business: 107th (2018)	Ease of Doing Business: 46th (2018)
SDG Gender Equality Index: 46.1/100	SDG Gender Equality Index: 31.5/100
Transparency CPI Score: 53/100	Transparency CPI Score: 39/100
World Press Freedom Index: 23rd	World Press Freedom Index: 177th
WEF Global Competitiveness: 52.7/100	WEF Global Competitiveness: 72.6/100

Sources: World Bank, Trading Economics, World Economic Forum, Reporters Without Borders, Equal Measures 2030 and Transparency International.

“The country’s size and economic clout has turned China into a major force in world politics and enables it to wield significant influence with regard to shaping today’s international order”

The People’s Republic of China (PRC) is a global economic powerhouse with a dominant role in international trade. With a population of 1.4 billion, China is the world’s second largest economy behind the United States¹. It has contributed around 30% of global growth in the past eight years.²

In 2017 China counted among the top three merchandise trading nations (exports and imports combined) together with the USA and Germany.³ China’s rapid economic growth since the late 1970s and sizeable population has transformed it from a poor, developing country into an upper-middle income economy.^{4,5} The country’s size and economic clout has turned China into a major force in world politics and enables it to wield significant influence with regard to shaping today’s international order (See Table 1). Since the ascent of Xi Jinping as President of the People’s Republic of China (PRC) in 2013, the country has left behind its policy of only engaging cautiously with world affairs. Instead, China has become far more assertive and vocal in pursuing its strategic interests - domestically, regionally and globally.⁶

The West, including the still dominant superpower USA, is increasingly perturbed by China’s assertiveness in diplomatic relations. At the same time, however, the PRC remains embedded in an international political and commerce system that is primarily orientated along Western rules. In short, relations between, China, Western countries and emerging powers such as India remain extremely complex. Therefore no major actor can simply disengage or act aggressively without risking significant, destabilising and unpredictable consequences on a global scale.

In contrast with the PRC, Namibia is a small and insignificant player in world politics - the information presented in Table 1 is clear on this disparity. Yet Namibia also has a

¹ China is second to the US in terms of nominal Gross Domestic Product, but has the largest economy in the world by purchasing power parity.

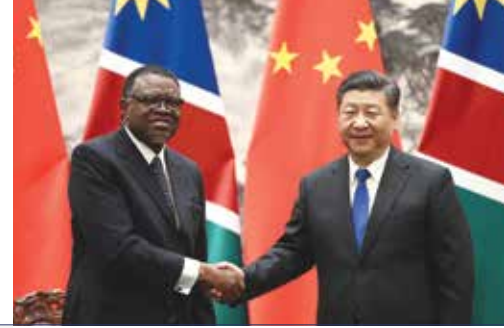
² <https://www.worldbank.org/en/country/china/overview>

³ WTO, World Trade Statistical Review 2018. 2018. 12.

⁴ CRS, China’s Economic Rise: History, Trends, Challenges, Implications for the United States. June 25, 2019. 1.

⁵ <http://datatopics.worldbank.org/world-development-indicators/stories/the-classification-of-countries-by-income.html>

⁶ Stratfor, “Reflections: Xi Jinping’s Path for China.” August 10, 2018.



long relationship with China and the economic powerhouse's ongoing and substantial engagement with Africa offers a host of opportunities as well as risks. However, it is far from evident how and with what emphasis Namibia should engage with the PRC.

Over the past decades the PRC's development has received ever-increasing attention from academics, business analysts, think tanks, journalists and so forth. Similarly, China's increasing engagement and trade with Africa has attracted much scholarly and media attention. Initially, much of this attention focused on macro-economics, development aid, and geopolitics⁷; while in more recent years, researchers have also sought to collect data and analyse perceptions and interactions between ordinary Africans and the Chinese. Furthermore, research institutes based on the continent have also begun addressing China–Africa relations. For example the Centre for Chinese Studies (CCS) at Stellenbosch University has been conducting research since 2010.⁸ The CCS maintains close ties to the Confucius Institute at Stellenbosch and has ties with key universities and institutions in China such as the Shanghai Institute for International Studies. Such linkages between Chinese institutions and universities based in Africa are not uncommon. The University of Namibia has its own Confucius Institute which has been teaching basic Mandarin to Namibians since 2013.

There is now a large and diverse amount of academic and general literature available covering China's engagement with Africa. Nevertheless, there are also numerous information gaps ranging from missing and unclear data to an overall lack of coherent and critical analysis. It is also evident that the bulk of the comprehensive and critical research on Chinese and African relations is still conducted by outsiders, particularly from Western nations. It is crucial for Africa to nurture and develop its own independent and critical expertise on the PRC.⁹ It is evident that Namibia lacks such comprehensive expertise.

This study therefore seeks to provide a brief yet critical overview of Namibia's relationship with the China. The paper examines past research and current available data and assesses this within the context of the continent's evolving relationship with China. Hopefully, this stock take will serve to deepen the knowledge about the China–Namibia relationship and encourage further research where appropriate.

NOTE ON SCOPE AND METHODOLOGY

While much has been written about China's engagement with the African continent in general, most of the research focusing on Namibia remains limited and often out of date. There is strong evidence to suggest that the PRC follows overarching strategic goals when engaging with African states. As a result, this study makes ample use of research work covering the continent as a whole.

The study focuses on areas of Chinese–Namibian engagement that are prominent and for which some solid information exists. While this approach may be limiting in some respects, it also means that those areas where data is lacking and which are rife with misinformation and speculation are largely excluded. In addition, and related to the previous point, this study will focus particularly on Namibia's economic and political relations with China.

Finally, this study is primarily based on a desk review of academic and general literature. Use has also been made of website articles, newspaper articles, and reports

⁷ Marfaing, Laurence and Thiel, Alena, The impact of Chinese business on market entry in Ghana and Senegal. In *Africa*, Volume 83, Issue 04, November 2013. 646.

⁸ <http://www0.sun.ac.za/ccs/?cat=17>

⁹ Anthony, Ross, "African universities need their own China expertise." *University World News*. September 21, 2018. <https://www.universityworldnews.com/post.php?story=2018091712562488>

“FOCAC, has established itself as a crucial platform of engagement between China and African nations.”

from international media outlets as well as official documents and pronouncements. The researchers have also sought information from government institutions including the Ministry of International Relations and Cooperation (MIRCO), the Ministry of Industrialisation, Trade and SME Development (MITSMED), and the Business and Intellectual Property Authority (BIPA). Unfortunately, these public institutions provided either no or very little information. A small number of informal interviews with stakeholders were also conducted to verify the desk research.

OVERVIEW OF AFRICA-CHINA ENGAGEMENTS

Chinese history documents early contact with Africa dating back to the first century BC when Chinese envoys travelled West and made contact with rulers most likely in northern and western Africa.¹⁰ Many records reflect official China-Africa relations as starting during the decolonisation era from the 1950s to 1960s. Sino-Africa relations are often seen as having taken flight after the 2000 Ministerial Conference of the Forum for China-Africa Cooperation (FOCAC).¹¹ Since then FOCAC, has established itself as a crucial platform of engagement between China and African nations. Among others it serves as an important discussion forum between African representatives and Chinese officials as well as an opportune outlet for China to announce new policies and strategies relating to Africa. In a paper for the South African Institute of International Affairs (SAIIA), Cobus van Staden and his co-authors observe that:

“The forum grew to reflect the influence of a wider range of actors, including Chinese state-owned and private companies, state-directed banks and an increasing number of migrants from both regions looking for opportunities. It came to be described by Chinese policymakers as ‘a model for South–South cooperation’.”¹²

The first African Policy Paper by China was released in 2006 and it characterised Sino-African relations as centred on equality, non-interference, and mutual benefits.¹³ According to Alden, this policy:

“has been translated into effective diplomacy, comprehensive financial incentives in the form of development assistance, trade and investments, and limited military cooperation as well as peacekeeping operations.”¹⁴

China’s President Xi Jinping was appointed in 2012 and sworn into office in 2013. His ideological drive entails tenets of China’s ‘Great Rejuvenation’ and the ‘Chinese Dream’. Zheng Wang describes these concepts as “representing the national endeavour for China to claim back its rightful place as a great power within the international system”.¹⁵ To comprehend Sino-Africa relations, linkages between China’s international and national policy strategies cannot be ignored. Motivations behind Chinese investment in Africa have been described as three-fold; access to raw materials, developing export markets for Chinese products¹⁶ and soft power diplomacy through aid.¹⁷ And to that effect Beeson summarily states that:

¹⁰ See <https://www.globalresearch.ca/china-and-the-struggle-of-oppressed-nations-for-self-determination-national-liberation-and-socialism/5549495>

¹¹ See https://www.focac.org/eng/ltoj_3/ltoj/

¹² Cobus van Staden, Chris Alden and Yu-Shan Wu. In the Driver’s Seat? African Agency and Chinese Power at FOCAC, the AU and the BRI, South African Institute of International Affairs (SAIIA) Occasional Paper 286, p.5. September 2018

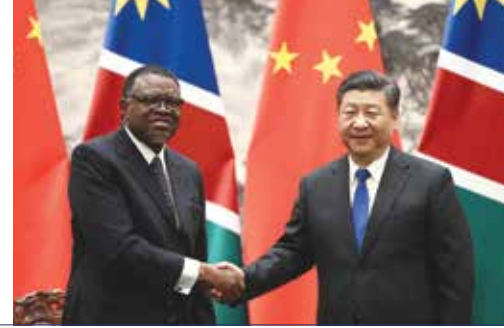
¹³ Ncube, M. (2012). China in Africa: Myths, Realities, and Opportunities. Harvard International Review, vol. 34, no. 2, pp. 21-25

¹⁴ Alden, C. (2007). China in Africa. Zed Books. London ISBN 978-1-84277-8647.

¹⁵ Wang, Zheng, ‘The Chinese Dream: Concept and Context’, In Journal of Chinese Political Science. 2013. 911.

¹⁶ Okolo, A. & Akwu, J. (2016), ‘China’s Foreign Direct Investment in Africa’s Land: Hallmarks of Neo-Colonialism or South-South Cooperation?’, Africa Review, vol. 8, no. 1, pp. 44-59

¹⁷ Zhu, ZQ. (2017), ‘China and Africa’, in ZQ Zhu (ed.), China’s New Diplomacy: Rationale, Strategies and Significance, Routledge, Abingdon, New York, pp. 21-51.



“Africa is providing an important testing ground for China’s evolving resource diplomacy and its efforts to ensure long-term economic security and influence.”¹⁸

At FOCAC, China and Africa agreed to set up joint follow-up mechanisms to conduct regular evaluations on the implementation of agreed actions. In July 2001, a FOCAC ministerial consultation meeting was held in Lusaka, capital of Zambia, at which the Procedures for Follow-up Mechanisms of FOCAC were deliberated and adopted. To date seven Ministerial Conferences have taken place.

A tangible commitment towards realising the PRC’s vision, as characterised by Beeson is China’s ambitious Belt and Road Initiative (BRI) – an integrated infrastructure and development scheme. The BRI has been officially included in the Communist Party of China (CPC) constitution, and forms a key instrument in Xi’s foreign policy.¹⁹ Indeed, a recent paper by the South African Institute of International Affairs (SAIIA) notes that BRI:

“...opens up development and financing opportunities for wider parts of Eastern and Northern Africa, and possibly further afield, owing to Chinese funded cross-border infrastructure. The political will behind the scheme also means projects face fewer hurdles to financing approval.”²⁰

HISTORICAL OVERVIEW OF CHINA-NAMIBIA RELATIONS

According to Dobler, “Sino-Namibian relations can, subject to the eyes of the beholder, be classified as a matter of solidarity or xenophobia”.²¹ To better understand China-Namibian relations, there is a need to present a brief historical narrative. This narrative will then better explain the role that China played in the decolonisation of African countries, including its solidarity efforts with the South West Africa People’s Organisation (SWAPO) during the liberation struggle for Namibia’s independence. And it is this reflective discourse that will further illuminate what President Hage Geingob meant when he described Sino-Namibia relations as an “all-weather relationship”.²²

Under the leadership of Mao Zedong, the Communist Party of China (CPC) declared the establishment of the PRC in 1949. In 1955, an Afro-Asian conference took place in Bandung, Indonesia where a Chinese delegation was led by then-Premier and Foreign Minister of China Zhou Enlai. At the conference, China endorsed the Bandung Conference resolution, which focused on the condemnation of colonialism in all its manifestations and henceforth made the PRC’s anti-colonial stance and support for Africa’s decolonisation official. This stance and the relations with liberation movements were further strengthened during a second conference on decolonisation, which took place in Belgrade, Yugoslavia in 1961 and resulted in the formation of the Non-Aligned Movement.²³

Consequently, before independence, SWAPO received both material and moral support from China, with SWAPO leader and the country’s first President, Sam Nujoma, reportedly visiting China seven times during the liberation struggle.²⁴

¹⁸ Beeson, M. (2018), ‘Goeconomics with Chinese Characteristics: the BRI and China’s Evolving Grand Strategy’, *Economic and Political Studies*, vol. 6, no. 3, pp. 240-256

¹⁹ Van Staden, Cobus, China in the Era of ‘Xi Jinping Thought’: five key trends for Africa. March 2018. 2.

²⁰ Ibid.

²¹ Dobler, Gregor, Oshikango: The Dynamics of Growth and Regulation in a Namibian Boom Town. In *Journal of Southern African Studies*. 2009.

²² Melber, Henning. (2017). China and Namibia: An All-Weather Friendship Investigated. 10.1007/978-3-319-47030-6_9.

²³ Melber, Henning, Looking East/Going South: The Namibian-Chinese “All-Weather Friendship.” In *Stichproben. Wiener Zeitschrift für kritische Afrikastudien*. 2018. 26

²⁴ <http://na.china-embassy.org/eng/zngx/t144075.htm>

“Namibia’s government engagement with the PRC is extensive, overtly friendly and, it can be argued, lacking in caution, critical reflection or strategy.”

As Robin Sherbourne has pointed out SWAPO’s early contacts with the PRC were more complex than it might now appear.²⁵ Two rivalries marked that initial relationship: between SWAPO and SWANU (South West Africa National Union) and between China and the Soviet Union. As the 1960s progressed SWANU came to be seen as closer to the PRC while SWAPO was in the Soviet camp. However, SWAPO ultimately eclipsed SWANU in the international solidarity stakes. SWAPO’s intention of launching the armed struggle (decided in 1962 and effected in 1966) helped it gain increased recognition at the Organisation of African Unity and other solidarity bodies while SWANU’s star was on the wane. Despite these early uncertainties, Sherbourne writes:

“There is no doubt that China consistently supported Namibia’s claim for independence and was expressly thanked (along with many other countries and organisations) at SWAPO’s watershed Tanga Congress in Tanzania in 1969 for the moral and material support it had given the movement.”²⁶

Following independence, Nujoma continued to strengthen relations with the PRC by signing various bilateral agreements. Since then, argues Henning Melber, the evolving relations between the two countries have been referred to by officials as “all-weather friendship.”²⁷ Thus it can be concluded that regardless of the situations that the countries face, they will continue to support each other.

Official diplomatic relations between China and Namibia were cemented on the 22nd March 1990, a day after Namibia hosted its independence celebration. Whilst a Namibian Embassy in China with accreditation for Cambodia, Democratic Republic of Korea, Republic of Korea, Laos, Mongolia, Pakistan and Vietnam was established by March 2005.

Namibia’s current President Hage Geingob has continued this engagement emphasising that the relationship rests on mutual respect, solidarity and friendship.²⁸ Namibia holds the PRC in high regard as a diplomatic and economic partner in national development, regardless of reservations towards China held by many Western nations such as concerns around human rights and press freedom.

And indeed, Namibia’s government engagement with the PRC is extensive, overtly friendly and, it can be argued, lacking in caution, critical reflection or strategy. Senior government officials – including the president have at times strongly defended China’s involvement on the continent and with Namibia. For example, towards the end of 2018 Geingob publicly rebuked a visiting German development partner representative for voicing concern about Chinese influence in the country.²⁹

As later sections in this study will detail, Namibia’s trade and political engagement has steadily increased as Chinese investments and business interests have grown. Yet strong reservations about government’s on-going engagement with the PRC remain for a variety of reasons. Henning Melber observes that there are indications that many of Namibia’s citizens do not share the government’s enthusiasm for close engagement with the PRC.³⁰

²⁵ Sherbourne, Robin. (2007). “China’s growing presence in Namibia”. In Le Pere, Garth (Ed.). *China in Africa: Mercantilist predator, or partner in development?* Midrand/Johannesburg: Institute for Global Dialogue/The South African Institute of International Affairs.

²⁶ Sherbourne, 2007. 161

²⁷ Melber, 2018. 26.

²⁸ Melber, 2018. 26-7 & 9.

²⁹ Nampa, “Don’t underestimate our intelligence – Geingob.” *The Namibian*. November 2, 2018. <https://www.namibian.com.na/182822/archive-read/Dont-underestimate-our-intelligence-%E2%80%93-Geingob>

³⁰ Melber, 2018. 26.

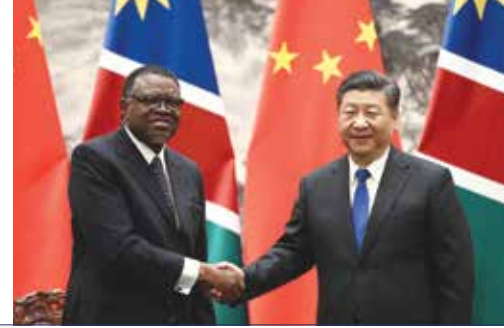


Table 2: Major visits - Namibia-China relations

Year	Visit to China	Visit to Namibia
1990		Special Envoy of the Chinese Government, Vice-Premier of the State Council, Wu Xueqian
1991	Prime Minister Hage Geingob	Vice-Chairman of the Standing Committee of the National People's Congress, Sun Qimeng
1992	President Sam Nujoma	State Councillor and Minister of Foreign Affairs, Qian Qichen
1994	Speaker of the National Assembly, Mose Tjitendero	
1995	Minister of Foreign Affairs, Theo-Ben Gurirab	Vice Premier Zhu Rongji
1996	President Sam Nujoma	President Jiang Zemin
1997	Chairman of the National Council, Kandy Nehova. Deputy Prime Minister Hendrik Witbooi.	
1998		Vice-Chairman of the Central Military Commission of Communist Party of China, State Councillor and Minister of Defence, Chi Haotian. Vice Chairman of the National Committee of the Chinese People's Political Consultative Conference Chen Jinhua.
1999	President Sam Nujoma.	Vice-Chairman of the Standing Committee of the National People's Congress , Xu Jialu
2000	President Sam Nujoma. Minister of Foreign Affairs, Theo-Ben Gurirab.	Foreign Minister, Tang Jiaxun. State Councillor, Luo Gan.
2002	Deputy Speaker of the National Assembly Willem Konjore. Secretary General of SWAPO Ngarikutuke Tjiriange.	Vice Chairman of the National Committee of the Chinese People's Political Consultative Conference Wang Wenyan.
2003		Chairman of the National Committee of the Chinese People's Political Consultative Conference, Li Ruihuan.
2004	President Sam Nujoma	
2005	President Hifikepunye Pohamba	Member of the Standing Committee of the Political Bureau of the CPC Central Committee, Li Changchun.
2006	Former President Sam Nujoma (SWAPO Affairs)	President Hifikepunye Pohamba (attended FOCAC)
2007		President Hu Jintao
2011	President Hifikepunye Pohamba (on SADC business)	
2013	Chairman of the National Council, Margreth Mensah	

2017		Member of the Standing Committee of the Political Bureau of the Central Committee and first Deputy Premier of the State Council, Zhang Gaoli
2018	<p>President Hage Geingob (state visit).</p> <p>President Hage Geingob (FOCAC).</p> <p>Deputy Prime Minister & Minister of International Relations and Cooperation, Netumbo Nandi-Ndaitwah</p>	Chairman of the Standing Committee of the National People's Congress (NPC), Li Zhanshu

INVESTMENT AND TRADE BETWEEN NAMIBIA AND CHINA

As part of the PRC's 'go global' (also referred to as 'going out' or 'going global') policy in 2000, China has ramped up its international financing and investments worldwide.³¹ The policy sought to boost foreign and overseas investment and trade by Chinese State-Owned Enterprises (SOEs) and private businesses to open up new markets, secure raw materials and sustain domestic economic growth. Tracing, capturing and collating China's role in international finance is extremely complex. A recent and comprehensive paper by Sebastian Horn, Carmen Reinhart and Christoph Trebesch on China's overseas lending details a range of obstacles such as data shortfalls and information that is not captured by international rating agencies, among others, and compounded further by a considerable gap in relevant academic financial research. Perhaps the biggest obstacle to quantifying financial flows and investments is China itself. The three authors state:

"Unlike other major economies, almost all of China's overseas lending and investment is official, meaning that it is undertaken by the Chinese government, state-owned companies or the state-controlled central bank. Most notable is the fact that the documentation of China's capital exports is (at best) opaque. China does not report on its official lending and there is no comprehensive standardized data on Chinese overseas debt stocks and flows. Documentation of China's overseas lending literally falls through the cracks."³²

Other sources confirm this assessment, besides the lack of data, China also defines development aid differently than accepted international standards.^{33 34}

However, undoubtedly China is one of the main international creditors particularly for developing countries among them many in sub-Saharan Africa. Horn and his co-authors estimate that China currently holds debt from developing and emerging markets to the tune of U\$380 billion compared to U\$246 billion held by the Paris Club³⁵ – an organisation made up of around 22 countries that are major international lenders including the USA, Germany and Japan.³⁶

It is thus understandable that concern has been growing in recent years over the debt status of developing nations and China's role. Indeed, China has been accused

³¹ Carter, Becky, A literature review on China's aid. September 7, 2017. 2.

³² Horn, Sebastian, Reinhart, Carmen and Trebesch, Christoph, China's Overseas Lending. June 2019. 1.

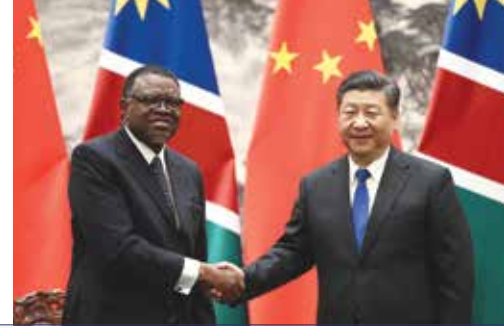
³³ Sun, Irene, Yuan, Jayaram, Kartik and Kassiri, Omid, Dance of the lions and dragons: How are Africa and China engaging, and how will the partnership evolve? June 2017. 18.

³⁴ Carter, 3.

³⁵ Horn, et al. 13.

³⁶ https://en.wikipedia.org/wiki/Paris_Club

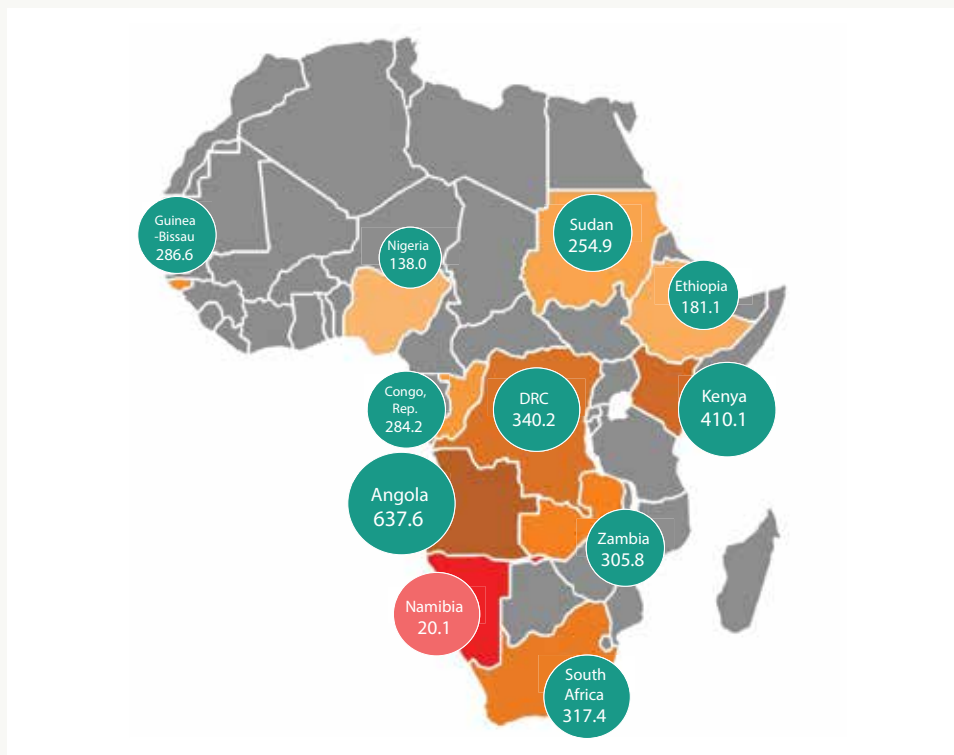
"China currently holds debt from developing and emerging markets to the tune of U\$380 billion compared to U\$246 billion held by the Paris Club"



of engaging in “debt-trap diplomacy” or using overly generous loans to extract specific economic, diplomatic and political concessions from the respective debtor country. However, according to available information, sizeable proportions of Africa’s external debt is not held by the PRC. For example, 35 percent of the continent’s external public debt is owed to international financial institutions like the International Monetary Fund (IMF) and the World Bank (WB).³⁷ Given the patchy and contradictory financial data that is available it is hard to draw any certain conclusion. Therefore this section will be brief and focus primarily on Namibia.

The data provided in Chart 1 provides recent information on the top 10 African recipient countries of foreign direct investment (FDI) flows from China. As can be clearly deduced from the chart, Namibia only receives a fraction of the Chinese FDI that is directed to major recipients on the continent such as Angola, Kenya and the Democratic Republic of Congo (DRC). Notably, a comprehensive report from 2017 published by the management consulting firm, McKinsey & Company, holds that both Ethiopia and South Africa “have translated their national economic development strategies into specific initiatives related to China.” The report goes on to state that these two nations have also established strong relationships with Beijing and other PRC provinces. Therefore it is argued that Ethiopia and South Africa can be characterised as “robust partners” of China and can expect continuing high levels of investment.³⁸ It appears that this assessment is supported by the information in Chart 1.

Chart 1: Chinese FDI Flow to African Countries in 2017 / US\$ mn, unadjusted Top 10 African Countries & Namibia



Source: Johns Hopkins University, School of Advanced International Studies - China Africa Research Initiative

Furthermore, the McKinsey study also states that Kenya and Nigeria have as yet failed to establish a coherent, national strategy towards China resulting in invest-

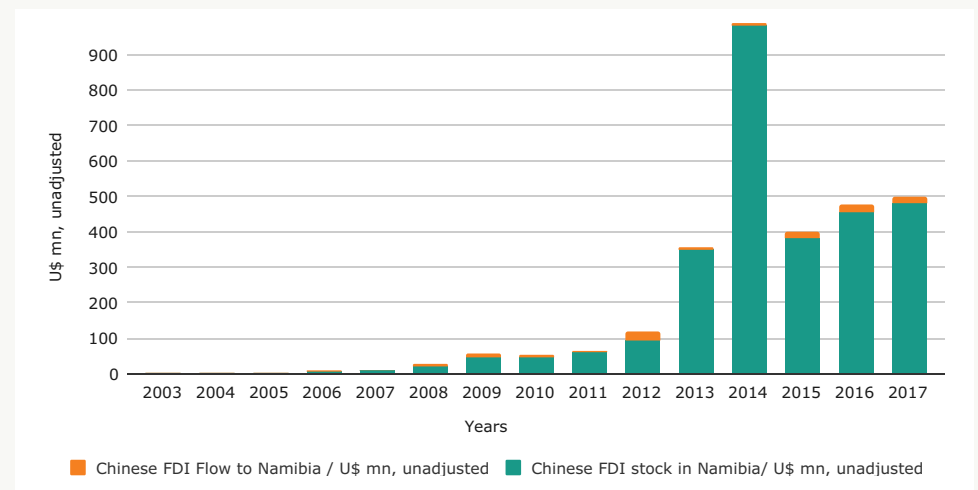
³⁷ The Economist, “Choices on the continent.” March 9th -15th, 2019. 20.

³⁸ Sun, Irene, Yuan, et al. 12.

ment levels that are far from what could be achieved. Finally, investments are seen as overtly public (Angola) or private (Zambia) and located in only a few sectors. This, argue the authors of the McKinsey report, has led to unbalanced growth and a lack of regulatory oversight. This assessment of the latter four nations is not evident from the continental FDI flow graph and shows that financial figures only tell part of the story with regards to China’s engagement with Africa.³⁹

Chart 2 indicates both the FDI stock as well as flow of Chinese investments into Namibia. A steady increase can be observed from around 2008 onwards with a sudden upsurge in 2013 and 2014 whereafter FDI stock declines significantly. Nevertheless, the overall trend indicates that Namibia has and continues to attract respectable levels of investments originating from the PRC.

Chart 2: FDI stock in Namibia & Chinese FDI Flow to Namibia



What constitutes Namibia’s trade with China? According to information gleaned from past annual trade statistics published by the Namibia Statistics Agency (NSA), both exports from and imports to the PRC have increased steadily over the past eight years or so. Imports dominate clearly over exports – meaning that Namibia has incurred a trade deficit with China. This situation changed in 2018 when Namibia recorded a trade surplus of just over N\$10 billion with China.⁴⁰ In the same year China also rose to become the top export destination for Namibia accounting for 18 percent of all exports, outpacing South Africa and Botswana. It should, however, be highlighted that much of this export boom is made up of copper which is primarily imported from other countries – particularly Zambia.⁴¹ Hence much of the economic value, such as mining jobs and tax revenue from mining activities generated from this commodity, is located outside of Namibia.

What is evident from the data is that Namibia mostly exports ores directly to the PRC, most of which are likely made up of uranium oxide. In turn Namibia imports mostly manufactured goods from China such as industrial and electrical machinery, as well as iron or steel articles, chemicals, motor vehicles and aircrafts.⁴² Overall, Namibia’s exports to China, are dominated by primary commodities. Thus utilising the typography from the McKinsey report – the country’s trade with China is highly unbalanced. While Namibia has attracted investment from China this has mostly

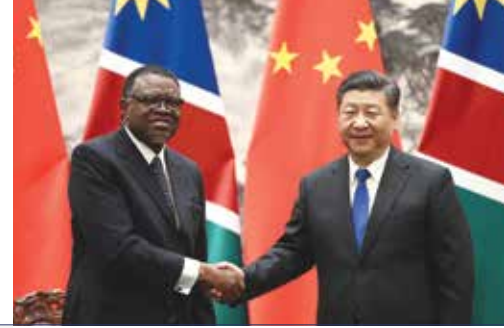
³⁹ Sun, Irene, Yuan, et al. 12-3.

⁴⁰ NSA, Annual Trade Statistics Bulletin 2018. 16.

⁴¹ Ibid., 25- 6.

⁴² Ibid., 42 & 7.

“While Namibia has attracted investment from China this has mostly been concentrated in the extractive as well as construction sectors. These sectors do contribute jobs and economic growth but they are not necessarily sustainable”



been concentrated in the extractive as well as construction sectors. These sectors do contribute jobs and economic growth but they are not necessarily sustainable in the long-term. Unlike African countries such as Ethiopia, which has attracted manufacturers from China, Namibia's trade with the PRC remains undiversified and therefore does not speak to Namibia's economic ambitions to increase employment levels and living standards through industrialisation.

CHINA-NAMIBIA DEBT ISSUES

While most African states have welcomed the extensive and apparent generous lending and financial assistance from the PRC over the past years many international observers have expressed caution. Critics point to a range of concerns around Chinese finance to Africa and other developing nations including lack of transparency, alleged unfavourable lending terms and the selection of unviable infrastructure projects. Other commentators suspect that the PRC's onerous financing hides sinister motives and raise concern about the undue influence that the Asian superpower is gaining over the continent's domestic affairs. Specifically, China has been accused of deliberately lending money at unsustainable levels in order to take over strategic assets if the borrowing country fails to honour its financial obligation. For example, a Chinese SOE recently took over a PRC funded port in Sri Lanka, Hambantota, when it failed commercially.⁴³

Yet more sober observers note that while China has become a lender of great significance to African countries it remains one amongst many and, barring significant unknown financial flows, is the main creditor to only three African countries.⁴⁴ However, the accusations around Chinese debt-diplomacy dovetail with other negative assumptions around the PRC's engagement in Africa.

Namibia has not been excluded from this controversy, as the country's recessions continues to deepen concerns have been raised regarding government's high and increasing debt burden including money owed to PRC. Both the Namibian government as well as representatives from the Chinese embassy have rejected the notion that Namibia has borrowed unsustainably from its Asian development partner. Thus, for example, Finance Minister Calle Schlettwein stated in parliament in September 2018 that the total outstanding debt to China amounted to around N\$2 billion and accounted for 2.6 percent of total national debt.⁴⁵ Other newspaper sources from this period also cite similar figures, noting furthermore that Namibia has also received N\$1.34 billion in grants from China.⁴⁶

It can thus be cautiously assumed that the overall debt exposure by Namibia to Chinese loans remains minimal. There are, however, inconsistencies in figures mentioned by officials and cited by newspaper reports which are perhaps concerning. In May 2019, the Finance Minister released figures and held an official media briefing on the country's public debt burden. Besides dismissing concerns about the unsustainability of Namibia's overall debt and the legality of state borrowing, Schlettwein also noted that bilateral loans from China and Namibia amounted to N\$1.19 billion equating to around 1 percent of total debt.⁴⁷ It remains unclear why the Chinese

“Thus far the evidence indicates that Namibia has exercised some caution regarding building up debt owed to China.”

⁴³ The Economist, “Beijing curbs its enthusiasm.” June 29th – July 5th, 2019. 33-4.

⁴⁴ The Economist, “Choices on the continent.” March 9th -15th, 2019. 20.

⁴⁵ Tjitemisa, Kuzeeko, “Chinese loans collateral-free – Schlettwein.” New Era, September 20, 2018. <https://neweralive.na/posts/chinese-loans-collateral-free-schlettwein>

⁴⁶ Ngatjiheue, Charmaine, “Nam owes China N\$1,99b.” The Namibian, July 19, 2018. [https://www.namibian.com.na/179682/archive-read/Nam-owes-China-N\\$199b](https://www.namibian.com.na/179682/archive-read/Nam-owes-China-N$199b)

⁴⁷ Amukeshe, Lazarus, “Govt borrows within the law – Schlettwein.” The Namibian, May 31, 2019. <https://www.namibian.com.na/189071/archive-read/Govt-borrows-within-the-law-%E2%80%93-Schlettwein>

“..little current statistical information on this sector is available from Namibia’s government agencies.”

debt share would have dropped significantly over a period of only one year. It could be speculated that the government figures simply omit SOE accumulated debt for which it has provided guarantees. Furthermore, it is notable that the figures cited in the media statement are dated March 2018. Oddly, the document also provides figures dated March 2019 that just over N\$2 billion is owed in Yuan – the PRC’s currency.⁴⁸

Thus far the evidence indicates that Namibia has exercised some caution regarding building up debt owed to China. However, given the context of Namibia’s rising public debt and the dangers it poses for the future, it will be important to carefully monitor bilateral debt owed to China.

CHINESE SMES IN NAMIBIA

One of the most obvious and visible signs of Chinese business activity in Namibia are the small- and medium-sized retail outlets commonly referred to as ‘China shops’. Owned and operated by Chinese nationals, these businesses can be observed in most if not all urban areas country wide. These retail outlets sell a vast array of consumer goods including bags, electronics, shoes, motorcycles,⁴⁹ textiles, electrical appliances, cigarettes and computer software.⁵⁰ Over the past two decades China shops have become a noticeable and undeniable part of Africa’s growing economic and social linkages with the China. Arguably, it is also in this sphere where the majority of cultural and social exchanges between ordinary Chinese and Africans occur due to the Chinese traders] “proximity and daily interaction with local counterparts, customers, employees and other social actors.”⁵¹ The interactions taking place in and around China shops are key in determining and shaping many of the impressions, perceptions and attitudes regarding the Chinese presence in Africa.

Marfaing and Thiel note that this area of engagement has received far less attention from scholars than Chinese-led large-scale infrastructure or mining projects on the continent.⁵² Most of the Namibia-based research in this area, conducted by Dobler, is over a decade old; while Herbert Jauch and Ipumbu Sakaria’s study on labour relations and conditions in Chinese businesses was published around 10 years ago. In addition, what little is documented regarding Chinese trade and investment in Namibia’s retail sector is based on only a handful of research papers.

It should also be noted that it appears that much of the research into ‘China shops’ and retail trade in Africa by Dobler, Marfaing and Thiel and others are ethnological studies looking at social and cultural influences between Africans and Chinese. They thus provide interesting information on inter-cultural, labour and work relations, attitudes and personal interactions. However, such studies provide little concrete data on the scope of the Chinese retail trade in Africa and its financial and job creation impact.

It is also unfortunate to observe that little current statistical information on this sector is available from Namibia’s government agencies. For example, various studies note that there are around “500 small Chinese businesses registered” with Namibia’s Ministry of Industrialisation, Trade and SME Development (MITSMED). However, this dated figure cannot be verified or updated since this research undertaking was unable to secure even basic data on SME registration. The current website of MITSMED

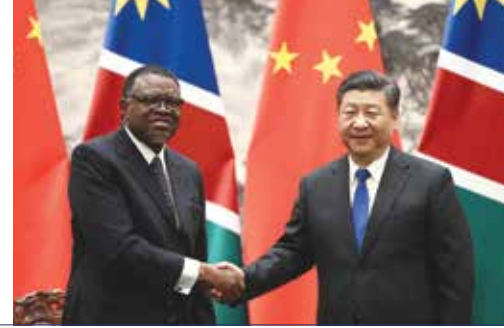
⁴⁸ GRN, Media Release: Briefing on Public Debt Management and Public Procurement by Hon. Calle Schlettwein, May 23, 2019.

⁴⁹ Dobler, Gregor, Old ties or new shackles? China in Namibia. In Melber, Henning, Transitions in Namibia: which changes for whom? 2007, 102.

⁵⁰ Jauch, Herbert and Sakaria, Ipumbu, Chinese Investments in Namibia: a labour perspective. March 2009, 11.

⁵¹ Marfaing, Laurence and Thiel, Alena, The impact of Chinese business on market entry in Ghana and Senegal. In Africa, Volume 83, Issue 04, November 2013. 646.

⁵² Ibid.



does not provide any appropriate data. Recent annual reports by the same Ministry contain no memorable information or statistics that could shed light on the SME sector and Chinese involvement. Adding to the confusion around SME is that Namibia's Business and Intellectual Property Authority (BIPA) does not provide a definition for SME and does not utilize it in its business registration process.

Oddly enough, MITSMED published a new policy on 'Micro, Small and Medium Enterprises' (MSME) at the end of 2016 in which it "proposes" a new definition of categorising the size of enterprises based on staff establishment and annual turnover.⁵³ The lack of any coherent, national level established definition for SMEs – or if such a definition should even be used by state institutions is a lamentable policy failure by government and underlines the lack of clarity around SMEs' status and contribution to the Namibian economy. Indeed, it appears as if some local analysts and academics define SMEs as predominantly un-registered businesses active in the informal sector, which would run counter to the general held international understanding.

According to information provided by BIPA, as of August 2019 there were a total of 179,029 businesses registered on the agencies database these included registrations for Closed Corporations, Companies, Defensive Names and Foreign Companies. Of this aggregated number only 1,176 businesses in Namibia were either owned by Chinese nationals or had Chinese shareholders. A vast majority of these businesses are registered as Closed Corporations. In terms of business activity it is unfortunate to note that more than half of the firms, or 606, engaged in activities that were not "adequately defined." According to the data, the remainder engaged in a wide range of activities prominent of which were services, property and real estate, and wholesale and retail. Confusingly, the latter definition also included catering and accommodation services. Only few Chinese businesses are active in manufacturing, commerce and the construction industry.⁵⁴

However, given the sizeable amount of businesses whose activities are not defined, the data presented here arguably only provides limited insight into Chinese involvement in Namibia's industries. In terms of overall business registrations Chinese-owned firms do not even constitute one percent of all registered businesses in Namibia. Furthermore, it is notable that Chinese business people do not shy away from investing in a wide range of business activities.

Namibia's wholesale and retail trade industry makes up a sizeable share of the formal economy contributing just over 11 percent to GDP⁵⁵ and employing around 80,000 people⁵⁶, according to the most recent available official figures from 2017 and 2018 respectively. Yet, determining the actual economic and social impact of China shops remains challenging. Local academics have criticised the involvement of Chinese traders in the retail sector. The aforementioned study by Jauch and Sakaria is especially critical, arguing that Chinese retailers provide only poorly remunerated employment for locals and give little attention in terms of skills transfer or training of their employees. They conclude that the mushrooming of small Chinese-led retailers across the country "holds little benefits for Namibia's overall development."⁵⁷

An undated study from 2009 by researchers from NUST, argues that not Chinese investment does not necessarily result in negative consequences for local citizens and businesses. The authors hold the view that stiff competition from Chinese firms will force local companies and their employees to become more effective and pro-

⁵³ GRN, National Policy on Micro, Small and Medium Enterprises in Namibia 2016 – 2021. November 2016. 7.

⁵⁴ BIPA, Official communication. August 27, 2019.

⁵⁵ NSA, Annual National Accounts 2017. n. d. 26.

⁵⁶ NSA, The Namibia Labour Force Survey 2018 Report. March 2019, 60.

⁵⁷ Jauch and Sakaria, 36,8-9.

**"Only 1,176
businesses in
Namibia were
either owned
by Chinese
nationals or
had Chinese
shareholders."**

“China’s state-championed transformation of its economy into a more service and innovation-orientated industrial phase could and does provide opportunities for more equitable, beneficial and sustained economic growth in African nations”

ductive in order to remain competitive. They further acknowledge that the Namibian State is caught in a difficult situation whereby local businesses and SME operators in the retail sector and the construction industry expect support and industry protection while at the same time government needs to attract foreign investment to grow the economy.⁵⁸

The often negative findings by local analysts are not, however, reflected in recent economic assessments’ of investment and trade by Chinese firms in Africa. Both the fairly recent McKinsey report as well as a 2018 study by the International Trade Centre (ITC), looking at private investments by Chinese firms on the continent, paint a far more positive and promising picture. Based on interviews and surveys with over 1,000 Chinese companies in eight African countries, the authors of the McKinsey study argues that, in a move away from past trends, Chinese investments are today predominantly led by private companies and not SOEs. Furthermore, they note that the majority of firms surveyed are making long-term business investments that differ greatly from “shallow” contracting or mineral-extracting activities. Discarding stereotypical assumptions about labour practices by Chinese firms, the report’s data indicates that around 89 percent of employees are local citizens and 64 percent of companies provide some form of skills training for staff.⁵⁹ The ITC study utilises SME competitiveness surveys to analyse the capacity of Chinese firms and the local “quality of business ecosystems” in five African nations. Among others, the study notes that private capital is dominating FDI flows and those investments are increasingly targeting manufacturing and service sectors in Africa.⁶⁰

It can be stated that the findings presented in the ITC and the McKinsey reports are reflected in recent academic and media reports detailing the momentous shifts that are currently under way in the PRC’s domestic economic make-up. Indeed, China’s state-championed transformation of its economy into a more service- and innovation-orientated industrial phase could and does provide opportunities for more equitable, beneficial and sustained economic growth in African nations. The ITC report observes that:

“With rising labour costs in coastal China, private companies in labour-intensive industries such as textile, leather and light manufacturing are looking to relocate production for greater efficiency. The Chinese average yearly wage increased significantly in recent years from Chinese Yuan 29,229 in 2008 to 74,318 in 2017. As such, Africa is increasingly an attractive destination for Chinese private investors.”⁶¹

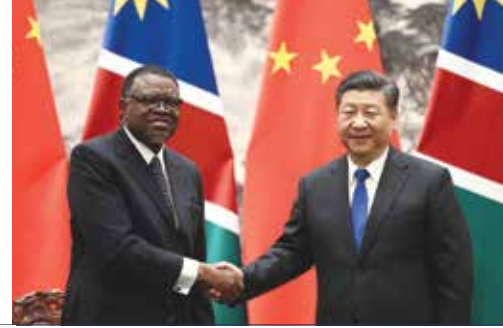
Due to the lack of solid and current data on Namibia’s SME sector and the involvement of Chinese businesses therein, it is impossible to offer any definite findings. The sparse data from BIPA indicates that Chinese companies are involved in a range of different business activities. Only further data collection and research in this field can bring about more clarity.

⁵⁸ Niikondo, A. and Coetzee, J. Perceptions on the impact of Chinese businesses in Namibia: a case study of the retail and construction sector in Windhoek. 2009. 66-7.

⁵⁹ Sun, Irene, Yuan, et al. 10-1.

⁶⁰ ITC, Guide to Chinese private investment in Africa: Insights from SME competitiveness surveys. 2018. ix & 2.

⁶¹ Ibid., 2.



CHINESE BUSINESS AND THE CONSTRUCTION SECTOR

- Continental developments and experiences

Besides investing and engaging in Namibia's retail sector for over two decades, Chinese-owned private businesses as well as SOEs are active in the construction sector. Similar to the China shops phenomenon, Chinese construction businesses have proliferated across the continent since the end of the Cold War.⁶² According to an IMF report, most engineering contracts held by Chinese companies active in 2015 in sub-Saharan Africa are in the transport and energy sector. Thus a multitude of roads, harbours, airports and hydroelectric dams across the African continent have been built by Chinese businesses.⁶³ Indeed, China is dominant in Africa's large-scale infrastructure contracts. The McKinsey & Company study notes that Chinese contractors command around 50 percent of the continent's construction market.⁶⁴ This trend has been driven by a number of factors, not the least of which is sizeable infrastructure finance provided by China itself to African nations. Thus for example a briefing paper by K4D, a research consortium, for the UK government states that:

"Infrastructure assistance is a key priority for China: the largest sector for commercial and concessional loans to Africa during period 2000-2014 was transportation loans for construction/renovation of roads, railways, airports and harbours."⁶⁵

China's on-going commitment to financing large infrastructure projects worldwide is also evident in its ambitious BRI. Hence the formalisation of the initiative resulted in the setting-up of a number of financial institutions including the Asian Infrastructure Investment Bank (AIIB) and the Silk Road Fund.⁶⁶

Undoubtedly, Namibia's construction sector has been and continues to be impacted by both Chinese-owned construction businesses and Chinese investments for infrastructure. Chinese contractors are active in the public as well as the private construction sectors. Since around 2000, they have significantly heightened the competition within the industry. On the companies active in Namibia, Robin Sherbourne observes that:

"While these appear to have reduced building costs for both public and private clients, they have forced many established construction firms to go out of business and have been criticised for unfair competition and accused of not adhering to labour, tax and quality standards."⁶⁷

Sherbourne's overall take on the effects of Chinese businesses entering and competing in Namibia's construction market seems to be broadly reflected in the findings from research conducted in other African countries and across the continent overall. In Zimbabwe for example, Chinese companies have constructed hospitals, dams, a college for the military and Harare's sports stadium, among others. In addition, China has also provided funds for infrastructure projects, but little is known publicly about the size and terms of this finance. Finally, Chinese-owned firms have been accused of illegal labour practices and mistreatment of workers.⁶⁸ The McKinsey report notes

⁶² Dobler, 94-5.

⁶³ Chen, Wenjie and Nord, Roger, A Rebalancing Act for China and Africa: The Effects of China's Rebalancing on Sub-Saharan Africa's Trade and Growth. 2017. 2-3.

⁶⁴ Sun, Irene, Yuan, Jayaram, Kartik and Kassiri, Omid, Dance of the lions and dragons: How are Africa and China engaging, and how will the partnership evolve? June 2017. 11.

⁶⁵ Carter, Becky, A literature review on China's aid. September 7, 2017. 4.

⁶⁶ van Staden, Cobus, Alden, Chris and Wu, Yu-Shan, In the Driver's Seat? African agency and Chinese power at FOCAC, the AU and the BRI. September 2018. 18-9.

⁶⁷ Sherbourne, 301-2.

⁶⁸ Mapaure, Clever, Chinese Investments in Zimbabwe and Namibia: A Comparative Legal Analysis. September 2014. 13, 17-8.

"African government representatives overwhelmingly state that Chinese contracting companies offer more affordable prices, are administratively very efficient in getting projects off the ground, and speedily complete construction work"

that African government representatives overwhelmingly state that Chinese contracting companies offer more affordable prices, are administratively very efficient in getting projects off the ground, and speedily complete construction work without compromising on quality.⁶⁹ Indeed, one respondent noted that bids for infrastructure projects from Chinese companies were usually around 40 percent cheaper for a similar level of quality compared to the next lowest bid.⁷⁰

- Chinese construction businesses in Namibia

Unfortunately and similar to other areas of the China and Namibia relations there is only limited public information and quantifiable data available on Chinese involvement in the country's construction industry. With regards to public infrastructure projects it is evident that information on contractors, completion dates and costs is seldom available. For example Ministry of Finance (MoF) budget documentation gives little insight on past construction work. The Government's Accountability Report for the Financial Year 2017/18 lists public infrastructure projects, or phases carried out for the year, but does not provide data on exact costs or contractors.⁷¹ Similarly, a cursory review of various government reports including ministries' annual reports and audit documents from the Auditor-General's office (AG) yielded little useful information on government capital projects. The website of the Central Procurement Board of Namibia (CPB) only lists 10 tender awards, all from 2019, of which just two are for construction projects – both have been awarded to a joint venture between Africa Civil Engineering CC and China State Construction Engineering Corporation.⁷² Given the many past and recent public debates and controversies around government construction projects, it is perhaps understandable if not justifiable that Namibia's senior officials and decision-makers are reluctant to release comprehensive and easily accessible information on infrastructure projects.

There is some information available that gives an idea of the scope and breath of China's involvement in Namibia's construction sector. However, this data is far from offering a complete picture and any findings from it must therefore be treated with caution. Prior to Namibia's recession in 2016, the industry grew at a steady pace and employed more and more people. This growth was arguably being driven to a large extent by government infrastructure projects.⁷³

There are various estimates regarding Chinese firms' share of Namibia's construction market that Chinese firms commandeer. A former PRC ambassador put the share at 15 percent while other observers placed it much higher.⁷⁴ There are two sources that provide some figures regarding public infrastructure contract awards. An Insight Namibia article from 2015, states that eight Chinese companies garnered 34 out of a total of 279 government construction awards over a time period of four years 2011-2014. Thus, only slightly more than 12 percent of all public construction jobs were won by companies based in the PRC.⁷⁵ However the author noted that:

“...while Chinese companies are only a handful, they tend to secure the bigger, more lucrative projects and account for a disproportionate share – more than a third – of the value of tenders awarded.”⁷⁶

According to the article, the total value of construction contracts awarded to Chinese

⁶⁹ Sun, Irene, Yuan, et al. 39-40.

⁷⁰ Ibid., 30.

⁷¹ See: GRN, Government's Accountability Report for the Financial Year 2017/18. n. d.

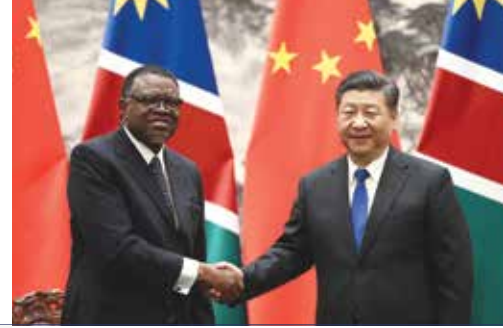
⁷² <http://www.cpb.org.na/index.php/awards>

⁷³ Sherbourne, 299-300.

⁷⁴ Ibid., 302

⁷⁵ Weidlich, Brigitte, "Squeezing Locals Out?" Insight Namibia. March 2015. 14.

⁷⁶ Ibid.



firms came to just over N\$ 1.8 billion and accounted for 35 percent of the total cost of awarded tenders over the four year period. This would indicate that Chinese firms, while far fewer in number than local counterparts, have made significant inroads into Namibia's public construction industry.

In his Master's thesis from 2015, Rui Antonio Tyitende conducted an evaluation of the impact that Chinese companies have had on Namibia's construction sector by utilising, among others, data on government capital projects provided by the Ministry of Works and Transport. He came to a similar conclusion as Brigitte Weidlich, the author of the Insight Namibia article. Notably, the total amount of contracts and awards mentioned are almost identical with Tyitende's (contract total 283 of which Chinese firms gained 34). However, the value of contracts he analysed comes to just under N\$1 billion of which a share of 55 percent is held by firms from the PRC. Tyitende acknowledges that the project information he has been furnished with is statistically relevant but not complete.⁷⁷

This research was able to source a comprehensive and detailed list of public construction contracts giving crucial insight on Chinese businesses' involvement in this sector. The data set does not cover every public infrastructure project but includes those allocated under 18 ministries and the Office of the President (OP). Among the ministries covered are those that are usually allocated the largest share of the national budget⁷⁸ including the Ministries of Education, Arts and Culture, Finance, Defence, Health and Social Services, Defence and Safety and Security. The evaluation of the information focused on infrastructure projects for which sufficient information was provided including contractors, total costs of project and completion status. Crucially the researchers decided to exclude all projects that were in the planning, tendering or feasibility stages and concentrate only on projects that were under construction or completed. Therefore the information presented here refers to actual public infrastructure projects that were physically initiated or already completed. Collating and analysing the data yielded a number of notable findings:

- The 18 ministries and OP initiated a total of 251 public construction projects between around 2010 and 2018, with the bulk of awards seemingly taking place from 2011 to 2015; thus prior to Namibia's economic recession and the new procurement law of 2015 becoming operational.
- Of the 251 construction projects only 21 or just under 8.4 percent were awarded to Chinese firms; just over half of the contracts were awarded to joint venture between a Namibian and Chinese company.
- While Chinese contractors captured only a small percentage of the total public construction awards, they did garner mostly large-scale projects - considerably raising the monetary value of contracts held by Chinese firms; the contracted value of the 251 construction projects stood at around N\$6.8 billion of which companies from the PRC held just under N\$2.6 billion or 37.6 percent of the total.
- Leading both with the total number of construction projects and awards to Chinese firms is the Namibian Police (NamPol) with 79 and 4 projects respectively; followed by Ministry of Education, Arts and Culture (MoEAC) with 20 and 3 projects; conversely some Ministries with many construction contracts gave few or no awards to Chinese companies. The Ministry of Agriculture, Water and Forestry (MAWF) awarded only one out of 23 projects and Ministry of Health

“The contracted value of the 251 construction projects stood at around N\$6.8 billion of which companies from the PRC held just under N\$2.6 billion or 37.6 percent”

⁷⁷ Tyitende, Rui, Antonio, MA thesis: An evaluation of the impact of Chinese involvement of the construction sector in Namibia. December 2015. 44-6.

⁷⁸ Brown, Rowland, The National Budget 2017-18: Prioritising Personnel. May 2017.

and Social Services awarded none out of 43 construction contracts.

- Notable awards to Chinese firms include N\$753 million for the opulent new head office of the Ministry of Home Affairs and Immigration (MoHA); N\$389 million for “additional offices within the national police headquarters”; N\$158 million allocated to the new building of the Directorate of Civil Aviation and N\$ 7 million for a consular office in Ondjiva, Angola.⁷⁹

Given that the data indicates that over a third of the value of all analysed public construction projects in Namibia involves Chinese construction contractors, it can be ascertained that companies from the PRC have taken a considerable chunk of the country’s public construction sector over the past decade or so.

It should be noted that the data presented here does not provide insight into SOE-managed infrastructure tenders which would include among others road and rail construction. Such information would also provide a better perspective on the scope and scale of China’s involvement in infrastructure development and financing that arguably has more direct, positive impact on Namibia’s economic growth trajectory than new government offices.

According to newspaper reports, China provided financing via concessional loans through the Exim Bank of China⁸⁰ for the upgrading of two major roads in the north of Namibia. Of note is that both road construction projects were carried out by Chinese firms which was a condition set by China for their financing. A senior government official at the time did acknowledge that the infrastructure projects were exempted from the tender process and directly awarded to the respective companies. The road projects were also surrounded by controversy as it was alleged that that the per-kilometre cost was inflated considerably – particular with regards to the Omakange-Ruacana road with close access to road building materials,⁸¹ as far as can be ascertained the allegations were never publicly proven or even refuted. It is peculiar that both newspaper and official government sources quote different costs for the two roads. The Omafo-Outapi road is quoted by newspapers as costing between N\$722 – 800 million with the latter figure cited by former President Pohamba,⁸² yet an official budget document states that total expenditure on the construction will come to just under N\$595 million of which China officially financed N\$502 million.⁸³ Oddly enough, a report by the Chinese news agency Xinhua states that the road cost N\$960 million to complete.⁸⁴

The provision of loans likely tied to specific conditions by Chinese financial institutions is a well-established trend and common across Africa. It is thus no surprise that such projects can also be found in Namibia.

The competitive nature of Chinese construction firms is further enhanced by their ability and inclination to import building inputs, such as cement, steel and construction equipment from the PRC. Given the large size of both Chinese firms and many of the projects they work on it is logical to assume that buying materials in bulk through well-established supply chains in China can bring with it significant cost

⁷⁹ GRN, Project Matrix. July 2019.

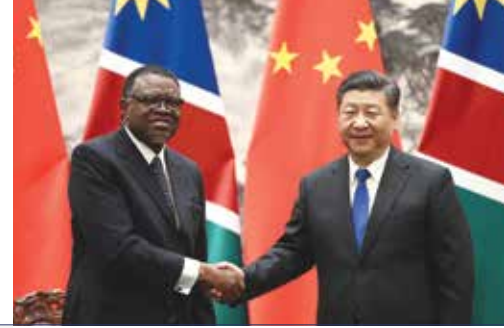
⁸⁰ Xinhua, “Chinese-funded road opens in Namibia.” March 17, 2015. http://www.chinadaily.com.cn/world/2015-03/17/content_19830644.htm

⁸¹ Smit, Nico, “Roads tender price ‘inflated’.” The Namibian. April 11, 2012. <https://www.namibian.com.na/index.php?id=93846&page=archive-read>

⁸² Shivute, Oswald, “Tarred road for Omafo and Outapi.” The Namibian. May 17, 2013. <https://www.namibian.com.na/index.php?id=108176&page=archive-read>

⁸³ GRN, Development Programmes: Estimates of expenditure, Medium Term Expenditure Framework 2015/16-2017/18. 636.

⁸⁴ Xinhua.



savings. In addition, some sources state that building materials imports destined for Chinese contractors are exempted from import duties. If true, this would further advantage Chinese firms over local businesses. There is strong evidence that the former occurs but less so for the latter.

The dated but much cited study by Niikondo and Coetzee refers to information from a former senior official of Namibia's tender board with regards to the importation of materials.⁸⁵ Materials and equipment of Chinese origin can also be found fairly easily on construction sites such as trucks made in the PRC. This evidence is further supported by the McKinsey & Company study which notes that Chinese businesses in Africa report that the value of supplies sourced locally averages only 47 percent.⁸⁶ No concrete information could be sourced regarding Chinese firms receiving tax exemption on the importation of construction materials. Over the years various sources have claimed that firms from the PRC are exempted from Namibian import duties on building materials but this been repeatedly denied by government.

A discussion on Chinese business involvement in Namibia's construction sector cannot ignore an overview of two large-scale, multi-year infrastructure projects which are among the biggest constructions initiatives in the country in the past decade. In May 2014 the firm China Harbour Engineering Company Limited (CHEC) started work on the construction of a new container terminal at Namibia's largest harbour in Walvis Bay.⁸⁷ Shortly afterwards the same company in a venture with Namibia's SOE Roads Contractor Company (RCC) was awarded the tender to build a bulk fuel storage facility nearby the Walvis Bay harbour.⁸⁸ The projects were contracted by NamPort and the National Petroleum Corporation of Namibia (NAMCOR) respectively. The port expansion, at a reported cost of N\$4.2 billion, was recently completed while the fuel storage project total is projected to cost N\$5.6 billion according to a government financial report.⁸⁹

The two infrastructure projects can be seen as tangible steps by government to develop Namibia into a logistic hub and to improve national energy security. CHEC is a subsidiary of China Communications Construction Co. (CCCC), a massive company active in over 100 countries besides China. According to an article by *Bloomberg Businessweek*, CCCC is a combination of various dredging, engineering and construction subsidiaries. Notably, the company is a Chinese SOE. According to a US-based business management consultancy which tracks China's international investments, CCCC is the "largest Belt and Road contractor" worldwide. Among others, it is contracted to build roads in Australia and Pakistan, ports in Nigeria and other West African countries and sizeable railway networks in East Africa, including Kenya and Ethiopia.⁹⁰

From many aspects it makes sense for Namibia to consider large, multinational companies, including but not limited to PRC firms, for tenders that require considerable expertise in constructing technical complex and sizable infrastructure projects. After all - Namibia's market is small and the local construction industry has been hit hard by the country's recession. Thus the capacity and know-how of local contractors for carrying out large-scale construction projects is rather limited. It is notable for

⁸⁵ Niikondo, Andrew and Coetzee, Johan, *The Impact of the Chinese Economic Expansion in Namibia: A Case study of retail and construction sectors in Windhoek*. n. d. 34.

⁸⁶ Sun, Irene, Yuan, et. al. 47.

⁸⁷ <https://www.namport.com.na/news/213/walvis-bay-port-expansion-76-percent-complete/>

⁸⁸ NAMPA, "RCC/Chinese joint venture to construct bulk fuel storage." *Lela Mobile*. July 7, 2014. <https://www.leramobile.com/content/25569/RCC-Chinese-joint-venture-to-construct-bulk-fuel-storage/>

⁸⁹ GRN, *Government's Accountability Report for the Financial Year 2017/18*. n. d. 83.

⁹⁰ Prasso, Sheridan, "A Chinese Company Reshaping the World Leaves a Troubled Trail." *Bloomberg Businessweek*. September 19, 2018. <https://www.bloomberg.com/news/features/2018-09-19/a-chinese-company-reshaping-the-world-leaves-a-troubled-trail>

“With regards to construction projects it is vital that the client has the ability and expertise to oversee large and complex infrastructure projects whether the chosen contractor is Chinese or not.”

example that a considerable number of public construction projects in the data-set analysed earlier in this paper suffered from delays and poor workmanship largely attributed to local contractors.

Internationally, CCCC’s activities have attracted controversial headlines over recent years. The *Bloomberg Businessweek* article states that the company has been involved in a string of controversies and legal troubles over the past decade or so. From 2009 to 2017 CCCC was blacklisted by the WB for allegedly trying to subvert the tendering process of a highway contract in the Philippines. The blacklisting meant that the company would not be allowed to bid for WB-funded projects. The company has also been blacklisted by the Bangladeshi authorities due to bribery allegations. In 2018 CCCC was investigated by Australian officials regarding poor workmanship on a children’s hospital.⁹¹

However, the construction of the new container terminal at the port of Walvis Bay by CCCC seems to have generated few controversies. Indeed it appears that the client NamPort has demonstrated adequate acumen in planning and overseeing the project – an achievement that should not be underestimated. An article published on NamPort’s website claims that CHEC has been involved in facilitating the training of over 700 Namibians that have worked on the construction of the port. The article also states that NamPort contractually obligated CHEC to spend 31 percent of the project’s value or U\$80 million in Namibia and 5 percent on Namibian SME contractors.⁹² This information could not be verified.

The bulk fuel storage facility currently being constructed in a joint venture between CHEC, RCC and Babyface Civils has attracted considerable controversy. Particularly since the initial projected cost of just under N\$1 billion has ballooned to N\$5.6 billion in only a few years.⁹³ Unlike NamPort, the contracting Namibian SOE for the fuel storage project - NAMCOR - has not performed well financially⁹⁴ and has been the subject of a range of mismanagement allegations.

The differing experiences regarding the Walvis Bay harbour and bulk fuel storage construction projects can be instructive. They suggest that with regards to construction projects it is vital that the client has the ability and expertise to oversee large and complex infrastructure projects whether the chosen contractor is Chinese or not.

THE MINING INDUSTRY AND CHINESE INVESTMENT

This section will briefly look at Namibia’s extractive industry and the role of investments from the PRC. Up until a few years ago China’s growth model could be characterised as “investment-heavy, export-orientated”; in other words much of the country’s economy was geared towards the manufacturing of goods which require capital investments in factories and copious raw materials. Thus, for example, between 2010 and 2014 China accounted for over 10 percent and 40 percent of the world’s total crude oil and metal consumption respectively.⁹⁵

Namibia’s extractive sector has undoubtedly also benefited from China’s econom-

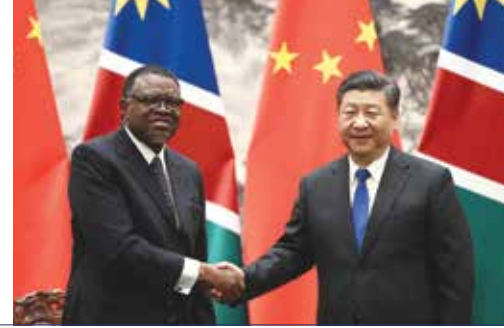
⁹¹ Ibid.

⁹² Musariri, Confidence, “China Harbour Engineering Company reshaping Walvis Bay port: A Chinese success story in Namibia.” November 28, 2017. <https://www.namport.com.na/news/204/china-harbour-engineering-company-reshaping-walvis-bay-port-a-chinese-success-story-in-namibia/>

⁹³ Haufiku, Mathias and Mongudhi, Tileni, “Oil storage keeps gobbling up millions.” *The Namibian*. August 6, 2019. <https://www.namibian.com.na/191607/archive-read/Oil-storage-keeps-gobbling-up-millions>

⁹⁴ Sherbourne, 427.

⁹⁵ Chen and Nord, 3-4.



ic boom and the country's need to secure raw materials for its immense manufacturing industry. Thus over the past years China has become a major export destination for ores and minerals including copper from Namibia.⁹⁶ Ores include, among others, uranium, zinc and lead with uranium being the most dominant ore making up 83 percent of all exports in this category in 2018. Furthermore, it should be noted that most of the copper is re-exported from Namibia. In other words it does not originate from the country itself but only transitions through Namibia. Most copper being re-exported from Namibia originates from Zambia.⁹⁷

With regards to mining, Chinese companies have primarily invested in Namibia's uranium sector. Chinese firms currently hold ownership in three of Namibia's four established uranium mines – Langer Heinrich, Husab and Rössing. Currently only two of the four mines are extracting uranium while the others have been placed under 'care and maintenance' – essentially mothballed. The fourth mine Trekkopje – was built by Areva, a French multinational company but due to an unfavourable downturn of the uranium price following the 2011 Fukushima disaster in Japan the mine never became operational.⁹⁸

Table 3 details all existing uranium mines in Namibia and gives insight on their current ownership structure, operational history and production. Of note is that firms based in PRC have a majority stake in the current two operational uranium mines Husab and Rössing. Furthermore, another Chinese company, which is linked to Rössing's new Chinese owner, holds a 25 percent share in the Langer Heinrich uranium mine.

It is crucial to highlight two aspects of China's recent involvement in Namibia's uranium mining sector. Firstly, China's investment in uranium mining has arguably rescued this sector from shut downs of existing operations and the curtailing of new investments. This negative development has been typified by Trekkopje as well as production cuts and retrenchments at Rössing, which was then still owned by Rio Tinto, over recent years.⁹⁹ ¹⁰⁰ Secondly, the two firms that are essentially in control of Chinese investments in the uranium sector, China National Nuclear Corporation (CNNC) and China General Nuclear (CGN) are both Chinese SOEs.¹⁰¹ ¹⁰² In essence the government of the PRC has bought a dominant and strategic stake in Namibia's uranium mining industry.

“The government of the PRC has bought a dominant and strategic stake in Namibia's uranium mining industry.”

⁹⁶ NSA, Annual Trade Statistics Bulletin 2018. n. d. 17.

⁹⁷ NSA, Annual Trade Statistics Bulletin 2018. n. d. 10 & 22.

⁹⁸ Sherbourne, 209.

⁹⁹ Ibid., 204.

¹⁰⁰ Hartman, Adam, “Rössing cuts 276 jobs.” The Namibian. March 4, 2013. <https://www.namibian.com.na/index.php?id=105804&page=archive-read>

¹⁰¹ <http://www.cnnintl.com/new-site/profile.php?lang=eng>

¹⁰² https://en.wikipedia.org/wiki/China_General_Nuclear_Power_Group

Table 3

Mine Name	Primary Company	Ownership	Chinese ownership start	Years of Operation	Permanent Employees (end 2018)	Production Uranium Oxide (2018 Tonnes)	Notes
Rössing	Rössing Uranium	"China National Uranium Corporation Limited 69%, Iran Foreign Investment Company 15%, Industrial Development Corporation of South Africa 10%, GRN 3%"	2019	1976 - present	967	2,478	Chinese firm subsidiary of China National Nuclear Corporation CNNC (PRC SOE)
Husab	Swakop Uranium	China General Nuclear 90%, Epangelo Mining Company (state) 10%	2012	2017 - present	1,582	3,571	China General Nuclear CGN (PRC SOE)
Langer Heinrich	Paladin Energy	Paladin Energy Limited 75%, Chinese Overseas Uranium Holdings Ltd 25%	2014	2007 - 2018	19	465	Chinese firm is holding company of CNNC (PRC SOE)
Trekkopje	Orano	100% Orano (formerly Areva)	N/A	None (mine construction completed in 2012 & moth-balled)	17	0	

Sources: Sherbourne, 2017. Volberding and Warner, 2017 & Chamber of Mines of Namibia, Annual Review. 2018.

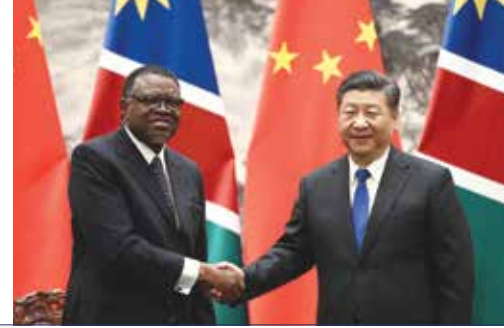
These two above-mentioned aspects then have resulted in a number of implications which are still playing out. What follows is an initial attempt to detail and analyse these implications, while keeping in mind that the long-term impacts for Namibia of these developments are hard to predict and could still change. This study will look at three implications which seem to be most pertinent:

1. Economic and political benefits for China and Namibia

The few national observers as well as international academics that have looked more closely at the buy-up of Namibian uranium mines by Chinese SOEs have overall been cautiously welcoming of this development. Sherbourne, as well as Peter Volberding and Jason Warner, note that China's long-term outlook to secure a reliable supply of yellow cake for its domestic needs rather than for pure profit is fortunate given the low uranium prices over recent years.^{103 104} Furthermore, these researchers also find that the Namibian state has displayed considerable statecraft in securing government shareholding through Epangelo in Husab and broad adherence to the country's labour and environmental regulations by CGN. They contrast this with

¹⁰³ Sherbourne, 217.

¹⁰⁴ Volberding, Peter and Warner, Jason, China and uranium: Comparative possibilities for agency in statecraft in Niger and Namibia. March 2017. 16 & 8.



Niger's experience with Chinese investment in uranium mining which is judged far more negatively.¹⁰⁵ Roman Grynberg, a Namibian-based economist, has been clear in his assessment stating in a newspaper opinion piece:

"The Chinese need uranium from a politically safe supplier, and because of the country's long and warm relationship with China, Namibia fits that bill perfectly. The reason why Chinese uranium ownership is a blessing for Namibia is that ultimately, the new owners of Rössing and Husab are not miners in the same way as Rio Tinto. For Rio Tinto, they would only produce uranium if the price on the world market covered costs. Since Fukushima, this has been a challenge for everyone in the uranium industry. But the Chinese miners are directly linked to the electricity utilities in China, and they will need the uranium for many years to come until China is willing to shift its energy mix away from nuclear in a profound way. They will buy, come what may."¹⁰⁶

In her paper analysing in detail the Chinese investment in Namibia's uranium sector, Meredith DeBoom takes a broader view focusing on the political and social context rather than just economic considerations. In essence, DeBoom argues that the Chinese and Namibian states are the primary beneficiaries of these investments. Besides the aforementioned economic benefits such as tax revenue and employment creation there are ideological benefits. DeBoom argues that, symbolically the Husab mine is portrayed by Namibian and PRC officials as providing "broad-based development to Namibians in the spirit of South-South solidarity."¹⁰⁷ Unlike other relationship aspects between the two countries, which are often viewed with suspicion by Namibian citizens, Husab is tangible evidence of material benefits to local communities and businesses made possible by the close cooperation between Namibia and China.¹⁰⁸

2. State ownership and control

As mention above, the fact that SOEs from both countries have both bought stakes in Namibia's uranium operations means that state control is dominant. And indeed, China is by far the leading player in these developments given its extensive financing and controlling share of ownership in Husab and Rössing.

Indirectly, Namibia's government has acquired a stake in uranium mining previously dominated by foreign, private companies, through the state's own mining firm Epangelo. The 10 percent Epangelo ownership of Husab was finalised with Swakop Uranium in November 2012 in a deal valued at N\$1.8 billion.¹⁰⁹ Crucially, Epangelo achieved this without ever investing itself in the mining operation or having a government guarantee. Instead, CGN financed the loan itself with the agreement that the Namibian SOE would pay back its share with future dividends from the mine.¹¹⁰ It is almost unfathomable to think that such a favourable deal came about without considerable political considerations on the part of China.

It is certain that most of the uranium 'yellow cake' production from Husab and Rössing is shipped to the PRC to help secure the country's energy needs possibly for decades to come. Especially if international uranium prices remain depressed,

¹⁰⁵ Ibid., 16.

¹⁰⁶ Grynberg, Roman, "China and Namibian Uranium." *The Namibian*. August 16, 2019. <https://www.namibian.com.na/82053/read/China-and-Namibian-Uranium>

¹⁰⁷ DeBoom, Meredith J. Nuclear (Geo)Political Ecologies: A Hybrid Geography of Chinese Investment in Namibia's Uranium Sector. In *Journal of Current Chinese Affairs*. 2017. 71.

¹⁰⁸ Ibid., 66.

¹⁰⁹ Sherbourne, 186.

¹¹⁰ Volberding and Warner, 15-6.

"Most observers highlight positive aspects of Chinese mining operations such as the securing of jobs and tax revenue for the state."

“The uranium mining operations only entrench Namibia’s status as a primary commodity exporter to China.”

this is a positive situation for Namibia. However, it also makes Namibia beholden to the Chinese state and highly dependent on PRC government policy and decisions regarding China’s domestic power requirements.

3. Environmental and social consequences for local communities

Mining activities inevitable cause environmental degradation, they disrupt wildlife, flora and fauna as well as put undue stress on water resources. Developing countries often times lack robust regulatory and monitoring frameworks to ensure that private sector companies minimise harm to the environment and ensure adequate health and safety measures for their employees.

Namibia is often seen as performing relatively well when it comes to environmental protection and ensuring that mining companies adhere to regulations including those covering employees. Volberding and Warner contend that Husab’s Chinese ownership will not affect labour relations noting that local unions are relatively strong and well represented in the industry. It is worth noting that the authors find that government reacts quickly to worker complaints in the sector and has sought to ensure that the Chinese owner adheres to the labour laws and employment safety standards. They further note that it appears that environmental regulations have been adhered to, but that any detrimental long-term effects can only be determined in the future.¹¹¹

DeBoom, however, is far more sceptical in her analysis arguing that international research suggests that technologies to monitor the health and safety of miners extracting uranium are far less advanced than those used at nuclear power plants. She notes further that it is not unreasonable to expect that incidents of cancer and hereditary disorders will increase in local communities even if the overall exposure to radiation remains low. Finally she raises a concern about the potential environmental harm caused by the mining processes including groundwater contamination.¹¹² It remains to be seen what long-term consequences the environment and local communities will have to bear from the uranium mines. For now, most observers highlight positive aspects of Chinese mining operations such as the securing of jobs and tax revenue for the state. Yet valid concerns have been cited. Reservations remain around the ability by authorities to monitor environmental impacts and the lack of transparency around such data.¹¹³ Finally, the uranium mining operations only entrench Namibia’s status as a primary commodity exporter to China as opposed to a development partner of the PRC that is aggressively striving towards seizing the next step in its economic development.

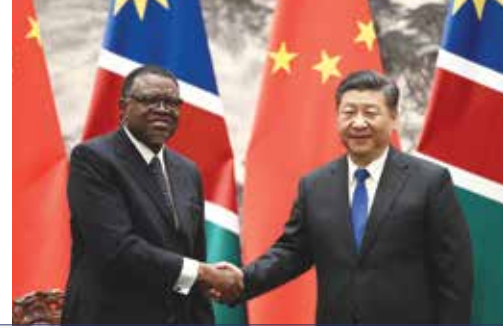
WHY TRADE WITH AFRICA? SOME CONSIDERATIONS

Internationally, there has been an extensive and ongoing debate among academics, economists, analysts, journalists and politicians regarding China’s exact motives for its long-running and sizeable engagement in Africa. For example, some commentators – including economists – have argued that Chinese business investment and expansion in African nations is primarily driven by market considerations not geopolitical ambitions. As evidence they highlight the PRC’s demand for raw materials and

¹¹¹ Volberding and Warner, 16, 9 & 20.

¹¹² DeBoom, 73-5.

¹¹³ R Emmert, Dietrich, Towards a Blue Economy: Harnessing Namibia’s Coastal Resources Sustainably. November 2018. 22 & 5.



crude oil to feed its extensive manufacturing industry.¹¹⁴ Given this narrative - African nations and their citizens have primarily benefited from Chinese trade and investment; even if much of the economic growth is based on primary commodity exports and most monetary benefits are captured by elites.

However, a more cynical view of this economic-focused relationship holds that for all China's instance on 'win-win' relationships with partner nations, the country seeks to tie in African states into a neo-colonial trade pattern. In a nutshell this means that African nations' economies are subordinate to China as suppliers of cheap raw materials and a ready market for cheap, mass-produced consumer goods. While PRC's vast and highly competitive manufacturing capacity puts in place a formidable barrier to developing states that seek to industrialise in order to improve the lives of its citizens.¹¹⁵

Another, more broader and positive narrative proposes that China's continuous engagement with African states is based on the realisation that the continent offers vast opportunities for trade, business, investment and new political and security partnerships. These opportunities can be harnessed for broad-based socio-economic advancement of all participating partners. China is thus seeking deeper and more integrated relationship with African states. This is in part also likely due to Xi's goal of transforming China from a predominant passive international actor, into an assertive, global power.¹¹⁶

The scope of this study is not suited to exhaustively analyse Chinese motivations and the theories and evidence that support various assertions. The three broad interpretations of the PRC's interests characterised above serve to illustrate just how complex, wide-ranging and controversial this topic is. To some extent it can likely be argued that the relation-types apply differently depending on individual Africa states themselves. After all it needs to be considered that respective African governments and their citizens can and do shape the multi-faceted relations with China even if their agency is considerable limited.

What then of the three roughly characterised relation-types? This study, acknowledging that the scope and depth of these characterisations are very basic, will cautiously support the last, more positive type. However, a number of caveats should be briefly mentioned that does temper this generally optimistic interpretation.

Firstly, since Xi became president of the PRC, the country has been undergoing both a significant economic as well as political shifts. As already mentioned, China's leadership is seeking to assert their country's global influence and standing. Thus, the PRC is utilising its formidable economic and political power to further its diplomatic, security and military clout internationally. Economically, China is currently going through a considerable transformation spurred on by the realisation that a high-growth and export orientated economy has come with many costs such as heavy pollution levels and rising corporate debt. Consequently, the Chinese state is placing considerable emphasis on achieving a more sustainable growth model based on services, domestic consumption and innovation.¹¹⁷ These intentional policy shifts are not just high-level pronouncements. For example the country has downscaled its reliance on trade, while employment in the service sector has increased.¹¹⁸ Internation-

¹¹⁴ Eisenman, Joshua, China-Africa Trade Patterns: causes and consequences. In *Journal of Contemporary China*. September 2012. 798, 806-7.

¹¹⁵ *Ibid.*, 808-10.

¹¹⁶ Stratfor, "Reflections: Xi Jinping's Path for China." August 10, 2018. <https://worldview.stratfor.com/article/xi-jinpings-path-china>

¹¹⁷ CRS, 25.

¹¹⁸ Stratfor.

“The available academic literature that explicitly and comprehensively analyses Namibian perceptions and attitudes towards China is very limited and outdated.”

ally, China has recently expanded its security and military presence by constructing a naval base in Djibouti, and providing more troops to UN peacekeeping operations. Notably, the PRC has send personnel to a number of peacekeeping missions in Africa including to Mali in 2013 and South Sudan 2015.¹¹⁹

Secondly, it is not just China that sees great economic and geo-strategic opportunities on the continent and is interested in forging broader and deeper relations with African countries. Many other states see the advantages and wealth that could be gained from African’s growing economy, rising population and markets in the coming decades by establishing strong trade networks. Some countries, with limited prior engagements are scrambling to catch up with China. Turkey has opened new embassies in a host of African countries since 2013 – including Namibia. While other states like Russia have sought to re-establish dormant contacts and build new ones notably in the Central African Republic (CAR) as well as Zimbabwe and Madagascar.¹²⁰

This ‘new scramble for Africa’ if it can be termed like that – offers both great opportunities as well as risks for African states, including Namibia. For the country’s leadership in politics and business it would require the careful weighing of pros and cons when engaging with economical powerful countries be it China, the US, India, Germany or France.

NAMIBIANS’ PERCEPTIONS AND ATTITUDES

Defining generally-held perceptions and attitudes towards Chinese businesses, the PRC government and ordinary Chinese nationals by Africans is a very contentious undertaking. It is alleged – often in various media outlets - that the expansion and activities by China are detrimental to ordinary African citizens. Such articles refer to unfair and discriminatory labour practices, resource exploitation with only minimal compensation, and environmental harm caused by Chinese firms as well as undue influence over African leaders into internal, national affairs by the Chinese state. Thus the continents’ citizens are often portrayed as bewildered, concerned or downright hostile towards the PRC and Chinese citizens in general.

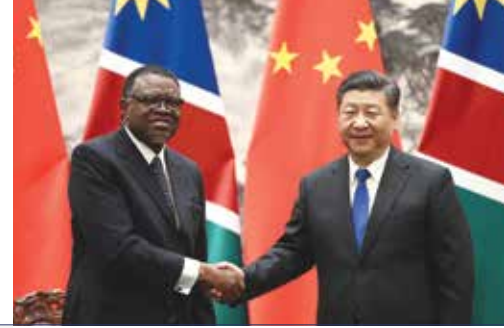
Over the years these assertions have been countered and dismissed as misleading and false by a range of actors and commentators. African’s leadership regularly defend their respective country’s engagement with the PRC and senior officials and politicians are often at pains to underline the strong and mutual beneficial relationship of their nations with China.¹²¹ Chinese officials reject outright criticism of their country’s engagement with African nations. Thus representatives often underline that bilateral relationship with China is characterised by mutual benefits and respect. PRC officials insist that their country does not seek to influence or meddle in its partners’ internal affairs. Furthermore, critical questions are often skilfully deflected by invoking the exploitative and colonial history of European powers and the tendency for Western-dominated international institutions and donors toonly supply aid under stringent conditions.

Western officials and politicians have added to the plethora of contrasting and clashing information and claims outlined above by diplomatically yet firmly criticise various

¹¹⁹ Huotari, Mikko, Gaspers, Jan, Eder, Thomas, Legarda Helena and Mokry, Sabine, China’s Emergence as a Global Security Actor: Strategies for Europe. July 2017. 54, 6 & 93.

¹²⁰ The Economist, “Choices on the continent.” March 9th -15th, 2019. 18-9.

¹²¹ Al Jazeera, “At China-Africa summit, officials dismiss debt criticism.” September 4, 2018. <https://www.aljazeera.com/news/2018/09/china-summit-african-leaders-dismiss-debt-criticism-180904145150751.html>



aspects of the PRC's engagement with foreign countries particularly in Africa.¹²²

These competing narratives also play out in Namibia. For example, at the start of 2019, the Speaker of the National Assembly Professor Peter Katjavivi stated at a gala dinner marking the Chinese spring festival that the two countries "enjoy an excellent, elevated strategic partnership."¹²³ Much of the available academic literature does not find such an overarching, positive take by the country's citizens on the engagement with China. Thus for example a 2013 study argues that:

"...grassroots perceptions differ greatly from perceptions being formed at the top and this increasingly has an effect on domestic Namibian politics and, as such, Sino-Namibia relations."¹²⁴

The study asserted that criticism of the Namibian government's relationship with China was growing due to people's concern with corrupt officials who might be more interested in advancing their personal agendas. It further referenced China's presence in the construction and retail industry as mostly responsible for shaping negative perceptions of Sino-Namibia relations. This is despite some positive perceptions from lower-income citizens afforded job opportunities by small Chinese retailers.

"There are public perceptions that China is using this relationship to gain access to Namibia's resources, be awarded tenders for public projects and bypass the country's laws. Chinese companies appear to be receiving preferential treatment from the government at the expense of local companies."¹²⁵

The study by Jauch and Sakaria which focuses on labour relations and conditions experienced by Namibian citizens employed by Chinese firms finds that ordinary Namibians were not in favour of Chinese enterprises in Namibia rendering services or selling goods that could have been offered by Namibians. They note further that the mushrooming of small China shops in rural areas, has led to deplorable work conditions for Namibians in desperate need of work. Employees state that they are underpaid and expected to work overtime without any remuneration.¹²⁶

Nevertheless, the available academic literature that explicitly and comprehensively analyses Namibian perceptions and attitudes towards China is very limited and outdated. It is also concerning to note that in general, criticism against Chinese businesses and nationals voiced primarily by the private media in Namibia usually focuses on a small number of specific cases. Thus, over recent years the Namibian media has increasingly reported on the involvement of Chinese citizens in cases of wildlife poaching and illegal timber harvesting in the country.¹²⁷ Undoubtedly, such illegal exploitation does take place and involves Chinese citizens. An objective assessment of Chinese involvement in wildlife poaching and de-forestation is however not available. It should also be noted that such crimes and the overuse of natural resources are often facilitated and indeed undertaken by locals themselves. Thus, for example, significant deforestation in areas of the country is primarily due to poor land management, overgrazing by domestic livestock, and unsuitable agricultural

¹²² See for example: Agence France-Presse, "Japan PM warns Africa against Chinese debt." *The Namibian*. August 31, 2019. <https://www.namibian.com.na/82578/read/Japan-PM-warns-Africa-against-Chinese-debt>

¹²³ *New Era*, "Namibia, China enjoy elevated strategic relationship – Katjavivi." January 22, 2019. <https://neweralive.na/posts/namibia-china-enjoy-elevated-strategic-relationship-katjavivi>

¹²⁴ Amadhila, Nelago, *Grassroots Perceptions of China in Namibia: Effects on Domestic Politics and Foreign Policy*. In: *African East-Asian Affairs*. Issue 2, November 2012. 17.

¹²⁵ Amadhila, 36.

¹²⁶ Jauch, Herbert and Sakaria, *lipumbu*, 25, 33.

¹²⁷ See for example: Smith, Jana-Mari, "Namibia's forests at risk." *Namibian Sun*. March 27, 2019. <https://www.namibiansun.com/news/namibias-forests-at-risk2019-03-27/>

“Contrary to the assertions of many media commentators and some academics, survey data indicates that many Namibians and also most Africans display a positive attitude towards China.”

practices. Such activities are attributable to Namibian citizens – not foreigners.¹²⁸

Contrary to the assertions of many media commentators and some academics, survey data indicates that many Namibians and also most Africans display a positive attitude towards China and its engagement on the continent. An analysis by the pan-African perception survey project Afrobarometer of its 2014/15 survey data finds that an overall average of 63 percent of respondents from 36 African nations stated that they judged China to have a “somewhat” or “very” positive influence in their respective country. Indeed, 66 percent of Namibians saw a positive influence by the PRC. The country’s citizens also noted that the most important factor contributing to a positive image of China was the “investment in infrastructure and business” which was identified by 58 percent of respondents.¹²⁹

Given that the Afrobarometer results are based on acceptable sample sizes (1200 people countrywide in Namibia) and that it presents the most recent available, quantifiable data on Namibians perception of the PRC it casts significant doubt on views held by some academics and journalists. Undoubtedly, sectors of Namibia’s society remain concerned about Chinese influence in Namibia. Thus for example, at the start 2019 union-affiliated construction workers and union representatives protested against the awarding of government tenders to foreign companies – especially Chinese.¹³⁰ How widespread such attitudes are towards China across Namibia’s society remains open for debate but anecdotal evidence (from family networks and social media platforms) tends to indicate that anti-Chinese prejudice certainly exists.

CHINESE LABOUR IN NAMIBIA

One major concern for many Namibians with regard to China’s engagement has been an alleged inflow of cheap Chinese labourers into the country. Supposedly, this has particularly taken place in the construction sector leading to accusations of unfair competition practiced by Chinese construction outfits.¹³¹ Rumours and allegations claiming that tens-of-thousands of Chinese citizens have immigrated into Namibia have persisted over the years. Indeed, similar claims have also been made in other African countries.

This research was unable to locate concrete and verifiable data on the number of PRC citizens in Namibia. Continental surveys and academic literature, however, cast strong doubt on claims of high numbers. Local speculation (even when fuelled by the Ministry of Home Affairs) suggesting there are over 100,000 Chinese people in Namibia seems exaggerated.¹³² The McKinsey report finds that 89 percent of those working for Chinese firms across the continent are African.¹³³ A profiling report by the International Organisation for Migration (IOM) from 2015 notes that the national population and housing census of 2011 recorded that around 1,200 people of Chinese origin resided in Namibia.¹³⁴ More recent figures are provided by the China-Africa Research Initiative at the Johns Hopkins University in the US which records 880 Chinese workers in Namibia in 2017.¹³⁵ It can be cautiously assumed that adding business representatives and family members of Chinese employees and employers – citizen numbers from the PRC in Namibia probably only number a several thousand at most.

¹²⁸ USAID, Namibia: Property rights and resource management. n. d. 4-5 & 12.

¹²⁹ Lekorwe, Mogopodi, Chingwete, Anyway, Okuru, Mina and Samson, Romaric, China’s growing presence in Africa wins largely positive popular reviews. October 24, 2016. 5 & 21.

¹³⁰ Shikongo, Arlana, “Workers heckle Sankwasa.” The Namibian. March 6, 2019. <https://www.namibian.com.na/76253/read/Workers-heckle-Sankwasa>

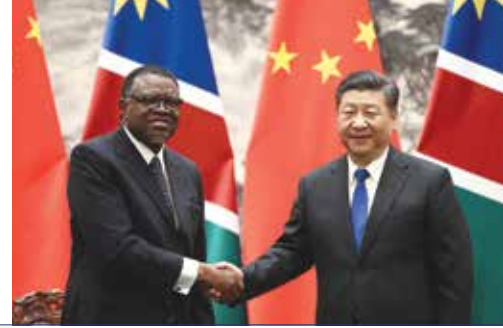
¹³¹ Melber, 2018. 36.

¹³² <https://www.observer.com.na/index.php/national/item/7295-100-000-chinese-in-namibia>

¹³³ Sun, Irene, Yuan, et al. 63.

¹³⁴ IOM, Migration in Namibia: A Country Profile 2015. 2016. 45.

¹³⁵ See: <http://www.sais-cari.org/>



CHINA – A MODEL FOR FURTHERING NAMIBIA'S DEVELOPMENT?

The active involvement of the Namibian State in the mining sector is indicative of government wanting to introduce its own development model for the country's extractive industry. Economists have observed that government has, over the years, become increasingly dissatisfied with ownership and operating models of private mining companies. For example, Sherbourne writes that the State is concerned due to the perceived "lack of local participation in the industry"¹³⁶; while Rowland Brown and his co-authors have noted that since 2013 government officials have increasingly called for the 'beneficiation' or 'value addition' to take place regarding local raw materials in order to promote industrialisation and with it job creation and economic growth.¹³⁷ This has led to a range of government policy, taxation and legislative pronouncements (some of which have been withdrawn or remain proposals). Nevertheless they have caused considerable policy uncertainty and consternation among investors.

It is therefore perhaps understandable that Namibia's government has endorsed the sale and development of the majority of uranium operations in Namibia to Chinese SOEs. Not only has Chinese investment led to the creation of jobs at Husab and the maintenance of jobs previously threatened at Rössing, but it has also provided Epan-gelo with a valuable equity share in Husab – without government having to provide any finance or assurances. It could further be speculated that the Namibian government in some aspects prefers dealing with other State entities whose interests are more strategic than mere financial profit and with which it maintains a long-running and friendly relationship. Why would such an aspect matter, if indeed it were proven true?

In the PRC's economy SOEs are an important component and although their number has declined, many sectors such as mining, telecommunications and transport are dominated by state-owned firms. An admittedly outdated study from 2009 found that around 50 percent of China's largest 500 manufacturing companies were SOEs.¹³⁸ PRC's SOEs have also spearheaded overseas expansion and investment as part of the Chinese government's 'go global' strategy initiated in 2000.¹³⁹ This was done for a variety of reasons including the sourcing of abundant raw materials for the home-grown manufacturing industry, to gain favourable investment returns, and to build "globally competitive Chinese firms".¹⁴⁰ This strategy and directive to its vast SOE sector has been aggressively incentivised by the Chinese state with a range of financial and trade instruments.¹⁴¹ Consequently these SOEs have played an increasingly important role in the economic progress of many developing nations over the past two decades. A brief on the topic aimed at United Kingdom policy-makers notes:

"SOEs have been involved in both labour-intensive manufacturing and infrastructure construction, often through joint ventures with local private and state-owned enterprises, and have become highly influential in developing countries."¹⁴²

It can be argued that this expansion and pursuit of business opportunities by SOEs from China are clearly evident in Namibia's construction sector. The PRC's command and use of SOEs could therefore be seen as an ideal, state-led role model to spur rapid economic growth at home and through international trade.

¹³⁶ Sherbourne, 183.

¹³⁷ McGregor Robert, Emvula Cheryl & Brown Roland, Beneficiation in Namibia: Impacts, Constraints and Options, November 2017. 8, 13 & 15

¹³⁸ CRS, 25.

¹³⁹ IDS, Understanding China's Approaches to International Development. October 2014. n. p.

¹⁴⁰ CRS, 17-8.

¹⁴¹ IDS, n.p.

¹⁴² Ibid.

"The PRC's command and use of SOEs could therefore be seen as an ideal, state led role model to spur rapid economic growth at home and through international trade."

“The lack of a clearly defined policy towards China’s engagement is not just a national issue but needs to be considered in a continental context.”

Since independence the Namibian government has driven the creation of a wide range of SOEs. Thus over the years SOEs have become an important sector in the nation’s economy. Besides regulatory organisations and special funds, government also created educational institutions and commercial companies among others. In principal there is nothing wrong with the creation of SOEs *per se*. The Namibian Constitution provides for a mixed-economy system allowing both public and privately-owned companies to operate.¹⁴³ In an IPPR briefing paper on SOE governance, the author Max Weylandt states clearly that SOEs have and continue to play a role in many countries’ development, including Western nations such as France. Other nations, particularly South Korea and Taiwan, have utilised SOEs to transform their economies into profitable manufacturing hubs. Often times there are good reasons for establishing SOEs, such as for water and energy supplies due to the high entry costs and the need to meet society’s demands for such essentials at an affordable rate.¹⁴⁴

However, notwithstanding the necessity and usefulness of SOEs when it comes to providing public services, it is questionable whether SOE-focused growth and investment can revive Namibia’s economic fortunes, diversify the economy, and lead to significant employment creation. De Boom argues that the Husab project greatly benefits both Chinese and Namibian State officials that see a key role for government’s active involvement in broad-based development.¹⁴⁵ But whether such a scenario is realistic for other sectors of the Namibian economy remains highly doubtful. After all, Namibia’s uranium mining sector found itself in a rather unique situation given China’s need for supply security and Namibia’s flagging private uranium mines. Finally, it should be noted that many Western-based analysts hold that the PRC’s remarkable economic growth trajectory, starting in the late 70s, was primarily due to the opening up and gradual liberalisation of China’s economy.¹⁴⁶ Thus, while SOEs still make up an important part of the domestic economy it is also the dynamism and competitiveness of China’s private sector that has turned the country into one of the world’s leading economies.

ANALYSIS AND CONCLUSION

Over the past five decades or so the PRC has gone through profound changes, transforming itself from a large yet poor developing country into a highly influential global power which has at its disposal vast economic, financial and political resources. China cannot be ignored in international trade and politics.

This study has sought to undertake a brief stock take of China’s relationship with Namibia and compare local aspects with similar developments on the continental level. One major finding of this study is that much of the engagement between China and Namibia is difficult to quantify. There is not much comprehensive academic work available and some of this is outdated. Similarly, data on trade and business statistics, perceptions surveys and other information provide only limited understanding of the scope and depth of Namibia’s relations with the PRC. It is notable that general data on industrial action and labour relations that is publicly available is particularly woeful.

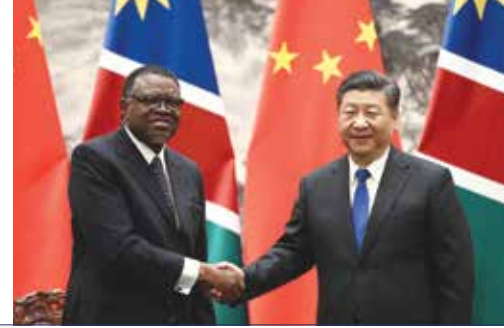
At the same stage there is clear evidence that trade and investment between the two countries has increased over the past two or more decades as the construction and extractive sector can attest to. Much of this growing relationship can be attributed to Namibia’s government - for example by awarding sizeable construction tenders

¹⁴³ Sherbourne, 417-9.

¹⁴⁴ Weylandt, Max, SOE Governance in Namibia: will a hybrid system work? November 2016. 3.

¹⁴⁵ DeBoom, 67 – 9.

¹⁴⁶ CRS, 4-5.



to Chinese firms and taking on loans from Chinese financial institutions for various development projects. However, how the two governments view the future relationship remains unclear. This applies especially to the Namibian government which has produced no clear policy outline or strategy regarding cooperation with China. The PRC for its part has indicated both on the continental as well as national level that it wants to expand trade and other areas of cooperation. Thus Xi Jinping announced 'eight major initiatives' of collaboration with Africa at the FOCAC summit in 2018, with which it aimed to usher in a "new era" of China-Africa cooperation.¹⁴⁷

According to a policy brief published on the official website of China's Ministry of Commerce, the eight initiatives are industrial promotion, infrastructure connectivity, trade facilitation, green development, capacity building, healthcare, people-to-people exchange, and peace and security. It is notable that some of the eight initiatives also align with objectives in the UN's 2030 Sustainable Development Agenda and the AU Agenda 2063.¹⁴⁸ The PRC is therefore taking into cognisance international and continental development goals in which African nations had significant inputs. In many ways China is speaking to the needs identified by Africans themselves. It does show that the PRC is both sensitive and flexible when designing its engagement with Africa. Furthermore it could be argued that African states themselves have agency in terms of influencing development policy decisions by the PRC and how these should be structured. For example, many of the eight initiatives highlight development aspirations of many if not all African nations specifically industrialisation, infrastructure development and peace and security.¹⁴⁹

The flexibility of PRC in terms of policy adjustments is also seen locally in Namibia itself. In a recent newspaper report a Chinese embassy official was quoted stating that the government will support PRC businesses that are willing to invest in Namibia's energy, transport and water sector among others. These are all undoubtedly crucial areas where Namibia is lacking much-needed investment. Even more noticeable is that the official alluded to the possibility of structuring such investments in a Public-Private-Partnership (PPP) model.¹⁵⁰ The Namibian government has in recent years pronounced itself favourably towards the PPP model for achieving infrastructure development and passed a law promoting PPP in 2017, although without yet producing any significant and tangible results.¹⁵¹

Indications are, however, that the Namibian government has yet to thoroughly evaluate and engage with the PRC's eight major policy initiatives and the specific sectors of cooperation suggested by Chinese embassy officials. It is unfortunate to note that this study was unable to find any specific or even general policy pronouncements with regards to China besides diffused and generic statements by senior officials and politicians. Thus for example Namibia's "Policy on International Relations and Cooperation" published in 2017 provides little information on the country's strategic aims for engaging with the PRC. The policy only states that the country sees the building of close relations with Asian and Pacific nations – including China as important. It goes on to note that with these states Namibia would like to broaden "cooperation in the areas of industrialisation, human resource development, technology transfer, tourism, trade and investment."¹⁵² According to a MIRCO official, the government was still consulting with the PRC to define the "comprehensive strategic partner" status¹⁵³ that Namibia was accorded in March

¹⁴⁷ MOFCOM, "Elaboration on the Eight Major Initiatives of the FOCAC Beijing Summit." September 19, 2018. <http://english.mofcom.gov.cn/article/policyrelease/Cocoon/201809/20180902788698.shtml>

¹⁴⁸ Ibid.

¹⁴⁹ Van Staden, Cobus, et al. 28-30.

¹⁵⁰ Sasman, Catherine, "China 'taking advantage' of Nam." Namibia Sun. April 23, 2019. <https://www.namibiansun.com/news/china-taking-advantage-of-nam2019-04-22>

¹⁵¹ Erastus, Nghinomenwa, "Public-private partnership stuck in starting blocks." The Namibian. June 12, 2019. <https://www.namibian.com.na/189473/archive-read/Public-private-partnership-stuck-in-starting-blocks>

¹⁵² GRN, Namibia's Policy on International Relations and Cooperation. n. d. 72-3.

¹⁵³ Informal interview with an official from the Ministry of International Relations and Cooperation

"Chinese representatives are becoming more vocal by diplomatically voicing their concern and irritation that Namibia is not taking advantage of the many investment, trade and development opportunities on offer."

2018 during an official state visit by President Geingob.¹⁵⁴

The lack of a clearly, defined policy towards China's engagement is not just a national issue but needs to be considered in a continental context. In addition, Namibia seems hesitant to take up more loans that would increase its already worrisome levels of government debt – regardless of the creditor – a stance that also has been acknowledged by a senior PRC embassy official at a public lecture on FOCAC at the start of this year. At the same event it was also noticeable that the Namibian official representative provided only minimal and vague information on the country's strategic interests and priorities with regards to cooperation with China.¹⁵⁵ From an economic perspective it is unavoidable that increased investment and trade with the PRC has brought and will continue to result in some negative consequences for Namibian citizens. Some local employees, producers and sectors will be negatively affected by the extreme competitiveness and political acumen of Chinese firms. This is also acknowledged by the otherwise positive McKinsey report.¹⁵⁶ The Namibian government will have to be cognisant of this fact and put in place appropriate mechanisms to at least mitigate such impacts. For example, by strengthening labour and health and safety inspections of businesses.

While it is difficult to quantify the recent developments in Namibia's relations with the PRC it appears that Chinese diplomats and business representatives are actively and aggressively seeking to realise concrete projects and investments in the country based, among others, on the eight initiatives policy. These efforts also align with China's identified efforts to domestically re-adjust its economy for more sustainable and consumer-led growth and internationally becoming more assertive in shaping the global order.

Indeed, Chinese representatives are becoming more vocal by diplomatically voicing their concern and irritation that Namibia is not taking advantage of the many investment, trade and development opportunities on offer. For example, according to a newspaper article, towards the end of last year the PRC's ambassador to Namibia, Zhang Yiming, stated that he was disappointed with the slow pace of implementation relating to some Chinese-funded development projects.¹⁵⁷ At a 'China-Namibia Think Tanks and Media Dialogue Meeting' in July this year, Chinese business representatives noted that PRC's market offered extensive opportunities for Namibian exports and other trade opportunities but reiterated that Namibian suppliers then needed to guarantee the high export volumes required by China.¹⁵⁸

Namibian officials seem to reiterate similar points regarding trade and investment promotion when speaking to Chinese diplomats and business representatives that are made to other trading partners. These pronouncements can be summarised – that the country is 'open for business', is ready to boost a commerce-supportive regulatory framework, has a developed financial system and transport infrastructure suitable for investors, among others.¹⁵⁹ Many of these claims are regularly questioned by local economists and analysts.¹⁶⁰ Notwithstanding this local criticism, it seems un-

¹⁵⁴ New Era, "Geingob praises new strategic ties with China." September 3, 2018. <https://neweralive.na/posts/geingob-praises-new-strategic-ties-with-china>

¹⁵⁵ Personal Notes: Dr. Theo-Ben Gurirab Lecture Series 4th Session. NUST. February 28, 2019.

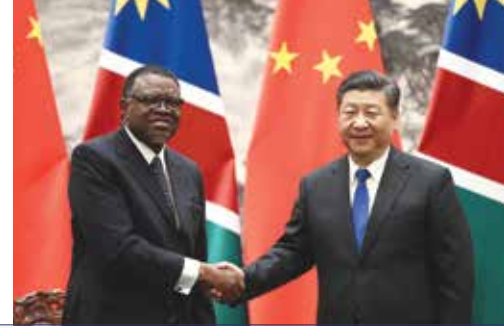
¹⁵⁶ Sun, Irene, Yuan, et al. 13.

¹⁵⁷ Slikela, Sakeus, "Govt told to speed up Chinese-funded projects." The Namibian. August 24, 2018. <https://www.namibian.com.na/180795/archive-read/Govt-told-to-speed-up-Chinese-funded-projects>

¹⁵⁸ Personal notes. China-Namibia Think Tanks and Media Dialogue Meeting. Safari Court Hotel Conference Center. July 29, 2019.

¹⁵⁹ See for example: Ngutjinazo, Okeri, "Namibia looks to attract more Chinese investment." December 11, 2018. <https://www.namibian.com.na/183937/archive-read/Namibia-looks-to-attract-more-Chinese-investment>

¹⁶⁰ See for example: Hopwood, Graham and Links, Frederico, Improving the Business Environment in Na-



likely that such a generic approach to trade promotion is adequate for international investors.¹⁶¹ As the McKinsey & Company study emphasises, Chinese investment and trade is increasingly dominated by private businesses rather than SOEs.¹⁶² Therefore it can be strongly assumed that, while Chinese businesses are in general seen as less risk averse, they will be far more conscious about market conditions and profits than their SOE counterparts when investing in Africa.¹⁶³

With regards to loans facilitated by the PRC itself to African nations, it seems that Chinese officials have begun to apply more caution when providing finance for projects on the continent. Speaking at the 6th China-Africa Entrepreneur Conference last year, President Xi Jinping stated the PRC remained committed to extensive cooperation with African nations but also warned that finance should not be allocated to “vanity projects” with little development gain.

The appraisals of how and to what extent potential Chinese investors engage with Namibia’s private sector remains unclear and beyond the scope of this study. However, there is some indication that much of the PRC’s business focus rests on Namibia’s SOE sector. Given that many of the country’s SOEs (now called ‘public enterprises’) continue to be plagued by financial shortfalls, inefficiencies and mismanagement, it is rather questionable if this is the most sensible focus for China and Namibia’s investment engagement. For all the positive appraisals of the Chinese SOE-run Husab project, it remains an unlikely development model especially in terms of diversifying Namibia’s economy.

Finally, it should also be acknowledged that not all potential projects under China’s eight major initiatives policy should necessarily be viewed as viable or desirable for Namibia. For example the country’s scope for extensive agriculture production is limited – primarily due to the country’s dominant aridity and scarce rainfall. With regards to tourism Namibia could perhaps benefit from tapping into the sizeable Chinese market, particularly in the high-end and luxury segment. The country is arguably not suited for the promotion of mass tourism. However, the exploration and realisation of such opportunities will require the extensive engagement of Namibia’s private sector, which at the moment seems limited.

Utilising the typology from the McKinsey report to characterise individual African nations’ engagement with the PRC, Namibia’s engagement can be described as unbalanced – similar to Zambia or Angola. Investment and trade is targeted towards a few sectors only and such countries have as yet to establish a coherent and sensible strategy of cooperation with China.

“Exploration and realisation of trade opportunities will require the extensive engagement of Namibia’s private sector, which at the moment seems limited.”

mibia. March 2019.

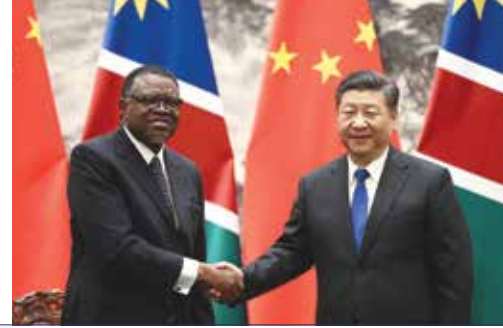
¹⁶¹ For a recent and critical overview of Namibia’s economic diplomacy see: Remmert, Dietrich, The Harambee Prosperity Plan, Namibia’s Foreign Policy Directions and Human Security Dimensions. In: Shaping the Human Security Landscape in Southern Africa: Namibia’s Foreign Relations and Cooperation with Its Neighbouring Countries. 2018. 17-37.

¹⁶² Sun, Irene, Yuan, et al. 10.

¹⁶³ Shepherd, Christian and Blanchard, Ben, “China’s Xi offers another \$60 bln to Africa, but says no to “vanity” projects.” Reuters. September 3, 2018. <https://af.reuters.com/article/topNews/idAFKCN1L-J0IO-OZATP>

RECOMMENDATIONS

1. As this study has clearly demonstrated, there is a significant data gap for most if not all areas of the China-Namibia engagement. Academic studies are few and often outdated. Analysis is also further encumbered by a lack of general information - for example with regards to Namibia's labour relations. Without adequate data, China-Namibia relations cannot be thoroughly assessed. As a result, key policy decisions could be based on thin or unreliable information. Stakeholders, including government institutions and universities, should seek to address these gaps.
2. There are indications that Namibia's private sector is not properly engaged regarding investment and trade opportunities with China. At the same time, efforts on the PRC side to boost business engagement seem to favour local public enterprises. There is a need for both governments to re-evaluate the manner of their engagement and involve the private sector in a more strategic and conducive manner. It also should be acknowledged that some business ideas are not likely to be feasible and that private sector know-how is essential to identify and drive realistic proposals.
3. The lack of an official public strategy or guidance document from the Namibian government on its relations with the PRC is regrettable. Government officials, diplomats and business representatives are thus lacking strategic guidance on the country's objectives and priorities towards China which could impede potential trade and development initiatives. This should be addressed as a matter of urgency.
4. On a practical level and given the growth of China's private sector investment in Africa, it is advisable that government should look towards improving Namibia's overall business and governance environment. Furthermore, the country should look towards capacitating its own SME sector and removing regulatory barriers.
5. Namibia finds itself in a difficult economic situation and the retention and creation of jobs has become paramount. Nevertheless, this should not result in the downgrading of labour and environmental standards whether for investors from China or elsewhere. The Namibian government and respective stakeholders should strengthen regulatory mechanisms and ensure that such are applied across the board. In this sense there should be no special treatment for Chinese investment. Namibia is more likely to make broad development gains by creating a level-playing field for investors with a strong focus on transparency.
6. It is clear that Namibians hold diverse views on their country's engagement with China. There is also some information that suggests that senior government officials are perhaps overly dismissive of concerns from ordinary citizens as well as some business sectors regarding the effects of Chinese investments and activities in Namibia. Concurrently, it appears that some sectors of Namibia's society are suspicious and not aware of the potential positive developments that a strategic engagement with the PRC could bring. Namibians need to engage in a more open, frank and more informed discussion on these issues. Cultural exchanges could be one way of breaking down some of the prejudices held on both sides.



RECOMMENDED FURTHER READING

Amadhila, Nelago, Grassroots Perceptions of China in Namibia: Effects on Domestic Politics and Foreign Policy. In: African East-Asian Affairs, The China Monitor. Centre for Chinese Studies, Stellenbosch University. Issue 2, November 2012

Carter, Becky, A literature review on China's aid. K4D Helpdesk Report. Brighton, UK: Institute of Development Studies. September 7, 2017.

Chen, Wenjie and Nord, Roger, A Rebalancing Act for China and Africa: The Effects of China's Rebalancing on Sub-Saharan Africa's Trade and Growth. International Monetary Fund, Africa Department. 2017

Congressional Research Service, China's Economic Rise: History, Trends, Challenges, Implications for the United States. June 25, 2019.

DeBoom, Meredith J. Nuclear (Geo)Political Ecologies: A Hybrid Geography of Chinese Investment in Namibia's Uranium Sector. In Journal of Current Chinese Affairs, Volume 46, Issue 3. 2017.

Horn, Sebastian, Reinhart, Carmen and Trebesch, Christoph, China's Overseas Lending. Kiel Institute for the World Economy, Kiel Working Paper. No 2132. June 2019.

Huotari, Mikko, Gaspers, Jan, Eder, Thomas, Legarda Helena and Mokry, Sabine, China's Emergence as a Global Security Actor: Strategies for Europe. Mercator Institute for China Studies. No. 4. July 2017

Institute of Development Studies, Understanding China's Approaches to International Development. Brighton, UK. Issue 75. October 2014

Mapaure, Clever, Chinese Investments in Zimbabwe and Namibia: A Comparative Legal Analysis. Centre for Chinese Studies, Stellenbosch University. September 2014.

Marfaing, Laurence and Thiel, Alena, The impact of Chinese business on market entry in Ghana and Senegal. In Africa: Journal of the International African Institute, Volume 83, Issue 04, November 2013.

Melber, Henning, Looking East/Going South: The Namibian-Chinese "All-Weather Friendship." In Stichproben. Wiener Zeitschrift für kritische Afrikastudien. 2018.

Ministry of Commerce, People's Republic of China, Elaboration on the Eight Major Initiatives of the FOCAC Beijing Summit. September 19, 2018. <http://english.mofcom.gov.cn/article/policyrelease/Cocoon/201809/20180902788698.shtml>

Sherbourne, Robin. "China's growing presence in Namibia". In Le Pere, Garth (Ed.). China in Africa: Mercantilist predator, or partner in development? Midrand/Johannesburg: Institute for Global Dialogue/The South African Institute of International Affairs. 2007

Sun, Irene, Yuan, Jayaram, Kartik and Kassiri, Omid, Dance of the lions and dragons: How are Africa and China engaging, and how will the partnership evolve? McKinsey & Company. June 2017.

The Economist, Briefing, China and the West: Not the partner you were looking for. Volume 426, No. 9081. March 3rd – 9th 2018.

Van Staden, Cobus, Alden, Chris and Wu, Yu-Shan, In the Driver's Seat? African agency and Chinese power at FOCAC, the AU and the BRI. South African Institute for International Affairs, Occasional Paper 286. September 2018

Van Staden, Cobus, China in the Era of 'Xi Jinping Thought': five key trends for Africa. South African Institute for International Affairs, Policy Brief 171. March 2018.

Volberding, Peter and Warner, Jason, China and uranium: Comparative possibilities for agency in statecraft in Niger and Namibia. Working Paper No. 2017/11. China Africa Research Initiative, School of Advanced International Studies, Johns Hopkins University

ABOUT THE AUTHORS

Dietrich Remmert is an IPPR Research Associate and has worked intermittently for the institute on a range of research projects since 2004. He holds a Masters degree in Peace Studies and International Politics from the Eberhard Karls University in Tübingen, Germany. He has over a decade of wide-ranging experience in the public sector, predominantly in the field of health and communication, education, as well as foreign and public policy analysis.

Rakkel Andreas is a Research Associate at the IPPR focusing on parliament, elections and foreign policy analysis. She holds a Master of Arts degree in Development and Governance from University of Duisburg-Essen in Germany and a Master of Arts degree in Advanced European and International Studies from CIFE-Nice, France.

ABOUT THE HANNS SEIDEL FOUNDATION (HSF)

Present in more than 60 countries world-wide, the Hanns Seidel Foundation Namibia (HSF) is a German non-profit organisation promoting democracy, good governance and the rule of law across the African continent. Cooperating with its Namibian partners, such as IPPR, HSF also seeks to contribute to sustainable development by strengthening peace, human security and environmental protection.

Hanns Seidel Foundation Namibia.
House of Democracy
70-72 Dr. Frans Indongo Street
PO Box 90912
Windhoek Namibia
info@hsf.org.na
<http://www.hss.de/namibia/en/home.html>

The views and opinions expressed herein do not necessarily state or reflect those of the Hanns Seidel Foundation.

ABOUT THE INSTITUTE FOR PUBLIC POLICY RESEARCH (IPPR)

The Institute for Public Policy Research was established in 2001 as a not-for-profit organisation with a mission to deliver independent, analytical, critical yet constructive research on social, political and economic issues that affect development in Namibia.

Institute for Public Policy Research (IPPR)
House of Democracy
70-72 Frans Indongo Street
PO Box 6566
Windhoek
Namibia
info@ippr.org.na
Tel: +264 61 240514
www.ippr.org.na